



Chancellor of the Exchequer
The Correspondence and Enquiry Unit
HM Treasury
1 Horse Guards Road
London
SW1A 2HQ
c/o Budget.Representations@hmtreasury.gov.uk

5th February 2020

Dear Chancellor

On behalf of the Greater Lincolnshire Local Enterprise Partnership and our local partners, we are pleased to respond to your invitation for budget representations setting out the priority areas which would enable Greater Lincolnshire to implement rapidly our ambitious plans to unleash our potential and level-up our renewal and economic growth.

Greater Lincolnshire is growing steadily. We have a large manufacturing base, home to much of the UK's food production, alongside strong clean growth energy and visitor economy sectors. We are already driving innovation in areas such as agrifood, transforming the sector through robotics and automation. Large public sector assets in defence and health and care catalyse complementary activity from education to technology development. The private sector is driven by micro and small businesses with some of the highest proportions of employment in small enterprises out of all LEP areas. Recent investments in infrastructure such as direct trains to London, Grantham Southern Relief Road, and the Lincoln Eastern Bypass are really starting to unlock the growth potential. This is a strong base to build from but there is much ambition.

Alongside the opportunity in local businesses and places, the area faces real challenges. Productivity and wages are low; 32% of employees are paid below the real living wage. There are signals that innovation is growing, but the area still underperforms national and regional averages. Skill levels are rising, but from a low base. The sectors which exhibit strong employment growth tend to be labour intensive, relatively lower skilled and lower paid, and producing lower levels of value. Infrastructure is fragmented, with an overreliance on the car and the population is ageing.

The strategic intent of 'levelling-up' is highly relevant to Greater Lincolnshire which is arguably one of the areas most in need of such investment. We therefore have set out below how you could support us to move forward with this at pace through Budget 2020. We have four strategic opportunities, namely:-

Local Industrial Strategy - Greater Lincolnshire LEP and the Humber LEP were jointly asked to accelerate the development of their Local Industrial Strategy to provide economic resilience to

Lancaster House, 36 Orchard Street, Lincoln LN1 1XX
T 01522 550540 | E greaterlincslep@lincolnshire.gov.uk
WWW.GREATERLINCOLNSHIRELEP.CO.UK

/cont.....

Northern Lincolnshire, as a result of administration of British Steel. We understand that the Humber LIS is due to be published shortly. Our LIS is currently being developed with government to support the long-term competitiveness and productivity of Greater Lincolnshire, an area which has historically underperformed. Despite some recent progress, the area has a legacy of pockets of high deprivation in Grimsby, Scunthorpe, Gainsborough, Boston and Skegness and there are some rural, coastal and urban wards which have not shared in the proceeds of national economic growth. **Our first representation is to seek parity with our neighbouring LEP to accelerate the co-production of our Local Industrial Strategy, with a view to publishing in the Spring.**

Agri-food - We have the highest concentration of food production and logistics firms in the UK, are home to the National Centre for Food Manufacturing and the Institute for Agrifood Technology and have the largest agrifood robotics team in Europe. We have already developed automated food processing technologies, the UK's first automated fruit farm and control systems for energy and water management in the food chain. Our proposals increase the international competitiveness of the agrifood sector by significantly leveraging our automation and resource efficiency assets to benefit its food chain and increase productivity, through the creation of value jobs and the introduction of new technologies.

Our budget representations include:

- Rapid development of Lincolnshire's Food Enterprise Zones in Holbeach and Grimsby to provide soft landings for large and international businesses, and a post Brexit business support programme to ease the transition. £12 million capital
- A 5G pilot for our nationally and internationally significant food production and robotics cluster. £5 million capital

Energy and Water - Greater Lincolnshire has significant proportions of the UK's clean energy assets; with the largest offshore wind operation in the UK and 11% of the UK's anaerobic digesters. Almost two thirds of energy in Greater Lincolnshire is consumed in industrial and commercial sectors. With the highest emissions and the necessary natural resources, the Humber has the UK's biggest decarbonisation opportunities, and we are keen to work with the Humber LEP on the "whole place" decarbonisation of the area by accelerating clean growth.

However, there are significant constraints in rural areas to accessing energy, despite the strength in assets. Our ambition is to become a rural innovation test bed for energy and water technologies in generation, storage and distribution, and maximise benefits from the energy cluster by adopting new 'whole of system' thinking to managing energy. Building on Greater Lincolnshire's substantial agrifood capabilities and capacity, there is also a strong intent for the region to take a national leadership position in agriculture sustainability and carbon footprinting.

/cont.....

Our budget representations can be summarised as:

- Smart Lincs - A pilot scheme in Lincoln and the Lincolnshire Coast to demonstrate disruptive rural & urban energy generation and connectivity. £4 million capital programme.
- Creation of a National Institute for Agriculture Sustainability and Carbon Footprinting £10m capital investment.
- Energy investment vehicles - A development scheme that examines how the public and private sector can intervene in decentralised energy in rural areas. £0.8 million

Defence - Greater Lincolnshire supports and benefits from a very strong defence (especially RAF) presence including the Defence, Intelligence, Surveillance, Target Acquisition & Reconnaissance (ISTAR) Force, a large part of the defence military flying training system and the RAF's ab initio training capability for officers, with significant RAF investment indicated to be made in the Lincolnshire area in coming years. Maintaining and building on strengths in Greater Lincolnshire's defence sector will help boost productivity and enhance the UK's defence sector's reputation as one of the best places in the world to innovate, do business and create jobs. We want to further develop a cluster of defence and security companies, and ensure Greater Lincolnshire is a highly attractive, first-choice destination for defence-related industries, service leavers and their families.

Our budget representations can be summarised as:

- Defence Innovation Centre on the Lincoln Science Park - £12 million
- Continue to develop the defence education capability commenced in partnership with the RAF and defence companies in 2015 with particular emphasis on aviation, aerospace and space education and training.

Investment in Place

Our analysis of physical regeneration suggests that the East Midlands, and Lincolnshire in particular, has historical low levels of public and private sector funding. Our priorities for funding in the near term are set out as follows:

Grantham Housing Infrastructure Fund (HIF) - The bid for £71m was submitted to Government in March 2019. It is targeted at completing the Grantham Southern Relief Road, linking the A1 to the A52 to ease traffic congestion in the town centre and open up two new housing development sites (i.e. Spitalgate Heath and Prince William of Gloucester Barracks). Together with the other capital funding already secured, this investment will enable us to complete the new relief road, reinforce utilities, open two new schools, a new health centre, and bring forward 8,400 new homes. It will also open up allocated employment land and retail facilities. Securing this infrastructure investment would be truly transformational for Grantham. The scheme is ready to go and all of the enabling infrastructure will be delivered by 2024. We hope for an early positive decision, and would like to see confirmation in Budget 2020 that the funds are available for the scheme to begin construction this year.

/cont.....

Lincoln - North Hykeham Relief Road - The North Hykeham Relief Road is the final phase required to complete the bypass around Lincoln. In Summer 2019, the scheme business case was submitted to, and included in a prioritised list sent to DfT by Midlands Connect. This will provide much needed improvements in connecting a large part of Lincolnshire to the Highways

England infrastructure, adding capacity and resilience to the busiest part of Lincolnshire's road network. We hope for an early positive decision, and would like to see confirmation in Budget 2020 that the funds are available for the scheme to begin construction this year.

Trans Midlands Trade Corridor - we have joined the Midlands LEP's and Local Authorities in showing our support and match funding towards a £2 million development corridor fund for the A46/A15.

Free ports - We would like to work with Government and the Humber LEP to explore the benefits and opportunities of establishing Free ports on sites around northern Lincolnshire and the port of Boston. The proposal should prioritise non-operational land capable of attracting new manufacturing jobs, combining the advantage of proximity of the free ports to the Midlands and North markets. Establishing a Free port in Lincolnshire would also contribute to rebalancing the UK's trade flows, which are too heavily concentrated in the southern ports and leveling up areas of need. We strongly believe that proposed free ports are aligned with local industrial strategies and avoid local displacement effects.

Upgrading of the A1 between Peterborough and Doncaster to Motorway Standard - Midlands Connect are undertaking initial studies on improvements to the A1. However, upgrading one of the nation's most strategic routes between the north and south should be a national priority for regional connectivity, unleashing growth in the Midlands and improving safety for the growing communities.

Cleethorpes/Grimsby to London - In order to deliver the transport infrastructure identified through the Planning for Growth and Local Industrial Strategy, Greater Lincolnshire must seek funding to invest in key transport corridors; including working with partners to build the economic case to extend direct rail services from London to North and North East Lincolnshire.

Town deals - The town deal programme is offering significant opportunity for those places in Greater Lincolnshire that need investment to drive long term economic and productivity growth through investment. The maximum level of Government investment in all six of the Towns Fund bids¹ for Greater Lincolnshire would contribute dramatically to the leveling-up agenda. We would ask that the planned competitive round for other towns is brought forward, to allow other towns the opportunity to be involved in the towns deal programme. In Greater Lincolnshire in particular, we are keen that Sleaford and Gainsborough are given an opportunity to be involved.

/cont.....

¹ Lincoln, Boston, Scunthorpe, Grimsby, Skegness and Mablethorpe.

Levelling up research and innovation - We welcome the Government's commitment to doubling the public R&D expenditure over the next five years, towards a target of spending 2.4% of GDP, both public and private, on R&D by 2027. Lincolnshire R&D spend has increased in recent years but from a very low base of 0.3%, but we want to go further in developing a higher-wage knowledge economy, and put forward two priority projects linked to our industrial strategy:

Made Smarter 2 - Recommended by Jürgen Maier's *Made Smarter* review, the National Adoption Programme aims to accelerate the development and diffusion of industrial digital technologies (IDTs) through focused support to SMEs delivered by regional partners. Made Smarter 2 will test the operating model for the National Adoption Programme, identifying issues that will need to be addressed in wider deployment. It will operate alongside the first pilot, enabling learning in both pilots to be shared and disseminated. It will also complement the first pilot: as well as embracing industrial digitalisation across the manufacturing sector, it will include a focus on food and drink manufacturing - a sub-sector in which Greater Lincolnshire and D2N2 have nationally-significant representation. It is proposed that Made Smarter 2 will run for 24 months, with a 6 month lead-in time. Government investment of **£5.9 million** is sought over that period: early estimates indicate that this could support **800 businesses** and lead to a cumulative net GVA impact of **£31 million** over four years.

We look forward to a successful outcome to our **Strength in Places Bid**: BYTES - Digitising the Greater Lincolnshire and East of England Food System (Research England). It will deliver a new generation of digital food tech innovations by synthesising the unique food and digital ecosystem within the Greater Lincolnshire and East of England regions. £33M capital and revenue scheme application.

The Offshore Renewable Energy Catapult is developing an **Offshore Wind Operations & Maintenance Centre of Excellence**, to be based in Grimsby. A range of unique facilities are proposed, which would position the UK to lead the technology and process innovation required as larger turbines are deployed further out to sea. It is important this progresses quickly to ensure the UK does not sacrifice the early lead it has in the O&M sector.

National Flood Resilience Centre - The University of Hull and Humberside Fire & Rescue have developed proposals for Ark, a National Flood Resilience Centre (<https://arkfloodcentre.co.uk>). This would create a unique training, testing and research facility with a full-sized street scene that would improve the UK's readiness for and ability to respond to flood events.

Lastly, we are working hard with the tourism sector across Lincolnshire to develop a tourism sector deal.

Conclusion

Greater Lincolnshire has developed a strong track record of delivery and, as we have set out above and in our draft local industrial strategy, has some exciting and distinctive opportunities ahead.

-6-

We hope these proposals are helpful and would be happy to discuss them with your officials, and provide the supporting business cases.

Yours sincerely



Pat Doody
Chair
Greater Lincolnshire LEP Board

cc: Robert Jenrick, Secretary of State, MHCLG and Midlands Engine Ministerial Champion
Sir John Peace, Midlands Engine and Connect Chair
Greater Lincolnshire MPs
Greater Lincolnshire LA Leaders