

**NORTH LINCOLNSHIRE COUNCIL**

**CABINET**

**SOUTH HUMBER GATEWAY PROGRESS**

**1. OBJECT AND KEY POINTS IN THIS REPORT**

- 1.1 To update Cabinet on progress on the development of the South Humber Gateway (SHG) – the largest employment site in the Yorkshire & Humber region, at nearly four-square miles.
- 1.2 The key points in this report are as follows:
- The scale of private sector investment, either under way or planned – in excess of £2bn;
  - SHG plans to be a major offshore super cluster, creating thousands of jobs if a number of key challenges are resolved on the ecology and infrastructure fronts;
  - How best to put in place the right mechanism with the private sector to maximise inward investment and funding opportunities – including the newly-created Regional Growth Fund – with the impending demise of the Regional Development Agency, and severely reduced budgets;
  - A review of the SHG Board to take account of the imminent abolition of the RDA and Government Office, both represented on the board, and to secure private sector involvement and engagement at a very senior level;
  - The DfT announcement last month that the anticipated January 2013 start for the improvements to the A160 is to be put back until ‘at least 2015’;
  - The private sector has two major projects in the pipeline – a planning application for port-related and logistics development now awaiting a decision from the Secretary of State for Communities and Local Government, and a Marine Energy Park and 1600 metre quay to service the offshore wind industry;
  - The urgency in overcoming objections to the Able UK planning application to avert a public inquiry, and to continue dialogue with interested parties to facilitate progress on the proposed Marine Energy Park – which will be considered by the successor body to the Infrastructure Planning Commission;
  - A European Regional Development Fund (ERDF) bid for an April 2011 start on the drainage of the Killingholme Marshes; and
  - A report on the council’s evidence to the House of Commons Transport Select Committee, which met in Hull on 2 October 2010 to take evidence from the Humber sub-region.

## 2. BACKGROUND INFORMATION

### South Humber Gateway

2.1 The most exciting aspect of the South Humber Gateway is its potential to become a world leader in renewable energy. One of the great advantages of the SHG is its proximity to the 3 largest Offshore Round 3 Wind turbine zones. A creation of a windturbine super-cluster on the SHG would provide the lowest costs for delivering windturbines to these zones in the North Sea, in the numbers required. This super-cluster and associated proposals, such as the windturbine facility at Alexandra Dock in Hull, would bring about the renaissance of British engineering across the Humber. The SHGB has articulated the Humber vision in the following recently produced papers which are available in the Group Office:-

- The Strategic Development of the South Humber Gateway
- The Humber Renewable Energy Supply Cluster
- The Humber Ports Paper

This development of the SHG represents a “once in a lifetime opportunity” to transform the economy of the Humber and provide a world class engineering industry on which the area’s long-term prosperity can be based.

### South Humber Gateway Board

2.2 The challenge of the SHG has been to develop its prime riverside location and the large areas of land available for economic development. The South Humber Gateway Board (SHGB) was set up to provide strategic direction for the SHG and maximise the economic development of the Humber as a whole. It has worked to enhance the international status of the Humber as one of the UK’s most important centres for ports and logistics and energy production.

2.3 The Board comprises the leaders and chief executives of North Lincolnshire and North East Lincolnshire councils, an executive director of Yorkshire Forward, and Charles Lewis, the independent chair. Government Office Yorkshire and Humber is also represented, with a senior official having ‘observer’s status.’

2.4 Government Office Yorkshire and Humber is due to close and it no longer sends a representative to observe Board meetings. Yorkshire Forward is also being run down and the Executive Director of Finance for Yorkshire Forward, who is a Board member, will eventually relinquish his membership.

2.5 In the light of the emerging Local Enterprise Partnerships (LEPs), the SHGB will need to be reviewed in regard to its future role and membership. Until this is done it is important that the South Humber Gateway Board continues to support the delivery of the development of the South Humber Gateway.

## **Regional Growth Fund**

- 2.6 The demise of Yorkshire Forward has significantly reduced the funds available to finance infrastructure projects. The funding associated with the Coalition Government's Regional Growth Fund, though welcome, is a lot smaller than the Yorkshire Forward's single pot fund previously available.
- 2.7 The council will be seeking to access the RGF and to do this public-private sector bids will have to be developed. The first date for the submission of stand-alone and project packages is the 21 January 2011. The council has identified possible projects, for example rail gauge enhancements on the SHG. A separate bidding form and guidance for programmes proposals will be announced early in 2011. These larger scale bids are not included in the first bidding round but the Government would like to see innovative programme proposals.
- 2.8 In addition, the council will be seeking to access European structural funds, such as ERDF, which are still available provided match funding can be found. Meetings with the YF EDRF Team have been arranged to explore the best mix of projects.

## **The A160 Port of Immingham Improvements Scheme**

- 2.9 The Port of Immingham is accessed via the A160 trunk road, which is frequently congested due to the inadequate capacity and unsuitable and sub-standard junctions on the route. Ministers endorsed the Regional Funding Allocation of £95 million to the scheme and the previous Government allocated an extra £30 million to enhance the scheme and speed up the delivery of improved transport links to key UK airports and ports (in line with Eddington). In addition its start date was brought forward to the start of 2013. The current cost of the A160 improvement scheme is approximately £114 million. This represents outstanding value for money and will be a major stimulus for private sector investment, job creation and major economic growth.
- 2.10 In view of all this, the Government's announcement on 26 October 2010, regarding the delay to the A160 scheme until 'at least 2015' was disappointing and appears to be at odds with the very high ranking the scheme has enjoyed across the Yorkshire and Humber region. As a result, local MPs are seeking a ministerial meeting to argue for the shortest possible delay to a start on the A160.
- 2.11 The council is doing everything in its power to have this decision overturned. The DfT have been asked to provide the criteria upon which the decision was made. The council has also analysed the Government's own priorities for a successful scheme and judges that the A160 scheme meets every one of these. This evidence will be submitted to the DfT.

## **The Killingholme Drainage Improvement Scheme**

- 2.12 The Killingholme Drainage Improvement Scheme is a £5m project to drain the land on which the Marine Energy Park will be located. The Yorkshire Forward Board had approved funding of £3.7m for this vital project. However, this funding was withdrawn – something entirely beyond the control of the RDA. The council is currently working with Yorkshire Forward's ERDF Team to access European funds for this project. A Full Business Plan is being prepared and will be submitted 06 December 2010. The ERDF team is confident 46% of the funds will be provided. The rest will come from private sector contributions. A decision on the ERDF funding will be made early 2011.

## **Able UK's East Halton Ports and Logistics Park**

- 2.13 The North Lincolnshire Council Planning Committee approved the Able UK Ltd major planning application for 1,500 acres of port-related development including a logistics hub on the 14 October 2010. This development will create around 4,500 jobs over the next 10 years and stimulate private sector investment of £1.5bn.
- 2.14 The application was referred to the Secretary of State. The application was presented on the 28 October 2010. A response was required by the 18 November 2010. However, GOYH has extended this period so that work can be done to resolve outstanding issues.

## **Able UK's Marine Energy Park**

- 2.15 The Round 3 offshore wind programme will, over a 17- year period, create an estimated capacity of 32GW of sustainable electricity. This will involve the construction of around 7,000 turbines 5,000 of these will be built in the North Sea.
- 2.16 The recently announced Able UK Marine Energy Park is the only deep-water estuary site in Europe that remains undeveloped and available for offshore wind manufacturing on the scale needed by the offshore wind sector. It involves the construction of a 322-hectare Marine Energy Park is a £400m investment that will construct a 1,600-metre (1 mile) quay facility. The scheme is being progressed under the requirements of the Infrastructure Planning Commission and its eventual successor. If planning approval is given the first phase will be operational for 2013. The Marine Energy Park will create an estimated 5,100 direct jobs. These jobs and a large number of indirect jobs will have a dramatic effect on employment in Yorkshire and the Humber.
- 2.17 The IPC submission is an intensive process and it is important that it is comprehensive and well managed. The council is working with Able UK to ensure the submission is successful.

## **The Transport Select Committee**

- 2.18 The council took up the opportunity to jointly present evidence on the Humber's priorities to the House of Commons Transport Committee

inquiry into Transport and the Economy on 2 November 2010. Subsequently, written evidence was also provided. This evidence focused on the economic benefits that the A160 road improvement scheme, the A63, addressing the Humber Bridge Tolls and the development of the SHG would provide to the Humber.

### **3. OPTIONS FOR CONSIDERATION**

3.1 This report seeks Cabinet support for the actions outlined above. No options are proposed

### **4. ANALYSIS OF OPTIONS**

4.1 Not required.

### **5. RESOURCE AND OTHER IMPLICATIONS**

5.1 Financial

5.1.1 There are no current costs associated with the proposed reporting activity for the SHG.

5.2 Staffing

5.2.1 The SHG Development Manager in North Lincolnshire Council's Strategic Regeneration service will co-ordinate all activity relating to the reporting on the SHG.

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

6.1 Statutory

6.1.1 No statutory implications arising from this report.

6.2 Environmental and other

6.2.1 No environmental or other impacts arising from this report.

6.3 Diversity

6.3.1 No diversity implications arising from this report.

### **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 and its ongoing development. This support includes North East Lincolnshire Council, the area's two LSPs, LGYH, Northern Way and the Regional Spatial Planning Board.

- 7.2 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 and therefore have approved the marketing of the SHG in support of this

## 8. **RECOMMENDATIONS**

- 8.1 A review of the South Humber Gateway Board is undertaken and a report submitted for the 2 February 2011 Cabinet meeting. The council will discuss this review with NELC.
- 8.2 That a high level delegation to be led by local MPs, meet ministers in the DfT to agree a commitment to an early start on the A160 in view of its importance to the economy of the Humber.
- 8.3 That the Cabinet agrees to continue to work closely with local MPs to ensure challenges to the development of the SHG are fully addressed.

### CHIEF EXECUTIVE

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Date: 15 November 2010

### **Background Papers used in the preparation of this report -**

The Humber – Renewable Energy Super Cluster  
SHG Board Business Progress Report