

COVID-19 Impact Assessment

# Hull & East Yorkshire Local Enterprise Partnership

Update Report – November 2021



# Important Notice

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## **Note about data sources and approach:**

Hatch was appointed by HEY LEP to undertake an assessment of the impact of COVID on the HEY and Humber region. This follow-up report provides an update of all available data as of October 2021 and reflects the changes in policies and measures that have been announced since the summer.

Data used in the report include ONS, Gazette (Insolvency data), Google Mobility, NatWest PMI and various surveys conducted by LEP partners. Where local authority data is unavailable, national datasets and surveys have been applied to the regional level to provide estimates.

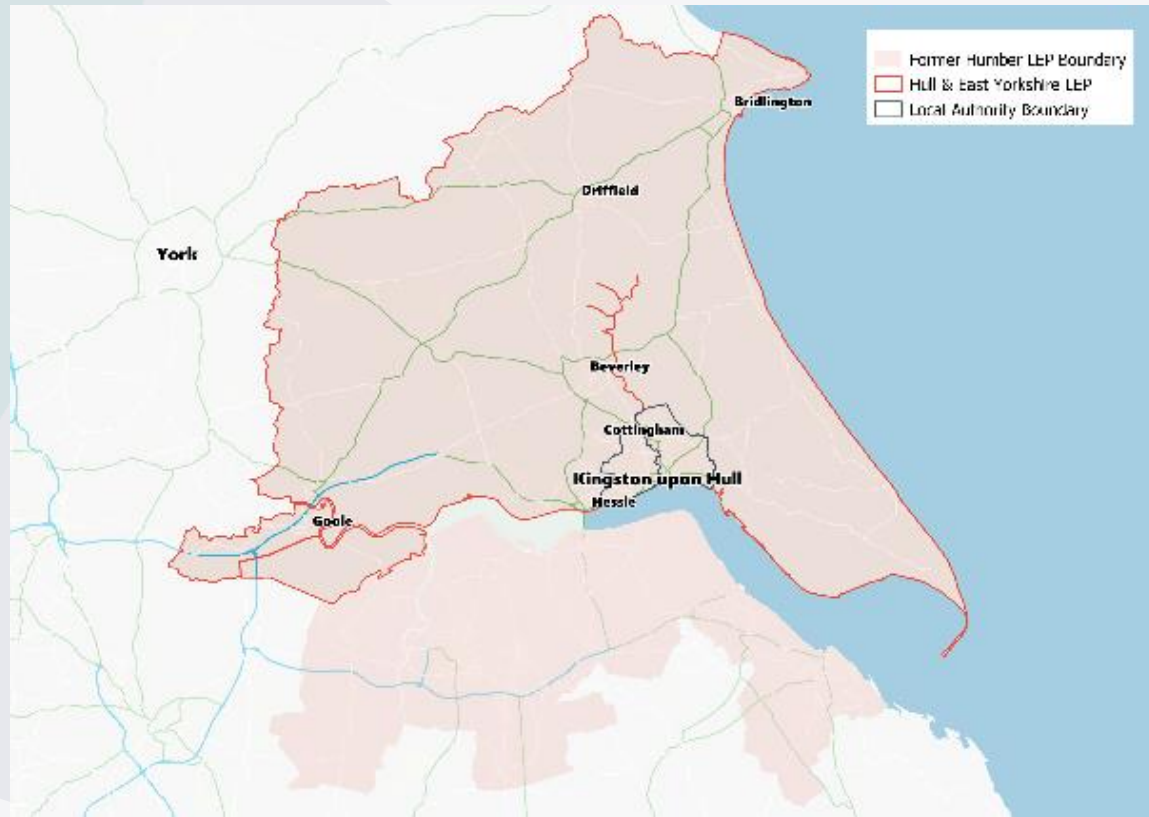
# 1 Geographical Context

The newly established Hull and East Yorkshire (HEY) LEP area consists of two local authorities north of the Humber estuary – Kingston upon Hull and East Riding of Yorkshire. The former Humber LEP area also included North Lincolnshire and North East Lincolnshire. With the response to the economic shocks of COVID-19 being facilitated in a co-ordinated manner across the Humber, the impact on the Humber in addition to the HEY region is provided in this report.

To assess the economic impact of COVID on the Humber and HEY region, HEY LEP appointed Hatch to undertake an assessment of the current impacts on:

- Economic growth
- Business activity
- People impact
- Government support uptake

This report summarises the findings of the analysis undertaken in October 2021.



Map contains OS data © Crown copyright and database right 2019

# Economic Impact

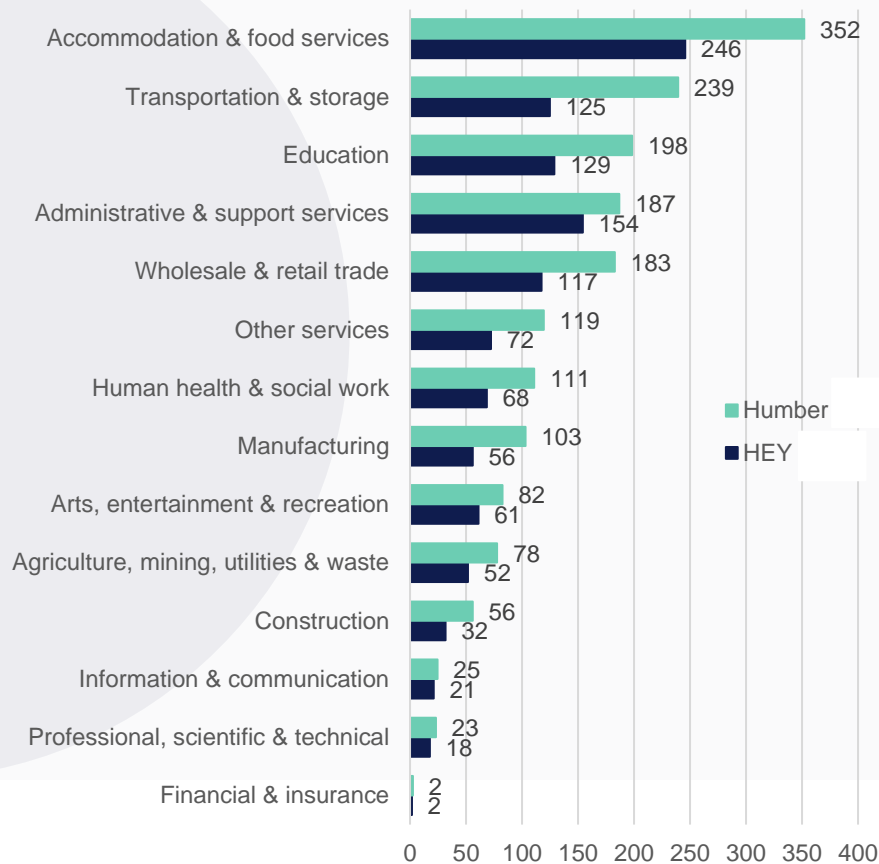
## GVA Impact of COVID

For the purposes of providing a central estimate of the impacts of COVID-19 on the Humber and Hull & East Riding, we have used the latest OBR figures (October 2021) to map the trajectory of recovery from the impacts of the pandemic. The most recent OBR estimates (March 2021) on the sectoral impacts of the pandemic were also used to understand the distribution of losses across the local economy.

The Humber region's GVA was £21bn in 2019. **Our modelling estimates that £1.7bn, or 8%, of that was lost during 2020**, which is slightly below the estimated loss rate for the national economy (9.8%). Similarly, Hull and East Riding's GVA was about £13.4bn in 2019 and the area also experienced an **8% loss in output over the course of 2020**.

Based on the modelling, the accommodation & food sector experienced the largest absolute loss in both areas. After accommodation & food, the Humber experienced the largest losses in the transportation & storage, education and administrative & support services sectors. The sectoral losses reflect a mix of both the magnitude of assumed sectoral impacts at the national level and the relative importance of the sector in the local economy. For example, accommodation & food only accounts for about 2% of the Humber's GVA but was assumed to experience a 71% loss in output over the year, resulting in a large absolute loss. The Hull and East Riding region generally experienced the largest losses in the same sectors as the Humber; however, the area's second most impacted sector was administrative & support services.

## GVA Loss by Sector (£m), 2020





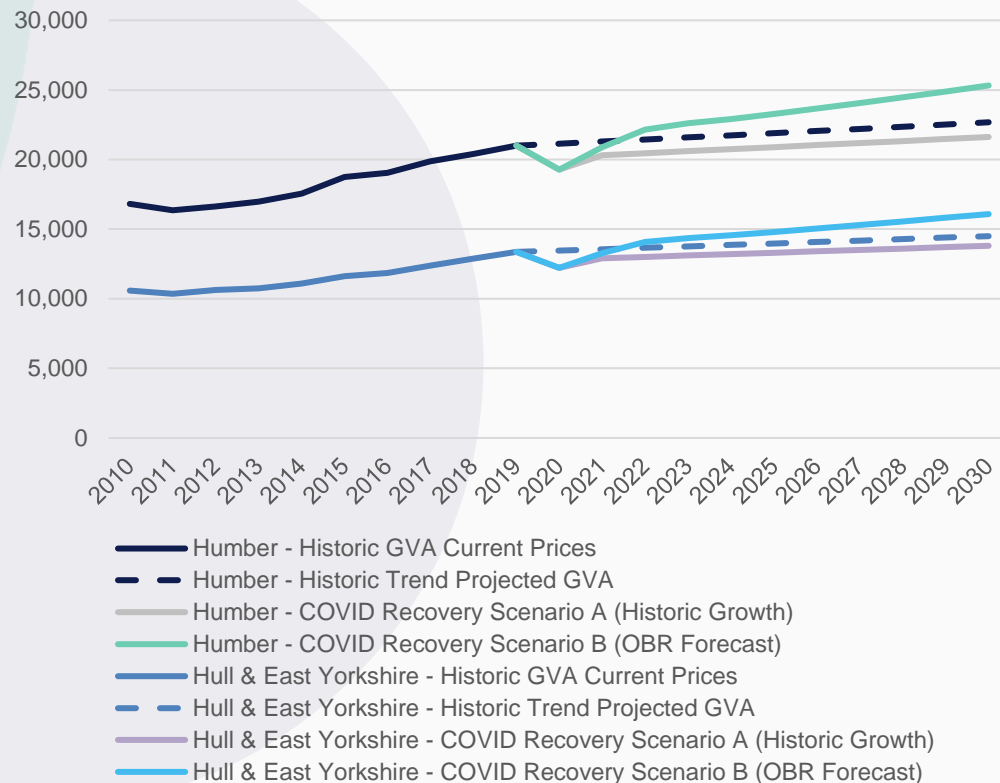
# GVA Recovery Scenarios

To provide an estimate of the GVA growth rates required across the areas to recover, we have modelled the trajectory of the real historic growth rates (0.7% for Humber and 0.7% for Hull and East Riding over the 2010-2019 period) to show the trend in a pre-COVID-19 world.

The recovery chart shows two scenarios for recovery; both include estimated COVID impacts. Scenario A is based on the respective historic real growth rates per annum going forward whilst Scenario B is based on OBR's October growth forecast for the national economy. The OBR forecasts growth to be about 6.5% in 2021, 6% in 2022, declining to 2.1% in 2023 and ranging from 1.3% to 1.7% thereafter. As shown in the chart below, both Humber and Hull and East Riding therefore need to achieve a growth rate well above their historic rates to get back to their pre-COVID trajectory in the short to medium term.

These are not forecasts but give an indication of the growth rates required to both make up for the 2020 GVA loss and return to the pre-COVID growth trajectory. This means that sectors and businesses will need to be supported not just to recover, but to find new and innovative ways of producing output and increasing productivity beyond the rates before COVID-19 hit.

Total GVA Impact and Recovery Scenarios (£m)

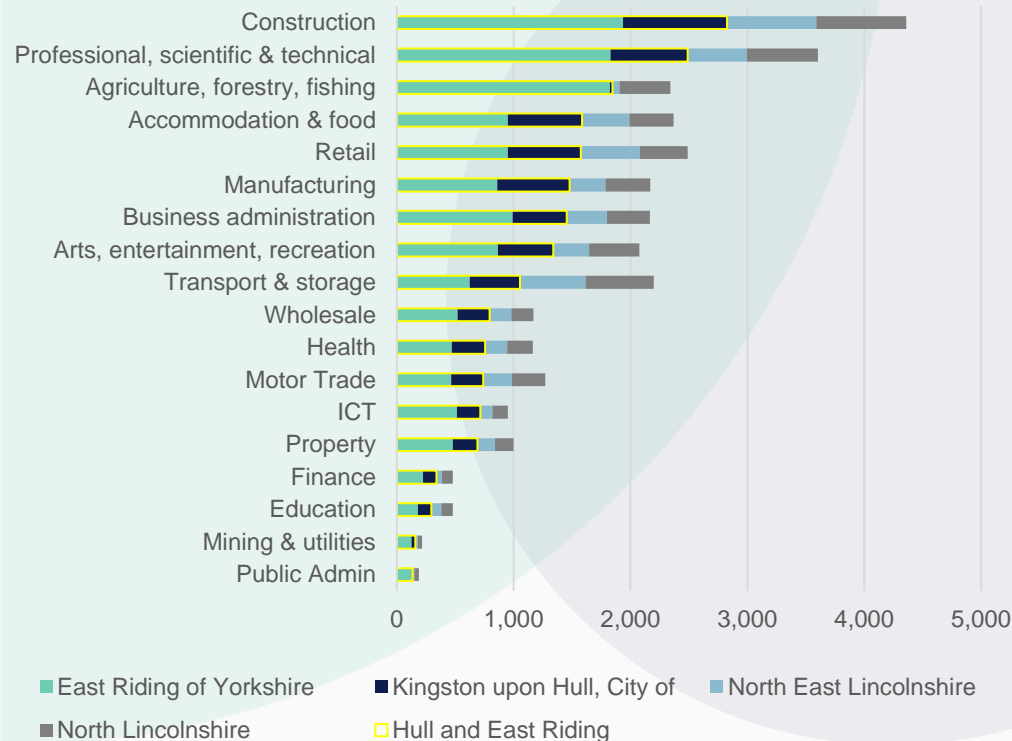




# Impact on Business



## Sectoral distribution of firms in the Humber, 2021 (Total counts)



## The HEY economy has a unique sectoral mix

One of the great strengths of the Humber and HEY economy is that it has absolute and relative sector specialisms that have high-value growth potential. These include the cluster around the estuary which incorporates engineering, manufacturing, logistics, construction and professional services. During the COVID recovery, these sectors will be critical to recovery, especially as the Government prioritises green infrastructure and growth.

The region's strengths in logistics and port-related transport means there is a higher proportion of wholesale-related businesses based in the area. Those that are dependent on exports may see a dip due to Covid-19 and Brexit, however latest estimates suggest the Yorkshire and Humber region has shown a degree of resilience post-Brexit and throughout the pandemic regarding exports at this stage and optimism for future export growth is present.

Another strength is the above average size of businesses in Hull and East Yorkshire – smaller businesses are associated with a higher risk of insolvency. Approximately 75% of businesses in the Hull and East Yorkshire LEP employ 0-4 staff, compared with 79% of firms across the UK. 13% employ 5-9 staff in Hull and East Yorkshire, compared to just 11% across the rest of the UK.

## 7 Temporary Closures

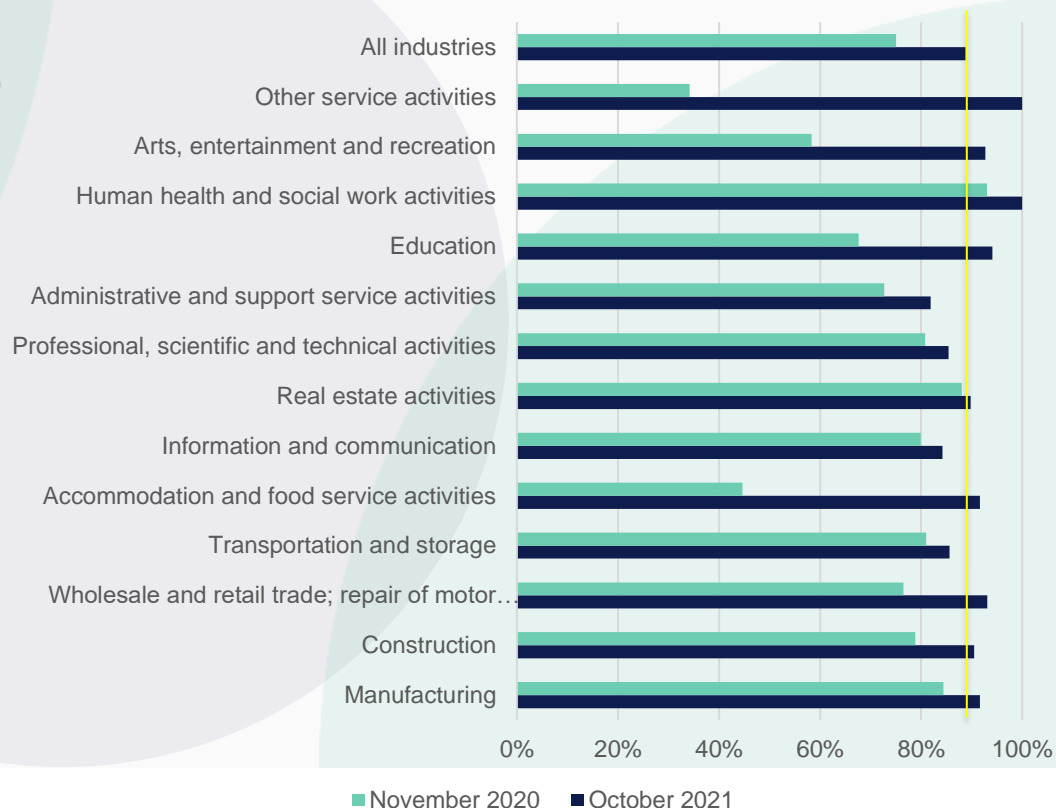
The Business Impact of Coronavirus Survey (BICS) has been undertaken in multiple waves since the beginning of the first national lockdown in March 2020. The survey is nationally representative and aims to outline the business impacts of Covid-19 on businesses of various characteristics, such as sector or size. This graph shows two versions of the survey showing businesses who have stated that they have temporarily ceased trading.

The adjacent chart shows the national level data for the UK on businesses re-opening by sector. It can be seen that as of the latest BIC survey in October 2021, 89% of businesses across the UK have been open and trading for at least two weeks, following COVID-related closures. Evidently, this leaves a significant 11% of businesses who have not restarted trading.

Applying these assumptions to the HEY business base, of the approximately 20k businesses based in Hull and East Yorkshire, well over 2,000 are likely to not have resumed trading.

Several key sectors lag behind the all-sector average for having resumed trade, namely administrative and support services, ICT, transport and storage, and professional services. These sectors are a mix of more established (transport and storage) and ascendent (professional services) in the HEY LEP. As such, the sectoral makeup of the HEYLEP economy is not significantly exposed to sectors who are lagging in the resumption of trade.

### Estimated proportion of businesses open and trading for at least two weeks, UK



## Use of Support Schemes

In the latest version of the BIC survey, businesses were asked what support schemes they are using or intend to use, these included:

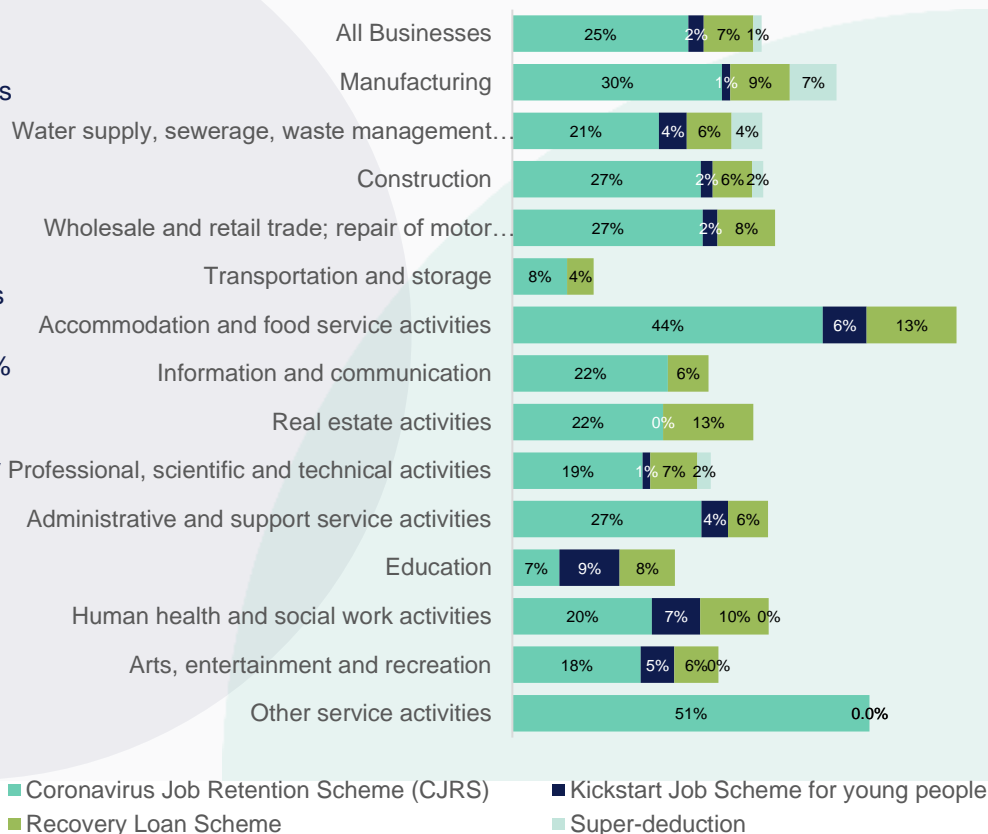
- **Kickstart job scheme for young people** - provides funding to employers to create jobs for 16 to 24 year olds on Universal Credit
- **Coronavirus Job retention Scheme** - a means to prevent redundancies in businesses who have been disrupted by Covid-19 and the resulting lockdowns this scheme provided businesses with financial support to retain workers by paying a percentage of a workers pay.
- **Recovery Loan Scheme** - supports access to finance for UK businesses as they grow and recover from the disruption of the pandemic
- **Super Deduction** - 130% first-year allowance for capital assets; and 50% first-year allowance for special rate assets

Overall, 35% of businesses\* are estimated to be using/intending to use one of these support schemes as of October 2021. Some sectors are more likely than others to access support schemes, with almost two thirds accommodation and food businesses estimated to be using the schemes. Given the size of this sector in Hull and East Yorkshire, some 1,000 businesses in this sector are estimated to be receiving support in the LEP area.

Manufacturing is also one of the sectors with above average uptake of support, with just under 50% of businesses in this sector receiving support. This equates to approximately 700 firms when applied to the Hull and East Yorkshire region.

As illustrated, the take-up of the Super Deduction offer is especially low.

## Use by Business of Government Support Schemes as of September - October 2021, UK



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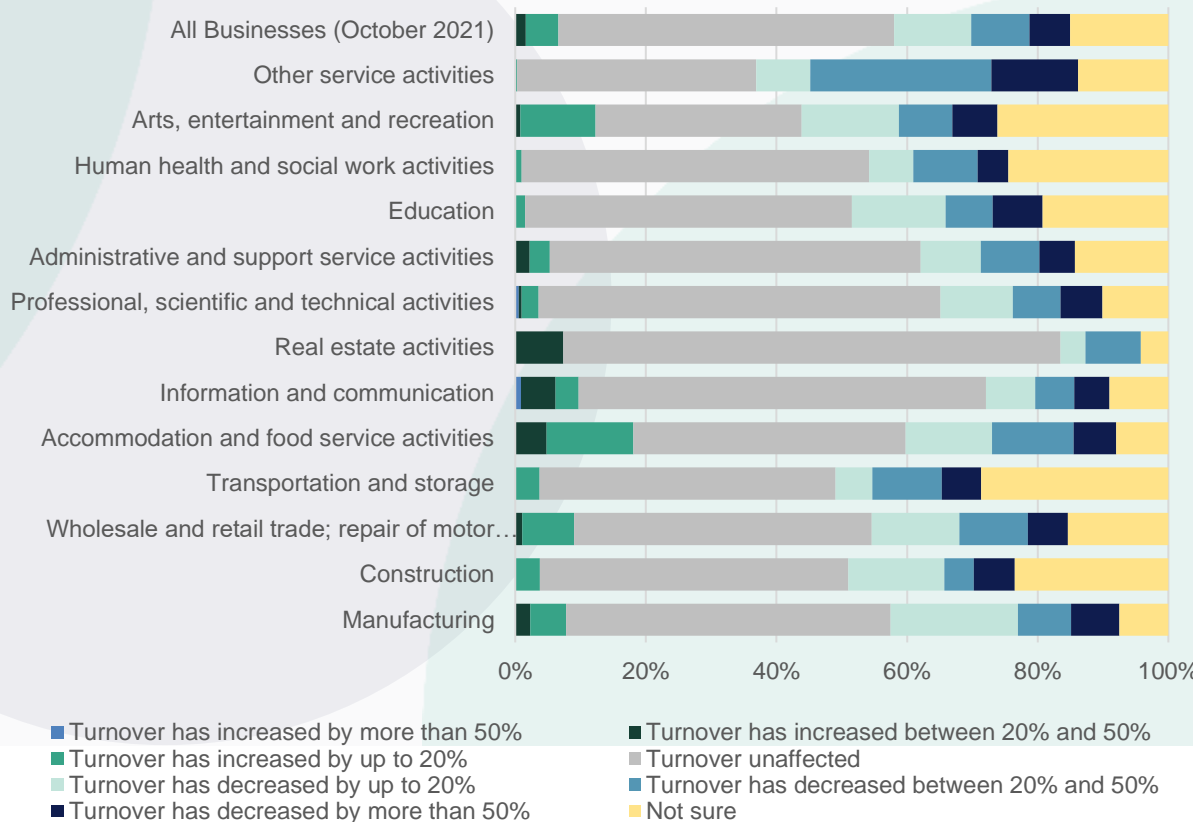
Source: BICS, ONS, 2021, Hatch Analysis. \*Please note, percentages are derived at the national level, and applied to HEY business counts

# Turnover

In addition to business closures, the Business Impact of Coronavirus Survey also expresses business impacts in the form of turnover changes. The bar chart shows national turnover changes as of October 2021, demonstrating an improved situation with respect to the last iteration of this study in April 2021. In April 2021, 36% of companies were reporting lower than expected turnover. This proportion is now down to 27%. These assumptions can be applied to the HEY geography, suggesting that in April 2021 around 7.2K HEY businesses reported decreased turnover, which has now decreased to approximately 5.5K as of October 2021.

Despite the overall improvement there remains a substantial proportion of companies seeing reduced turnover. Furthermore, there is variation in the level of recovery by sector. Accommodation and Food and Manufacturing are two large sectors in HEY (combined total of over 3k businesses) with over 30% of companies in each sector still experiencing decreased turnover as of October 2021 (equating to approximately 520 HEY LEP manufacturing firms and 510 HEY LEP accommodation and food service firms)

## Estimated Change in Business Turnover Compared to Turnover Expectations for Given Time of Year Normally, October 2021, UK



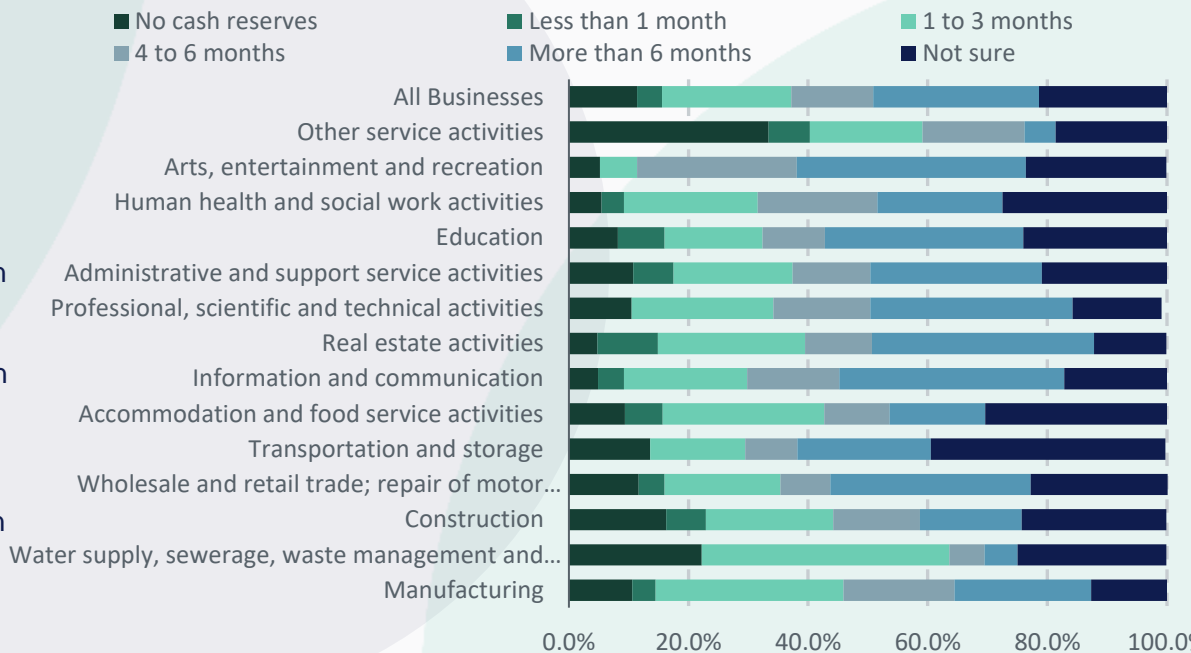
# Cash Reserves

The ONS BIC survey also gathers information of the self reported cash reserves of companies in the UK on a sectoral basis. The situation as of October 2021 has deteriorated since the last COVID Impact Update (April 2021), with the proportion of businesses reporting no cash reserves having more than doubled to 11% from 5%.

Applying these assumptions to HEY suggests that within the LEP area approximately 10,300 businesses have less than six months cash, while over 7.5k HEY firms have at most 3 months of cash reserves, placing them in a high-risk position.

Construction has emerged as a sector for acute concern, with 16% of firms reporting no cash reserves in October 2021, up from 6% in April 2021. Many of these businesses were acutely affected during the lockdowns which occurred just prior to and during the first half of 2021, being a sector composed of a substantial number of sole traders who are unable to work remotely.

## Estimated Levels of Business Cash Reserves, June 2020 – October 2021, UK



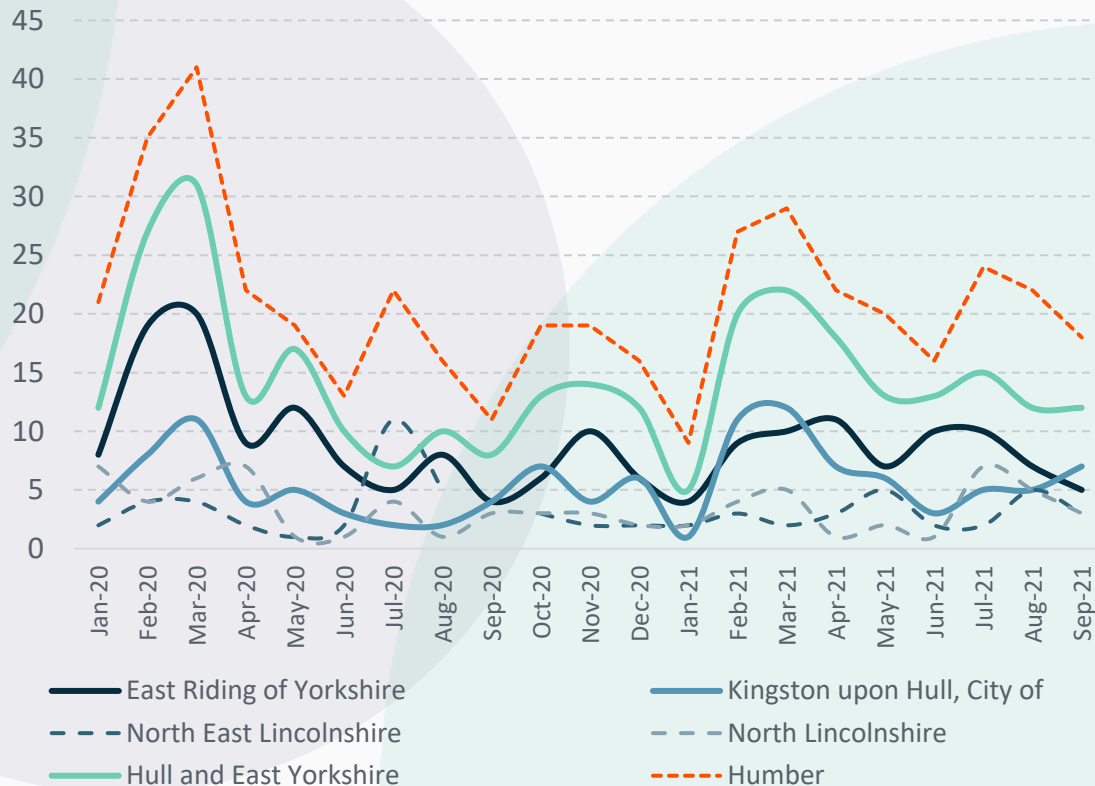


# Insolvencies

The challenging business environment of the last 12 months has caused several spikes in business insolvencies. At the onset of the first national lockdown in March 2020, there was a peak in insolvencies in Humber (29 insolvencies) and in the HEY region (23 insolvencies). This level of insolvencies was not sustained, likely as a result of unprecedented government business support programmes, such as furloughing employment, small business grants, business rates holidays etc. Nevertheless, other periods also saw insolvency levels rise, notably in February and March 2021, during the third national lockdown.

Business insolvencies in the HEY have reduced since March 2021 but there is some indication that insolvencies are again increasing in the LEP area, particularly in the City of Hull, since June 2021, as national business support schemes are wound down.

Insolvencies, 2020 to September 2021

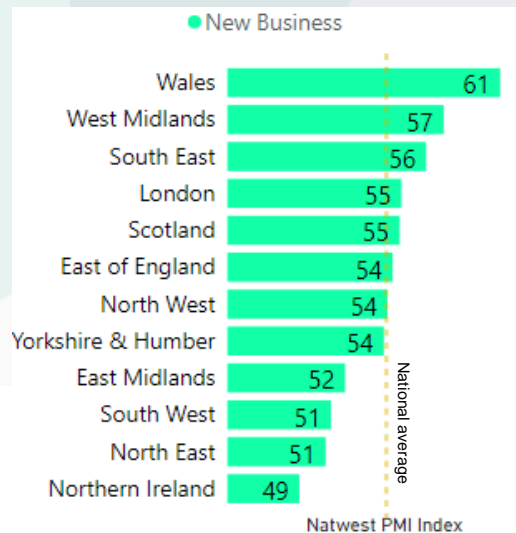


## PMI Index

PMI is the Purchasing Managers Index, a widely used real-time metric that is considered to be a leading indicator of GDP. It is a wide survey of UK businesses and measures the volume of new orders placed.

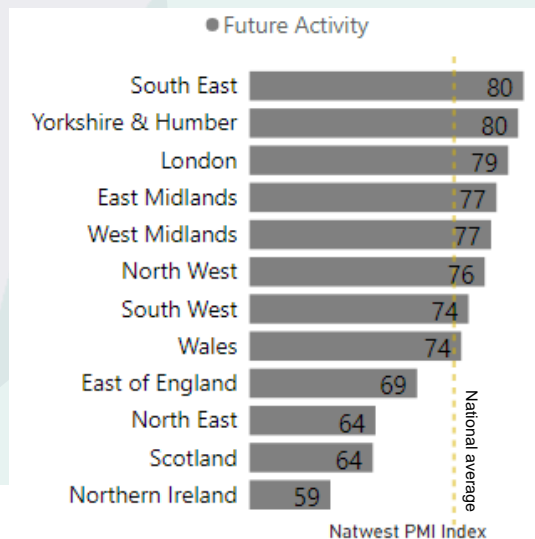
Responses below 50 indicate a decrease in new orders and responses above 50 indicate expansion. New orders placed within Yorkshire and Humber experienced a fall in early 2021, likely due to the national lockdown. But recovery is underway as of Q3 2021, with the region showing a positive index of 55 (above 50 indicating growth). The rate of recovery in the region is in line with the UK.

### New Business Index, September 2021



There is growing optimism in the 12-month outlook of the Yorkshire and Humber, as tracked by the Future Activity Index, with sentiment and positive expectation of future business activity in the year higher than the national average in Yorkshire and Humber and higher than most other regions of UK. Sentiment in the Yorkshire and Humber region was the second strongest across all 12 regions as of September 2021.

### Future Activity Index, September 2021



## 13 Business Incorporations

Whilst data for 2021 business incorporations is incomplete at the time of writing, the data so far suggests that business starts have been reasonably buoyant in 2021 in HEY compared to 2020, with approximately 2,800 registered as of October 2021, compared to 3,700 for the whole of 2020.

So, approaching the final quarter of 2021, the current total of new businesses in the LEP area is about 76% that of all new businesses registered in 2020. Performance in Kingston upon Hull is notable, with almost 1,300 new incorporations, representing 79% of 2020's total with one quarter of the year left to go. The East Riding is also on a relatively good track with 1,550 incorporations, representing 74% of the previous year's total as we approach Q4 2021.

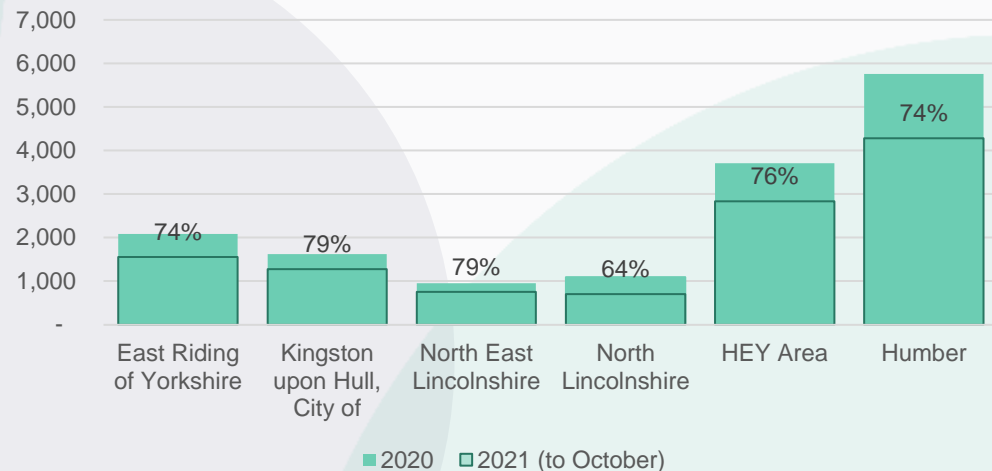
When we consider the wider boundaries of the former Humber LEP area, the trend of businesses incorporations is less clear with North Lincolnshire lagging well behind both North East Lincolnshire and HEY districts.

The treemap illustrates the sector of newly incorporated businesses in 2021. It can be seen that financial and professional services are leading the way, followed by construction and retail.

It should be noted that newly registered businesses may be the result of displaced PAYE labour with former employees starting precarious businesses out of necessity.



### Business incorporations, 2020 and 2021 to October



### Business incorporations by sector, Hull and East Yorkshire, 2021



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Source: Hatch analysis of Companies House, HMRC, 2019-2021

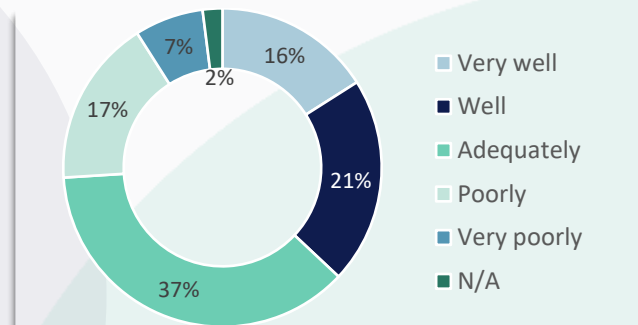
## Business Exports

An April 2021 survey conducted by DIT for the LEP found that most businesses in the Humber were broadly managing the new trading regime well although a larger than ideal minority (24%) were managing poorly.

Since then, a developing set of issues has come to affect exporting businesses in the Hull and East Yorkshire area. The findings below are drawn from local business intelligence gathering carried out by the LEP.

- **Recruitment / staff shortages.** Filling vacancies has been difficult for forklift drivers and logistics workers in particular. This shortage disproportionately affects businesses who export physical goods, of which the HEY area has a high density. One chemical processing firm reported two vacancies for warehouse load workers at £27k p/a being unfilled. A modular buildings producer in the LEP area reported difficulties finding skilled staff to work shop floor, with such intense competition that some manufacturers have been advertising for staff outside of competitors premises
- **Logistical difficulties** have been reported by firms in HEY across sectors and especially in engineering and manufacturing, where delays in deliveries have been reported. These issues are not down to a single cause, with the impact of EU exit and the pandemic interacting.
- **Inflation** has been rising rapidly in the last six months of 2021, going from well below the Bank of England's target of 2% to over 3% by September 2021. This sharp increase is having tangible impacts on HEY businesses, with one horticultural engineering firm reporting an exponential increase in the cost of materials.

### How well are you managing with the new UK-EU trading relationship?



### UK Inflation (CPI)



# Local Business Intelligence : Investments

## Vivergo Biofuels

85 jobs are being created as Vivergo Fuel's £350m site at Saltend Chemicals Park is brought back online, after having been forced to close in 2018, thanks to the ability to produce a new higher percentage blend of bioethanol



An AB Sugar company

## Successful bids to the Levelling Up Fund

The Levelling Up Fund, a joint initiative of the Treasury, MHCLG and DfT, was announced in 2021 to address regional inequalities with a specific focus on infrastructure and the built environment. Hull was recently awarded £19.5m towards the Matrix Albion development in the City Centre.



HM Treasury



Despite the issues detailed on the previous slide, a number of positive developments are in the pipeline in Hull and East Yorkshire.

## Shortlisting of Goole for STEP Fusion Project

Goole is one of five shortlisted sites for the future home of the UK's prototype Spherical Tokamak for Energy Production (STEP) fusion energy plant. The STEP project marks the state of the art in electricity generation from nuclear fusion



UK Atomic Energy Authority

## Humber International Enterprise Park

Planning permission is imminent for the Humber International Enterprise Park. Situated within the Freeport, it will provide large scale site options for major manufacturing and industrial process businesses looking to locate in the UK.



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# Impact on People

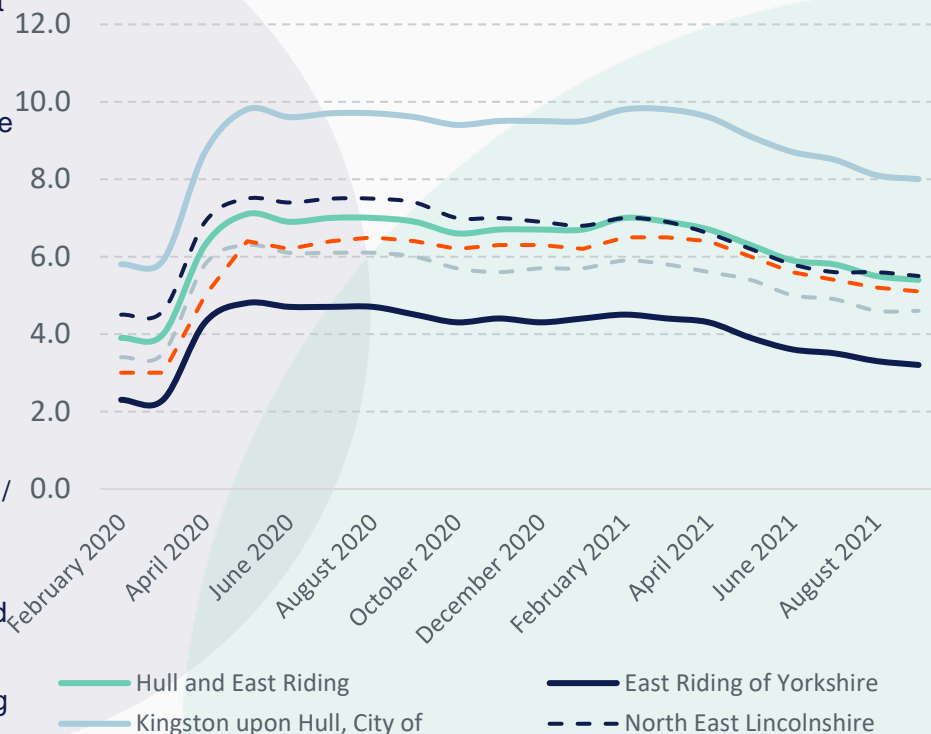
# 17 Claimant count

The Claimant Count measures the number of people claiming unemployment related benefits, including Universal Credit and JSA claimants who are required to seek work. Some of the former will be in work with low earnings. Over the one year since the beginning of the pandemic, March 2020-21, there was an increase in the claimant count across the HEY area with a rise of 4.3% and 1.6% in the two local authorities. However, the rate of claimants during this time was interacting with and likely depressed by the CJRS (furlough scheme).

As of September 2021, the claimant count rate has been steadily decreasing from the post-pandemic peak in all areas of the HEY LEP region as well as the two Lincolnshire districts south of the Humber. Albeit from a rather high rate, especially in the City of Hull (which has been exposed to lockdown restrictions due to its sectoral makeup and some significant issues with retail / high street vacancies). According to national measures the most impacted sectors (in terms of turnover) are sectors where the City of Hull has a slightly higher representation of businesses, for example in accommodation and food and wholesale and retail trade.

With the government's furlough (Coronavirus Job Retention Scheme) winding up in September, the feared increase in claimants looks unlikely to materialise, largely due to the rising number of job vacancies during Q3 2021.

Claimant Count (% of residents aged 16-64), February 2020 to September 2021

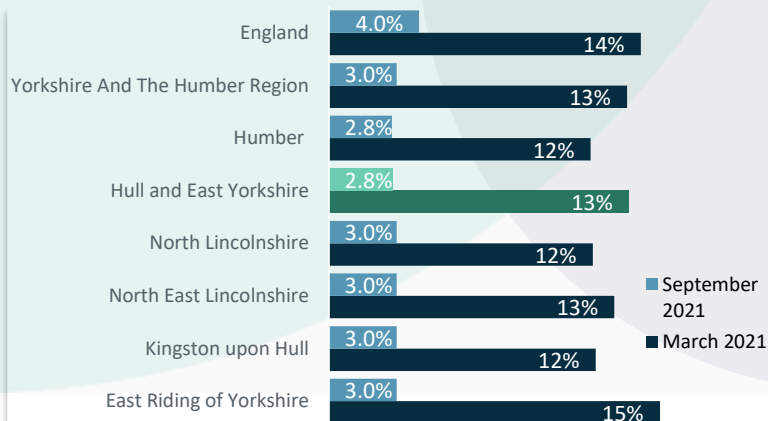


# Furloughed Employment

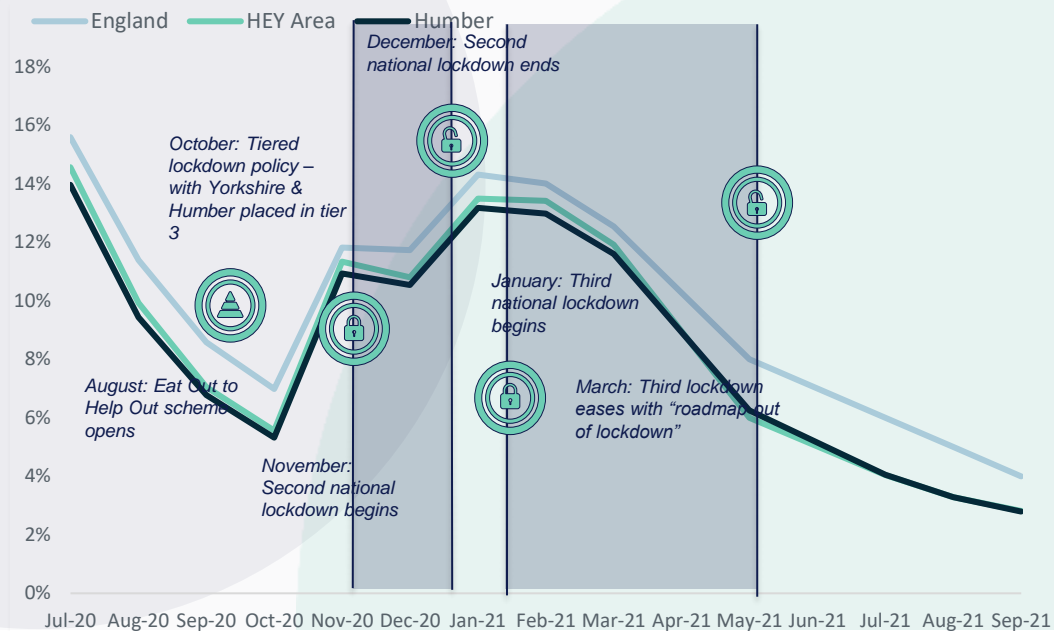
In addition to traditional out of work income support, the UK Government initiated the Coronavirus Job Retention scheme at the start of the first national lockdown where businesses were given the opportunity to furlough workers instead of making redundancies. Latest furlough data for the month of August 2021 (data released November 2021) shows that the rate of furlough in the HEY region is now low, ahead of the schemes termination at the end of September 2021.

Over the past 9-month period where data has been released, the furlough rate in the HEY region has generally been slightly below the national rate.

## % of Employments Furloughed as of September 2021\*



## % of Employments Furloughed July 2020 – September 2021



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Source: Coronavirus Job Retention Scheme Statistics, ONS, October 2021; BRES, ONS, 2020

\* Data released October 2021

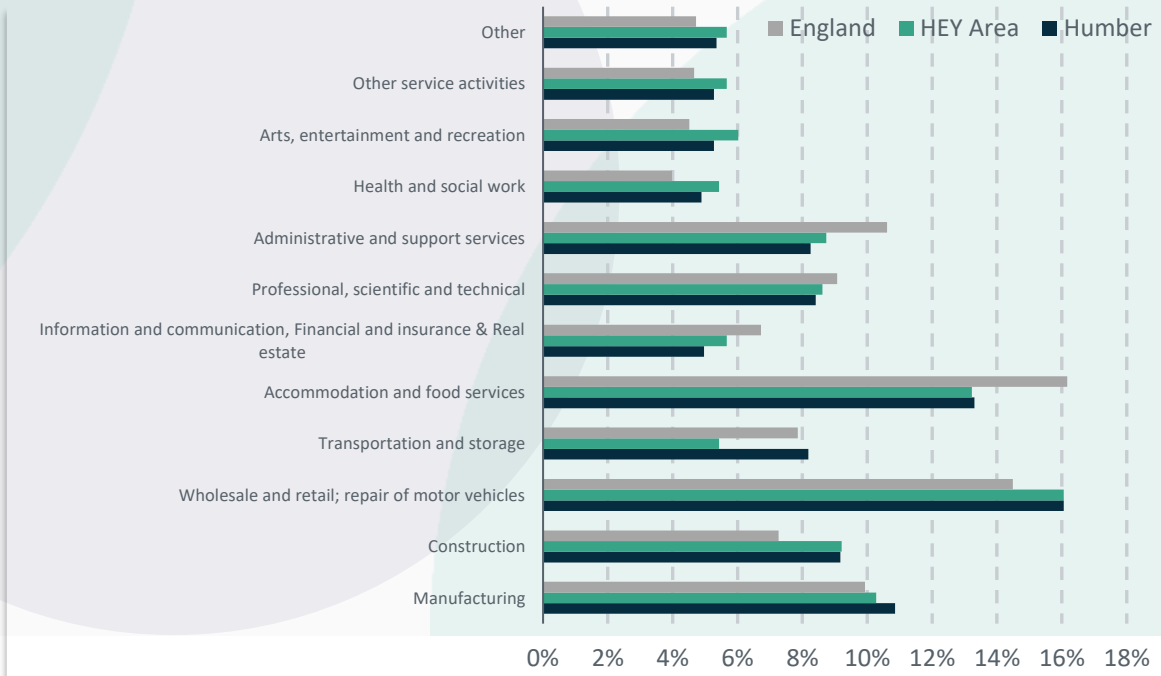
# Furloughed Employment

## Broad Sector Furlough Rates as % of Broad Sector Employment, as of August 2021

The HEY and Humber area furlough rates by sector are broadly aligned to the national sectoral rates. Please note that this sectoral based data represents the month of August 2021, whereas the total rates on the previous slide relate to September 2021.

Furlough in the HEY region is substantially below the national rate for certain sectors including administrative and support services, ICT and logistics – this may be representative of the shortage of workers being experienced by some firms in the LEP evidenced on slide 17.

The latest data shows a contrast with previous furlough data, with only one sector furloughing at a rate above 15% in the Humber region, namely whole and retail – whereas in April 2021, the last iteration of this report, ICT was the most furloughed sector. Despite rapidly falling rates of furlough in the accommodation, food and wholesale and retail sectors brought on by the lockdown easings, they remain the highest sectors.

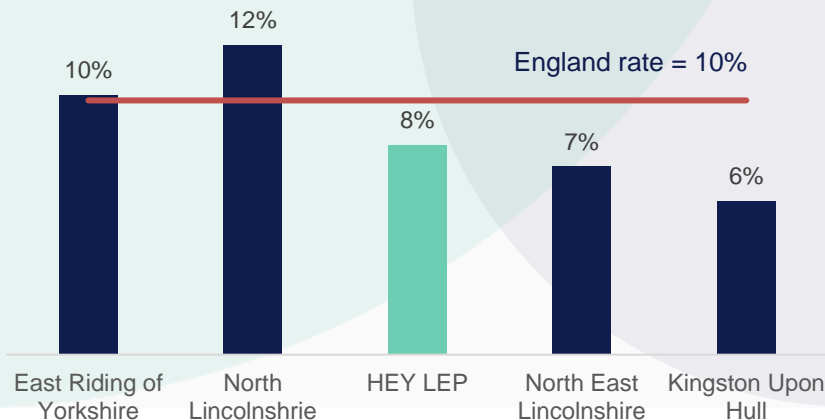


# Self-employment Income Support

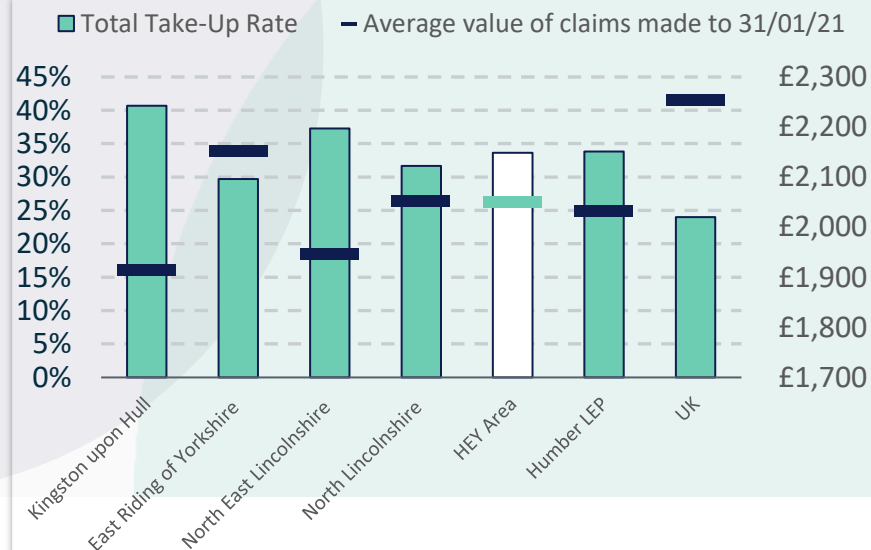
Alongside the employment furlough scheme, the UK government initiated the self employment income support scheme (SEIS) for self employed individuals. The graph below shows that the HEY region retains its lower proportion of self-employment compared to the national rate, albeit with a large difference between the East Riding and Hull.

Looking at the take up rate of the SEIS for the fifth grant (November 2021), Hull retains the highest rate of take-up from the programme, but data shows that the average claim in Hull for SEIS support was also lower than all comparator areas (as was the case in the April 2021 iteration of this study). The inverse is true for East Riding where take-up has been lower under this round (25%) but the average claim value has been closer to the national average at £2.2k.

16-64 Self Employment Rates, June 2021



% Take-up and Average SEIS Claim





# Generational Impact of Covid-19

## Generational Impacts of Covid in England (% of age group)



Young people are being disproportionately impacted by COVID at the national level. The large proportion of 18-24-year-olds on furlough and who have lost their main job is particularly worrying because many are at the beginning of their careers.

In addition, many young people require part-time jobs in order to finance HE and FE degrees.

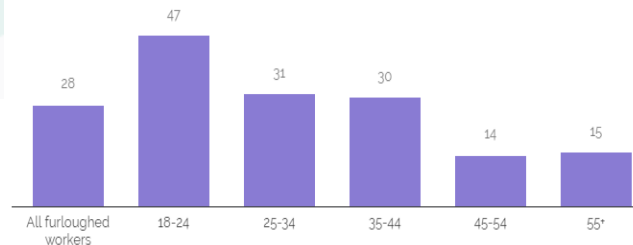
One of the most concerning factors has been the reduction in apprenticeship positions with some apprentices losing their position just months before the completion of training.

Research undertaken by the Resolution Foundation has shown that young people who have recently left education and have recently entered, or are about to enter, the labour market are more susceptible to long-term employment and pay scarring.

YouGov surveyed furloughed workers again in March 2021 and found a strong correlation with age and expressed likelihood of retraining with the goal of switching sector of employment – this indicating potentially greater precarity for younger furloughed workers on the basis of their sector.

## Likelihood of switching sector of furloughed workers by age

How likely or unlikely do you think you will be to retrain in another sector in the near future? % of 757 furloughed workers who said 'very' or 'fairly' likely



## Job Postings

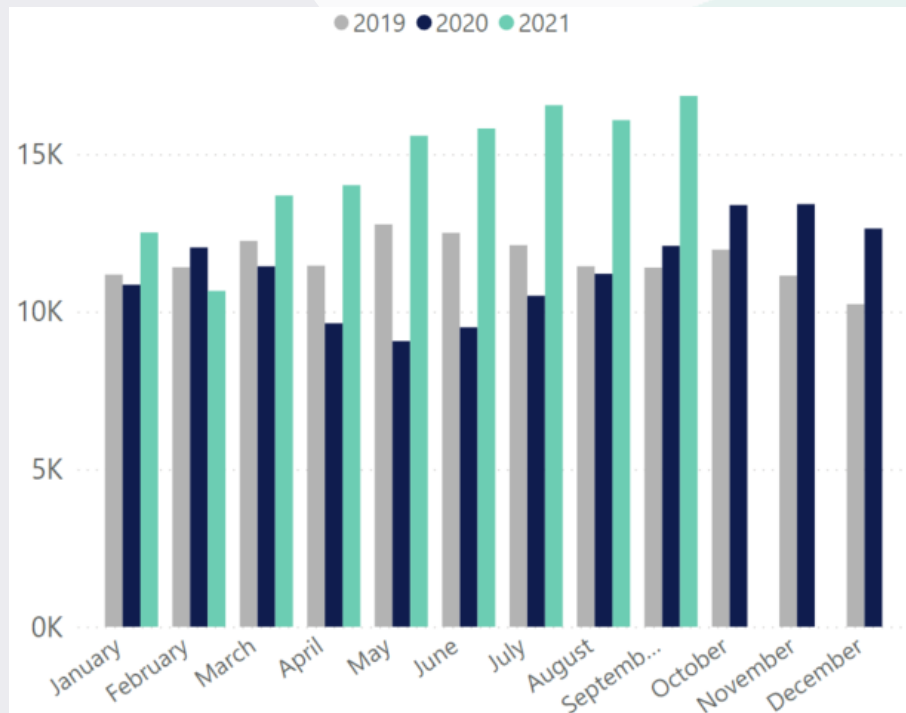
Prior to the creation of the Hull and East Yorkshire LEP, the previous Humber LEP area had one of the lowest levels of job postings pre-Covid (it was in the top 3 LEP areas for the lowest job posting rates in England), and the Hull and East Yorkshire LEP area inherited this low baseline.

Job postings are now however in a phase of rapid growth, both in the HEY area and nationally. From the most recent trough during the peak of the third national lockdown in February 2021, postings have grown by a total of +58% as of September 2021 in the HEY area (+50% for England).

### Job Postings in Hull and East Yorkshire, 2016 - 2021



### Unique Job Postings in Hull and East Yorkshire, 2019 - 2021



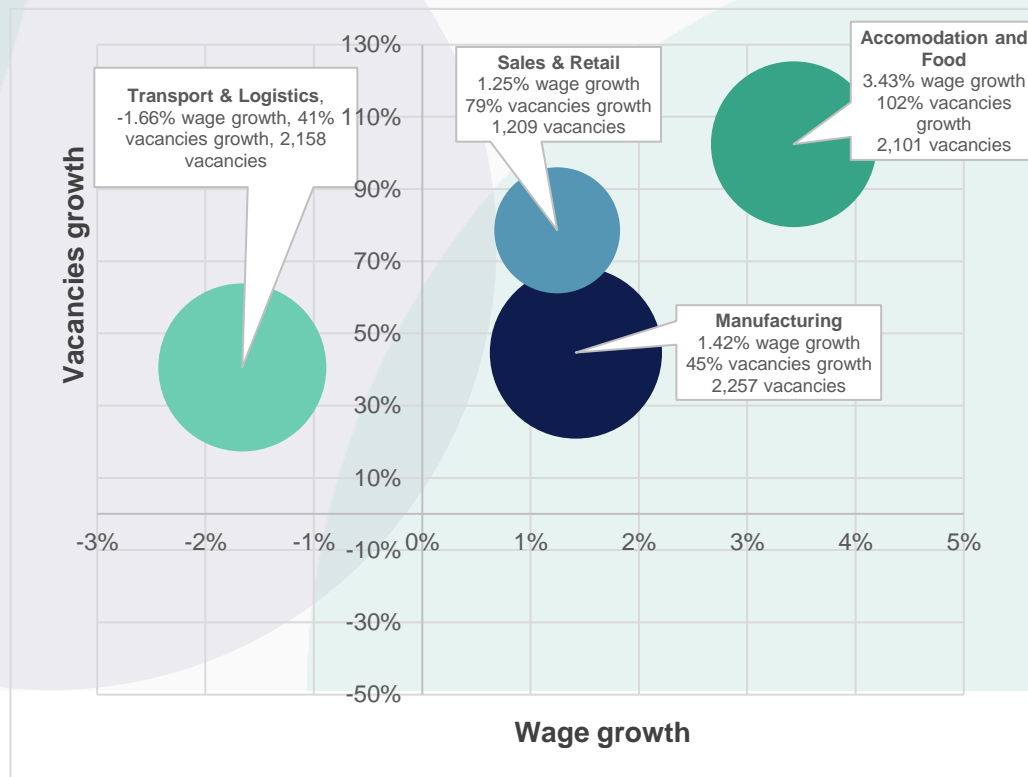
## Job Postings by Exposed Sector

Some sectors, particularly those whose employees are unable to work from home and those based around physical or material processes, have been acutely affected by COVID and associated lockdown and social distancing measures:

- Accommodation & food
- Manufacturing
- Transport & storage
- Sales & retail

All four of these sectors experienced an increase in job vacancies in September 2021 compared to September 2020. Whilst manufacturing saw the strongest rate of vacancies growth during 2019 (recorded in the last iteration of this study), accommodation and food sector vacancies are currently surging the strongest of the above sectors (although all are experiencing rapid vacancy growth). This chart also shows wage growth on the X axis and the size of the circle represents the total number of job postings during Sept 2020-21. As such, sectors clustering to the top right are performing most strongly.

## Humber Job Postings in the “Most Impacted” Sectors, Sept 2020 – Sept 2021



## Hull and East Yorkshire Job Postings – Top 20 Vacancies by Role Sept' 20 – Sept' 2021

The composition of the most advertised occupations has changed relatively little in the last year, with nurses, care workers, van drivers and elementary storage (warehouse) occupations remaining the most advertised

Some noticeable changes include the rising number of postings of sales and retail assistants. This is now the 11<sup>th</sup> most advertised role during September 2020-21, compared to 18<sup>th</sup> during Oct-20 to March 2020; as well as the appearance of Chefs within the top 20 most advertised occupations in job postings.

Some higher skill occupations, such as programmers and medical practitioners, are now appearing comparatively less than the above occupations.

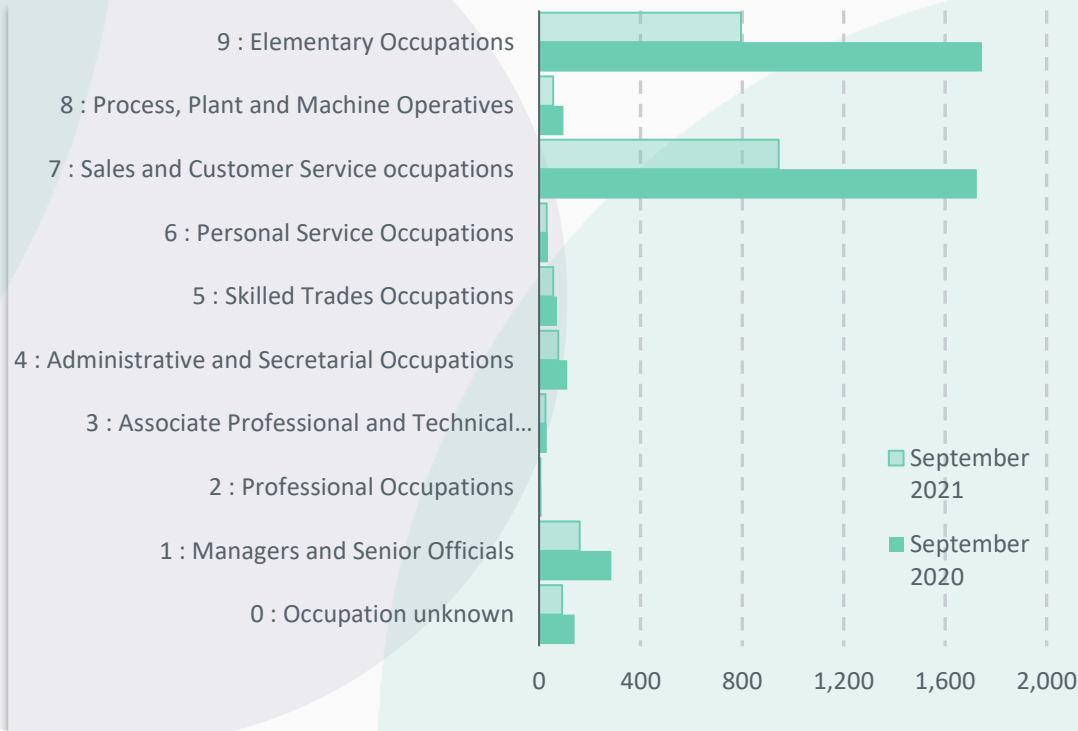
SOC Occupation	Unique job postings
Nurses	3,477
Care workers and home carers	2,492
Van drivers	2,080
Other administrative occupations n.e.c.	1,979
Elementary storage occupations	1,940
Primary and nursery education teaching professionals	1,715
Sales accounts and business development managers	1,556
Metal working production and maintenance fitters	1,522
Book-keepers, payroll managers and wages clerks	1,428
Cleaners and domestics	1,310
Sales and retail assistants	1,243
Nursing auxiliaries and assistants	1,168
Kitchen and catering assistants	1,068
Electricians and electrical fitters	1,025
Teaching assistants	994
Business sales executives	980
Medical practitioners	971
Chefs	935
Production managers and directors in manufacturing	933
Programmers and software development professionals	930

## Job Seekers by Occupation Sought

Looking at the specific occupations sought by job seekers, there has been a change when we compare the latest data (Sept 2021) to the position one year ago. For example there has been a significant decrease in the volume of people seeking elementary occupations and sales and customer service occupations. This is likely a function of the growing number of vacancies for these occupations, as evidenced on the previous slides. As such, in contrast to the high precarity experienced by individuals in these occupations at the beginning of the pandemic and during the national lockdowns, there are now fewer people seeking such occupations who are needing to claim JSA.

The overall JSA claimant count decreased across the HEY area between September 2020-21 (from 4.2k to 2.2k), which accords with the decline also seen in the overall claimant count (universal credit) during the same time.

### Job Seekers Allowance Claimants by Sought Occupation, HEY Area

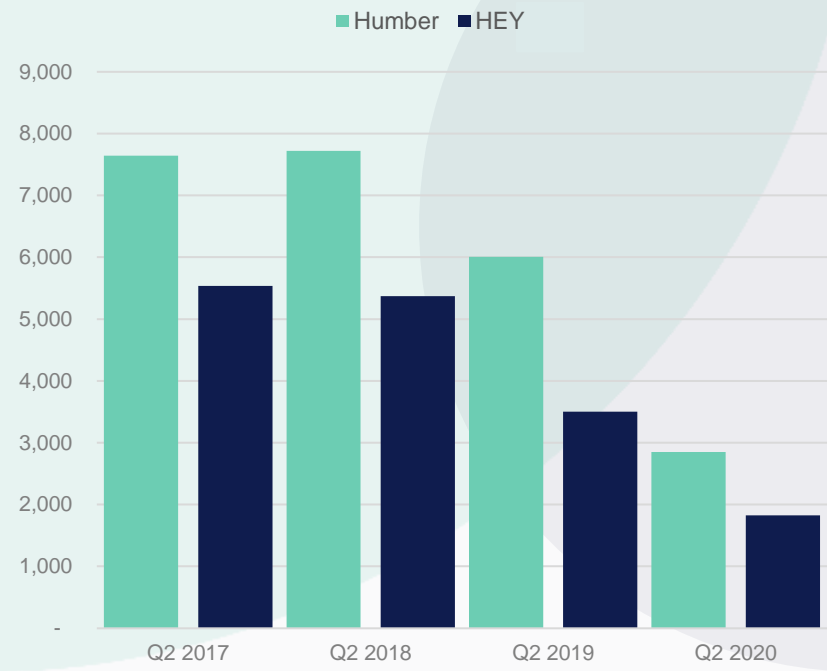


Map contains OS data © Crown copyright and database right 2019

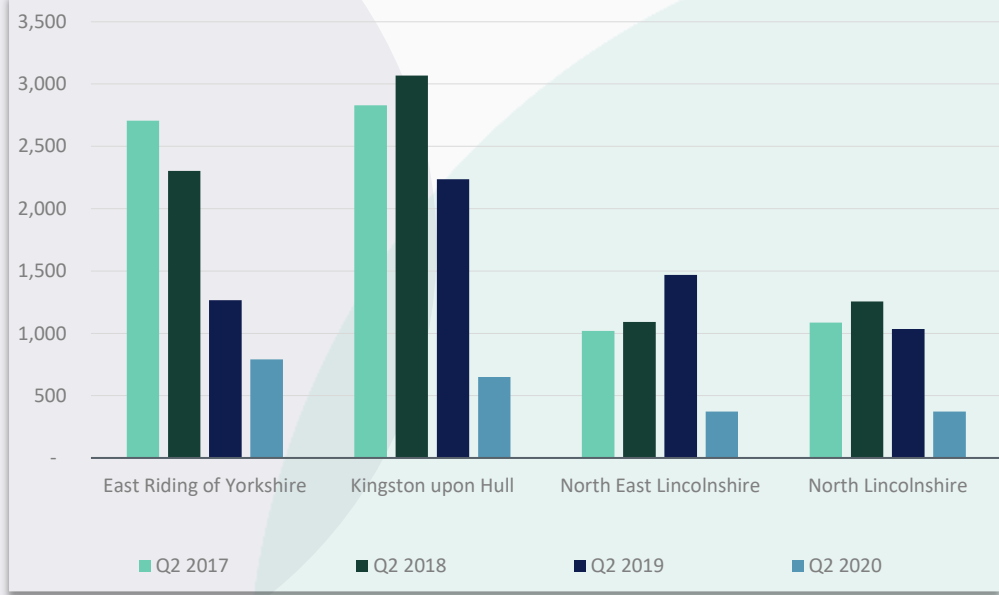


# Apprenticeship starts

Apprenticeship starts in Humber and HEY Area, Q2 2017 – Q2 2020



Apprenticeship starts in Q2 2017 – Q2 2020 across the Humber's local authorities



The HEY region has experienced a particularly low number of apprenticeship starts according to the latest data (Q2 2020) with 1,826 starts compared to 5,535 in the same period in 2017. This represents a decrease of over 200% in HEY compared to 168% decrease in Humber over the same period.



# Apprenticeship Levels & Subject Starts

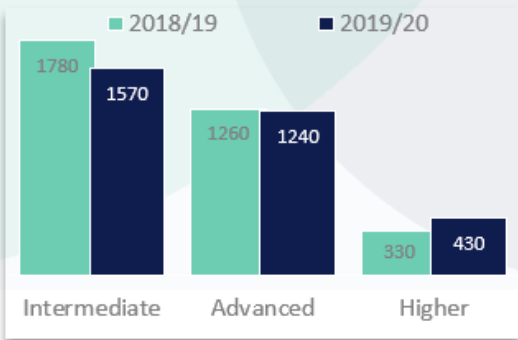
Of the 3,240 apprenticeship starts in the Humber in 2019/20, most (over 90% of apprenticeship starts) were in five subject areas:

- Retail and commercial enterprise – 990 apprenticeships
- Business admin and law – 760 apprenticeships
- Engineering and manufacturing – 630 apprenticeships
- Health, public services and care – 490 apprenticeships
- Construction – 260 apprenticeships

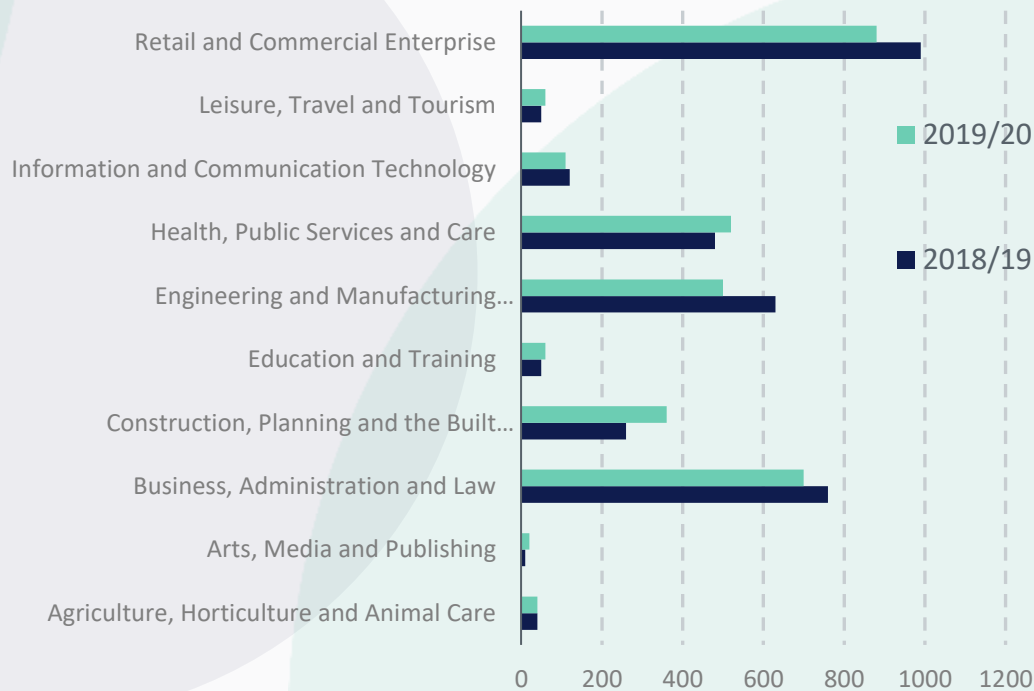
Several of these have a clear read across to the sectors identified as most exposed to Covid-19 impacts.

The majority of apprentices tended to be in the intermediate and advanced level as opposed to higher levels, although there has been gains in the higher apprenticeship starts compared to a decreasing number of starts at intermediate and advanced levels.

**Humber Apprenticeship Levels,  
2018/19 – 2019/20**



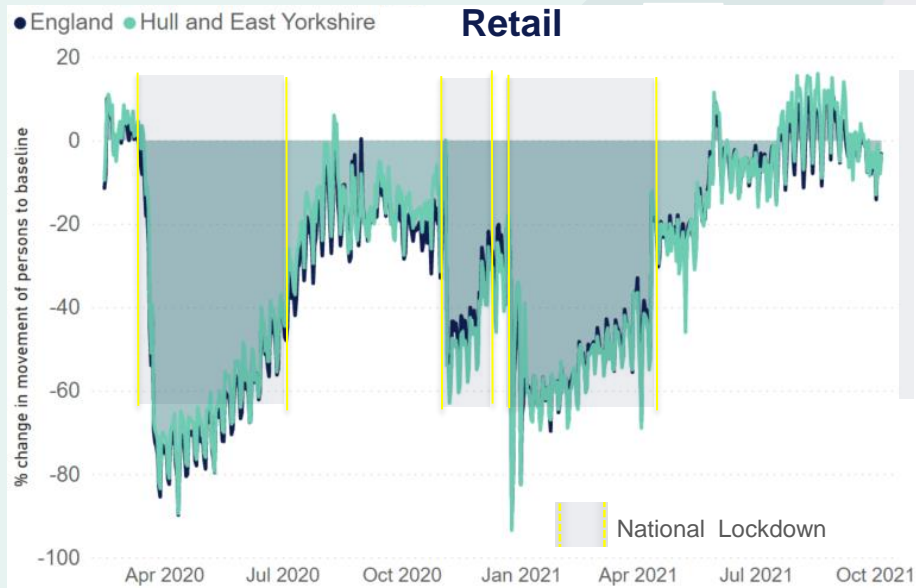
**Humber Apprenticeship Subject Starts, 2018/19 – 2019/20**



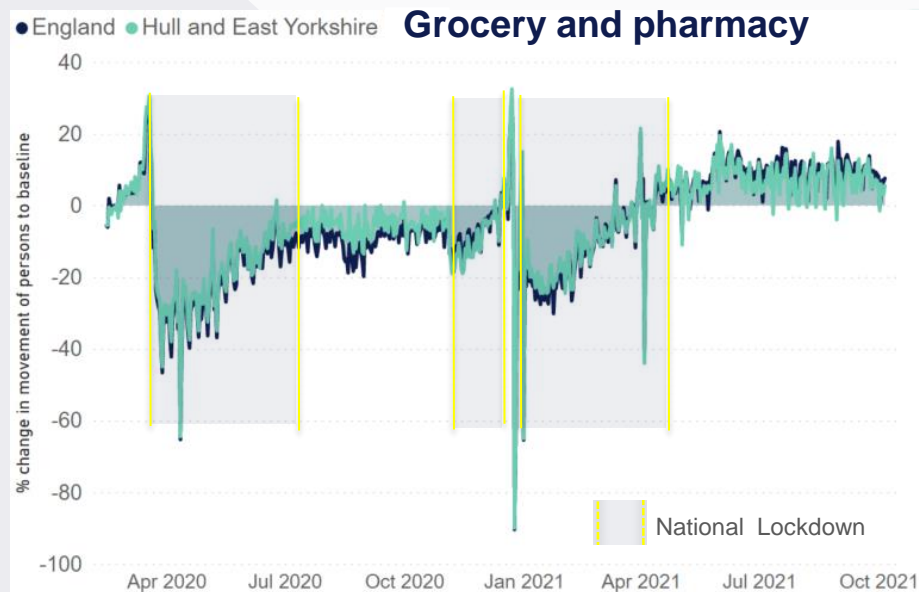


# Impact on Place

# Mobility



The decline in non-essential retail has been stark during the course of the pandemic. The Hull and East Yorkshire area has been broadly aligned with the national average and as of October 2021, people have virtually returned to pre-pandemic levels of visiting retail shops.



Whilst grocery stores and pharmacies have been allowed to continue to trade, there has been a decline in the number of visits down on 21% over the first lockdown period. Curiously, people at both the HEY and England level are visiting grocery stores at greater rates than the pre-pandemic benchmark.

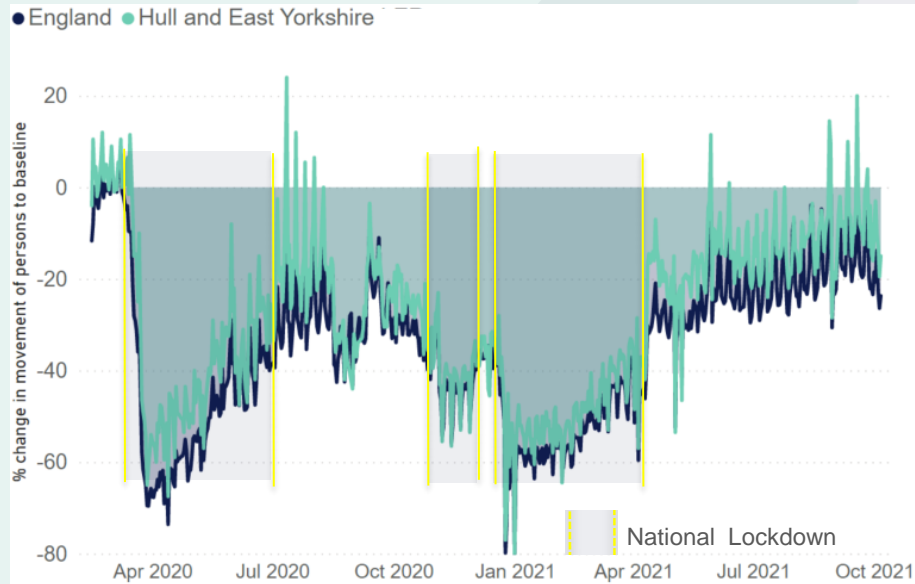
Since February 2020, Google have released mobility data that records numbers of using location proxies including workplaces, transit stations, non-essential retailers and essential retailers. The mobility statistics are measured against a baseline of 0, which is the median mobility value from the five-week period before COVID. Google's methodology uses data from Google users who have opted into Location History for their Google Account, so that the data represents a sample of our users. As with all samples, this may or may not represent the exact behavior of a wider population.

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Source: Google Mobility data, Hatch analysis

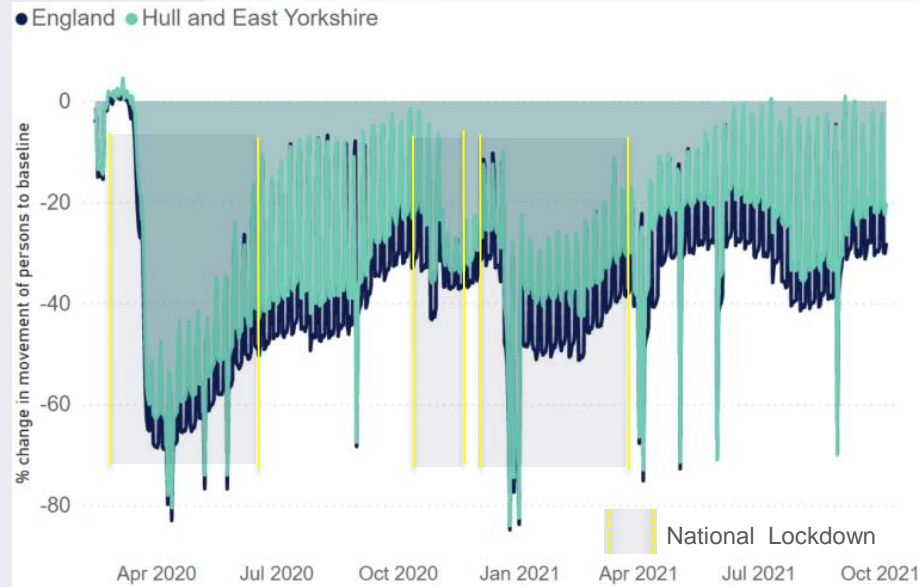
# Mobility

## Transit



The usage of transit stations shows is quite similar between the HEY LEP area and the national trend, albeit with the LEP area consistently showing a slightly lesser decline in usage. As of October 2021, usage of transit appears to have plateaued at around 20% less than the pre-pandemic benchmark for Hull and East Yorkshire (26% nationally). This likely reflects robust trends of remote working.

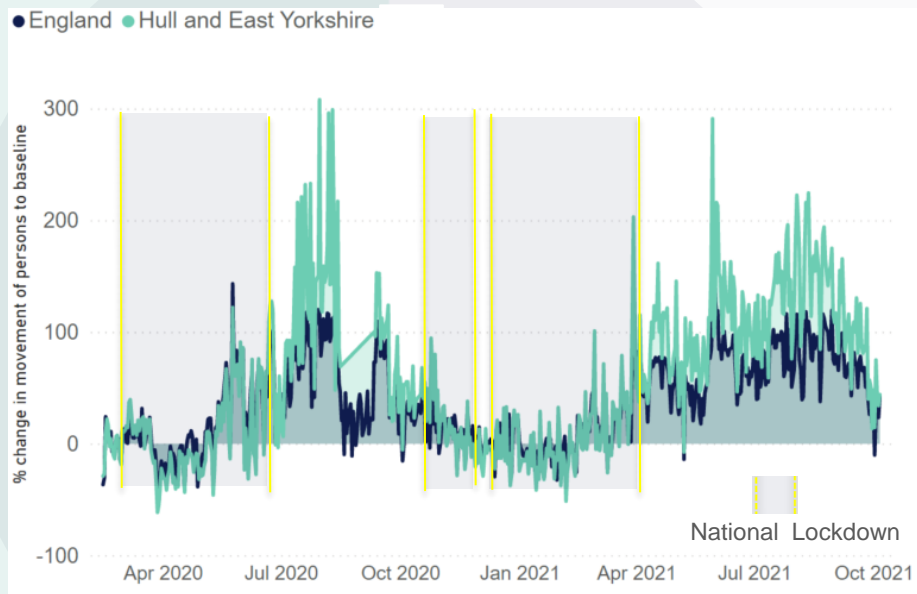
## Workplace



This chart shows that since lockdown, areas within Hull and East Yorkshire have seen similar mobility patterns compared to the national average for workplace mobility, although as with Transit mobility, the decline in workplace mobility is a little less severe in the LEP area. Since the start of lockdown the national levels of workplace mobility have been approximately 8% more impacted compared to Hull and East Yorkshire. This shows that more people in the LEP area have been travelling to work compared to the national level. As of October 2021, however, movement of people to workplaces remains well below the pre-pandemic benchmark.

# Mobility

## Parks



Mobility to park destinations has generally been high in Hull and East Yorkshire region both compared to the national average and the pre-pandemic benchmark. Following the first lockdown, Hull and East Yorkshire saw vast increases in the volume of people going to parks and outdoor recreational spaces, much more so than England (which itself saw a large increase)

This increase was depressed during subsequent lockdowns, but has rebounded once again, and volumes continue to be above the pre-pandemic benchmark



# Commercial Property

## Vacancy Rates

Levels of commercial vacancy rates vary by type. Each of these graphs shows the change in vacancy rates in the Humber, the HEY area and in England.

### Retail Vacancy Rates

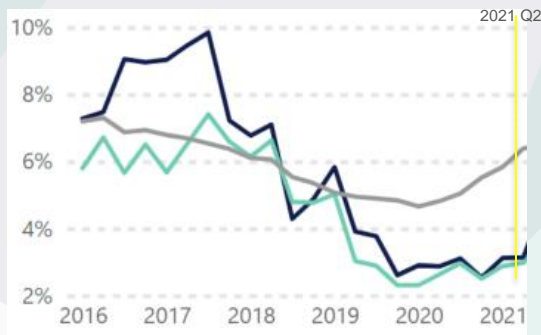


Above we can see that retail vacancy rates, whilst being higher in both the Humber and Hull and East Yorkshire, have broadly followed the national trend of a decline since around 2019, before climbing steadily since the onset of the pandemic. The rate of increasing retail vacancy has held since the previous iteration of this report. In spite of the pandemic, however, vacancy rates remain below the pre-pandemic peak.

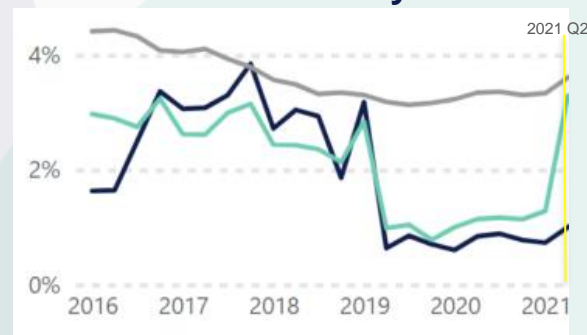
● Hull and East Yorkshire ● Humber ● UK

Office vacancy rates have been fairly erratic in both the HEY and Humber area since 2016. Whilst low rates have held firm throughout most of the pandemic, there are now signs of increasing office vacancies across each of the three areas, including a sharp jump in the HEY in the most recent quarter (Q2 2021).

### Office Vacancy Rates



### Industrial Vacancy Rates



Industrial vacancy rates have been more erratic in the Humber, Hull and East Yorkshire than England, although they had been steady following a significant drop in Q2 2019. Whilst rates have held steady since then in both the Humber and national average, industrial vacancy rates have seen a recent spike in Hull and East Yorkshire. Consisting of the fewest number of transactions, the Industrial property market vacancy rate is more sensitive to a smaller number of (or even individual) transactions than Office or Retail.

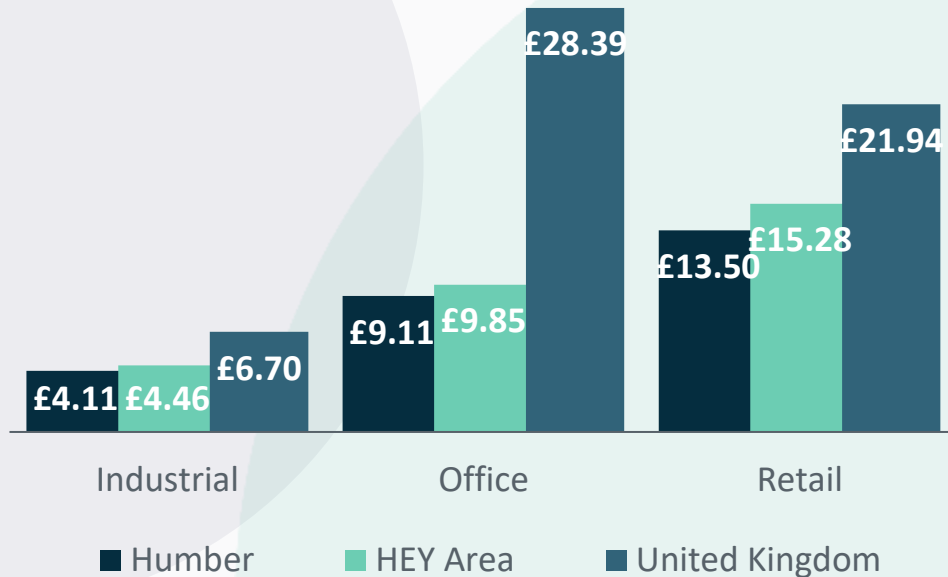
# Commercial Property

## Rental Rates

Latest data (Q2 2021) on rental rates for the various commercial property types show the HEY region to have affordable commercial space compared to the national level of rent per square foot. This is particularly the case with office rental rates in the HEY region where space is rented at just over a third of the rate office space is rented at nationally. The difference is less significant in industrial and retail space, where the difference between the HEY and the UK rate is 39% less and 38% less respectively.

The HEY region also tends to have slightly higher rental rates than the wider Humber. Contributing factors include higher retail rents in Hull, and higher office rents in East Riding and fringe areas of Hull.

## Commercial Property Rental Rates (per sq.ft), Q2 2021



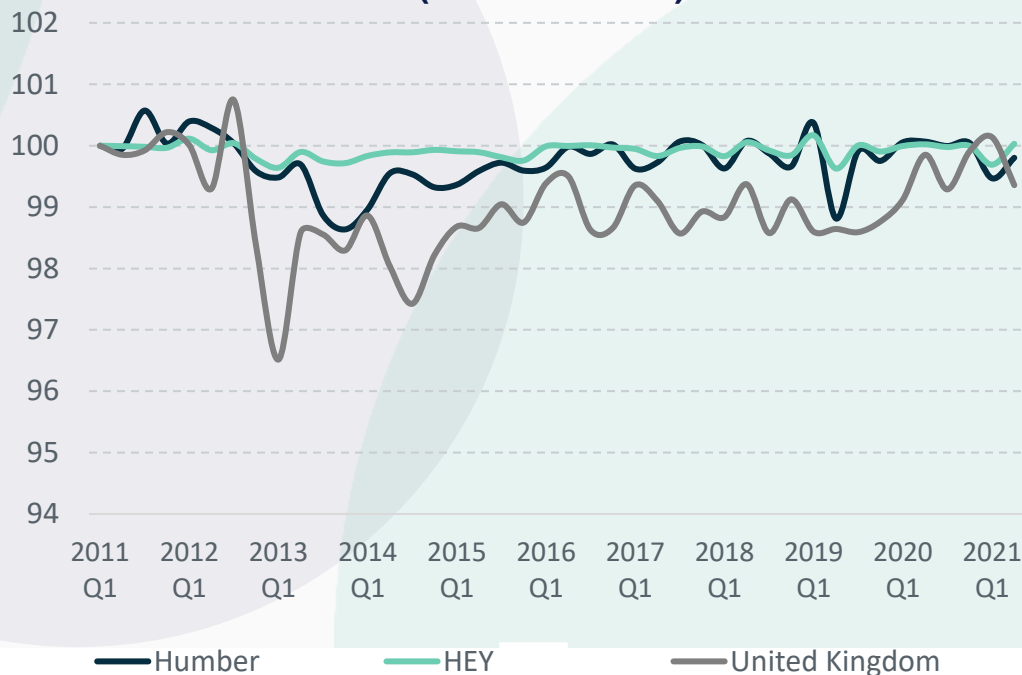
# Commercial Property

## Take-up Rates

This line chart shows the index change of the net-absorption rate, or take-up rate for all commercial property. The take-up rate is calculated by subtracting the total square footage of space that became physically vacant from the total square footage that became physically occupied in a quarter. An index measure is used to allow us to undertake time series analysis with a national benchmark.

Take-up has been consistently buoyant in Hull and East Yorkshire compared to the national average. A dip in take-up occurred as a result of the first and the third national lockdowns (i.e. spring to summer 2020 and winter 2021), although principally across Humber rather than in HEY itself. Following the easing of restrictions in spring 2021, the net absorption rate rebounded in the HEY area, an encouraging contrast to the small dip nationally, although all areas remain in a relatively narrow range.

**Commercial Property Transactions Index Change  
(2011 Q1 = 100)**

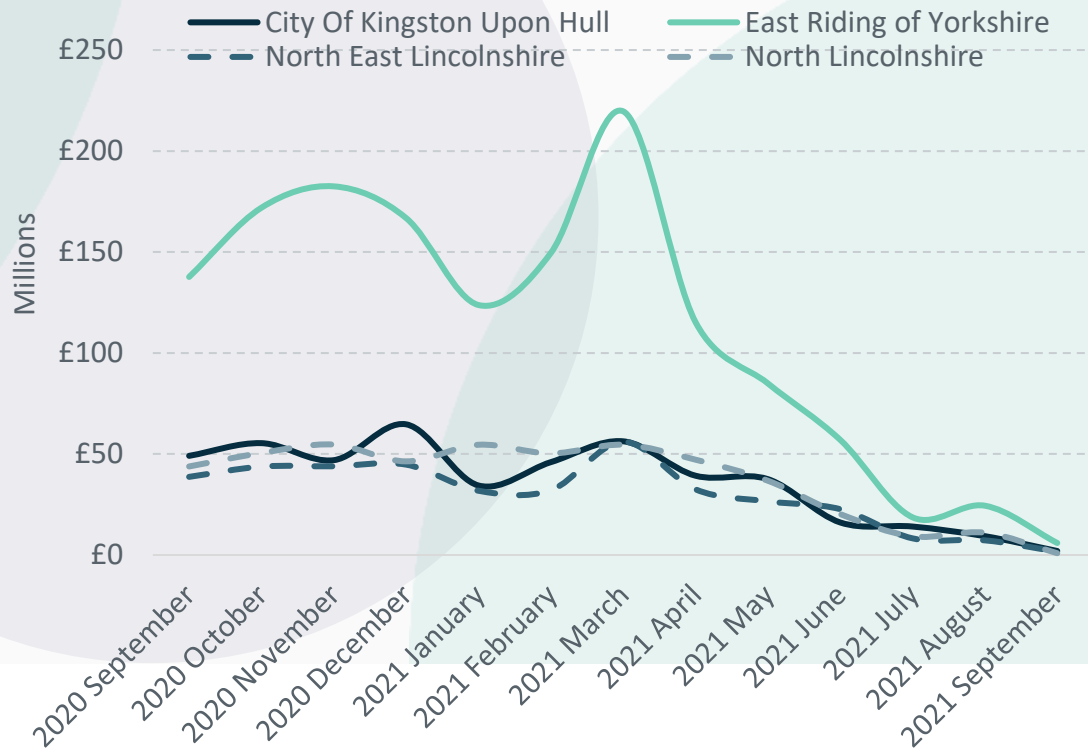


# Residential Property

Looking at residential property, the Land Registry suggests the value of all transactions has been on a downward trend from 2021, in contrast to 2020, where markets such as the East Riding saw large increases in the value of all transactions (NB – not necessarily the value *per* transaction). This decline may be a function of the high and increasing residential property prices witnessed across the country

It is now evident that a slowing in the rural Humber property market has taken place, which was hot once property transactions picked up following the first lockdown. This slowdown coincides with the ending of the stamp duty holiday. Total prices paid are also down in Hull, but to a much lesser extent than the East Riding, and a decline broadly in line with the Humber south-bank areas.

**Residential property transactions, 2020-2021  
(Sum of prices paid for all types of residential property)**



# Recommendations



## Short-term Recommendations

The HEY LEP is recommended to:

Continue to monitor the impacts of COVID as more datasets are released and existing datasets are refreshed to inform strategic decision-making.

Implement a Business Skills Survey to inform targeted action to facilitate a responsive skills system to meet demand.

Continue to support SME businesses to recover and grow through targeted Growth Hub activity.

Refresh the Local Skills Report Action Plan and Employment & Skills Strategy to support residents and businesses to recover through a responsive skills system which aligns need and opportunity.

Target the most impacted sectors and places (specifically town/city centres) with intensive support which facilitates diversification and recovery.

Engage with successful funding bids such as Town Deal and FHSF and target funding opportunities such as the Levelling Up Fund to drive investment into the places and people that need it most.



## Medium-term Recommendations

The HEY LEP is recommended to:

Implement the HEY Economic Growth and Wellbeing Strategy and target interventions which support the places, sectors and groups most affected by the pandemic and other macro economic factors to recover and rebound.

Collaborate with partners to build on the momentum of investment success stories to drive further investment interest and match funding through a persuasive value proposition.

Prepare for future funding such as Shared Prosperity Funding by developing a pipeline of projects underpinned by business cases to ensure readiness to respond and deliverability.

Undertake deep dive analysis into priority sectors and the rural/coastal dimension of the HEY economy, including the agricultural sector.

Pursue a Green Recovery to respond to the climate emergency and realise the growth potential of the Green Economy working with partners to realise the low carbon potential of the region and put the region at the forefront of innovation and clean growth in the UK.

Maximise community wealth-building opportunities from planned investments, building on the success of the Green Port initiative.

## Appendix 1 – Job Postings by Exposed Sectors



## Job Postings: Accommodation & Food

Between September 2020 and 2021, there were 16,898 unique vacancies in the accommodation & food sector, with a split of approximately 60:40 between the East Riding and City of Hull.

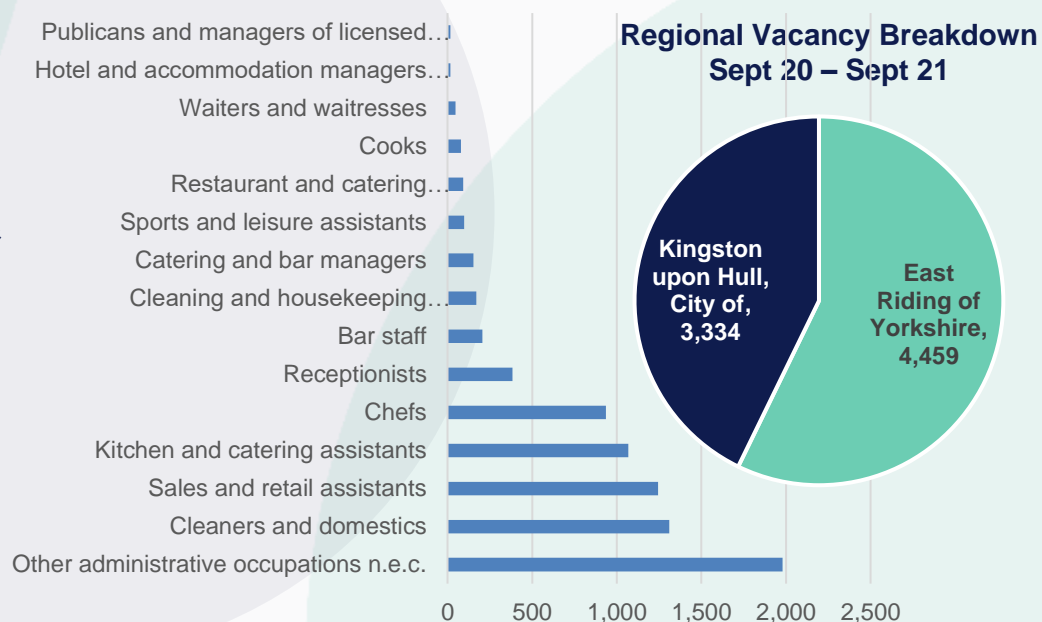
There is diversity in the occupations offered in these vacancies ranging from cleaners to public house and hotel managers. This underscores the diversity in this sector – as does the broad mix of the most significant businesses in terms of vacancy offer, from the retail sector to healthcare and hotels.

In terms of salary bands, over 60% of vacancies in the accommodation & over 60% of vacancies in the accommodation & food sector offered salaries of £10k - £20k, this is below the median 2020 salary for both Humber (£23k) and England (£26k).

### Vacancy Salary Bands

Salary Band	Vacancies
£0-£10,000	56
£10,001-£20,000	2809
£20,001-£30,000	1553
£30,001-£40,000	218
£40,001-£50,000	61

## Accommodation & Food Unique Vacancies by Occupations, Sept 20 – Sept 21

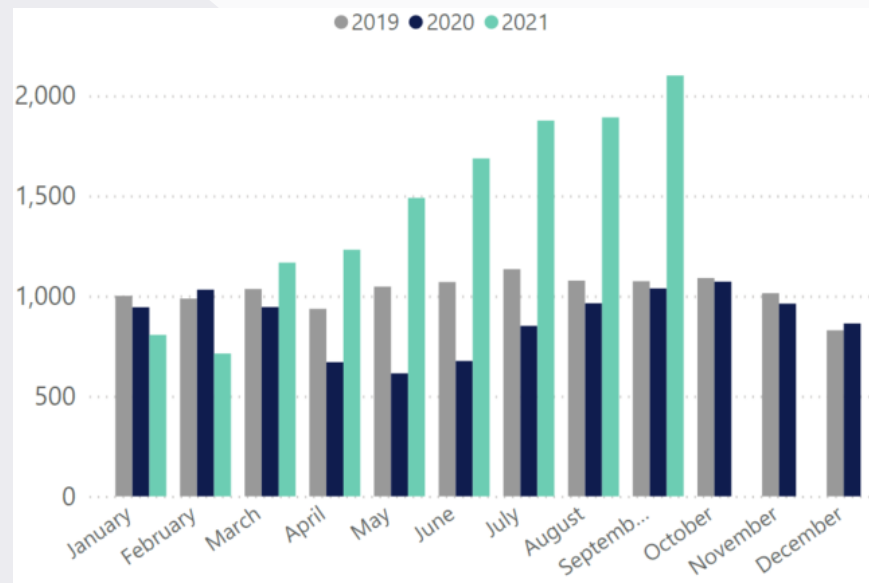


## Job Postings: Accommodation & Food

Latest data for 2021 shows a difficult start to the year, but a degree of optimism is perhaps shown in March 2021, with a substantial increase in postings which were 20% higher than vacancy postings even pre-Covid. This may suggest some businesses held off on hiring but are becoming more comfortable to do so as the third lockdown eases and a consumer spending splurge gets underway.

Indeed, following consecutive months of depressed postings, and a third lockdown lasting until Q2 2021, job have soared into 2021, rising on consecutive months since February 2021.

## Accommodation & Food Unique Vacancy Postings, 2019 - 2021



### Companies with the most Accommodation & Food vacancies:

WHITBREAD PLC

Mitchells  
& Butlers

NHS

Sewell  
Group

Maid2  
Clean



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Source: Hatch analysis of EMSI data, 2020-2021

## Job Postings: Manufacturing

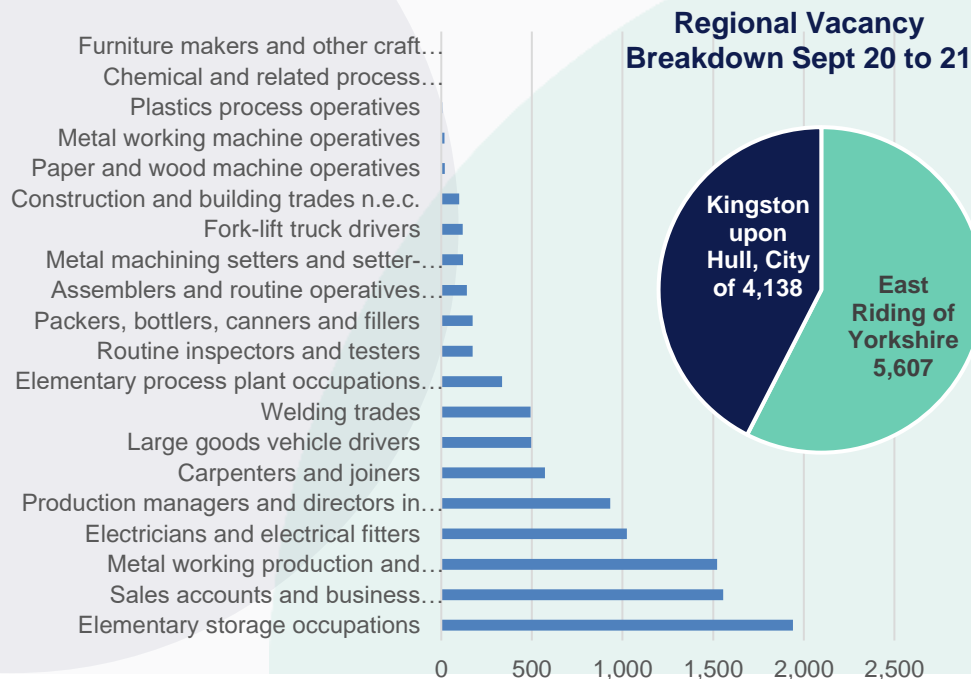
Over 9.7k unique vacancies in the manufacturing sector were posted in Hull and East Yorkshire area between September 2020 and 2021. Most of the postings (including non-unique postings) were in elementary occupations, but there were also some specialist postings in areas such as electricians, carpentry, metal working etc.

The East Riding accounts for slightly more of the LEP's manufacturing vacancies than Hull. In terms of salary, most vacancies were in the £25k - £50k indicating wages higher than the Humber average of £23k.

### Vacancy Salary Bands

Salary Band	Vacancies
Up to £25,000	2681
£25,001 to £50,000	3480
£50,001 to £75,000	296
£75,001 to £100,000	36
£100,001 to £125,000	11

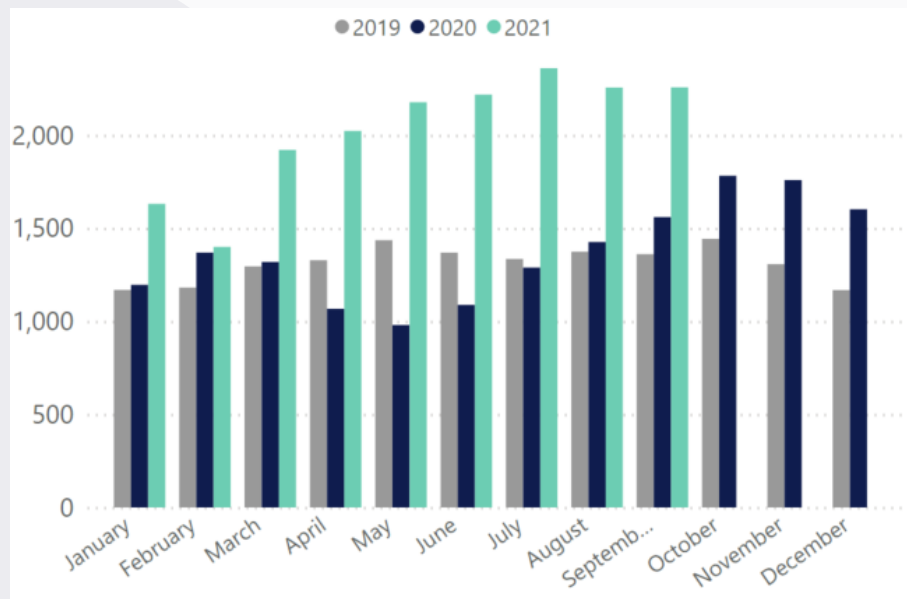
## Manufacturing Unique Vacancies by Occupations Sept 20 – Sept 21



## Job Postings: Manufacturing

As with all sectors, the manufacturing sector saw vacancy postings fall after the first lockdown, although this sector has been quick to begin its recovery and is currently experiencing a high volume of vacancies heading into Q4 2021. Despite local lockdowns, and the second and third national lockdown, the manufacturing sector appears to have been relatively resilient. Unlike the accommodation and food sector, however, there are early signs that vacancy growth may be stalling from a peak in July. Vacancies are however currently higher than both the 2019 and 2020 levels for September.

### Manufacturing Unique Vacancy Postings, 2019 -2021



### Companies with the most Manufacturing vacancies:

**Checkatrade.com**  
Where reputation matters



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Source: Hatch analysis of EMSI data, 2020-2021



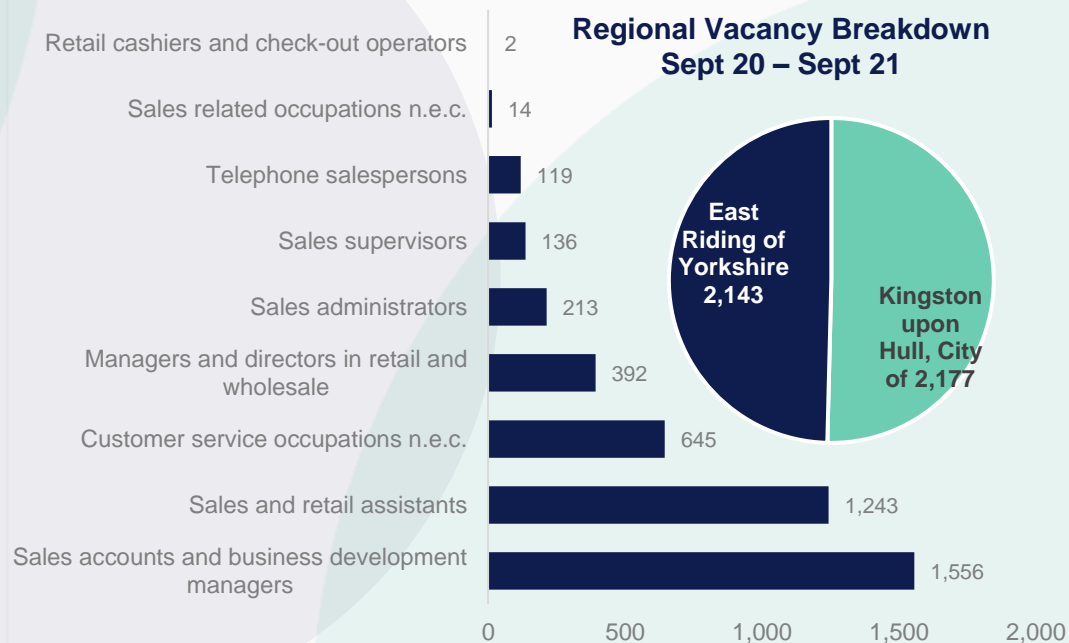
## Job Postings: Retail & Sales

Between September 2020 and 2021 there were over 4.2k unique job postings in Hull and East Yorkshire. Most of these were for roles in sales, both managers and retail assistants. The split between East Riding and City of Hull is even. Salaries advertised are concentrated at the £20k per annum or lower level, with relatively few openings at £30k or more.

### Vacancy Salary Bands

Salary Band	Vacancies
£0-£10,000	20
£10,001-£20,000	1,089
£20,001-£30,000	653
£30,001-£40,000	331
£40,001-£50,000	217
£50,001-£60,000	107

### Retail & Sales Unique Vacancies by Occupations Sept 20 – Sept 21



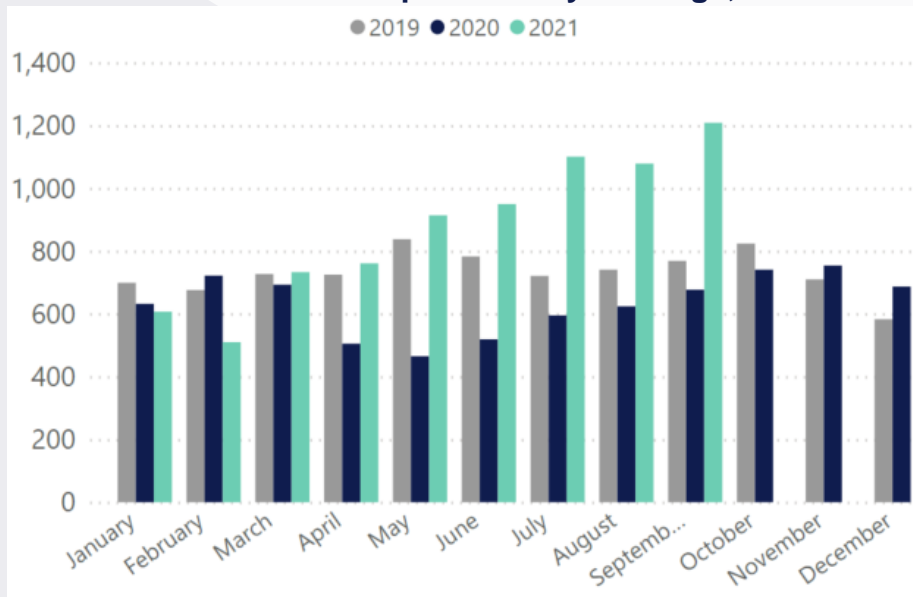
## Job Postings: Retail & Sales

The retail and sales sector, like manufacturing began its recovery – in terms of vacancy postings – early, in May 2020. However, the impact of the second lockdown did impact this sector with vacancy postings beginning to fall each month between December and February.

A tentative recovery by the end of 2020 was derailed by the third lockdown. However, similar to other sectors, a release of pent-up demand since Spring 2021 has lead to a soar in retail and sales vacancies.

The top companies for retail and sales vacancies are similar to the previous iteration of this study, barring the Sewell Group.

### Retail & Sales Unique Vacancy Postings, 2019-2021



### Companies with the most Retail & Sales vacancies:

**TESCO**

**Sewell**  
Group

**farmfoods**

**Heron Foods**

## Job Postings: Transport & Logistics

Between September 2020 and 2021, the transport and logistics sector has seen a rise in vacancies of 41%, to just under 9k unique vacancies. Van drivers are now the most sought after occupation, pipping the top spot from elementary occupations since the last iteration of this study in Spring 2021. Other skilled vocations such as engineering technicians are also high in demand.

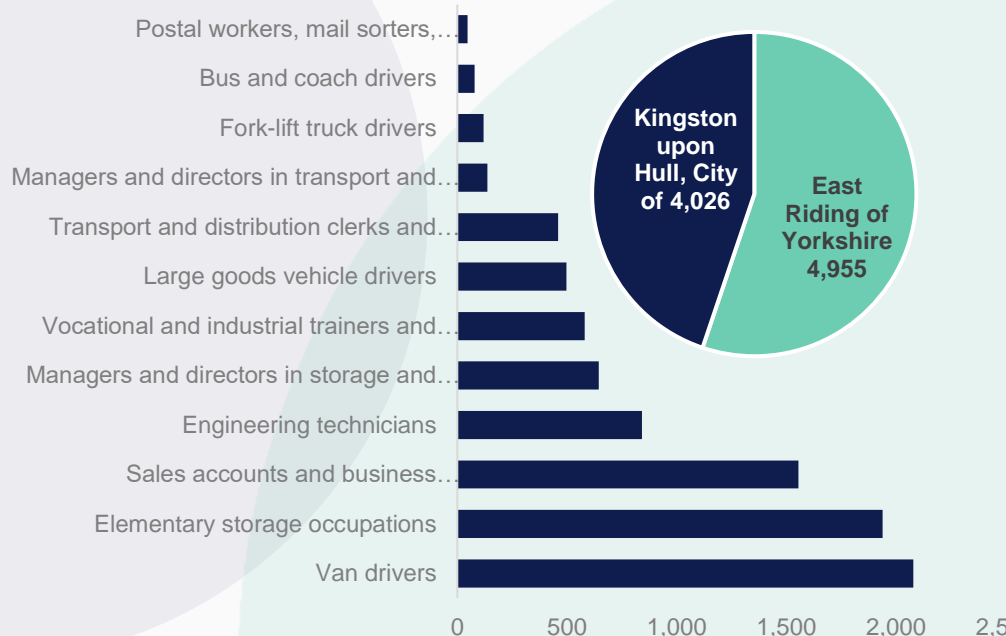
The East Riding accounts for slightly more vacancies than Hull. More than 25% of the vacancies posted were offering more than £30k per annum.

### Vacancy Salary Bands

Salary Band	Vacancies
Up to £10,000	15
£10,001 to £20,000	1253
£20,001 to £30,000	2877
£30,001 to £40,000	1054
£40,001 to £50,000	391

## Transport & Logistics Total Vacancies by Occupations Sept 20 – Sept 21

### Regional Vacancy Breakdown Sept 20 – Sept 21



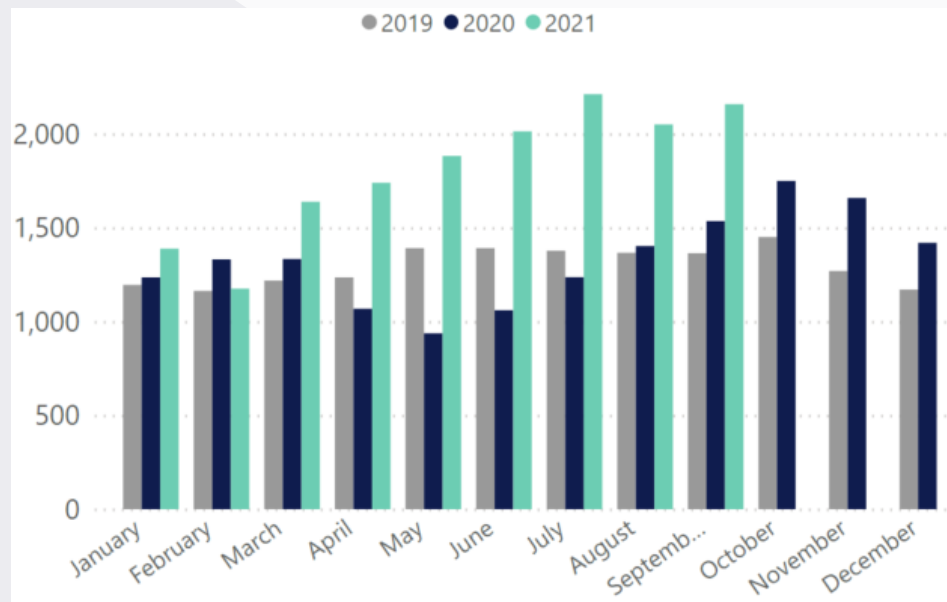
## Job Postings: Transport & Logistics

In a normal year vacancy postings in the Humber transport and logistics sector tend to be broadly consistent across the year. Although this became more erratic in 2020, with low levels of vacancy postings in early summer 2020 to postings higher than the 2019 rate each month following this.

2021 started to follow a different trend, in line with other sectors, seeing rapid growth in vacancies from March onwards. Growth peaked in July, although postings remain significantly higher than 2019 and 2020 levels, indicating robust demand.

Recruitment agencies continue to account for the majority of vacancies. However, Heron Foods has risen above Yodel in their recruitment of logistics workers.

### Transport & Logistics Total Unique Vacancy Postings, 2019 - 2021



### Companies with the most Transport & Logistics vacancies:



Group



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Source: Hatch analysis of EMSI data, 2020-2021

