

# HEY LEP Employment & Skills Board

21<sup>st</sup> February 2022

Paper D – Horizon Scanning

## 1. Summary

1.1. This paper gives details of new or emerging policy, strategy, research or thought pieces relevant to the work of the Employment & Skills Board. The Horizon Scan for this period provides some additional information with regards to the HEY LEP Growth and Workforce Wellbeing Strategy and UK Government's Levelling Up White Paper.

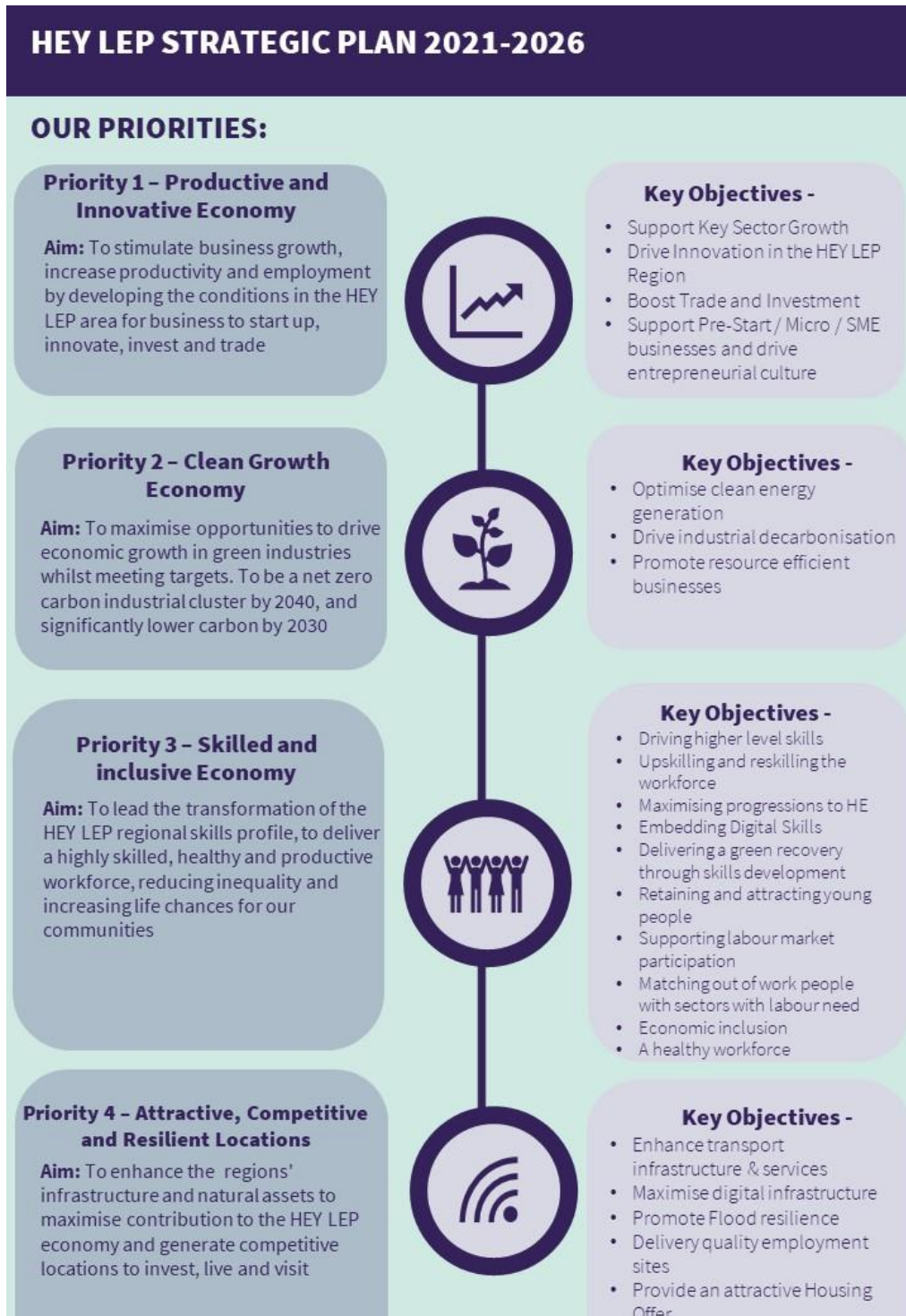
## 2. Items

Item	Source	Overview	Location	LEP theme
HEY LEP Economic Growth and Workforce Wellbeing Strategy	HEY LEP	The HEY LEP Growth and Workforce Wellbeing is a new regional strategy for Hull and East Yorkshire which puts in place a blueprint to drive economic growth and facilitate greater devolution of power and resources to the region. The strategy builds on the region's economic strengths and places a key importance upon the mission of bringing the regions people on the journey to a stronger Hull and East Yorkshire.	HEY LEP	All
Levelling Up White Paper	UK Government  Department of Levelling Up Housing and Communities	The government in its Build Back Better Strategy states that its most important mission is to unite and level up the country, to tackle geographic disparities, to support struggling towns to regenerate and ensure every region and nation of the UK has at least one globally competitive city. The Levelling Up White Paper lays out the framework in which the Government plan to achieve this.	<a href="https://www.gov.uk">Levelling Up the United Kingdom - GOV.UK (www.gov.uk)</a>	All

### **3. HEY LEP Economic Growth and Workforce Wellbeing Strategy**

- 3.1. Formally established in April 2021, the new Hull and East Yorkshire Local Enterprise Partnership (HEY LEP) presents a unique opportunity in time to articulate the economic potential of the area which must not be wasted. Therefore, this bold and ambitious strategy for the region sets out Hull and East Yorkshire's offer to UK PLC and beyond. It draws upon on a robust evidence base including local economic strategies, publicly available data sources and commissioned work.
- 3.2. The economy of the HEY LEP region is currently at a dynamic point of great challenge and equally great opportunity. Long term structural weaknesses in the economy, as outlined in the Levelling Up white paper, have been exacerbated by COVID-19, which has accounted for a 10% loss of GVA in 2020, and the impact of UK leaving the EU on the HEY LEP area with its maritime and trading heritage has yet to be fully quantified.
- 3.3. Despite this, positive opportunities exist within the HEY region including absolute and relative sector specialisms that have high-value growth potential; great ability to enhance the region's world leading reputation as a cluster for clean growth activity and a rapidly growing research and innovation capability in areas such as renewable energy, rail manufacture and Agri-tech.
- 3.4. The strategy focuses on the importance of delivering a productive, inclusive, and resilient economy which achieves growth that is not to the detriment of longer-term sustainability.
- 3.5. Collaboration and partnership will be key to the delivery of this strategy and its' success will be dependent upon all partners and stakeholders contributing to the ambition, activities and timeline outlined in the strategy.
- 3.6. The strategy clearly and distinctly sets out the collective vision for the area, founded on our unrivalled assets, trading opportunities, sector specialisms and strengths, the area's strong maritime history and our future potential.
- 3.7. The strategy presents the following vision for the HEY LEP region:

'Leading the UK with a dynamic net-zero economy, Hull and East Yorkshire is a region with prosperous, productive, and innovative businesses, across all communities. Our diverse and resilient economy includes a skilled workforce across all key sectors with opportunities for all. We are home to high-quality services and facilities that meet the needs of our unique urban, coastal and rural geography, while supporting the health and wellbeing of everyone.'
- 3.8. In the period to 2026 HEY LEP will work to deliver this strategy by focusing its partnership activity on four key priorities and accompanying objectives:



3.9. Throughout the strategy, four key ‘golden threads’ act as central pillars, which will underpin the HEY LEP’s work in delivering this vision. These are:

- Collaboration and Partnership - Developing joint approaches between the private sector and a range of partners, including central and local government, statutory agencies, health bodies, voluntary and community

organisations, rural partnerships, universities, education and training providers and others, working together to achieve our shared goals.

- Sustainability – Driving net zero approaches to delivering economic growth whilst developing positive interrelationships between the natural environment and economic activity.
- Inclusion – Ensuring that all residents and employees within the region are able to engage with, contribute to and benefit from economic growth.
- Innovation and adaptability – Developing new approaches to maximise opportunities and mitigate risks to the HEY LEP economy, in the context of new working methods and relationships resulting from COVID-19 and the UK Exit from the EU. This approach would build a resilient economy to deal with future challenges and economic shocks.

3.10. The role of the HEY LEP in delivering economic growth via this strategy is to:

- Lead by providing strategic direction to those involved in growing the HEY LEP economy
- Influence decision makers to provide the locations and opportunities required and to take the risks necessary to grow the HEY LEP economy
- Represent the needs and aspirations of the business community in developing the economy of the HEY LEP region
- Support businesses, residents, and the workforce of the HEY LEP region to maximise their economic potential
- Deliver projects and programmes to promote economic growth
- Partner with and convene all organisations, national or local, who can facilitate delivery of our strategic priorities
- Promote the region and its economic benefits to government, other parts of the UK, the private sector, and potential investors into the region.

#### 4. Levelling Up White Paper

- 4.1. Michael Gove, the government's Levelling Up Secretary launched his department's long-awaited Levelling Up white paper on Wednesday the 2nd of February 2022.
- 4.2. Addressing the uneven patterns of economic growth and their subsequent impacts upon employment, skills, incomes, and wider opportunities is a key challenge in many western countries. Geographical inequities represent inefficiencies in the operation of an economy and the UK has been seeking policy approaches to address the issue of 'left behind' places for the last four decades. In this context Levelling Up has been framed by this government as their defining mission and have prepared the Levelling Up white paper to outline their approach to delivering a transformative shift in policy model to counter long term trends of economic inequality in the UK.
- 4.3. The Levelling Up white paper is structured around 12 national missions which the government have undertaken to deliver by 2030. Each mission will have quantifiable performance metrics against which delivery can be monitored. Government will bring forward legislation to put in statute some of the key pillars of levelling up to ensure this new framework is built on strong foundations and will report on progress annually.
- 4.4. The white paper looks at how the government can go about developing 6 "capitals" and says that levelling up is about ensuring that every area in the UK has access to these 6 capitals.
- Physical capital – infrastructure, machines, and housing
  - Human capital – the skills, health, and experience of the workforce
  - Intangible capital – innovation, ideas, and patents
  - Financial capital – resources supporting the financing of companies
  - Social capital – the strength of communities, relationships, and trust
  - Institutional capital – local leadership, capacity, and capability
- 4.5. The missions outlined in the paper are broad based and pertain to one of the six capitals. The missions include elements such as wellbeing, crime, and pride of place, moving beyond the narrower scope of economic development activity which has been focused on productivity and industrial stimulus over the last 12 years. In that context this Levelling Up white paper can be seen to reassert the importance of place-based regeneration.
- 4.6. Another key strand in the Levelling Up white paper is devolution, with the paper espousing a huge shift of power from Whitehall to local leaders. The paper seems to offer areas options on how to access this devolution based on their desire to have an elected mayor. More Mayoral Authorities will be allowed and

for those who do not wish to pursue this model, new county deals will be established. Existing Mayoral Authorities may ask for further powers. A key policy pledge in the paper is that “By 2030, every part of England that wishes to have a ‘London-style’ devolution deal will have one.”

4.7. The 12 National missions outlined in the paper are:

1. By 2030, pay, employment and productivity will have risen in every area of the UK, with each containing a globally competitive city, with the gap between the top performing and other areas closing.
2. By 2030, domestic public investment in Research & Development outside the Greater Southeast will increase by at least 40% and at least one third over the Spending Review period, with that additional government funding seeking to leverage at least twice as much private sector investment over the long term to stimulate innovation and productivity growth.
3. By 2030, local public transport connectivity across the country will be significantly closer to the standards of London, with improved services, simpler fares, and integrated ticketing.
4. By 2030, the UK will have nationwide gigabit-capable broadband and 4G coverage, with 5G coverage for most of the population.
5. By 2030, the number of primary school children achieving the expected standard in reading, writing and maths will have significantly increased. In England, this will mean 90% of children will achieve the expected standard, and the percentage of children meeting the expected standard in the worst performing areas will have increased by over a third.
6. By 2030, the number of people successfully completing high-quality skills training will have significantly increased in every area of the UK. In England, this will lead to 200,000 more people successfully completing high-quality skills training annually, driven by 80,000 more people completing courses in the lowest skilled areas.
7. By 2030, the gap in Healthy Life Expectancy (HLE) between local areas where it is highest and lowest will have narrowed, and by 2035 HLE will rise by 5 years.
8. By 2030, well-being will have improved in every area of the UK, with the gap between top performing and other areas closing.
9. By 2030, pride in place, such as people’s satisfaction with their town centre and engagement in local culture and community, will have risen in every area of the UK, with the gap between the top performing and other areas closing.

10. By 2030, renters will have a secure path to ownership with the number of first-time buyers increasing in all areas; and the government's ambition is for the number of non-decent rented homes to have fallen by 50%, with the biggest improvements in the lowest performing areas.

11. By 2030, homicide, serious violence, and neighbourhood crime will have fallen, focused on the worst-affected areas.

12. By 2030, every part of England that wants one will have a devolution deal with powers at or approaching the highest level of devolution and a simplified, long-term funding settlement.

## 2.6 Under these missions some headline policy commitments are made

### Governance

- Central government decision making will be streamlined, and all departments will be made accountable for progressing the levelling up missions.
- Local decision makers will be empowered.

### Productivity, Jobs and Living Standards

- Government will reform EU rules restricting investment from pension funds and others so more investment will move into long-term capital assets.
- The Department for Business, Energy and Industrial Strategy (BEIS) will aim to invest at least 55% of its total domestic R&D funding outside the Greater Southeast by 2024-25.
- Increase total domestic public investments outside the Greater Southeast by at least a third over the Spending Review period and at least 40% by 2030.
- Simplify the EU-inherited public procurement rules to prioritise British businesses.
- Enhance digital connectivity through Project Gigabit and the Shared Rural Network so that by 2030, the UK Government and private sector will deliver nationwide gigabit-capable broadband and 4G coverage, with 5G coverage for the majority of the population.

### Skills and Education

- 55 new Education Investment Areas (EIAs) in places where educational attainment is currently weakest.
- Establish the UK National Academy, a new free digital education service that will support pupils from to acquire additional advanced knowledge and skills.
- Essentially eliminate illiteracy and innumeracy. By 2030, the aim is that 90% of all primary school children in England will achieve the expected standard in reading, writing and maths.

- Local Skills Improvement Plans, together with supporting funding, will be set up across England to set out the key changes needed in a place to make technical skills training more responsive to skills needs.
- Introduce the in-Work Progression offer to help people on low incomes address barriers to better employment opportunities.
- Launch a new National Youth Guarantee so that by 2025 every young person in England will have access to regular out of school activities, adventures away from home and opportunities to volunteer.
- Provide more support to the state school sector to increase Combined Cadet Force participation.

#### Health and Wellbeing Outcomes

- The DHSC will shortly publish a White Paper designed to tackle the core drivers of disparities in health outcomes.
- Take forward recommendations from Henry Dimbleby's independent review towards a National Food Strategy including piloting Community Eatwell and a school cooking revolution.
- Introduce a new Tobacco Control Plan and set up at least 100 Community Diagnostic Centres in England by 2025.

#### Local Government

- Invite nine areas to agree new County Deals and seek to agree further MCA deals, extending devolution to much more of England.
- A new independent body will be set up to drive transparency for local people and publish rigorous, comparable data on performance.
- Work with Local Government Pension Funds to publish plans for increasing local investment, including setting an ambition of up to 5% of assets invested in projects which support local areas.

4.8. Although the full details which sit behind the 12 keys levelling up missions outlined in the paper have not been fully formed, the following implications for the region can be pinpointed, from the Levelling Up white paper.

#### Institutional arrangements

- The white paper is positive about the impact that LEPs have made in the ten years of their operation. As such there is commitment from government to LEPs and the Levelling Up white paper is the first time LEPs have been embedded in policy and legislation. The White Paper makes clear that: LEPs have acted as an important organisational means of bringing together businesses and local leaders to drive economic growth across England and as such it is important to retain the key strengths of these local, business-oriented institutions in supporting private sector partnerships and economic clusters. The white paper presents the opportunity not only for LEPs to



continue to set the economic agenda in their areas but also to integrate their services and business voice into the UK Government's new devolution plans.

- Hull and East Yorkshire are mentioned in the white paper as one of the first 9 areas invited to begin negotiations on a county deal for the area. This will continue the positive joint working between public and private partners fostered up to date on the preparation of the devolution bid for area. Detail is provided in the white paper as to what functions would be transferred to each type of devolved administration. Government is encouraging the integration of LEPs and their business boards into Mayoral Combined Authorities, the Greater London Authority and County Deals, when and where these exist. Where a devolution deal does not yet exist, LEPs will continue to play their vital role in supporting local businesses and the local economy.
- The Levelling Up white paper outlines governments intention to form a new Humber level board, Opportunity Humber. The paper notes that Opportunity Humber will be a private sector led board, chaired by Laxman Narasimhan, Chief Executive Officer of Reckitt, which will sit alongside future local devolution arrangements. It will work with the local authorities to provide a single voice for the Humber nationally, globally and into government, and will provide strategic leadership to drive the development and delivery of agreed pan-Humber economic priorities, including the Humber Net Zero Cluster. It is expected that this board will work alongside the Humber Energy Board, the Humber Leadership Board, HEY LEP and Greater Lincolnshire LEP. The Opportunity Humber Board currently only in formation phase and little detail has currently been agreed around its operation and responsibilities.
- The paper outlines a new approach to 'place' through Levelling Up Directors. They will provide a key point of contact for local areas, acting as a bridge between local leaders and central government.

### Local Strategy

- The aspirations of the Levelling Up white paper dovetail well with the priorities and objectives in the draft HEY LEP Growth and Workforce Wellbeing strategy. There is a however a requirement to review the document to ensure all relevant missions are reflected in this strategic economic plan. This work is underway.

- The white paper notes there will be a second report will follow in the spring building on the Levelling Up white paper and deal with rural proofing. This report will set out how government departments are working to support levelling up in rural areas, through targeted approaches where needed, and how we are strengthening the rural economy, developing rural infrastructure, delivering rural services, and managing the natural environment.

#### Funding & Resource

- There are questions around the resource which will be available to deliver this levelling up agenda. No new resource will be made available from treasury above that outlined in the comprehensive spending review and there are concerns that this resource is disproportionately weighted towards capital funding rather than revenue.
- It is confirmed in the paper that the UK Shared Prosperity Fund would be routed through Local Authorities.
- Whilst the paper and Ministerial feedback to LEP Chairs and CEOs has been positive regarding the role of the LEPs we have not yet received confirmation of our core funding or for programmes such as the Growth Hub; we will be writing to ministers on this latter matter to ensure continuity of service.

#### 4.9. Next Steps

- The Levelling Up white paper concedes much work will be required to develop detailed policy to support the high-level aspirations in the document. The government note a desire to co-design and co-deliver these policies.
- To that end, the government commit to undertake a structured process of visits, at ministerial level, across the whole of the UK in the months following publication of the White Paper, to discuss how levelling up can be successfully achieved in that area and to gather feedback. Alongside this there will be an ongoing, long-term commitment to further ministerial visits across the whole of the UK, to update on progress on the policy programme and missions. It also signals that it will set up local panels, drawn from a wide range of stakeholders, to serve as a sounding board on levelling up delivery and implementation, working closely with the new Levelling Up Directors once established.