



B O S T O N

B O R O U G H C O U N C I L

REPORT TO:	CABINET
DATE:	02 DECEMBER 2020
SUBJECT:	PORT OF BOSTON - GATEWAY TO GROWTH
PORTFOLIO HOLDER:	COUNCILLOR NIGEL WELTON
REPORT AUTHOR:	ECONOMIC DEVELOPMENT MANAGER
EXEMPT REPORT?	NO

SUMMARY

To provide information regarding development of the project "Port of Boston - Gateway to Growth" and the Economic, Social and Environmental impact on both the local and regional economies, creating a super efficient logistics hub with real international significance enabling Boston and south east Lincolnshire to safe guard the existing 40,000+ jobs, and through new innovation create further employment opportunities to influence and inspire our communities to realise their full potential and raise the aspirations for future generations.

The East of England, and especially Boston and south east Lincolnshire is synonymous with the fresh produce food sector, including having the largest food logistics and storage cluster. The Lincolnshire food sector is based on both strong local and regional food production as well as processing millions of tonnes of imports each year from over 39 countries worldwide.

Efficient, timely and reliable international and national logistics are essential to sustain the 90,000 jobs in agriculture and food processing in Lincolnshire and neighbouring Local Enterprise Partnership areas in the East Midlands and East Anglia, known as the UK Food Valley.

The economic rationale behind the Gateway to Growth project is clear and will provide huge opportunities for Boston and sub-regional areas to strengthen their economies, enhance and create further job opportunities, add value to private sector investment and carbon reduction related strategies and enhanced connectivity that supports the Midlands Engine for growth and the manufacturing belt of the UK.

RECOMMENDATIONS

- 1 That the Cabinet approves the under mention recommendations
 - (i) To provide, from the Transformation Fund financial support to the Midlands Connect feasibility study of not more than £20,000.
 - (ii) To allocate a budget of £30,000 to the Deputy Chief Executive for the purpose of supporting ongoing project development, to include but not exhaustive any feasibility or viability studies and any external advice that may support the project development.

REASONS FOR RECOMMENDATIONS

These recommendations to Cabinet are required to demonstrate to our partner, Lincolnshire County Council (LCC), the support of Boston Borough Council to the Midlands Connect feasibility study and to provide ongoing support for project initiation and development. Without this funding, the project would not be able to progress to the next stage and the LCC will not support a Midlands Connect submission.

ALTERNATIVES CONSIDERED

If funding is not approved, the project will not progress and this will impact on the economic environment and future job stability for our communities.

REPORT

1. Background

1.1 Our starting point was to set out our economic vision to capitalise on the economic potential of the Port Of Boston - post leaving the European Union on 01 January 2021.

“To create a successful, resilient and connected economy which can compete on a national scale and deliver sustainable infrastructure that’s fit for the future enabling economic, environmental and social regeneration”.

1.2 For this, the economic rationale behind the Gateway to Growth project is clear and will provide huge opportunities for local and sub-regional areas to strengthen their economies, enhance and create further job opportunities, add value to private sector investment and carbon reduction related strategies and enhanced connectivity that supports the Midlands Engine for growth and the manufacturing belt of the UK.

1.3 The vision to create a **successful, resilient and connected economy** chimes with Boston Borough Council’s own economic strategy, investments and assets, and by working across the public and private sectors in partnership we can create a super efficient logistics hub, and through the Port of Boston be a ‘slick service’ catalyst **which can compete on a national scale and deliver sustainable infrastructure that’s fit for the future** enabling south east Lincolnshire to safeguard the existing 40,000+ jobs, and through new innovation create further employment opportunities to inspire our communities to realise their full potential and deliver a step change in **economic, environmental and social regeneration**.

1.4 The East of England, and especially south east Lincolnshire is synonymous with the fresh produce food sector, including having the largest food logistics and storage cluster, servicing the UK via 1000 trucks per day. Over 1/5th of all freight commodities transported by road in 2017 was food related. Successful areas and regions capture and harness current and emerging opportunities from their local assets and investments and where we see the Port of Boston affirming south east Lincolnshire as a place to invest.

1.5 To deliver our economic vision and unlock the huge potential of the Gateway to Growth project, we need to invest in projects of significance that will open up and create economic interventions which stimulates a confident environment that retains and attracts businesses, a diverse skills base and a physical, social and culture infrastructure building on the overall competitiveness of the area.

1.6 The UK food industry is keen to deliver substantial growth after leaving the European Union by adding value to food imports and driving strong export growth, and we believe that working closely with our commercial partners with the right skills and a World Class efficient Port logistics hub with improved road and rail

infrastructure, supporting the UK and international markets, sustainable growth is deliverable.

- 1.7 Centred between the manufacturing heartland of the Midlands and mainland Europe, the Port of Boston is suitably positioned to take full advantage of the economic growth potential that is location, scale of potential fresh produce imports & exports through its proximity to the Dutch ports of Amsterdam and Rotterdam, multi-modal connectivity and the real opportunity to become the food port of the UK.
- 1.8 The Borough of Boston and south east Lincolnshire is a strategic economic location for food production, processing, logistics & storage and associated supply chains and why, as part of the Town Deal Investment Plan, the Centre for Food and Fresh Produce Logistics was developed.
- 1.9 The concept is for a Centre for Fresh Produce (or all Food) Logistics to include:
 - Enhanced Port facilities with dedicated, enlarged capacity for food trade (imports & exports);
 - A linked food trade & logistics skills, knowledge & innovation centre (Boston College & NCFM).
- 1.10 However, as the project developed it became apparent very quickly, through consultation with fresh produce supply chains, importers, wider partners including the Fresh Produce Network (FPN), the volumes of imported perishable goods that arrive into South Lincolnshire, together with the clustering of food production locally, there is the opportunity for a wider project to be considered.
- 1.11 The Lincolnshire food sector is based on both strong local and regional food production as well as processing millions of tonnes of imports each year from over 39 countries worldwide **Appendix 2**. Efficient, timely and reliable international and national logistics are essential to sustain the 90,000 jobs in agriculture and food processing in Lincolnshire and neighbouring Local Enterprise Partnership areas in the East Midlands and East Anglia, known as the UK Food Valley.
- 1.12 The food industry is keen to deliver post Brexit growth and we believe that with the Port of Boston front and centre, delivering the right skills through the Centre of Food and Fresh Produce Logistics, creating the right environment for business investment and through improved connectivity this growth is deliverable. The Port of Boston already plays a critical role in receiving and moving “just in time” coiled steel for the automotive industries into the West Midlands by road and rail, delivering confidence within that sector that Boston is ideally placed as an entrance point for the manufacturing cluster in the Midlands.
- 1.13 There are no immediate implications arising from this report but there may be issues affecting third party organisations as the project develops and they will consider those if relevant at the appropriate time.

2. Current Position

2.1 As a result of the above information and the opportunities that this presents, Officers developed a steering group of strategic partners to identify and resolve key issues connected with expansion of the port. The group includes Lincolnshire County Council, South Holland District Council, the Port of Boston, the Chamber of Commerce - Fresh Produce Network (FPN), Lincoln University several major importers and associated supply chains businesses.

2.2 Following the launch of the Port of Boston - Gateway to Growth project on 14 September with wider strategic partners, a series of subgroups have been created and who are already meeting to focus on specific issues and will report back to the steering group.

The four subgroups are:

- Logistics
- UK Food Valley
- Trade and Inward Investment
- Research, Innovation and Skills

2.3 However, with the designation of Greater Lincolnshire as part of the High Potential Opportunities scheme, the UK Food Valley sub-group is likely to evolve into a group led by the Greater Lincolnshire Local Enterprise Partnership (GLLEP).

2.4 There are no immediate implications arising from this report but there may be issues affecting third party organisations as the project develops and they will consider those if relevant at the appropriate time.

3. Midlands Connect

3.1 Highways infrastructure, both the ability for the existing network to support current traffic demands and also the additional demands generated through anticipated growth in the area as a result of the Port of Boston, the Food Valley, the designation of Greater Lincolnshire as one of an area of High Potential Opportunity (HPO) and the impact of the investment generated through the Town Deal, is a key priority.

3.2 Discussions have been taking place with Lincolnshire County Council (LCC) regarding the possibility of a submission to Midlands Connect for a feasibility scheme in connection with roads around the Port of Boston. Noting the wider arc of growth, LCC have agreed to support a bid, providing the Borough Council makes a financial contribution of unto £20,000.

3.3 This bid for funding to review strategic transport connectivity and the reassessment of the current Lincolnshire County Council's Route Action Plan (RAP) along key strategic routes would greatly enhance and expand the

economic opportunity in and around Boston (A16) and the vitally important economic routes of (A15 & A17), support the continued economic growth and identify a series of priority schemes to address congestion and pinch points in the network to unlock freight movement to improve the efficiency of the Boston and South East Lincolnshire agri-food sector. The RAP Review will therefore be undertaken with a view to:

- identifying schemes that require further investigation and
- interventions that are required to address the routes affected by existing congestion and which will unlock potential growth

3.4 Midlands Connect researches, develops and recommends transport projects which will provide the biggest possible economic and social benefits for the Midlands and the rest of the UK.

3.5 Midlands Connect examine every option for improving major transport infrastructure in the Midlands region. The fundamental aim of these improvements is to transform regional and UK gateways, bringing the Midlands closer together and accelerating cost-effective improvements to unlock east-west connectivity that will enable the Midlands' economies to work more effectively together.

3.6 Discussions continue to take place between both LCC and South Holland District Council (SHDC) as to how to progress this opportunity for South Lincolnshire and members may find more information on Midlands Connect at <https://www.midlandsconnect.uk/>

3.7 There are no immediate implications arising from this report but there may be issues affecting third party organisations as the project develops and they will consider those if relevant at the appropriate time

4. The Food Valley and designation of Greater Lincolnshire as a High Potential Opportunity Scheme (HPO)

4.1 Councillor Davie, the Portfolio Holder for Economy and Place at LCC, recently said Lincolnshire is the food capital of the UK, because it provides an eighth of the country's food (see **Appendix 2**) and furthermore, this is very much about reminding the nation that Lincolnshire is strategically important for what they put on their table. The developments at Holbeach, including the Food Enterprise Zone, which will deliver approximately 59,500 square metres of work space. The Food Valley is likely to stretch from South Lincolnshire into the West Midlands.

4.2 On 9 October, it was announced that Automation and Robotics in the food sector in Greater Lincolnshire has been chosen as one of the Government's 19 new investment opportunities across the UK. The announcement means this area will now work with the Department for International Trade (DIT) to attract overseas investment into agri-food automation and robotics projects and businesses in Greater Lincolnshire. The High Potential Opportunities (HPO) scheme aims to

increase inward investment into the UK and help the country build back better. The press release is attached at Appendix 1 for information.

These initiatives will create benefit to the proposals within the Town Deal and Boston College for skills

4.3 These projects provide a significant platform from which Boston can promote the skills and learning agenda and commercial opportunities as set out in the Boston Town Investment Plan and link in the Port of Boston.

4.4 There are no immediate implications arising from this report but there may be issues affecting third party organisations as the project develops and they will consider those if relevant at the appropriate time.

CONCLUSION

5.1 As previously mentioned, there are 40,000+ jobs within South East Lincolnshire that are linked to the logistics industry. Whilst the majority of key employers are based in SHDC's area, many Boston residents commute to work with those employers. This project, through seeking improvement in the road infrastructure, will help keep those employers based in our area and we have already seen some success through the agreement of LCC to agree to submit a Midlands Connect feasibility scheme.

5.2 In addition, this project is not simply about preserving existing jobs, but also creating the environment for continued growth and prosperity not just for Boston, but the wider geographical area, and indeed the wider UKPLC agenda, which will lead to an increase in employment opportunities, including higher skilled employment.

5.3 South Lincolnshire is on the cusp of significant growth. The Port of Boston - Gateway to Growth project provides an opportunity for Boston to facilitate and lead on the further development of this project and directly link into other major projects that are taking place within the region to ensure that Boston as a Borough, is included in the projected outcomes of those projects, for the wider benefit of our communities.

FINANCIAL IMPLICATIONS

The financial commitments will be met from the Transformation Fund.

LEGAL IMPLICATIONS

There are no direct legal or equality implications arising directly from this report.

CLIMATE CHANGE IMPLICATIONS

There are no climate change implications associated with this report. However there may be issues affecting third party organisations as the project(s) develop and they will consider those if relevant at the appropriate time.

EQUALITY AND SAFEGUARDING IMPLICATIONS

None arising directly from this report

OTHER IMPLICATIONS

None

CONSULTATION

There has been a briefing to wider members on the Port of Boston, Gateway to Growth, a presentation to the Corporate & Community scrutiny committee.

APPENDICES

Appendices are listed below and attached to the back of the report: -

<i>APPENDIX 1</i>	(Title of Greater Lincolnshire LEP - News release 9 October 2020 - Global Spotlight on Greater Lincolnshire Food Automation and Robotics Research document)
<i>APPENDIX 2</i>	Current economic outputs in relation to South East Lincolnshires Agri-food sector



News release

9th October 2020

Global Spotlight on Greater Lincolnshire Food Automation and Robotics Research

Automation and robotics in the food sector in Greater Lincolnshire has been chosen as one of the Government's 19 new investment opportunities across the UK.

The announcement means our area will now work with the Department for International Trade (DIT) to attract overseas investment into agri-food automation and robotics projects and businesses in Greater Lincolnshire.

The High Potential Opportunities (HPO) scheme aims to increase inward investment into the UK and help the country build back better.

Last night (Thursday) the Investment Minister Gerry Grimstone MP announced that the bid submitted by the [Greater Lincolnshire Local Enterprise Partnership](#) in the second round has been successful.

DIT's global network based in 177 cities around the world will now provide support to our agrifood automation and robotics cluster by showcasing opportunities internationally and contacting investors to promote the opportunities.

Next month partners from DIT, the Greater Lincolnshire LEP, Lincolnshire County Council, district councils, universities and industry will meet to start work on Greater Lincolnshire's HPO in food processing, automation and robotics.

DIT will then use the resulting commercial proposition to put Greater Lincolnshire on an international stage through its sector teams and network of posts across the globe.

The expectation is that the HPO will attract more inward investment to the area and create more high-quality jobs in the agrifood sector.

Pat Doody, Chair of the Greater Lincolnshire Local Enterprise Partnership, said: "Food production is a cornerstone of the Greater Lincolnshire economy and indeed the UK. It has created more growth and high-value jobs in the last five years than any other sector so we are delighted this is recognised nationally, and we will work with the Department for

International Trade to develop our pitch for additional investment opportunities to bring automation and robotics companies to Lincolnshire.

“Partners locally are working together to develop Greater Lincolnshire into the ‘UK Food Valley’ which will compete globally. In the last five years we have seen a real upturn in this sector, with at least £500 million being invested locally, including £90 million on research and development and innovation. Key schemes such as the development of the South Lincolnshire Food Enterprise Zone and the growth of the agri-robotics research hub have been influential in growing the cluster.

“However, I am really clear that there are significant opportunities for growth, particularly around food production and logistics in Boston, automation and robotics, AI, and nutrition. These are exciting times for Greater Lincolnshire food production.”

Karen Seal, Principal Officer for Place and Investment at Lincolnshire County Council, said: “The HPO will give us a fantastic opportunity to showcase our region on an international platform, promoting our assets, attracting new inward investments and creating highly skilled jobs.

“We need investors to know that Greater Lincolnshire is the UK and European leader for agri-robotics and automation, and to be based here opens up a wealth of opportunities for their business.”

Professor Simon Pearson, Professor of Agri-Food Technology at the Lincoln Institute for Agri-Food Technology, said: “We’re delighted to be engaged in this opportunity. Clearly agrifood technology is a significant strength of the University of Lincoln and we’re looking forward to collaborating with the Greater Lincolnshire LEP and the Department for International Trade to support inward investment into the area.

“It’s a wonderful way to exploit the research capacity at the university which now includes the largest group of agri-roboticists in the EU.”

Councillor Nick Worth, Lincolnshire County Councillor for Holbeach and Deputy Leader of South Holland District Council, welcomed the announcement, saying: “This is really positive news for the area, and the additional support, promotion and resource will be invaluable as the district and wider county continues to promote itself to investors as the home of the largest cluster of agri-food businesses anywhere in the country.

“With the Department for International Trade’s assistance we can begin to build new global connections and highlight some of the fantastic projects taking place in the area, such as the Food Enterprise Zone in Holbeach. Working with our partners I am excited to help put Lincolnshire on the map worldwide and encourage new investment, businesses and jobs into the county.”

The Minister for Investment Gerry Grimstone MP said: “The UK has so much to offer international investors across a variety of key sectors and regions. Our HPO programme looks at some of the sectors and sites across the UK where we see some of the world’s greatest challenges being solved.

“Inward investment will help the UK build back better while levelling up all parts of the UK. This is just the start of the steps we are taking to increase inward investment and drive economic recovery.”

Notes to Editors

About the Greater Lincolnshire LEP:

- [The Greater Lincolnshire LEP](#) was set up in 2010 and works with businesses and local authorities to develop and grow Greater Lincolnshire's diverse economy.
- It is a public / private partnership led by the private sector.
- It works with central Government and the private sector to invest in infrastructure, skills, innovation and productivity.
- More than 100 businesses are involved in its strategies, and 80 business people sit on its boards.
- The LEP has an ambitious and balanced strategic economic growth plan for Greater Lincolnshire.
- The LEP's six priority sectors are agri-food, the visitor economy, manufacturing, logistics, health and care and low-carbon energy.
- The LEP has invested £307 million in local economic growth schemes in Greater Lincolnshire since 2014.
- The Greater Lincolnshire LEP covers an area including North Lincolnshire, North East Lincolnshire, Rutland and the administrative county of Lincolnshire and is led by a LEP board made up of leading figures in the public and private sector.
- To find out more visit <http://www.greaterlincolnshirelep.co.uk> or follow the LEP on Twitter @greaterlincslep, Facebook or LinkedIn.

About DIT and inward investment:

- The UK continues to be the top destination in Europe for attracting foreign direct investment. Results published by UNCTAD (United Nations Conference on Trade and Development) show that by the end of 2019 the UK's inward FDI stock levels reached USD2.1 trillion, second only to the United States.
- The Financial Times FDI Report 2020 highlights that the UK remains top in Europe on attracting FDI projects and on green field capital expenditure. This demonstrates that the UK continued to attract FDI throughout 2019 at an unbeaten rate in Europe.
- The most recent FDI figures show 1,852 projects were recorded, 56,117 new jobs were created and 9,021 were safeguarded in 2019/20 thanks to FDI. [Source: DIT Figures July 2020].
- Regionally, FDI contributes to around 12% to 17% of employment in every region of the UK and contributes to more than a quarter of the business turnover in every region of the UK, with the exception of London, where the share of employment and business turnover is 24% and 52% respectively.
- It is observed that businesses that receive inward FDI were 74% more productive than non-FDI firms.
- There is high productivity disparity within the UK regions, with relatively higher productivity in London and the south-east (where the presence of foreign-owned firms is more than proportional to other regions). Thus, attracting additional FDI can be a part of the solution to the UK's long-standing productivity challenge and particularly for the levelling up agenda.

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APPENDIX 2

1.0 The evidence base emerging as part of the consultation with fresh produce supply chains, importers, wider partners including the University of Lincoln and Boston College and the FPN, highlighted the following:-

- The UK fresh produce sector has grown faster than agriculture as demand has been increasing and both retailers and consumers are keen to increase UK sourcing. From 2015-19 turnover increased by 22% to £3.8billion, which rises to circa £4.5billion with potatoes included.
- However, the UK continues to import 65% of the fresh produce it consumes and whilst UK production has been rising so have imports. Total food imports are over 12 million tonnes per year, with fresh produce over 50% of this total. Currently the UK imports:
 - 2.3 million tonnes or 66% of its vegetable and salad supply, worth £2.5bn;
 - 3.8 million tonnes or 86% of its fruit supply, worth £ 3.6bn;
 - 51% ornamentals, worth £1.2bn.
- Exports in all these crops are only 5-10% of imports, but have in most cases grown faster than imports. The industry think there is a big post Brexit opportunity for further export growth, but to realise this potential 'slick' logistics, in terms of cost, time and reliability are essential.
- Horticulture only uses 3.5% of the UK's crop land, but produces 38% of the value of crop output. Growing this sector will increase UK output and Lincolnshire is well placed to lead this process.
- Total UK imports of food and drink were £48 billion in 2019, with a large concentration in sourcing: 12% from Netherlands; Ireland 10%; Germany 10%; France 9%; Spain 7% - 5 countries represent 47% of all UK food and drink imports. Adding Italy, Belgium, Poland and Denmark means 70% of UK food and drink imports come from North Sea and Mediterranean states.
- The destinations the UK exports food and drink to is also concentrated - 5 countries represent 50% of all exports: Ireland 17%; USA 10%; France 10%; Netherlands 7.3% and Germany 6.1%.
- Overall 75% of UK food and drink import and exports are with the EU and most with states clustered around the North Sea, which are easily accessible from Boston.
- Non EU trade is growing faster than EU trade, but often accessed via EU ports, mainly Rotterdam, with global connectivity and links to the Netherlands global food trading hub and industry suggests Rotterdam

is a potential key to future UK food imports and exports. This would use Boston to Rotterdam feeder vessels (150-200 containers) to serve UK and Northern European markets, with global trade using boats with capacities 10-50 times this to connect to global markets.

- The food industry is growing increasingly concerned that existing UK ports have capacity issues for food trade (London Gateway, Dover) which Brexit may make worse and are difficult to access (e.g. M25/London congestion). Long term they expect these challenges to be solved, but if Boston can move forward quickly there is potential to secure long-term market share.
- Given the growing importance of logistics efficiency and reliability to supply chain success food companies want to look at alternative ports and, if these could offer a 'slick service' and/or lower end to end costs, are keen to transfer their business. Netherlands based food companies have given the same feedback and have suggested a long-term strategic partnership is desirable.

1.2 Another key factor of why the Port of Boston becoming a gateway for import into the region is due in part to the number of jobs that are connected to the logistics industry within South East Lincolnshire which amount to 40,000 and it is essential to address this to safeguard jobs. The existing importers are under pressure to relocate to the South East to be closer to the London/Channel ports and one of the drivers for this pressure is linked to the impact of hauliers' journey times and haulage costs. As an example, the distances from UK ports to Spalding are as follows:-

- Felixstowe - 113 miles
- Tilbury - 121 miles
- Thames Gateway - 121 miles
- Southampton - 178 miles
- Boston - 14 miles

1.3 By reducing the mileage that produce travels, this has the ability to improve the distribution on adjusting time system and improve the carbon footprint.

1.4 The importer/logistic companies need to see commitment to an improvement to unlock this potential for trade (millions of tonnes per year), which is only possible if the Port has access to efficient road and rail links which connect it to the regional food industry and national markets and to provide a base for them to remain in our locality. On the whole they do not wish to relocate because of the skilled workforce, access to high quality training provision, low wage costs and existing supply chain connections.

1.5 Industry are very keen to develop new skills and innovation in parallel to the port to support the trade and supply chain efficiency. Dutch colleagues have suggested a strategic NL/UK partnership in this area. This links to the Government's decision to choose automation and robotics in the food sector in

Greater Lincolnshire as one of their 19 new investment opportunities across the UK (see Appendix 1 - Greater Lincolnshire LEP's press release dated 9 October 2020).