



Hull and
East Yorkshire
Local Enterprise
Partnership

Economic Growth & Workforce Wellbeing Strategy 2021-2026



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Introduction to the Hull and East Yorkshire LEP Economic Growth & Workforce Wellbeing Strategy 2021-26



Introduction from the Chair

The Hull and East Yorkshire (HEY) LEP Economic Growth and Workforce Wellbeing Strategy provides a focussed overview at a regional level of the strategic aims, priorities, objectives, and interventions, which will be required to be actioned from 2021 to 2026 to grow the economy of Hull and East Yorkshire, whilst enhancing the wellbeing of the people working in the region. This is underpinned by a detailed evidence base and policy catalogue, providing additional context and justification for the interventions outlined in this document.

This strategy has been developed to provide, at a regional level, a set of priorities and objectives, which highlight the needs of the private sector in the HEY LEP region, whilst at the same time, aligning with the individual economic strategies of the two regional local authorities of Hull and the East Riding of Yorkshire. It also provides a regional context for the governments Levelling Up agenda and other local and national strategies and investment plans in areas such as business support, skills, wellbeing, infrastructure, innovation, and place.

The HEY LEP was launched on 1st April 2021 during a period of unprecedented change at an international, national, and local level. The impact of COVID-19 on businesses and the population in conjunction with the UK's exit from the EU, has created a number of unusual challenges to the economic and social future of the region.

There is, however, a real opportunity to build back better from these challenges and to develop an ambitious economic future for this region. Growth can be achieved by supporting our key sectors, encouraging innovation, and developing new areas of specialism around the freeports and net zero agendas for the HEY economy. There are significant opportunities for collaboration between the constituent areas within the HEY LEP and further afield into Yorkshire and the north of England to build high quality infrastructure, create attractive locations and to develop a workforce that can benefit from the new industries coming into the region.

The HEY LEP plays a pivotal role in reflecting and delivering on the aspirations of the ambitious and loyal-to-the-region business community and has commenced its activities at a time of significant change, which affords everyone a real opportunity to work together in new ways to maximise the growth and community wellbeing for Hull and East Yorkshire. This strategy sets out the HEY LEP's vision for the region and the key areas of activity it will deliver, together with its many partners, to achieve this vision.

I and my fellow LEP Board members look forward to working with all our private, voluntary, community and education and training sector colleagues, the two regional local authorities and all our valued partners to ensure the success of this strategy over the next five years.

James Newman OBE
Chair, Hull and East Yorkshire LEP

Executive Summary

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.

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.

Environmental challenges are becoming more acute due to climate change with the risk of flooding and coastal erosion increasing. Climate change is a significant risk to the HEY and wider Humber regional economy with many businesses dependent upon and collocated within the estuarial flood plain. It is also a key risk the areas place offer and quality of life.

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.

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.

The strategy recognises the dynamic context of climate change, particularly given Hull and East Yorkshire's heightened vulnerability to coastal and pluvial flooding and the opportunities that our leadership in the decarbonisation agenda presents in terms of innovation, employment, business development and growth. The area has the potential to make a substantial contribution to the net zero agenda and reducing climate change.

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.

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.

HEY LEP Vision

This strategy presents the following vision for the HEY 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.'

HEY LEP Priorities

In the period to 2026, HEY LEP will work to deliver this vision by focusing its own and its partnership activity on the following priorities and key objectives:

Priority 1 Productive and Innovative Economy

Aim: To stimulate business growth, increase productivity and employment by developing the conditions in the HEY LEP area for business to start up, innovate, invest and trade

Priority 2 Clean Growth Economy

Aim: To maximise opportunities to drive economic growth in green industries whilst meeting targets. To be a net zero carbon industrial cluster by 2040, and significantly lower carbon by 2030

Priority 3 Skilled and inclusive Economy

Aim: To lead the transformation of the HEY LEP regional skills profile, to deliver a highly skilled, healthy and productive workforce, reducing inequality and increasing life chances for our communities

Priority 4 Competitive and Resilient Local

Aim: To enhance the regions' infrastructure and natural assets to maximise contribution to the HEY LEP economy and generate competitive locations to invest, live and visit



Key Objectives

- Support Key Sector Growth
- Drive Innovation in the HEY LEP Region
- Boost Trade and Investment
- Support Pre-Start / Micro / SME businesses and drive entrepreneurial culture



Key Objectives

- Optimise clean energy generation
- Drive industrial decarbonisation
- Promote resource efficient businesses



Key Objectives

- Driving higher level skills
- Upskilling and reskilling the workforce
- Maximising progressions to HE
- Embedding Digital Skills
- Delivering a green recovery through skills development
- Retaining and attracting young people
- Supporting labour market participation
- Matching out of work people with sectors with labour need
- Economic inclusion
- A healthy workforce



Key Objectives

- Enhance transport infrastructure & services
- Maximise digital infrastructure
- Promote Flood resilience
- Delivery quality employment sites
- Provide an attractive Housing Offer
- Maximise use of Natural Capital
- Promote our locations

The following focus outlines the activity required to deliver these priorities. Throughout the proposed 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.

Through delivery of this strategy, the ambition is that between 2021-26 HEY LEP region will have¹:

- Increased GVA by 10.8% based on pre-Covid 19 Levels, seeing a full GVA recovery from Covid 19 and a level of GVA higher than 2019 levels. This is an increase of £1.2bn in GVA
- Created 6,500 new jobs in the HEY LEP region
- Increased the total number of Hull and East Yorkshire residents with qualifications at Level 4 or higher by 14,500 bringing the HEY LEP region into line with the current Yorkshire & Humber average
- Supported 9,000 business via Growth Hub activity
- Commenced three flagship infrastructure projects
- Expanded the HEY Careers Hub to include all 50 eligible schools and providers
- Made significant progress towards meeting targets to be a net zero carbon industrial cluster by 2040, and significantly lower carbon emissions in the region by 2030

HEY LEP Role

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.

¹ These ambitions have been set using local evidence base and economic projections. These may need to be reviewed as national Levelling Up data sets are developed and implemented, to ensure national consistency.



Introducing the Hull and East Yorkshire LEP Region



Figure 1 – Map of Hull and East Riding LEP area

The Geographical Context

The Hull and East Yorkshire (HEY) LEP, established on the 1st April 2021, consists of two local authority areas north of the Humber estuary – Kingston Upon Hull and the East Riding of Yorkshire.

The region covers an area of 247,900 hectares (957 square miles) and has a population of 602,327² inhabitants. The economy of the area is shaped in many ways by its geography. The region contains the north bank of the Humber Estuary encompassing the city of Hull and the Port of Goole, each with their associated major transport, industrial and employment land assets. This M62/ A63 corridor has been the primary location for economic growth in the region over the past 20 years.

Traveling north through the HEY LEP region takes you into a rural landscape of fertile arable land in low lying plains and the rolling chalk hills of the Yorkshire Wolds. The region also contains on its eastern boundary an 85km long coastline with significant visitor economy assets.

Whilst the HEY LEP is amongst the smallest of LEP areas, our geographical make-up is extremely diverse and includes rural, urban, coastal and market towns alongside heavy industrial developments and ports infrastructure. This requires a range of specific economic interventions that recognise the diversity of the area and the challenges and opportunities this diversity creates.

Economic Context

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 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.

Environmental challenges are becoming more acute due to climate change with the risk of flooding and coastal erosion increasing. Climate change is a significant risk to the HEY and wider Humber regional economy with many businesses dependent upon and collocated within the estuarial flood plain.

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.

Overall, the HEY LEP region has an annual GVA of £13bn and encompasses 24,240 businesses supporting circa 261,000 jobs. The region's economy represents 10.5% of Yorkshire and the Humber region's GVA and 3.6% of the output for the North of England. 87.5% of businesses in the HEY LEP area are classified as micro businesses with a further 12.1% being classified as SMEs, this is higher proportion than the national average.

The region is part of one of the UK's most significant industrial clusters and has a number of key industrial sectors which have great potential to drive productivity, innovation and generate higher-skilled employment. These include Low Carbon Technologies; Ports & Logistics; Manufacturing and Engineering; Construction; Digital and Creative Industries; Tourism & the Visitor Economy; Medicare; Health & Social Care and Agri-tech and Food.

Low Carbon Technologies, Ports and Logistics and Agri-tech/ Agri-Food are aspects of wider cross boundary sectoral specialisms spanning the region's boundaries, which the LEP understands and is keen to support. It should be acknowledged, however, that the individual contributions of the businesses and organisations in the region play a distinctive and unique role in the Energy Estuary, the Humber Ports and in the wider agricultural and economic offers.

The sectors outlined above are important, not just locally, but will make a significant contribution to the UK economy as it seeks to Level Up and Build Back Better following COVID-19 and the UK's exit from the EU. Companies in these sectors include significant employers headquartered in the area and global companies in sectors such as chemicals and healthcare. Many have invested heavily in the region in recent years, for example: Siemens Gamesa's £310m investment in its wind turbine blade factory in Hull; Siemens Mobility's recent development of a £200m rail factory and research centre at Goole; Spencer Group's £200m investment in an Advanced Gasification Energy Recovery Facility (Energy Works); £200m investment by Reckitt in its Centre for Scientific Excellence; £50m by Smith and Nephew in its Advanced Wound Management Research Centre; £38m by E-buyer on manufacturing and distribution facilities at Howdendyke; £34m by Croda in its Hull manufacturing facility and distribution centre at Goole; Tricoya are investing £20.5m in its construction materials site at Saltend; Equinor are significantly investing to enable fuel switching in 2026-2027 resulting in a CO2 emissions reduction of 1.1 million tonnes per year; and £16m investment by Ideal Heating in Hull to increase production of low carbon heating products.

Production industries (which comprise the agriculture, energy, mining, and manufacturing sectors), which are critical to the UK recovery and export competitiveness account for almost 30% of our GVA. This is the largest share of total output from these industries of any Combined Authority (CA) economy, and 1.6 times the UK average.

The region also supports a wide range of innovative agricultural, agri-tech, food processing and food manufacturing businesses, which are closely linked to the global food system. Agricultural operations range across all sizes, with almost one third of farms being over 100 hectares. Fisheries operations are small, but collectively provide one of the largest shellfish catches in the UK. The tourism and cultural sectors are similarly diverse and of vital importance to the region. Hull's City of Culture activities added over £22m in GVA to the local economy, building on an existing tourism value of £300m. The digital sector is growing rapidly from a base of smaller companies, exploiting the area's digital capability with a strong cluster in Hull.

These sectors provide employment across our urban, rural, and coastal areas, in companies and organisations of all sizes. Although this spatial and sectoral diversity is a benefit in terms of resilience, it can also hamper business to business collaboration and knowledge transfer. Despite some excellent examples, such as the Local Food and Rural Tourism Networks, existing business networks do not fully cover the wider geography and access to specialist skills training can be problematic for smaller and rural businesses.

Service and public sectors such as retail, health and social care and education are major employers. The public sector also presents a range of opportunities to promote product, process and service innovation and have economic, as well as social benefits to the local community. The Health and Social Care sector has the opportunity to raise productivity and economic resilience, whilst growing employment and bringing strong research and innovation capacity to the area.

Hull and East Yorkshire's key sectors punch above their weight across many performance metrics, including their productivity and employment contribution. However, critical challenges remain. Overall productivity in Hull and East Riding of Yorkshire is below the national average, sitting at 85% and 87% of that average respectively, and with respective rankings of 350th and 225th (out of 379 localities) in the 2019 UK Competitiveness Index.³ Driving sustainable and inclusive productivity growth is critical to unlocking the area's further potential, and to levelling up earnings for Hull and East Yorkshire, and indeed the North, with the rest of the country.

The area is a key gateway to the both the UK and outwards to export markets, with the ports of Hull and Goole playing an important role nationally. However, the transport system in the region is currently not well integrated and suffers from capacity issues, pinch-points, and issues of some poor reliability of public transport. This continues to impede both freight and passenger movement in the region and needs to be overcome to realise future economic growth for Hull and East Riding. It is also dependent on high carbon propulsion which needs to be addressed if the region is to achieve its Net Zero ambitions.

Pre Covid 19, the HEY LEP region had a stable population and workforce, with an employment rate at 76.8% which was significantly higher than any other Northern Combined Authority area. However, the median annual salary for jobs in the region is amongst the lowest of all Combined Authority areas (comparable to Tees Valley and the North East) and around 91% of the national average. The relative lack of higher paid job opportunities also limits the ability to retain and attract high skilled workers. The LEP and partners need to focus support on the development of high-quality jobs, skills, and incomes in the region. During the first year 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. 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, albeit from a rather high rate. This rate was particularly high 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).

² ONS Mid-Year Population Estimate (2020)

³ UK Competitiveness Index Report 2019

The talent supply in the region has a number of challenges. The HEY LEP region has a smaller proportion (33.2%) of people with degree level or equivalent (NVQ4+) qualifications than England as a whole (42.8%) and the area has historically suffered from poor levels of graduate retention. The region displays very high levels of workforce self-containment with 87.9% of residents in employment both living and working in the area. This, in combination with a reducing working age population, is constraining the supply of a suitably qualified, skilled workforce. The retention of existing talent and the attraction of new talent into the region is vital.

Allied to this the HEY LEP region faces the structural challenges of a persistent low skill, low wage economy in some areas, which is limiting the economic prosperity of our communities. Over a third (36%) of Lower layer Super Output Areas⁴ (LSOA) in Hull and East Yorkshire are within the 20% most deprived nationally, and overall qualification levels throughout our area remain below the national average. The region faces particularly high patterns of deprivation and benefits dependency in parts of the city of Hull, in Goole and along our coastline. In Hull, the average healthy life expectancy of its residents is significantly below the current state pension age⁵.

Policy Context

The HEY LEP Economic Growth and Wellbeing Strategy has been developed in a period of dynamic change in national economic policy. The economic impacts of COVID-19, new ways of working following the UK's decision to leave the EU in 2020, and the UK government's stated desire to see Levelling Up as a priority over the coming years are all driving a new and still emerging policy landscape. The following provides a framework background and is not an exhaustive list of all policies that are of relevance to this strategy.

Levelling Up White Paper

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 was published in February 2022.⁶

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.

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.

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.

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."



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.

⁴ Lower layer Super Output Areas (LSOA) area a geographical area generated by Office for National Statistics to provide a consistent population size across the UK with the purpose of comparing areas.

⁵ Office for National Statistics, 2020

⁶ Department of Levelling Up, Communities and Housing, 2022.



National Economic Growth Strategy including COVID-19 recovery

In March 2021 the government published its 'Build Back Better'⁷ Strategy which replaces the 2017 Industrial Strategy with an approach that frames policy on promoting economic growth alongside a focus on post pandemic recovery. The Strategy outlines three pillars of investment to act as the foundation on which the government intends to build the economic recovery from COVID-19: high quality infrastructure; skills and innovation.

Alongside these three areas of investment, the Build Back Better Strategy states that it intends to alter its approach from previous policy by promoting economic growth activity which:

- unites and 'levels up' the country
- drives green growth
- will support a vision for Global Britain post EU exit

The Build Back Plan states that 'We will tackle geographical disparities in key services and outcomes across the UK: improving health, education, skills, increasing jobs and growth, building stronger and safer communities and improving infrastructure and connectivity'. Working with partners to address all geographical disparities experienced in the HEY LEP is key to delivery of the governments overall levelling up aims of increasing prosperity, improving health and wellbeing outcomes, widening opportunity, and ensuring that no region is left behind.

Freeports

Freeports⁸ are special areas within the UK's borders where different economic regulations apply. Freeports in England are centred around one or more air, rail, or sea port, but can extend to 45km beyond the port(s). The Humber was successful in securing one of the first Freeports which will be in operation from 2023.

Green Growth

Green Growth, economic and environmental policy are now closely entwined. The Climate Change Act 2008⁹ seeks to ensure that the net UK carbon account for all six Kyoto greenhouse gasses for the year 2050 is at least 100% lower than the 1990 baseline, toward avoiding dangerous climate change. The Act aims to enable the United Kingdom to become a low-carbon economy and gives ministers powers to introduce the measures necessary to achieve a range of greenhouse gas reduction targets. This act underpins later green growth strategies.

In 2021 the UK passed into law its Sixth Carbon Budget¹⁰, committing to reduce carbon emissions by 78% by 2035 compared to 1990 levels and taking the UK more than three-quarters of the way to reaching net zero by 2050. The Environment Bill¹¹ was reintroduced to Parliament in 2020 and sets out urgent and significant action to support the delivery of the 25 Year Environment Plan.¹² Furthermore, the ten-point plan for a green industrial revolution was launched in November 2020¹³ and will mobilise £12 billion of government investment with the ambition to build back better, support green jobs, and accelerate the path to net zero carbon emissions. Priorities within the plan include advancing offshore wind, driving the growth of low carbon

hydrogen, accelerating the shift to zero emission vehicles and investing in carbon capture, usage, and storage. The Net Zero Strategy: Build Back Greener¹⁴, builds on the ten-point plan to set out policies and proposals for decarbonising all sectors of the UK economy to meet the net zero target by 2050. It includes UKs decarbonisation pathways to net zero by 2050, policies and proposals to reduce emissions for each sector and cross-cutting action to support the transition.

Contributing to delivery of the ten point plan and net zero strategy are a range of specific strategies and action plans which have direct relevance for the HEP LEP area this includes the UK Hydrogen Strategy¹⁵ which lays out measures to develop a world-leading hydrogen economy set to support over 9,000 UK jobs and unlock £4 billion investment by 2030; Offshore Wind sector deal, a public private deal aimed at offshore wind becoming the backbone of the UK's power system and the Biomass Policy Statement 2021¹⁶. The HEY LEP area has many biomass assets. This policy statement is a precursor to a biomass strategy for the UK and sets out the key policy aims for sustainable biomass use across the economy, such as in the electricity, heat, transport, and industry sectors

The Environment Bill 2021¹⁷ will soon be enacted, leading to significant changes in land use, planning legislation, and legislation around water and air pollution. These will all have knock on effects for local authorities and businesses in the region, but also creates opportunities for reskilling, new jobs, and business investment into our area.

Northern Powerhouse NP11

The HEY LEP is a contributing and active member of the NP11 group¹⁸ which consists of the 11 northern LEPs, working together at a strategic level. The NP11 acts as a singular voice in government discussions, promoting the North's economic assets, its geographical advantages, and its shared challenges in regard of its southern neighbours.

The NP11's five priority areas are:

- Trade and Investment
- Clean Growth
- Digital
- Innovation
- Placemaking

Chairs and Chief Executives of northern City Regions, LEPs and Councils meet regularly to discuss relevant policy issues, agree actions, and then work with relevant government departments. The HEY region plays a proactive and distinctive role as a part of a coherent Yorkshire, NP11 and other pan-northern partnerships. This includes working collaboratively with fellow Yorkshire LEPs and beyond our immediate borders wherever appropriate.

Innovation

The government published its UK Innovation Strategy¹⁹ in 2021. The government believes increasing innovation will enhance productivity across the economy, and in turn bring jobs, growth, and prosperity to all parts of the UK. The strategy focuses on how we support businesses innovate by making the most of the UK's research, development, and innovation system.

This document presents a vision of the UK becoming a global hub for innovation and plans to achieve this by delivering against four key pillars:

- **Pillar 1:** Unleashing business – we will fuel businesses who want to innovate
- **Pillar 2:** People – we will make the UK the most exciting place for innovation talent
- **Pillar 3:** Institutions and places – we will ensure our research, development and innovation institutions serve the needs of businesses and places across the UK
- **Pillar 4:** Missions and technologies – we will stimulate innovation to tackle major challenges faced by the UK and the world and drive capability in key technologies

Through these pillars, the strategy aims to both establish the right underlying policy environment and clearly signal those areas where government will take the lead. This strategy builds upon the International Research and Innovation Strategy 2019, the R&D People and Culture Strategy 2019 and R&D Road map 2021.

The International Research and Innovation Strategy 2019 sets out how the UK will develop its international research and innovation partnerships to address global challenges and help achieve the targets in our modern Industrial Strategy.

The R&D People and Culture Strategy 2019 and R&D Roadmap 2021 outline the government's plans to attract, develop, and retain enough people within the research and innovation system to build on our existing strengths and to meet future challenges.

This strategy and roadmap set out how the UK will develop the research workforce required, ensuring that careers in research and innovation are open to people from all backgrounds, working within environments that nurture and get the best out of them.

7 Build Back Better: our plan for growth – UK government 2021

8 Freeports – GOV.UK (www.gov.uk)

9 Climate Change Act 2008 – Climate Change Act 2008 (legislation.gov.uk)

10 Sixth Carbon Budget – UK Climate Change Committee 2021

11 Environment Bill 2020 – UK government 2020

12 A Green Future: Our 25 Year Plan to Improve the Environment – UK government 2018

13 The ten-point plan for a green industrial revolution – UK government 2020

14 Net Zero Strategy: Build Back Greener UK government 2021

15 UK hydrogen strategy – GOV.UK (www.gov.uk)

16 Biomass policy statement: a strategic view on the role of sustainable biomass for net zero – GOV.UK (www.gov.uk)

17 <https://bills.parliament.uk/bills/2593>

18 <https://www.np11.org.uk/>

19 UK Innovation Strategy: leading the future by creating it – GOV.UK (www.gov.uk)

Skills for Jobs

The government’s Skills for Jobs: Lifelong Learning for Opportunity and Growth published in January 2021, sets out the policy drivers for UK residents to gain “the best chance of success” and ensure everyone can access the skills which will allow them to achieve good jobs, both now and in the future. The policy includes a Lifetime Skills Guarantee to allow everyone the ability to access education and training during their lifetime.

The policy recognises the role of further education and access to apprenticeships and technical education, giving the same parity as traditional degree and university routes. Measures include reducing the skills gap, improving productivity and international competitiveness²⁰.

The Skills Accelerator programme is a core part of delivering this vision. It incorporates the Local Skills Improvement Plan trailblazers and the Strategic Development Fund pilots²¹. The Strategic Development Fund will explore how colleges can work together more effectively, alongside employers and other partners, to respond to local skills and innovation priorities. Funding will allow providers of post-16 technical education and training to reshape their provision to address local priorities that have been agreed with local employers. In the HEY LEP region the TEC Partnership is the lead partner for this pilot activity.²²

Plan for Jobs

The government’s Plan for Jobs²³ offers a range of programmes, some of which provide financial incentives, and are available for employers who are considering hiring employees, offering work experience, or upskilling existing staff. Programmes that have been enhanced or extended²⁴ includes apprenticeships, traineeships, industry placements (T Levels) the Kickstart Scheme, the National Careers Service provision, the Sector-based Work Academy Programme, Skills Bootcamps, free level 3 qualifications for eligible adults, the Job Entry Targeted Support Scheme (JETS) and helping unemployed people over the age of 50 back into work.

20 skills-for-jobs-lifelong-learning-for-opportunity-and-growth
 21 Skills Accelerator: Local Skills Improvement Plan trailblazers and Strategic Development Fund pilots
 22 Skills Accelerator Development Fund partners: East Riding College, University of Hull, Bishop Burton College, DN College Group, Selby College, Wilberforce Sixth Form College, GIFHE, Hull College, Modal Training Ltd, Scarborough TEC, Franklin College and John Leggott College.
 23 CP 261 - Plan for Jobs
 24 Plan for Jobs Expansion
 25 EU-UK Trade and Cooperation Agreement (TCA) - European Union and UK government 2020

EU Exit

The EU-UK Trade and Cooperation Agreement (TCA)²⁵, concluded in December 2020 by the EU and the UK, defines their relationship in the post-EU and post-transition era. This agreement brings economic, financial and policy implications for government, business, and communities with changes in regulations, policy and in future funding. Central to the TCA is agreement to facilitate the zero-tariff and zero quota trade in goods, whilst also providing (albeit reduced) cooperation on energy, transport, fisheries, and social security. Issues that will impact upon the performance of the local economy include trade policy, access to funding, regulation, foreign direct investment, changes to the labour market and the influence on specific industries.

European Structural and Investment funds were guaranteed by government for UK organisations to cover the full 2014-2020 programme period, but some flexibility exists to allow projects to be delivered until 2023. The UK Shared Prosperity Fund (UKSPF) is proposed to replace EU funding and the prospectus with detailed guidance remains awaited.

Government announced in 2020 its intention to establish ten Freeports across the UK as a mechanism for boosting productivity and ensuring that regions can begin to benefit from opportunities presented by leaving the EU. Following a competitive bidding process an announcement was made in the 2021 Budget that the Humber would be included in this flagship programme to boost trade, investment, regeneration, and innovation. In the Comprehensive Spending Review in Autumn 2021, the Humber Freeport was one of the first to be announced as being operational in 2022.

In November 2021 the Department for International Trade (DIT) refreshed its export strategy to support British businesses looking to export to the global market. The 12-point strategy has a range of new and existing support measures, including formation of an Export Support Service, an expansion of the UK Export Academy, a new UK Tradeshow Programme, launching the ‘Made in the UK, Sold to the World’ marketing campaign.



Agriculture, Food and Fisheries

A key sector where EU Exit has impacted the HEY LEP region is agriculture. 90% of the HEY LEP area is comprised of agricultural land, which underpins many sectors in our region, despite agriculture itself not making up a large proportion of the area's GVA. The reliance of a variety of economic sectors (food & drink, manufacturing, tourism) on our local landscapes (and their health and productivity). The Agriculture Bill²⁶ passed into UK law in November 2020 and creates a legislative framework for replacement agricultural support schemes and powers for new agricultural policies and transition measures in England and Wales.

This legislation outlines a series of public goods that the UK government will pay farmers to provide which will include improvements in land and water management, public access, livestock welfare, plant genetics, soil health and protection from environmental hazards. A new component was the inclusion of Multi-Annual Financial Assistance Plans that declare the government's priorities for financial assistance over a defined period. Within this there is provision for funding improvements in farming productivity beyond increasing yields which are expected to replace previous rural development programmes. There will also be a seven-year transition period from 2021 to 2027 when existing Basic Payments will be phased out completely. This will impact not only on how farmers and landowners work, but also contribute to low carbon aspirations and further drive the skills agenda.

In 2021 the UK government set up a Trade and Agriculture Commission to optimise agriculture's contribution to the economy. The government published its path to sustainable farming roadmap in Nov 2020. The roadmap outlines changes that will come into force over a period of seven years following the exit from the EU and the plans set out how government plans to introduce a new system that is tailored in the interests of English farmers, centred on support that rewards farmers and land managers for sustainable farming practices.

The changes aim to ensure that by 2028, farmers in England can sustainably produce healthy food profitably without subsidy, whilst taking steps to improve the environment, improve animal health and welfare and reduce carbon emissions.

The UK Fisheries Act was enacted in 2020. Underpinning everything in the Act is a commitment to sustainability, ensuring healthy seas for future generations of fishermen. The UK government and Devolved Administrations will now develop new fisheries management plans for managing fisheries to benefit the fishing industry and the marine environment.

The Fisheries Act allows the government to fund a wider range of fisheries projects, for instance to encourage the uptake of new technologies at sea and to improve port infrastructure.

Devolution

In 2019 the Prime Minister pledged to revive devolution as part of the drive to level up the country, as a result of this announcement Hull City Council and East Riding Council are in the process of developing a compelling proposition to deliver a devolution deal with government for the region. The aim is to unlock significant additional long-term funding and gain additional powers to support sustainable and inclusive economic growth, giving the area greater freedom to decide how best to meet local needs and create new opportunities for people and businesses in the HEY LEP region.

Humber Wide and Local Strategy

Ongoing collaboration at the Humber Level will be vital to drive economic growth in particular areas of strategic priority. As such, the Humber Estuary Plan has been developed, which is the responsibility of the Humber Leadership Board (HLB), a joint committee of the four Local Authorities in the Humber. The Humber Estuary Plan focuses on four areas; energy and industrial decarbonisation; ports and related sectors; management of the Humber Estuary asset and external investment marketing. The LEPs on both sides of the Humber, the HEY and Greater Lincolnshire LEPs are members of the HLB and provide support for the Estuary Plan delivery. The HEY LEP continues to work closely with Greater Lincolnshire LEP on areas of activity appropriate to a wider geography. Recent developments have included the setting up of a new pan Humber Energy Board which will maximise opportunities for growth and collaboration, working with government and the private sector.

Both Local Authorities in the HEY LEP region have developed robust economic strategies, which seek to offer place-based approaches to developing economic growth. Other strategies, for example the East Riding of Yorkshire Rural Strategy (2021-26) and Visit Hull and East Yorkshire's five-year Tourism Strategy, will add value to the HEY LEP Strategy with many aligned aims. This LEP strategy is designed to add value and complement those already in place, ensuring the private sector can make a significant contribution.

The Hull City Council Economic Strategy 2021-2026²⁷ has laid out a vision for economic development in the city based on developing its people, its place and boosting productivity of its businesses. This document outlines the city as a place of opportunity whilst ensuring that everyone in the city can benefit from economic success. Actions are framed around three key themes of inclusiveness, green growth and local focus.

East Riding of Yorkshire Council's Economic Development Strategy 2018-2022 outlines four key priorities: business growth; lifelong learning; quality locations and a sustainable economy. A mid-term review of the strategy was completed in January 2021²⁸ which maintains these priorities for the remaining lifetime of the strategy.

²⁶ Agriculture Act 2020 – UK government 2020

²⁷ Hull Economic Strategy, Hull City Council, 2021

²⁸ East Riding Economic Strategy 2018-22 (2020 review), East Riding of Yorkshire Council, 2020

Horizon Scanning

Although this LEP strategy is designed to be in place until 2026 an important role for the HEY LEP is to be aware of long-term trends and to work with local businesses to exploit opportunities and mitigate risks, finding new ways of using the region's assets and capabilities to drive the economy. The pace of technological, environmental and social change is unparalleled and these will impact upon the economic planning required for the region. Other factors such as governance changes due to devolution may also influence strategy delivery.

In the long-term, robotics and automation will have a great impact on our key sectors, especially manufacturing and agri-tech, and will lessen the requirement for many low and middle-skilled jobs. This drives the need to boost the local skills profile in the area, particularly in digital skills to help implement these new technologies.

The region has already built an international level expertise in clean energy and climate mitigation which will be important for all economies in the future. Opportunities for clean growth and the Renewables Sector to export technical knowledge, expertise and intellectual property exist, including potential export of offshore wind engineering expertise in addition to components and services. The challenge is to be able to further develop this expertise and enable businesses of all sizes to export this outside of the HEY LEP region. This horizon scanning role of the LEP will be central to our innovation activity.

The following box summarises key international trends which will affect the HEY region:

<p>Political & Social</p> <ul style="list-style-type: none"> • Devolution & Decentralisation • Changing Demographics/ Aging demographic • Increasing polarisation and inequality • Desire for personalisation of services 	<p>Economic</p> <ul style="list-style-type: none"> • Globalisation • Changes in international economic dynamics and new trading relationships for UK • Changing work patterns / locations • Demand for greater skills levels of workforce • Energy and Food security
<p>Environmental and Infrastructure</p> <ul style="list-style-type: none"> • Impact of climate change and requirement for adaption • Climate change mitigation • Changing energy supply and demand patterns • Need to decarbonise 	<p>Technological</p> <ul style="list-style-type: none"> • Automation/ robotics and impact upon jobs and skills needs • Health advances and medi-tech • Internet of things • Increase digitisation and processing power

HEY LEP Strategic Plan 2021-2026

The following diagram illustrates the HEY LEP Strategic Plan on a page:

Priority 1 Productive and Innovative Economy

Aim: To stimulate business growth, increase productivity and employment by developing the conditions in the HEY LEP area for business to start up, innovate, invest and trade



Key Objectives

- Support Key Sector Growth
- Drive Innovation in the HEY LEP Region
- Boost Trade and Investment
- Support Pre-Start / Micro / SME businesses and drive entrepreneurial culture

Priority 2 Clean Growth Economy

Aim: To maximise opportunities to drive economic growth in green industries whilst meeting targets. To be a net zero carbon industrial cluster by 2040, and significantly lower carbon by 2030



Key Objectives

- Optimise clean energy generation
- Drive industrial decarbonisation
- Promote resource efficient businesses

Priority 3 Skilled and inclusive Economy

Aim: To lead the transformation of the HEY LEP regional skills profile, to deliver a highly skilled, healthy and productive workforce, reducing inequality and increasing life chances for our communities



Key Objectives

- Driving higher level skills
- Upskilling and reskilling the workforce
- Maximising progressions to HE
- Embedding Digital Skills
- Delivering a green recovery through skills development
- Retaining and attracting young people
- Supporting labour market participation
- Matching out of work people with sectors with labour need
- Economic inclusion
- A healthy workforce

Priority 4 Competitive and Resilient Local

Aim: To enhance the regions' infrastructure and natural assets to maximise contribution to the HEY LEP economy and generate competitive locations to invest, live and visit



Key Objectives

- Enhance transport infrastructure & services
- Maximise digital infrastructure
- Promote Flood resilience
- Delivery quality employment sites
- Provide an attractive Housing Offer
- Maximise use of Natural Capital
- Promote our locations



Priority 1 – A Productive and Innovative Economy

Aim:
To stimulate business growth, increase productivity and employment by developing the ideal conditions in the region for business to start up, innovate, invest, grow and trade.

In order to achieve this aim, HEY LEP will work with partners to develop actions to deliver our key objectives:

- Support Key Sector Growth
- Boost Trade and Investment, both domestic and international
- Support Pre-Start / Micro / SME businesses and drive an entrepreneurial culture

Rationale

The development of a Productive and Innovative Economy is the keystone of all HEY LEP activities. Raising productivity and optimising the opportunities for key growth sectors to build on competitive advantages is central to delivering the regions shared aspirations. Achievement of this will enable transition to a high value, low carbon economy and levelling up the opportunity and living standards for those who live or work in the area through boosting financial, and intangible capital. This priority will provide the local policy response to Mission 1²⁹ and Mission 2³⁰ of the Levelling Up white paper.

Innovation is a key contributor as the catalyst to drive transformational change within businesses in the region. The region is rapidly growing its range of innovation assets and these need to be fully optimised by the regions businesses to develop new products, processes and services and finding or establishing markets for these innovations. Innovation within business can also have a substantial impact on workforce wellbeing and productivity.

The region has a long trading history due to its location with the Humber Estuary. The region and its businesses are ready to support and implement new approaches, such as the Humber Freeport, to drive the national agenda and boost exports to contribute towards a Global Britain and support the growth in local sectors which benefit from trade through our ports. The Humber Freeport will also play a key role in decarbonisation, therefore, supporting the region's clean growth agenda.

Hull and East Yorkshire is an attractive location for inward investment and large-scale indigenous growth, with a strong track record of major investments being made in the recent past in growth sectors and supply chains which will boost the areas productivity. Our sectoral strengths and locational advantages must be more widely understood and the LEP can play a significant role in enabling that to happen.

The economy of the region is characterised by its high prevalence of SMEs/micro/small businesses within the business base. Promotion of enterprise and support and removal of barriers for this scale of business provides a great opportunity create good quality jobs, drive new product and service development, facilitate access to new markets, and help tackle the productivity and health inequality challenges in the region. Some excellent work has taken place here by the Local Authorities, and the previous? Humber Growth Hub, and this can be further expanded to ensure micro-businesses continue to add to the success and diversity of business make-up of the region.

²⁹ Levelling Up white paper Mission 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.

³⁰ Levelling Up white paper Mission 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.

Support Key Sector Growth

The business base in the HEY LEP area is diverse, however the geographical and economic assets of the region provide locational advantages which drives certain types of business to be situated in Hull and East Yorkshire, and sector specialisms occur as a result. The evidence base developed to support this strategy suggests our economy has eight key sectors which can be separated into three types and require specific types of activity to support and grow. It is these seven sectors which HEY LEP will support during the period of this strategy.

High Productivity and absolute advantage sectors	High employment sectors with competitive advantage sectors	Emerging Innovation and growth potential sectors
Sectoral characteristics: Productivity on par or above national averages, significant levels of employment, scope for further growth	Sectoral characteristics: Deep rooted sectors in the region with large amounts of local employment; scope for further growth	Sectoral characteristics: New and fast-growing sectors locally, scope for further growth
Activity Required: Strengthening advantage and growing these highly productive sectors	Activity required: Raising productivity and resilience	Activity required: Nurture and grow employment and innovation
<ol style="list-style-type: none"> 1. Ports & Logistics 2. Engineering and Manufacturing and Assembly 3. Agriculture, Horticulture, Food Manufacture and Agri- Tech 4. Construction 	<ol style="list-style-type: none"> 5. Health Technologies, Pharmaceuticals and Health and Social Care 6. Tourism & Culture 	<ol style="list-style-type: none"> 7. Digital 8. Low Carbon Technologies

The LEP will use its existing relationships with schools and the education and skills provider community to ensure young people are aware of/connected with sector opportunities for good jobs and career progression. This includes driving aspiration to maximise young people’s ability via the HEY Careers Hub, working with the Careers and Enterprise Company, both Local Authorities and employers, in partnership to support schools and providers.

Rationale for Change

As previously outlined, the region’s economy has a long-standing issue with productivity which historically has been below national levels and is under further threat from the impacts of COVID-19. The most recent GVA per hour work indices place the HEY LEP area at 86.3, with the UK benchmark at 100. Although this is below national level, the score is comparative to West Yorkshire’s score and is greater than Sheffield City Region³¹, illustrating the need to work on a wider geography on the levelling up agenda.

Recent research commissioned by HEY LEP suggests that based on an estimated 14.4% loss of Gross Value Added (GVA) in 2020 due to COVID-19 (compared with 11.3% nationally), therefore the region will need to treble its historic growth rate of 1% over the last nine years in order to recover lost ground by 2030.

The region also needs to boost its competitiveness to support key sectors. The 2019 UK Competitiveness Index, which provides a guide as to the capability of an economy to attract business investment and maintain increase economic activity, ranked Hull and the East Riding of Yorkshire as 350th and 225th most competitive areas in the UK³². Both localities have become more competitive since the previous publication of the ranking in 2015.

³¹ Office for National Statistics 2000
³² UK Competitiveness Index 2019

Increasing economic productivity not only increases the areas business competitiveness but also raises living standards for employees and residents of the area and as such there is strong logic to seek to support sectors which have the greatest opportunity to drive productivity growth. The strategy evidence base suggests that absolute and relative sector specialisms have high-value growth potential, and that this potential must be realised. Previous work in 2019 undertaken in preparation for the unpublished Humber Local Industrial Strategy stated that the key sectors for growth in the HEY LEP area should be considered as Energy (which is covered in Priority 2) Ports and Logistics, Engineering and Assembly, Food and Digital. In addition to this Hull City Council’s Economic Strategy outlines the potential for the Medi-care and Healthcare Sector in the city.

What Do We Need To Do To Create Growth?

To consider what is required to boost productivity and employment growth in each of these key sectors it is important to consider these in turn.





Ports & Logistics

Overview

The ports of Hull and Goole (UK's most inland port) are the 10th and 38th largest ports in the UK. They are vital components in the Humber Ports offer, which is the UK's largest by tonnage and the fifth largest in Europe. They provide access to markets and supply chains for other key sectors in the region and across the Northern Powerhouse and are a key facet in inward investment.

The location of extensive employment sites adjoining or within port facilities, for the manufacture and storage of large-scale products, also helps to drive the region's competitive advantage. Much work has been undertaken to develop these sites, many designated with Enterprise Zone status, over the last 7 years, facilitating investments such as Siemens Gamesa in Hull and Croda and Siemens Mobility in Goole.

The logistics sector in the HEY LEP area is widely spread with clusters around the ports of Hull and Goole, and reflects sector requirements such as Agriculture and Manufacturing, with clustering along the A63/ M62, A1033 and A165 corridors. Additional concentrations are located on traditional industrial estates of East Yorkshire. The sector is characterised by smaller local operators and this has an impact on the level of productivity. The logistics sector has been far less likely than the area's other strength sectors to undertake innovation projects³³.

The Ports and Logistics Sector employs 6,935 jobs in the HEY LEP area and supports 910 businesses in the area which is 7.2% of the total business stock.

Future potential of the sector

Logistics Innovation and levelling up port trade flows

There is potential to increase the usage and efficiency of the region's port and logistics services to level up trade routes in the UK. Increased levels of innovation will be required; however, the Ports and Logistics Sector has a key asset in the form of the University of Hull's Logistics Institute. Projects such as the Liverpool - Humber Optimisation of Freight Transport (LHOFT) project can be built on, new technology in development by the University will enable multiple cargo owners to pool volumes to de-risk new sea and rail services through northern ports. This aligns with work in partnership by the University and Associated British Ports which makes a strong case for levelling up port trade flows, utilising the Humber Ports, in terms of reducing carbon emissions, increasing efficiency of driver use and providing supply chain reliance for UK PLC³⁴. For this to be realised improved rail freight path availability will be required across the north of England.

Driving new value-added activity through a Humber Freeport

There is potential in the region to increase the level of value-added activity which takes place on/in close proximity to Hull and Goole ports through the Humber Freeport. In the Chancellor's Autumn Statement, the government reaffirmed the Humber was to gain Freeport status and begin operations in 2022³⁵. Freeports are designated areas subject to a broad array of special regulatory requirements, tax breaks and government support. The Freeport is intended to specifically encourage businesses that import, process and then re-export goods and to stimulate economic activity in their designated Freeport geography. The main intention is to attract inward investment to build new facilities such as manufacturers or research and development facilities, thus bringing new jobs to an area, taking advantage of the incentives of being inside the Freeport zone. Two of the three proposed Freeport tax sites are to be located with the region and HEY LEP will support the Freeport Company to develop a skills strategy to ensure companies locating on the Freeport have the skilled labour they require.

Clean Maritime

Through the Clean Maritime Plan³⁵, the Environment Route Map of Maritime 2050, the government has set out its UK ambition to lead the way in transitioning to a future of zero emission shipping. The Humber can support the UK in this ambition by accelerating its transformation into a clean maritime cluster, building on its roles in renewable energy and decarbonising industry. It can contribute expertise in new fuel for shipping and use of port estate for energy generation.

Key HEY LEP Activities to Support Growth in Ports & Logistics

- Working in partnership to deliver a cross-estuary, multi-site Humber Freeport, which is focussed upon facilitating trade, driving innovation, boosting skills, and supporting contributing to growth in other key sectors by providing high quality land and incentive packages
- Working with industrial decarbonisation partners and innovation leads to support decarbonisation of maritime activity in the HEY LEP area
- Working in partnership with Transport for the North and NP11³⁶ LEPs to explore options for improved trans-Pennine freight links, particularly by rail and water, and supporting more of the UK's future international trade through the Northern Powerhouse ports.

³³ Hull University Business School

³⁴ A Comparative Analysis of Short Sea Import and Export Routes to and from the UK ABP/ University of Hull Logistics Institute 2019

³⁵ Clean maritime plan: Maritime 2050 environment route map - GOV.UK (www.gov.uk)

³⁶ The NP11 is the business-led voice for the North that brings together the 11 Local Enterprise Partnerships (LEPs) from across the North of England

Engineering and Manufacturing and Assembly

Overview

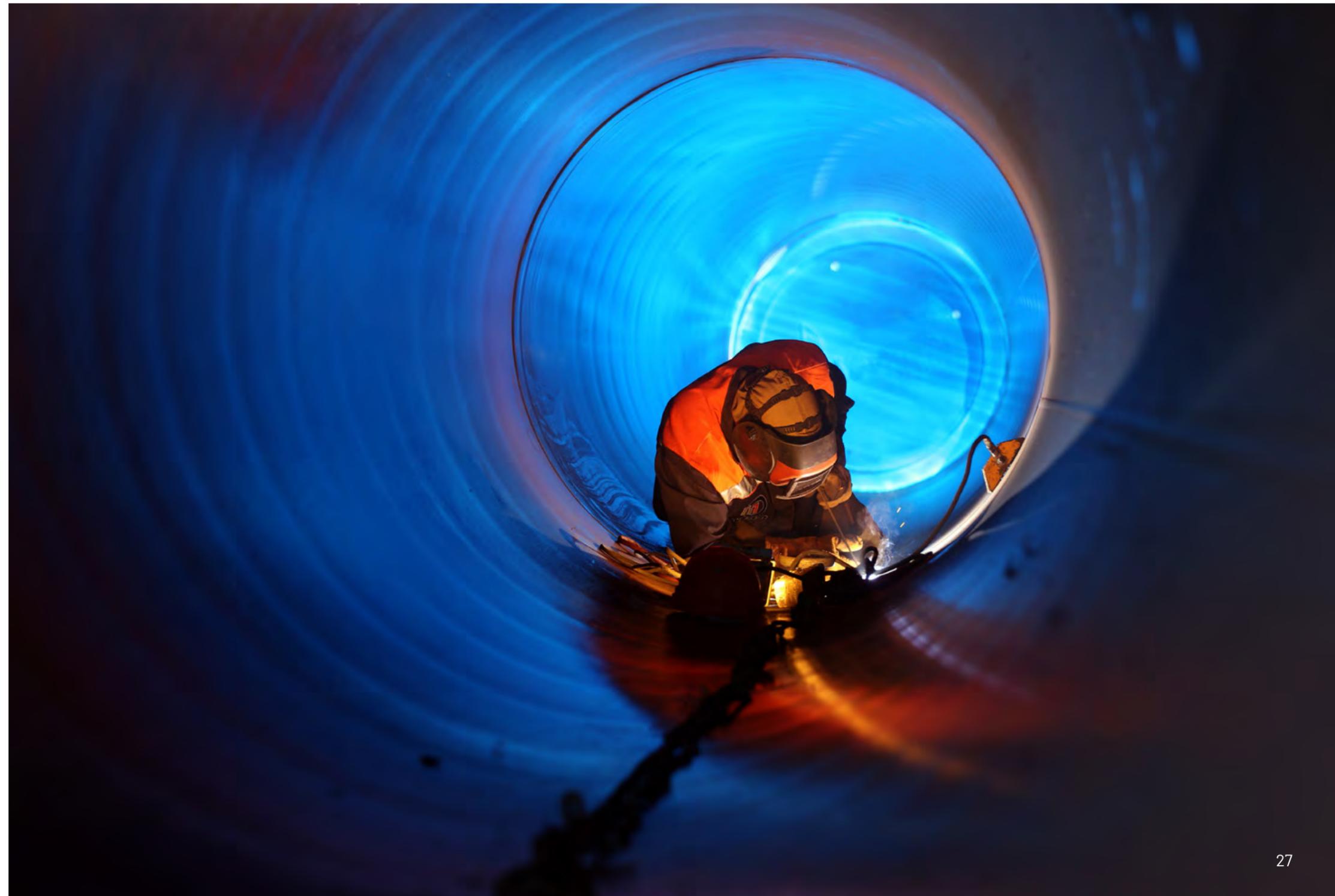
The HEY LEP area demonstrates a significant overall strength in manufacturing, for example, the engineering and assembly sector supports 600 jobs in the HEY LEP area, representing 5.3% of total business stock. 10,600 people are employed in the sector in the area, which grew 4.4% between 2010-2019.

Hull and East Yorkshire's competitive advantage for Engineering and Manufacturing Sectors comes from the proximity to the Humber Ports with its ease of access to raw material and markets. As a result, there is a long tradition of engineering and assembly activity in the area, with specialisms including:

- Caravans, specialist vehicles and modular building, including the largest concentration in the country of caravan and mobile home manufacturing and vehicles ranging from ambulances to Formula 1 team facilities.
- Furniture, including kitchens, office, and domestic furniture.
- Wood and wood products.
- Fabricated metal products, including aerospace, automotive, construction, boilers, and renewable energy.
- Machinery and equipment, including conveyor systems and security.
- Mechanical and electrical engineering, fabrication and other engineering specialisms associated with the operation and planned shutdown of the Humber's petrochemicals, chemicals, and food sector plants.

Future potential of the sector

The HEY region is experiencing significant investments across the Manufacturing and Engineering Sector, including clean growth and renewables, which will create highly skilled roles in large numbers. This has the potential to displace current highly skilled individuals from existing roles and may, therefore, further exacerbate the current skills gap and lead to further hard-to-fill-vacancies.





Rail Sector

Construction of Siemens Mobility's new £200m rail manufacturing factory at the Goole 36 Enterprise Zone is underway and is due to be completed in 2023. This major investment opens upon a new sector in the HEY LEP region, building upon the areas manufacturing and engineering expertise and the North of England's rail heritage. The first contract to be delivered from the site is for London Underground trains for the Piccadilly line,

As part of the project, Siemens Mobility is planning to create up to 700 operational jobs and a further 250 during the construction period, with an additional 1,700 potential UK supply chain roles.

Industrial partners and academic bodies including Siemens Mobility, the Universities of Birmingham and Hull and East Riding of Yorkshire Council are proposing to establish the Goole site as a hub for rail sector innovation and supply chain development, and this sector growth is a key rationale for Goole being included in the recent Freeport bid. Further work is needed to optimise the attraction of the rail supply chain to the town to further embed the sector in the area.

Key HEY LEP Activities to Support Growth in Engineering and Manufacturing and Assembly

- Working in partnership with industry and academic partners to maximise the development of the Siemens Mobility rail manufacturing facility, seeking to establish the region as a key location for rail sector innovation and supply chain growth.
- Further develop a defined business support offer to allow companies in this sector to open new markets and test new products.
- Expand supply chain development support being provided through the HEY Business Growth Hub³⁷ and Supply Chain Network, supporting more engineering and assembly SMEs to enter new supply chains.
- Spread good practice on energy and resource efficiency in manufacturing processes and product design to support decarbonisation aspirations.

³⁷ www.heygrowthhub.com

Agriculture, Horticulture, Food Manufacture and Agri-Tech

Overview

The region is at the centre of one of the UK most important food producing areas in England with significant concentrations of agricultural, food manufacturing and Agri-tech businesses.

The wider Humber geography is an important location for many types of food production, with excellent quality soils, highly capitalised farms, and a skilled workforce, as well as benefitting from good transport links for imports, exports, and distribution.

There are three important sub-sectors within the region's food sector.

- **Food production** – Farming activity in the HEY LEP area is extensive with 164,120 hectares of land farmed. This farming focus includes specialisations in cereal production (especially wheat), pig and horticultural sectors and production of these commodities drives the food and drink manufacturing sector in the area. The region has a proud fishing heritage and whilst in employment terms the Fisheries Sector is now relatively small, the area is home to one of the largest shell fishing fleets in the UK, which exports most of its catch. Zero tariffs apply on seafood trade between UK and EU provided the products are deemed as originating in the UK (Rules of Origin apply). New Health Certification Rules will come into force in Jan 2022. Bridlington is the UK's biggest shellfish port and claims to be the lobster capital of Europe. The Food Production Sector also supports specific work within the chemicals sector of the region in the production of fertilisers and related products.
- **Food and Drink Manufacturing** – The region processes and manufactures a significant amount of the nation's food. Companies range from large employers like Bright Blue Foods and Cranswick through to SMEs such as Wold Top Brewery, Chocley's and Little Wold Vineyard.
- **Agri-Tech** – Agri-tech can broadly be defined as the use of technology in agriculture, horticulture, and aquaculture, with the aim of improving yield, efficiency, and profitability. Agri-tech in the HEY LEP area is harnessing technology to improve yield, efficiency, and profitability.

The food sector in the area adds significant value to the wider economy, with research by Defra indicating that for every £1 of GVA in agriculture, there is a further £4 in food processing and a further £5 in food retail and catering.

This sector is highly contained within the Humber region, with over half of supply chain spend by the food sector captured within the sector itself. Opportunities to support supply chain diversification will drive resilience in the sector.

The food production and manufacture sector accounts for 2,070 jobs in the HEY LEP area, which is 18.2% of the total business base. It employs 15,435 people and contributed 16% jobs growth between 2010-2019.

Future potential of the sector

Increasing productivity

Work undertaken by the Humber LEP in 2019 suggested that although the food and drink manufacturing industry is highly competitive and increased the productivity of its labour force between 2009 and 2019 by 12%, GVA per FTE analysis of the food manufacturing sector in the Humber points to below average productivity, at £39,000 per FTE relative to £66,000 in England, indicating further scope for improvement. As the availability of seasonal migrant labour becomes more constrained, (EU workers made up 35% of the UK's food manufacturing workforce in 2019), both agriculture and manufacturing businesses will need to invest further in productivity improvements. The increased automation of the sector is key to achieving productivity gains, ensuring supply chains and products become smarter and more sustainable.

The HEY LEP area is fortunate to house one of only a handful of UK specialist colleges. The Centre for Agricultural Innovation, headquartered at Bishop Burton College site near Beverley, with operations also at Riseholme college, is a key innovation asset for the region servicing both north and south banks of the Humber. Two other significant centres for food sector innovation and research are located nearby: the National Centre for Food Manufacturing in Holbeach and the Food and Environment Research Agency (FERA) in York. The HEY LEP Business Growth Hub will support signposting to these centres to aid businesses in the region to benefit from productivity innovations in the sector.

Opening New markets

New local markets are also emerging which the HEY Growth Hub will support businesses to explore – consumer interest in locally sourced food is growing as attention on the carbon impact of "food miles" increases. HEY businesses draw on the strong Yorkshire food brand to market their products and can access regional promotional initiatives, such as Deliciously Yorkshire and the East Riding Food Network, complementing tourism marketing campaigns. Local institutions can support this by championing the use of products grown and manufactured in the region and buying from local producers. This will also contribute to food security and regional self-sufficiency.

As the UK government focuses on global Free Trade Agreements, there will be an increased opportunity for Food and Drink producers and manufacturers to export their products globally. HEY LEP can help facilitate export engagement across the Food and Drink sector through targeted DIT initiatives including trade missions, export academy and sector specialists.

Key HEY LEP Activities to Support Growth in Agriculture, Horticulture, Food Manufacture and Agri-Tech:

- Work in partnership with neighbouring York, North Yorkshire & East Riding LEP and Greater Lincolnshire LEP to further expand the food sector and enhance its productivity across the three LEP areas and beyond
- Work with a range of partners to develop approaches to tackle skills and labour shortages in this sector
- Identify opportunities to support carbon reduction and resource efficiency within the sector, working with key partners
- Integrate the food sector into the HEY LEP's Export Plan for the region to support food manufacturers entering new foreign markets and provide support from the Growth Hub to help food manufacturers access new domestic markets
- Explore opportunities through the HEY Growth Hub to provide specific interventions to agriculture and farming businesses based on key areas such as Health and Safety, mental health, automation, and diversification.





Construction

Overview

Research by the Engineering, Construction Industry Training Board (ECITB) shows that in 2021, the engineering and construction industry workforce nationally has decreased by 15.25% when compared to 2019 and is expected to recover to 102.40% of the 2019 figure by 2023. Coupled with the identified ageing workforce and the difficulty in hiring new workers, this is an area that requires immediate attention and is replicated at the regional level.

Modern Methods of Construction

The Humber's cluster of caravan and modular building businesses, which currently caters mainly to the leisure and commercial development markets, has the potential to diversify into the residential market – supporting the Humber to deliver its housing targets, and creating an opportunity to win business elsewhere.

Some small-scale projects have already taken place, e.g.: Premier Modular worked with the Goodwin Development Trust to develop five houses on Hull's Thornton Estate, the city's first Code-5 sustainable social housing, while local company Integra manufactured modular apartments for a pilot project in Bristol.

The Construction sector is continually improving the energy and resource efficiency of its products, meaning that it is aligned to the Humber's ambition to reduce carbon emissions to Net Zero. This sector is key to economic growth and is a significant enabler of economic development.

Future Potential of the Sector

The Construction Industry Training Board's (CITB) labour market analysis shows that Yorkshire and Humber will need an extra 19,000 construction workers by 2025 to meet industry demand. The priority construction jobs required are a range of office-based staff, plasterers, bricklayers, and civil engineering operatives. Yorkshire & Humber is forecasted to exceed the UK annual average growth rate, at 4.5%. Local skills provision will need to scale up to meet this demand.

In addition, CITB's Building Skills for Net Zero report³⁸ shows that the construction sector's transition to net zero will soon lead to significant further demand for new skills – to be found through a mix of new skilled jobs and upskilling existing roles. Industry will also need further skills to modernise and become more productive to meet government homebuilding and procurement targets, including digitalisation of the industry and sustainable development.

Using data from the Climate Change Committee (CCC)'s balanced scenario, national CITB modelling suggests that an additional 350,000 FTE workers will be needed by 2028, to be mainly involved in delivering improvements to existing buildings that will reduce energy demand. This highlights the recruitment challenge, and that the industry will need to recruit from non-traditional pools, although domestic retrofit demand will largely be dependent on government policy, a long-term commitment and more financial assistance. The Heat & Building strategy is due to be published shortly and this will enable better understanding of the plan and skills & employment requirement.

Key HEY LEP Activities to Support Growth in the Construction Sector

- Work with education and training providers to ensure suitable curriculum pathways are available to meet local skills requirements in the construction and engineering construction sectors and future skills to drive low carbon construction in the region.
- Work with employer representative bodies such as the CITB and ECITB to maximise employment opportunities, raise awareness of careers and create access points to the labour market through initiatives such as Skills Bootcamps.
- Work with the Supply Chain Network to offer opportunities such as 'Meet the Buyer' events for construction related industries and explore opportunities to work with housebuilders through the wider Growth Hub, including promotion of modern methods of construction and their potential to contribute to Net Zero targets and health outcomes

³⁸ Building Skills for Net Zero - CITB

Digital & Creative

Overview

The Hey LEP region has a digital sector which is growing in both reputation and in its contribution to the region's economy in both jobs and GVA over the past 10 years. Hull's Tech Sector has become a nationally significant cluster with the Tech Nation 2021 report noting that the city stands out in 2020 for venture capital investment in the digital economy, ranking 6th in the UK with £81.4m.³⁹ In addition Computer Programming Clusters exist in Pocklington, Beverley, and Haltemprice. These have an important role to play in supporting the adoption of new technology that can lead to productivity improvements in the wider HEY economy whilst making significant contribution to the net zero agenda. Clusters can capitalise on opportunities in the region's other growth sectors to expand specialist expertise and develop new products and services which can be sold further afield.

The region's Digital and Creative sector benefits from some important assets:

- The Centre for Digital Innovation (C4DI) in Hull's Fruit Market, which anchors a growing community of businesses whose growth has supported the regeneration of the area. C4DI has recently expanded to accommodate more businesses
- Ultrafast broadband connectivity via KCOM with 'Fibre to The Premises' rolling out throughout Hull and the East Riding, and good connectivity in other urban areas. Improvement is, however, required in some rural areas to ensure levelling up and equality of access
- Leading expertise in the University of Hull's computing department, which has close industry links and produces skilled graduates, as well as high quality learning in delivered the Humber's colleges and independent training providers
- The Yorkshire and Humber Institute of Technology⁴⁰ that has digital as one of its key themes, developing new talent in the region at qualifications at level four and above

These assets, combined with low operating costs and a high standard of living, have assisted the region to be considered as an attractive destination for digital tech start-ups and will provide some key opportunities in a post Covid economy.

Future potential of the sector

Digital trade will play an important role in future free trade agreements with US, Canada, Australia, New Zealand and CPTPP (incl. Japan). The UK was the 5th greatest digital tech services exporter in the world in 2019, with a trade surplus of 55% in digital tech services. The Digital, Tech and Creative sectors are identified as key potential export growth sectors for the HEY LEP region. Continued broadband rollout, added demand for digital services and links to the growing cultural and tourism offer present further opportunities to maximise its economic contribution.

Many of the wider opportunities outlined in this Growth and Workforce Wellbeing Strategy, such as developing smarter logistics and supporting the expansion of the wider Humber's offshore wind O&M cluster, will create new business opportunities for the Digital and Tech Sectors. By fostering greater collaboration, the HEY LEP aims to create an environment in which the area can seek to capture these new opportunities locally, increasing levels of specialism and driving productivity across the region's strategic sectors. The public sector can also stimulate tech business development; for example, Hull City Council is collaborating with tech companies to digitally forecast and manage traffic movement with the aim of improving air quality.

Key HEY LEP Activities to Support Growth in the Digital & Creative sector

- Support, promote and nurture the growing digital and creative sector in the region through the HEY LEP Growth Hub
- Develop approaches to ensuring digital skills are embedded in the workforce of the HEY LEP area
- Fully utilise the Growth Hub to support businesses, especially Micro and SMEs to understand and exploit the opportunities presented by the growing strength of the digital sector in our region, adopting new technologies to improve productivity
- Maximise the digital opportunities by using the Humber Local Digital Skills Partnership to drive confidence, competence, and innovation with the private sector⁴¹.

³⁹ Tech Nation Report 2021

⁴⁰ <https://www.yorkcollege.ac.uk/university-centre/institute-of-technology>

⁴¹ www.humberlep.org/humber-digital-skills-partnership/



Health Technologies, Pharmaceuticals and Health and Social Care

Overview

Health Technologies, Pharmaceuticals and Healthcare are one of the main employment sectors representing 13% of the total jobs in the HEY region (35,000 jobs)⁴². The sector has three key facets:

- Health technology and pharmaceutical activity undertaken by companies such as Smith and Nephew and Reckitt in the region, manufacturing well-known brands and driven by research and development and production of new products
- Healthcare providing treatment and support of medical conditions
- Social care delivering services for the care and support of people within the community.

The Health Technology and pharmaceutical sectors have a recent track record of significant investment in R&D and manufacturing facilities in the region and there are further investments to be completed over the period of this strategy. Examples of this include the investment of additional funds into the **Your.MD** platform by Hull based company, Reckitt, combining augmented intelligence with medically validated information providing individualised health tools and support.

The number of jobs in the Healthcare and Social Care Sectors is projected to grow, driven by Hull and East Yorkshire's ageing population which is above the national average and the increasing pressures on health and social care because of the pandemic. Social care is an essential part of our society and economy. It supports people to live the lives they want and boosts local economies by providing 5% of all jobs in England, with supply chain effects and wages often spent directly in these communities.

As of October 2021, the adult social care sector employs 16,300 people in the HEY LEP region.⁴³ The average vacancy rate is 4% with an average workforce turnover rate of 25%. The percentage of health & social care workers with a relevant qualification is 63% in Hull and 51% in the East Riding⁴⁴. The biggest challenge is to improve the attractiveness of health and social care as a career choice for people and maintain the skilled primary health workforce in rural and coastal areas to secure services into the future.

Future potential of the sector

The region has great opportunity to drive up productivity in this sector through innovation and development of new products and practices. Investment in health innovation by the University of Hull is complementing businesses investment in pharmaceutical and healthcare technology R&D centres in Hull and builds on the established Hull-York Medical School and links with the local NHS. The £28m Allam Medical Building is at the heart of the University of Hull's Health Campus, with a simulated hospital environment and state of the art facilities and a new Institute for Clinical and Applied Health Research, which will bring health professionals together to collaborate on a range of research methods and fields including trials, epidemiology, and health economics. The region also has a strong further education offering in this sector. In addition to a significant health and social care post-16 curriculum offer, the NHS has forged strong partnerships with local further education colleges and school sixth forms which align young people's education to openings in the health and care workforce. Independent training providers also play an important role providing apprenticeship training and traineeship opportunities linked to health and social care providers.

In 2019 Reckitt's opened a £105m Science and Innovation Centre in Hull, creating 200 new jobs. A follow-on investment of £95m to upgrade the manufacturing facilities in the region is underway. The decision to locate the new centre in Hull followed a comprehensive global review and reasserts the private sector confidence in the region as a competitive location.

The University of Hull and Smith & Nephew's Global Wound Healing Unit agreed a five-year framework in July 2016, with a predicted co-investment of £3 million. As part of this investment, seven multi-disciplinary PhD studentships are progressing, and there have already been 20 individual research projects on wound healing.

The University of Hull, healthcare providers and partners have a track record of developing and evaluating innovative, technology-enabled services to promote health and wellbeing. For example, the University of Hull and East Riding of Yorkshire Council (ERYC) are addressing challenges to productivity and quality in the region's Care Services sector by working with SMEs to develop a shared technology infrastructure. This will include improvements in record-keeping, medication management, health monitoring and social engagement.

Key HEY LEP Activities to Support Growth in Health Technologies, Pharmaceuticals and Health and Social Care

- Further development of skills and education programmes for health technology and pharmaceutical sub sectors to provide the higher-level skills required to drive R&D and product development
- To actively support the co-creation of bespoke skills and workforce attraction programmes for the Health and Social Care sector, working with provider and employer partners
- To support the utilisation and adoption of technology by social care providers to manage staff pressures, support their survival and encourage improvement, investment, and growth
- Support Health and Social Care providers to new investment opportunities
- Promote the HEY region as a destination for progressive careers, good quality of life and high-quality education to attract new workers to the area



42 Local Skills Report Annexes – A2
 43 The Value of Adult Social Care in England, October 2021
 44 Skills For Care Workforce Dashboard

Tourism and Culture

Overview

The latest data available, through the 2018 Cambridge Model report, shows the combined value and volume of the visitor economy in Hull & East Yorkshire at £866 million, combining 4.3 million visitor night and 17.4-million-day trips.

The East Yorkshire coast is an established visitor destination, with its main resorts popularised in Victorian times. Long sandy beaches are locations to many coastal caravan and holiday lodge parks, with innovation in the local caravan manufacturing sector and investment in park facilities supporting increasing quality.

However, this market of mainly repeat visitors brings relatively limited wider benefit to the tourism sector such as hospitality. As well as improving the appeal of the main resorts, increasing the range of tourism accommodation has therefore been an objective in the region, along with promotion of the area's cultural, heritage and natural assets to attract a higher proportion of overnight stays.

Hull has made noteworthy progress towards its long-term ambition to become a world-class visitor destination. As UK City of Culture 2017, Hull delivered an extensive programme of arts, culture and heritage which had a significant economic and social impact on the city. Multi-million-pound investments in the city's cultural and tourism infrastructure saw tourism visits reach 6.2m in 2017, up 10 per cent from the previous year, with the value of the visitor economy growing at the same rate to £313m in 2017.

Hull is building on this success with the Hull: Yorkshire's Maritime City project⁴⁵ and is developing plans for a cruise terminal that would bring more visitors to the city and wider Yorkshire region.

As well as being an important part of the visitor offer, the growing cultural profile of places in the region adds to the resident's quality of life and attractiveness to new investors.

The tourism sector supports 1,895 jobs in the HEY LEP area, representing 16.6% of total business stock. 23,290 people are employed in the sector in the area, clustered around the centre of Hull, the East Riding coast and the element of York's rural hinterland which sits in East Riding.

Opportunities to further build on the UK 'staycation' market exist and can be maximised to encourage visitors to experience city, country, and seaside breaks.

Future potential of the sector

COVID-19 Recovery

COVID-19 has had a severe impact on the Tourism Sector. COVID-19 related restrictions on movement and activity have adversely affected the sector and its workforce. Visit Britain forecast for 2021 is for a recovery to £51.4bn in domestic tourism spending in Britain in 2021; this is up 51% compared to 2020 but still only 56% of the level of spending seen in 2019.⁴⁶

In light of the COVID-19 pandemic, partner organisations such as Visit Hull and East Yorkshire (VHEY), will lead on the recovery of the visitor economy for Hull & East Yorkshire, aligning the existing five-year tourism strategy with a Covid-19 response action plan to reflect the new challenges which the sector faces to establish a clear vision and a set of priorities that both councils and their partners will work towards.

VHEY seek to:

- To provide relevant framework and support for all businesses in the local visitor economy to open and operate safely and successfully.
- To fully understand and positively react to the COVID-19 impact on employment and skills within the visitor economy.
- To ensure all visitor economy businesses have the skills to adapt to operating in a more digitally focussed environment
- Coordinate and implement a Covid Visitor Destination Management Plan for Hull and East Yorkshire, which is sensitive and responsive to Covid risk but also seeks to use increased UK travel during and after the pandemic to grow the tourism economy in the HEY LEP area.



Collaboration to boost growth

Collaboration can help to support further growth in the sector. For example, increasing demand for multi-experience breaks offers potential for linking the heritage and cultural attractions of a city break in Hull, or nearby York or Lincoln, with a visit to the coast. Visit Hull and East Yorkshire already collaborate across the HEY LEP geography and there is much potential to increase regional and national reach through relationships with Visit Britain, Business Improvement District's (Hull & Yorkshire Coast) and Welcome to Yorkshire to focus on the recovery of the industry and rebuild the visitor economy.

VHEY has worked closely with partners to identify how the 100 miles of 'Yorkshire Coast' from the Tees to the Humber is marketed to best exploit its enormous variety. This collaborative approach has previously led to the development of a nature tourism triangle, linking the renowned Deep Submarium in Hull with the Spurn and Flamborough heritage coasts. Similar approaches will be required to maximise the economic opportunity to the region should the Yorkshire Wolds receive confirmation of its status as an Area of Outstanding Natural Beauty.

This continued joined up approach on tourism delivery will provide clarity, reduce duplication, and provide efficiencies through an existing partnership that has a track record of delivering

Key HEY LEP Activities to Support Growth in Tourism and Culture

- Provide HEY LEP Growth Hub support to assist businesses as they recover from COVID-19 and seek to capitalise on opportunities from increased domestic tourism
- Support collaboration between tourism businesses to enable local packaged experiences such as stay and dine etc.
- Build on the success of Hull City of Culture to maximise local talent and nurture new and developing culture organisations to ensure the cultural profile of the region remains high
- Work with rural representative groups, including the East Riding Rural Partnership, to develop the rural visitor economy, building upon the opportunity of the Yorkshire Wolds being designated an Area of Outstanding Natural Beauty
- Work with the culture and leisure sector to support growth and development and enhance its impact on place making.

⁴⁵ The Project | Maritime Hull – Hull City Council
⁴⁶ Visit Britain Tourism Survey 2021

Low Carbon Technologies Sector

Overview

The Humber has quickly developed its role as a UK leader in low carbon energy generation and decarbonisation technologies with a reputation which spreads worldwide.

The low carbon technologies sector employs 5,650 jobs in the HEY LEP area and supports 740 business in the area which is 6.5% of the total business stock. The low Carbon Technologies Sector has seen 74.8% growth in employment numbers in the past 8 years.

As noted in Priority 2, creating a net zero clean growth economy for the HEY LEP Region is the most significant challenge and provides the greatest opportunity for economy of the region.

As such the full overview of the sector, potential for growth and priority activities are outlined in its own Priority in the strategy Priority 2 – Clean Energy Economy.

Driving Innovation in the HEY LEP Region

Innovation is vitally important in driving greater productivity of our HEY LEP economy. It is the engine to drive transformational change within the businesses in the region, developing new products, processes and services and finding or establishing new markets for these innovations.

Driving Innovation is a key government strand within the Levelling Up white paper and Build Back Better Strategy, as demonstrated in the UK government's Innovation Strategy in 2021. The Levelling Up white paper outlines that BEIS will aim to invest at least 55% of its total domestic R&D funding outside the greater southeast by 20-25. The HEY LEP region stands ready to respond to this opportunity. In recent years the region has, as part of the Humber, developed a reputation as a geographical centre for innovation in clean growth, where innovation has driven down the production cost of offshore wind and where new approaches to industrial decarbonisation are emerging at pace.

The area has shown an ability to exponentially grow its innovation asset base in key growth sectors such as Offshore Wind, Industrial Decarbonisation, Agri-tech and Health Care. In recent years, a series of multinational businesses, including Reckitt, Smith & Nephew, Indivior, Croda, Ideal Boilers and Saab, have chosen the Humber for major new or expanded R&D facilities – making investments totalling over £200m; while businesses such as Arco and Sewell are investing in new technology to transform how they work.

The University of Hull has also invested substantially in improved facilities aligned to the Humber's strategic opportunities. The Aura Innovation Centre is encouraging innovation in low carbon energy, with a Centre for Doctoral Training creating over 70 PhD places. The University's Spark Fund programme⁴⁷ is meanwhile supporting many SMEs with their innovation. Bishop Burton College opened its new centre for precision agriculture in July 2021 to support innovation in the Agri-tech sector.

There are several companies in Hull and East Yorkshire, both domestic and international, that have invested heavily in innovation and research and development. These include Reckitt, Croda and Smith & Nephew, alongside international businesses involved in low carbon, hydrogen and carbon capture, utilisation, and storage. This provides the region with a global platform for recognising innovation excellence, as well as opportunities for collaboration at a local level.

The HEY LEP will play a pivotal role in bringing together business, academia, skills providers, and anchor institutions to build upon the innovation strengths being developed in the area and harness them to benefit the local economy, via its soon to be launched Innovation and Transformation Board and via other regional and national groups in which it sits, such as the NP11 Innovation Group and the Humber Freeport Innovation Group.

Rationale for Change

Although the percentage of businesses that are classified as 'innovation active' in Yorkshire and the Humber is above most Northern regions,⁴⁸ the Gross domestic R&D expenditure (GERD), £ per inhabitant for East Yorkshire and Hull City Council areas are the lowest in Yorkshire and Humber and in the bottom 20% of LA areas in England at £216 per person⁴⁹. Public sector investment in innovation through Innovate UK in the HEY LEP region is also low.

Between 2004-2021 £17.5m of funding was allocated to 180 projects in the HEY LEP region from a national pot of £11bn⁵⁰. Not only is the gross amount of funding attracted to the area low, the value of each project is below the national level, with an average project value of £96,942 in the HEY LEP region compared to a national average per project of £452,177.

On a positive note, investment attracted to the region from Innovate UK is going into the regions key growth sectors of Medi Tech, Manufacturing and Clean Growth/Net Zero. These sectors can provide further opportunities to capture investment in Innovation for the region. Evidence shows comparatively good strengths in some types of innovation in business, particularly manufacturing and business processes⁵¹. The Humber has also attracted £2.6m additional funding from UKRI and private sector match funding to produce the Humber Industrial Cluster Plan. The plan includes eight industrial partners, the HEY LEP and Catch, working together to create a technical model and a roadmap to enable industry to decarbonise.

Business engagement suggests that a shortage of opportunities for R&D professionals to come together in the wider Humber region results in missing out on creating innovation at the boundaries of sectors. Building closer relationships between businesses, universities, colleges, and other research institutions, and improving the uptake and targeting of existing programmes, will contribute to this. For example, the University of Hull has been recently using the Business School as the central liaison point for private sector to engage with a portfolio of opportunities such as Aura, the Spark Fund, FLIC etc. The HEY region has comparatively low numbers of Knowledge Transfer Partnerships (KTP)⁵², although this figure is increasing. A good example is Hull-based Paragon ID, the world's leading provider of magnetic and thermal paper tickets, which employed a chemistry graduate on a 2-year KTP with the University of Hull. The impact of the KTP has been significant, contributing to a trebling of Paragon ID's turnover and profit in the period that followed.

⁴⁷ <https://www.spark-fund.co.uk/>

⁴⁸ BEIS, UK Innovation Survey for 2016-18

⁴⁹ Eurostat data in CBI Reviving Regions Scorecards

⁵⁰ Innovate UK 2021

⁵¹ Benchmarking Local Innovation (ERC, 2017)

⁵² Mapping England's Innovation Ecosystem (Smart Specialisation Hub, 2018)

What do we need to do?

The following sections highlight how the HEY region will increase innovation linked to its existing strengths and strategic opportunities and support the creation and diffusion of innovation in the wider economy.

Clean growth

The HEY LEP region's ambition to achieve net zero carbon emissions requires new technology to be developed and deployed, as well as using innovation in business processes, public policy, and societal change. Many of the individual solutions are currently available but have not been integrated at a regional level before. The region can become therefore become a testbed as a potential living laboratory for the transition to Net Zero. This could create further opportunities to stimulate the development and commercialisation of new ideas, testing them locally, and then marketing them around the world.

The continued growth of the Offshore Wind Sector, in the wider Humber area and internationally, will be driven by innovation. The region can contribute to innovation in offshore operations and maintenance, such as the Aura Innovation Centre, helping to support innovation in offshore operations, catalysing the creation and testing of new technology. This technology reach will extend far outside the Humber, but the regions SMEs will be in an advantageous position, and there will be potential for new start-ups building on the existing Tech Cluster.

The wider Humber's potential to produce and use green and blue hydrogen, including through trialling the scale-up of electrolyzers, could also be a stimulus for further innovation such as through fuel-switching in industrial processes and piloting wider-scale deployment in a manageable geography, this ties in with UK government's Hydrogen Strategy⁵³ published in August 2021. The expertise gained would equip HEY businesses to contribute to similar projects elsewhere.

Management of flood risk is a further opportunity for product innovation, such as in construction materials and sensors, that is relevant to several of the Humber's key sectors. The proposed Ark project⁵⁴ will establish the first testing facility of its kind in the UK, supporting businesses in the region and across the country to demonstrate that their ideas work, building on the world-class expertise in the University of Hull's Energy and Environment Institute.

⁵³ <https://www.gov.uk/government/publications/uk-hydrogen-strategy>

⁵⁴ <https://arkfloodcentre.co.uk/>

Engineering and assembly

The digitisation and automation of manufacturing will be critical for future competitiveness. There are opportunities to make progress on this in some of the region's key sectors and here, the Tech Cluster is already playing an important part.

The Siemens Mobility investment in train manufacturing in Goole will be key to developing rail innovation capacity in the region. A Rail Innovation and Accelerator Solution Hub for Enterprise (RaisE) on the Goole 36 Enterprise Zone site will offer a world class centre for innovation, research, and development, accelerating the adoption of technology within the rail industry. Forming part of the UK Rail Research and Innovation Network, it will include a range of multi-purpose laboratories and facilities for start-up businesses in the rail sector.

Future of logistics

The Humber ports have made logistics a core business activity for the region, and as described earlier, this sector is increasingly knowledge driven. HEY LEP and partners will seek to put the region at the forefront of testing smart logistics technology and provide a pathway for commercialising new ideas. It will build on the academic expertise in the University of Hull's Logistics Institute, Hull University Business School, the knowledge, expertise and capability of the FE colleges and independent training providers, and the skills of the Humber's Tech Cluster. The Humber Freeport will be key to delivering innovation in and around our ports, supporting innovation in businesses which rely on the port infrastructure to import and export goods.

The Freeport has established an Innovation Subgroup, of which HEY LEP is a member, and the Freeport will use its enabling powers to stimulate innovation and adoption by businesses within the Freeport in three key ways: creating the infrastructure for innovation and agglomeration effects; improvement of goods and services – through the creation/enhancement of centres of expertise; and enhancement of productive efficiency – through clustering.



Digital

The development of Hull's digital and knowledge zone, anchored in the C4DI tech accelerator and supported by the creation of a 'maker space' for prototyping new products, will contribute to increasing critical mass of innovation activity. The extension of KCOM's highspeed broadband to greater parts of the region, and allied to development of 5G in town centres, presents an opportunity to develop tech hubs and innovative working across larger geographies.

Innovation in the wider economy

In addition to specialising on the significant strategic opportunities, it is important that innovation is also increased across the wider Humber economy and that steps are taken to support the commercialisation of all good ideas. The message that innovation is an important element in all industries, including micro and SME scale industries, will be promoted via the Growth Hub. Local intelligence suggests that COVID-19 has provided impetus for innovation in a range of businesses often in sectors which are not considered as standard growth sectors. The HEY LEP Growth Hub is well placed to spotlight this activity and support ongoing business growth via innovation.

Entrepreneurship is an important part of innovation, turning good ideas into successful businesses. The increased focus on innovation in the HEY economy will create new opportunities for start-ups and spinouts, so supporting these to develop as part of wider actions on the business environment will encourage these ideas to translate into new economic value. For example, Hull University Business School is expanding relationships with entrepreneurs and SMEs in the region through its developing partnership with key stakeholders such as 'For Entrepreneurs Only' and the Making Changes for Careers programme (MC4C) is delivering highly innovative work with young people seeking to start their own businesses.

The HEY LEP will support businesses to seek out and access further investment towards innovation activity, including through locally led programmes, such as Spark Fund, Aura and FLIC, as well as national funding and opportunities available through Innovate UK and the Knowledge Transfer Network.

Collaboration with businesses and institutions in other areas is also vital. Organisations, such as Bishop Burton College are expert in working with the food sector, but the specialised nature of many of the region's key sectors means that their natural peers may be in the North East or North West, not necessarily close by. Strengthening these relationships will ensure that local businesses have access to the best knowledge and expertise available.

Skills to Support Innovation

As will be outlined in Priority 3, the availability of a skilled workforce is essential in order for businesses to innovate. Improving management capability is a key foundation to inclusive productivity growth. There is a growing evidence base that suggests that improving management capability is also critical to catalyse and optimise the adoption of new technologies within business.

The HEY LEP, through its skills activity, will work to ensure that the skills and education provision is more focused upon the needs of business including those who are innovation active⁵⁵. There is significant potential to further improve the retention and attraction of graduates in and to the local area and to fully utilise knowledge transfer partnerships. Existing post-16 provision, offering higher education and facilities such as AURA have the ability to introduce graduates into the business community.

The EU funded Graduate Internship Programme, facilitated by the LEP has been recently launched to stimulate graduate and internship opportunities. Managed by the University of Hull, the programme secures

work placements with SMEs. The Humber Internship programme will support 150 SMEs and up to 200 interns and is currently seeking an extension to the end of the current EU Operational programme.

Improved use of labour market intelligence which emphasises and promotes existing and future employment and skills needs will ensure that the productivity and innovation capacity of key sectors can be supported by a pipeline of skilled people, with an awareness of future opportunities.

Key HEY LEP Activities to Drive Innovation

- Work in partnership with the private sector, the University of Hull, further and higher education institutions, independent post-16 education and training providers and other organisations to raise the profile of the region as a hub for innovation, with the aim of supporting recruitment and attracting further investment
- Develop opportunities for businesses, innovation professionals, researchers, and academics to increase collaboration, knowledge exchange and transfer and develop closer relationships, through a partnership between HEY LEP, sector networks, the University of Hull, further and higher education institutions and independent post-16 providers
- Raise awareness of publicly funded support programmes and innovation organisations, including Innovate UK and the Catapult Network, through the HEY LEP's work in export, investment, and via the Growth Hub

- Develop the region's capacity in innovation and knowledge transfer, bringing together private and public sector partners and the knowledge base to create new products and services and to maximise the significant opportunities presented by public sector procurement, for example via the Humber Freeport, the LEP Growth Hub and Humber Industrial Cluster Plan
- Connect businesses, via the Growth Hub, to innovation opportunities and support, as well as sector specific pilot schemes for innovative technology development
- Work with employers to understand future skills needs and utilise this labour market intelligence to inform Careers Information, Advice and Guidance (CEIAG) services, preparing people for future opportunities.



⁵⁵ An innovation active firm is one that has had innovation activities during the period under review, including those with ongoing and abandoned activities.

Boost Trade and Investment

The HEY region has a key role in promoting the government's Global Britain aspiration outlined in the Build Back Better Strategy⁵⁶. The ports offer in the HEY LEP is significantly important, not only to the economy but also the whole NP11 area⁵⁷, providing access to markets and supply chains. The location of these ports provides opportunities for local businesses to boost export activity, and the employment sites which run along the north bank of the Humber have an enviable recent record in attracting inward investment to UK plc contributing to the government's Levelling Up agenda

Rationale for Change

The HEY region has witnessed robust Foreign Direct Investment (FDI), project flows despite the COVID-19 pandemic, with numbers of projects and jobs created by these projects up in 2020/21 financial year. The region accounted for 17.5% of all Inward Investment projects in Yorkshire and Humber in that period and 28% of all new jobs created⁵⁸. The EY Attractiveness Survey⁵⁹ suggests this trend is set to continue, with the Levelling Up opportunities being acknowledged by potential investors. The survey states "With potential manufacturing and logistics opportunities likely to fall outside of London and major cities, this may present a one-off opportunity to reshape the UK's economic geography."⁶⁰ It is important that HEY LEP alongside the Department of International Trade (DIT), Local Authorities and other partners ensure the strategic offer to these FDI companies is well promoted.

Although the HEY region is a significant maritime location, the percentage of SMEs exporting remains comparatively low with the wider Humber exporting £6.9bn (£5.5bn in goods + £1.4bn in services), a large volume of this made up of high-volume commodity exports from the large global manufacturers along the estuary bank.

What do we need to do to create growth?

The HEY LEP will continue to work with an extensive network of partners including the Department of International Trade, Local Authorities, business intermediaries and the Freeport Steering Group to deliver a seamless trade and investment offer to business. We will ensure that our land and sectoral assets are well communicated to potential investors in foreign markets where maximum traction can be gained and where inward investment can complement existing sectoral or supply chain gaps. This includes where added values align trade and investment activity with the Northern Powerhouse and national levelling-up agenda.

The regional Export Plan will look to position the HEY LEP as a key convener for export, working collaboratively with key partners such as DIT in order to raise awareness of exporting opportunities amongst the SME and wider business community. The export plan will be developed on a sectoral basis, commencing with: Digital, Off-shore Energy, Agri-Food & Drink. The export plan will align with regional (Northern Powerhouse) and national export strategies. This will boost the level of support for SME exporters providing a joined up and collaborative approach at key stages in the businesses' export journey.

Key HEY LEP Activities to Boost Trade and Investment

- Work with the Department of International Trade and local stakeholders to build awareness of the region's industrial assets to stimulate foreign direct investment and utilise trade networks to increase visibility and awareness of the area and its assets
- Work in partnership to secure new investment on the Freeport sites and support SMEs to take advantage of emerging high potential opportunities resulting from these investments
- Promote inward investment within the supply chain of growth sectors to the area to embed those sectors (Rail Manufacturing, Low Carbon, Agri-Tech)
- Work with partners to develop, implement and deliver an export plan for the HEY Area to provide a co-ordinated approach to export support and improve awareness of exporting opportunities to increase the number of SMEs exporting.

⁵⁶ Build Back Better: our plan for growth - UK government 2021

⁵⁷ <https://www.np11.org.uk/>

⁵⁸ DIT data

⁵⁹ https://assets.ey.com/content/dam/ey-sites/ey-com/en_uk/topics/attractiveness/ey_ukas_cft_regional_report_may2020.pdf

⁶⁰ EY UK Attractiveness Survey 2021

Support Pre-Start/ Micro/ SME Businesses and Drive Entrepreneurial Culture

The Hull and East Yorkshire economy is characterised by its high prevalence of SME businesses within the business base, and indeed, micro/small businesses account for 98% of all private sector enterprises in the region employing less than 49 employees. Therefore, a detailed appreciation of the barriers to growth and development of these businesses, and an identification of the requisite business support interventions, will be critical in ensuring that the HEY region's business base thrives. This will result in the creation of new and good quality jobs, new product, and service development, facilitated access to new markets, and help tackle the productivity challenge in the region.

The HEY Growth Hub provides free and impartial information, advice, guidance and signposting to pre-start individuals and businesses of any size or maturity, in addition to operating several high-quality discrete programmes. The HEY Growth Hub builds on the work of the previous Humber Growth Hub, which operated from April 2014 to March 2021.

The Growth Hub service is well regarded by its client businesses; in 2020/21 97% of businesses surveyed indicated a high satisfaction level with the support they had received, and 95% of businesses indicated a willingness to recommend the Growth Hub to a friend or colleague⁶¹. The Growth Hub also has a powerful "reach" into the regional business community. In 2020/21, the previous Humber Growth Hub supported 9,933 businesses, of which 6,953 were located in Hull and East Yorkshire.

The region benefits from a range of incubator and managed workspaces which provide new and existing businesses with a range of service, facilities and wrap around support. Some of these offer generic, cross sector support such as ERGO with others providing sector specialisms for example C4DI's digital and technical sector focus.

Rationale for Change

To drive an entrepreneurial culture in the HEY region, we need to understand the current motivations and desires of our small and potential business base and identify the barriers to successfully starting up and growing a new organisation. Nationally, LEPs have made considerable positive impact on business support over the past nine years. Fully utilising this intelligence business support packages can be further developed to directly assist businesses at different stages of their life cycle: from pre-start, to start-up, to establishment, to growth and scale-up, as each stage requires different types of intervention to enable growth and development.

These are defined as follows:

- Pre-start – individuals that have not yet started to trade or registered their business with HMRC They are still exploring their business idea or preparing a business plan or might be "test trading" before registering their business with HMRC
- Start-up – new businesses that have started to trade, registered with HMRC, and are in their first year of trading (i.e. business is less than 12 months old)
- SMEs – Any business that has been trading for a minimum of 12 months or more, and that meets the SME definition⁶². This includes Micro businesses
- Scale-ups – An SME that has experienced rapid growth or has the potential to do so
- High Growth business – An SME that as the potential for high growth, based on any measurable criteria (i.e. turnover increase, new jobs created, GVA increase, new products or service development, premises expansion, diversification etc.)

⁶¹ Evaluation of the Humber Business Growth Hub 2020/2021 – KADA Consulting

⁶² An SME business can have between 1 and 249 FTE staff, can turnover up to €50m, and have a balance sheet total of up to €43m. 98% of businesses in Hull and East Yorkshire are SMEs.



Pre-start and Start-ups

In 2020, Hull was named as the 13th best town or city to start a business in the UK, with the reasons cited being the low cost of starting up (business premises and staffing salaries), start-up survival rate, internet speed, and graduate retention rate of local universities⁶³ but despite this we are still behind the national average. In 2019 there were 2,405 business births in Hull and East Yorkshire⁶⁴, demonstrating a business birth rate of 6.5 businesses per 1,000 of working age residents, which compares with 7 business births per 1,000 working age residents in Yorkshire and Humber and 10 business births in England for the same measure⁶⁵. Therefore, the HEY business birth rate is 65% of the national average.

However, there are numerous demographic groups where self-employment is below national averages, including businesses established by women, young people, and minority groups. Hull City Council has made it a key ambition of its new economic strategy to create a stronger culture of entrepreneurship to enable more of these under-represented groups to set up their own businesses⁶⁶, and this is a key priority of their Micro Business Strategy, building on the success of many supportive interventions such as the Making Changes for Careers programme⁶⁷.

Of new business start-ups in Hull, only 38.8%⁶⁸ continue to trade for 5 years, a survival rate that is below the UK national average of 42.4%, and that of Yorkshire and the Humber, which is 43.4%⁶⁹. Conversely, the survival rate for businesses in East Yorkshire was above the national average at 45% as of 2016⁷⁰. Evidently, pre-start individuals and start-up businesses of all sizes in Hull need further defined support interventions to ensure the survival rate of start-ups in Hull match that of East Yorkshire.

SMEs

In the HEY region, 98% of businesses are small to medium enterprises (including micro businesses).

An evidenced principal growth barrier for SMEs in the HEY region is access to finance. A recent survey by the British Business Bank showed that of the finance intermediaries surveyed, 72% believed that a lack of awareness of finance options held back SMEs from accessing funding products, whilst 62% said that the actual access to the supply of finance itself was a barrier⁷¹.

To aid SME growth, new markets must continue to be available to businesses, whether domestically or internationally. A hallmark of the SME demographic is a general lack of awareness of supply chain opportunities, with many SMEs failing to explore new supply chains in order to win work either via contracts, framework agreements, or consortia bids. This is also demonstrated in levels of exporting in the

HEYregion. At a NUTS2 level, East Yorkshire, and N. Lincs (incorporating East Riding, Hull, and N. Lincs), 4,579 businesses engaged in exporting goods which is lower than comparator economies of Merseyside (6,086) and Tees Valley (4,722)⁷². Similarly, 1,409 business engaged in exporting services in this area compared to Merseyside (3,870) and Tees Valley (4,722)⁷³.

SMEs in the region display lower productivity than the national average. The GVA per person in Hull is £23,708⁷⁴, whilst in East Yorkshire it is £30,584 – this is compared to a national average in England of £32,900. This productivity gap against the national average is reportedly due to various causes, including lack of access to skilled staff, poor leadership and management, and a failure to embrace new business systems and processes, particularly digital technology.

The LEP recognises that business sustainability and growth is heavily reliant upon the retention and attraction of a suitably skilled and qualified workforce. Improvements to employer's leadership and management skills and capability is key in improving business productivity but also in creating flexibility and inclusiveness which supports employee wellbeing. Employees need to be managed effectively and to develop new skills if business investment is to be optimised. This approach will improve job quality and is likely to create more highly skilled jobs, boost wages and productivity.

In 2019 the business base in the Yorkshire and Humber region spent less on R&D than the national average; whilst £98,661 per employee is spent on R&D in the UK, this was just £72,286 in Yorkshire and the Humber. Yorkshire and Humber contribute 3.9% of the total UK expenditure on R&D⁷⁵.

Many SMEs do not regularly undertake defined innovation or R&D projects or engage in knowledge exchange or transfer activities with universities, colleges or training providers. Increasing the levels of innovation within SMEs in HEY and their access to a high knowledge base will be crucial in driving productivity in the area. Supporting incremental innovation activities within business is also fundamental and recognising the important role of people and leadership in organisational innovation is essential.

There are also a range of “big policy” areas in which a number of SMEs are not sighted and do not typically engage; for example, as yet, many SMEs have not yet considered the climate crisis and the pursuit of Net Zero in the UK as an issue that is relevant to them. Only 45% of SMEs in Yorkshire and The Humber consider Net Zero as an issue relevant to SMEs, and of those businesses, there is little confidence that they would have good access to finance to realise Net Zero goals, with 67% feeling that they would have limited or no access to specific finance for these purposes⁷⁶.

The economic recovery from both Covid-19 impacts and Brexit also needs to be taken into consideration when understanding the growth barriers that SMEs in the region face. Many SMEs accessed Covid-specific debt finance in financial year (FY) 2020/21 and many SMEs are now starting to repay these loans in FY 2021/22, with 28% of SMEs in Yorkshire & Humber stating that they had taken on too much debt due to Covid-19 and 66% of SMEs feeling that they are not well-equipped to reduce their debt burden over the next 12-18 months⁷⁷.

KADA export research⁷⁸ showed a degree of resilience across the region post-Brexit and throughout the pandemic, together with a generally positive outlook for future engagement in exporting activities. Certain sectors across the Northern Powerhouse, including HEY LEP region, such as Tech are doing better than ever, not least because of the impact of CV-19:

- eCommerce and Retail Tech
- EdTech
- Immersive Tech (XR – Extended Reality)
- Cyber security
- Media content (Film and TV)
- Games (online gaming, eSports and gambling)
- Sports Tech, Mobility Tech and Health Tech

Scale Up and High Growth Firms

Businesses classed as scale-ups are significant contributors to the UK economy both nationally and locally. Targeting support at scale-up firms produces disproportionately more positive economic impacts than targeting support at non-scale-up firms. In 2018, scale-ups added £1 trillion to the UK economy and were 54% more productive than their peers, and half are trading abroad⁷⁹.

Social Enterprise

Both nationally and in the HEY LEP region, social enterprises are an important element of our economy. Research by Social Enterprise UK (SEUK)⁸⁰ has shown that social enterprises are growing in number and size. It suggests there has been a significant increase in start-ups between 2020-21 and social enterprise has proved remarkably resilient in the face of acute challenges caused by the COVID-19 pandemic.

The research indicates that social enterprises have a track record of operating in the most deprived areas of the country and these social enterprises are demonstrating higher turnovers than average in these areas. Nationally social enterprises are more optimistic about growth, more likely to be planning to hire staff, and more likely to be creating new products and services than the rest of the business base. Through the Growth Hub, HEY LEP and partners will seek to work with social enterprises and to maximise their economic impact in the region.

63 UK Startup Top 40 – Our ranking of the best places to start a business, Startups Geek, <https://www.startupsgeek.com/uk-startup-business-data/>

64 ONS - <https://www.ons.gov.uk/businessindustryandtrade/business/activitysizeandlocation/datasets/businessdemographyreferencetable>

65 ONS

66 Hull's Economic Strategy 2021-2026 Consultation Draft

67 <http://www.mc4c.co.uk/about>

68 IBID <https://www.startupsgeek.com/uk-startup-business-data/#hull>

69 Startup Cities, Business Comparison, <https://www.businesscomparison.com/startup-cities>

70 East Riding Economic Strategy 2018-2022.

71 Access to Finance Spotlight: Yorkshire, Humber and the Tees Valley Findings – British Business Bank, Spring 2021.

72 Source: HMRC

73 Source ONS

74 Hull's Economy Strategy 2021-2026 Consultation Draft

75 (ONS, 2020)

76 Access to Finance Spotlight: Yorkshire, Humber and Tees Valley findings – British Business Bank, Spring 2021

77 Access to Finance Spotlight: Yorkshire, Humber and Tees Valley findings – British Business Bank, Spring 2021

78 Kada Research Limited - Export Research for HEY LEP 2021

79 ScaleUp Institute Annual Review 2020 - <https://www.scaleupinstitute.org.uk/scaleup-review-2020/introduction/>

80 Social Enterprise UK - No Going Back – The State of Social Enterprise Survey 2021

What Do We Need To Do To Create Growth?

To determine the requisite business support interventions needed to remove the growth barriers for businesses at each point of the business lifecycle, each these will be considered in turn as follows:

Pre-start and Start-ups

Increasing the number of business births in the region by cultivating a strong culture of entrepreneurship across the region will give entrepreneurs parity with those in more traditional employment. In order to do this, we need to work with under-represented groups such as women, young people, and people from ethnic minorities to encourage more business starts from these areas of community. We also need to provide support interventions that give these groups of individuals the confidence to pursue business start-ups.

It is vital for the HEY region to improve the region's rate of business survival at five years to achieve parity with the national average, developing tailor made support interventions which can be delivered by the Growth Hub and partners. To facilitate this the region needs to build stronger connections and collaborative partnerships between established businesses and pre-start individuals & start-ups using appropriate mechanisms (e.g. networking, mentoring, coaching, workshops, and best practice events). Communication and awareness of sector opportunities with pre-start entrepreneurs also needs to be improved in order to incubate high-growth potential start-ups in HEY priority sectors.

SMEs

The HEY LEP Region needs to improve the investment readiness of SMEs and provide impactful support via the Growth Hub, financial partners, and other on-line advice mechanism to develop the progress of the business to get it to that stage. To facilitate this, action is required to increase SME awareness of available business finance options including equity investment and ensure that the market is providing appropriate finance to meet SMEs growth needs. Via the Growth Hub, the LEP will work to address any market failures by working with gap lenders including the British Business Bank. The Growth Hub and partners also need to support regional SMEs to access new markets through interventions that enable them to access supply chains, domestic opportunities, and international markets through exporting.

Support to SMEs from all sectors to access supply chain opportunities from large scale projects, Original Equipment Manufacturers (OEMs) and new investments is essential. Support to connect SMEs to appropriate opportunities, to implement relevant policies, systems and practices including those which enable participation in low carbon developments and increase their green credentials are key aspects of this. More generally work is required to ensure that more public procurement contracts are won by regional firms and that more of the "public pound" is captured locally offering by developing programmes of support and advice via the Growth Hub. This ties in with the governments aspiration to simplify public procurement rules to prioritise British businesses.

Work is required with regional SMEs to resolve the "productivity gap" through a number of mechanisms including leadership and management development, digital tech adoption, new processes and systems, HR and workforce upskilling and development. This includes the use of flexible working practices to ensure workforce wellbeing, reduction in absences and the retention of experienced talent.

Support to SME employers is also required to develop their workforce and adopt innovative approaches to fill skills gaps such as recruitment from hidden and diverse talent pools, improved use of apprenticeships, traineeships, T-level students, graduates & work placements. Also vital is investment in leadership and management capability, recognising the value this investment brings

Work to develop a more prevalent culture of innovation and R&D activity amongst SMEs is required in the HEY region. Raising SME awareness of the knowledge base and strengthening connectivity between SMEs and knowledge transfer networks and knowledge transfer partnerships is a key part of this.

The LEP and partners will support SMEs to develop and register more IP such as patents and registered design protection. Allied to this there is the need to communicate the government's "big policy areas" such as Decarbonisation & Net Zero, Industry 4.0, and Global Britain in a way that is relevant and "digestible" to local SMEs. There are opportunities and financial benefits for SMEs engaging and adopting ideas and approaches that arise from these government priorities and this message needs to be clearly communicated to SMEs in the HEY Region.

Scale Up and High Growth Firms

To grow the HEY LEP economy, the LEP and partners need to ensure that scale-up and high growth firms can access targeted and intensive support to fulfil their ambitions. Focusing support to/for these firms generates disproportionately larger economic outcomes such as job creation, new product & service development, productivity improvements, and supply chain development improvements. To facilitate this growth, the region needs to provide support and advice for scale-up and high growth firms to overcome financial, skills-related, market-related, and knowledge-related barriers to rapid and high growth whilst supporting transition to Net Zero during this growth phase.

Key HEY LEP Activities to Support Pre-Start/ Micro/ SME businesses and driving entrepreneurial culture

- Extend the HEY Growth Hub as the coordinator of HEY business support and the central access point for free and impartial business support in the region, working in close partnership with the two local authorities and other business support organisations, as well as established business networks such as the East Yorkshire Local Food Network. To achieve this the Growth Hub client journey will be redesigned to provide the highest quality business support to pre-start individuals and businesses, regardless of their size, sector, or maturity.
- Expand the promotion of the Growth Hub, ensuring effective communication methods to reach a wider audience and engage businesses that are not aware of or have not utilised the Growth Hub's services in the past
- To develop the business support architecture with partners in the HEY LEP area which provides support to pre-start, start up and early start businesses and helps to achieve the objectives of this strategy. This must take into consideration the finalisation of ESIF funds and the range of business support projects that they currently fund in the HEY region, maximising opportunities via the Levelling Up resources such as the UK Shared Prosperity Fund.
- Support the development of incubation and grow-on space to meet the needs of a wide range of sectors and business types
- Support increased business birth rates in the region by cultivating a strong entrepreneurial culture including driving high growth start-ups and graduate enterprise
- Work with under-represented groups such as women, young people, and people from ethnic minorities to encourage more business starts from these individuals. Provide support intervention that give residents in these groups the confidence to consider and pursue business start-up
- Via the refreshed Growth Hub, establish stronger connections and collaborative partnerships between established businesses and pre-start individuals & start-ups (i.e. via mentoring) and enhance Micro and SME business networks. Improve communication and awareness of sector and supply chain opportunities with pre-start entrepreneurs and incubate high-growth potential start-ups in HEY priority sectors

- Raise awareness of potential supply chain opportunities for SMEs that result from enhanced business-to-business sales locally and the wider circular economy, new developments, public sector procurement and other low carbon related opportunities for example from construction retrofit and environmental management
- Support innovation through local and regional supply / value chains to maximise local value
- Work with regional SMEs to resolve the productivity gap through appropriate interventions, dependant on each assessed business need through access to specialist support and consultancy advice
- Maximise the use of the Growth Hub's Workforce Business Advisor Service and associated support mechanisms to enable SMEs to attract and retain talent, share good practice in recruitment, management and staff engagement and meet the future staffing needs
- Further build relationships between the Growth Hub and post-16 education and training providers to assist SMEs to prioritise skills and workforce development
- Increase business resilience to economic shocks and climate change impacts, ensuring appropriate continuity planning through links to the Local Resilience Forum and best practice
- Develop Growth Hub led approaches to ensure that scale-up and high growth firms are given targeted and intensive support to fulfil their ambitions, recognising the greater economic impacts.



Priority 2 – A Net Zero, Clean Growth Economy

Aim:
To maximise opportunities to drive economic growth in green industries whilst meeting ambitious targets to be a net zero carbon industrial cluster by 2040 and achieve significantly lower carbon outputs by 2030.

In order to achieve this aim HEY LEP will work with partners to develop actions to deliver our key objectives:

- Optimise clean energy generation
- Drive industrial decarbonisation
- Promote decarbonisation and resource efficiency within businesses
- Developing conditions in HEY LEP to achieve a Net Zero and Clean Growth Economy.

The priority aims to boost financial, and intangible capital of the HEY LEP region. This priority will provide a local policy response to Mission 1⁸¹ and Mission 2⁸² of the Levelling Up white paper.

The importance of natural capital and development of low carbon infrastructure is recognised and reflected in Priority 4 of this Strategy.

Optimise Clean Energy Generation

Creating a net zero, clean net growth economy for the HEY LEP region is the most significant challenge and provides the greatest opportunity for economy of the region. The UK is committed to the transition to clean sources of energy, with private sector investment and government policy accelerating the pace of change.

The wider Humber area has already played a leading role in this clean energy transition and is well placed to build on this reputation as a globally significant hub. The Humber Estuary Plan⁸³ clearly communicates the need to progress the clean energy agenda, in partnership, at a Humber scale to be able to fully reflect the strategic importance of the regional offer to the decarbonisation agenda and communicate the breadth of opportunity to potential investors in the region. The HEY LEP will play a full role to support the development of this activity to create sustainable new jobs, boost skills levels and generate new business opportunities throughout the energy system.

81 Levelling Up white paper Mission 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.

82 Levelling Up white paper Mission 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.

83 Humber Estuary Plan – Humber Leadership Board, 2020

Rationale for Change

2020 was a landmark year for clean energy generation in the UK with a record 42% of the UK's electricity generated by renewables, compared to 41% by fossil fuels. This was mainly driven by an increase in wind power. For the first time, a quarter (24%) of the UK's electricity was generated by wind turbines in 2020, doubling its share since 2015 and up from 20% in 2019. The Humber has played an important role in this UK transition, as yet incomplete. Wind and solar growth must triple in Europe to meet EU and UK government emissions targets. This requirement to increase clean energy generation presents economic opportunities for the region with its existing diverse contribution to the UK's clean energy mix, including Offshore Wind, Biofuels, Energy from Waste and Solar generation.

Offshore Wind

The Humber Clean Growth White Paper 2019 states that as a result of the Energy Sector Deal, low-cost offshore wind could contribute up to 30GW or a third of UK electricity by 2030 – an investment of over £40bn in infrastructure over the next decade. This includes a commitment to increase UK content to 60% by 2030, and a £250m investment in the UK supply chain. The industry has predicted that the sector could support 27,000 jobs by 2030, up from 7,200 directly employed today, and has committed to increased diversity

The government's manifesto commitment is to take this further, to 40GW by 2030. It notes offshore wind manufacturing, installation, operations, and maintenance all have established foundations in the Humber, creating sustainable skilled jobs and attracting a wider supply chain. The Humber is centrally located for the largest offshore wind farms, both under construction and planned, and has the land, ports, and is continually developing the skills base required to support the sector.

The Humber Ports are ideally situated for further installation activity, with the whole of the southern North Sea in easy reach. The location supports the Humber's position as a leading part of the UK's offer for attracting further manufacturing activity throughout the supply chain, having previously secured one of the most significant manufacturing investments to date – Siemens Gamesa's blade factory in Hull, a £315m investment creating over 1,000 new jobs in phase 1 of development and a second phase of investment at this site announced in 2021, which will see a further investment of £186m in the expansion of the current factory and the creation of a further 200 direct jobs.

In the medium term, the Humber's role in blade manufacture and installation means that it is well-placed for repowering existing Round 1 and 2 turbines as well as Round 3 and 4 in the future. This will provide an opportunity to develop new industry in the region in the recycling and remanufacturing of old turbine equipment. This will require innovation in material separation as well as the development of new products from the materials.

84 www.neyenergyhub.com

Other Energy Generation

In addition to playing a key role in the UK's current future energy supply there is an opportunity for the Humber to explore how smaller scale energy generation can support local growth and prosperity and increase energy resilience and security. For example, in the HEY region there is potential to utilise solar generation to provide a local energy system in Goole to support aspirations in the Humber Freeport and Goole Town Deal Implementation Plan.

Key HEY LEP Activities to Optimise Clean Energy Generation

- Support the Humber Leadership Board in delivery of the Humber Estuary Plan aspiration for clean energy generation to ensure opportunities in clean energy are maximised.
- Support the development of low-carbon hydrogen, recognising its alignment with Clean Growth and our Net Zero ambitions
- Work with industry to identify and capture opportunities for local energy developments which build on the business expertise and natural assets of the area to decarbonise England's energy system
- Ensure business and innovation support (including via Growth Hubs), careers advice (via Careers Hubs and the National Careers Service) and education and training provision is responsive to these opportunities
- Developing sector led skills packages to provide the future skills required for the sector
- Ensure the opportunities arising from clean growth impact positively on the region's communities, particularly those furthest away from the labour market
- Develop and promote a shared proposition for further inward investment to support the Energy Sector
- Help to accelerate the delivery of local energy projects and interventions, working in partnership and through the North East and Yorkshire (NEY) Energy Hub⁸⁴



Drive Industrial Decarbonisation

Government and local leaders agree that the region needs to be ambitious in reducing its net CO₂ emissions to enable the UK to meet its climate change obligations. The Humber Clean Growth White Paper⁸⁵ notes that the Humber could make a greater direct contribution to reducing UK emissions than any other place, but also acknowledges that there is not one solution or organisation that can achieve this on its own. Therefore, the HEY LEP will play a proactive part in developing a Humber wide approach to decarbonisation.

Rationale for Change

The Humber is the highest CO₂-emitting cluster in the UK (30% larger than the next highest), and therefore has the greatest potential to make a difference to the UK's industrial Net Zero ambitions. An analysis of baseline emissions commissioned in 2020 explored linked emissions from power and industry in the region (e.g. on-site generation to create steam), giving industry emissions of 14.8 MTCO₂/year, together with a further 5 MTCO₂/year of related power emissions. 56% of the industrial emissions were from internal fuels⁸⁶.

The scale of the challenge means that it has attracted world-wide attention and investments by major multi-national businesses, as the UK government seeks to facilitate decarbonisation of industrial clusters. With these investments, comes the potential for significant commercial returns and despite the complexity of assets and multiple commercial parties, the greatest chance of success. This will provide opportunities to build out low-carbon infrastructure across the cluster and beyond. With the UK's largest ports complex and major settlements around the Humber, industrial decarbonisation can be leveraged to support cross-economy "whole place" decarbonisation by 2040 in line with local ambition.

Whilst most of the Humber Cluster CO₂-emitting industries lie on the south bank of the Humber, many employees, suppliers and supporting businesses reside across the area, including within the HEY region. The region's major industries are strategically important to the UK. The cluster is a major part of the regional economy, accounting for around a quarter of GVA and 1 in 10 jobs (including a number of higher-skilled, higher value roles) in one of the most economically vulnerable parts of the country. Decarbonisation of energy intensive industry is essential, as failure to achieve Net Zero ambitions would be a significant threat to the area though impacts resulting from flooding, freak weather events and wider climate change. In light of this, industrial decarbonisation and Net Zero ambitions form a central focus of the Estuary Plan adopted by the Humber Leaders Board. Therefore the successful delivery of the Humber Industrial Cluster Plan is one of the region's priority activities. As a long-established centre of industrial manufacturing, the Humber is now pioneering the decarbonisation of energy-intensive industries. As a result, the region will be one of the first to develop the skills, supply chain and practical understanding of how to establish carbon capture within the UK. This will position the Hull and East Yorkshire area within the Humber area as a centre of expertise for decarbonisation and an investment centre for businesses seeking to attain Net Zero.

The first "flagship" project for decarbonisation of the Humber Cluster is likely to be the "H2H Saltend Project", which is located at the PX Chemicals Park, Hedon, and will include infrastructure connecting the project facilities to the North Sea gas and salt caverns via Easington. In addition to this asset, the HEY region benefits from other large-scale developments led by Ineos, Equinor and Pensana and is looking forward to the forthcoming Yorkshire Energy Park asset. This will benefit the community not only through the creation of jobs but also through providing opportunities for SMEs through supply chain growth.

In recognition of the region's vulnerability to the impacts of climate change, Climate Emergency has been declared by both Local Authorities, leading to the development of a 2030 carbon Neutral Strategy⁸⁷ by Hull City Council and the adoption of a suite of 12 recommendations by East Riding Council, including the commitment to develop a climate change strategy by January 2022.⁸⁸

The themes and priorities of both authorities in relation to addressing climate change are aligned with core LEP objectives and there are opportunities for the LEP to add value to and synergise with this activity through existing and future partnerships.

85 Humber Clean Growth White Paper 2019

86 Baseline Local Emissions Assessment, Element Energy, June 2020

87 www.hull.gov.uk/hull-2030-carbon-neutral-strategy

88 www.eastriding.gov.uk/climate-emergency-declared-by-east-riding-of-yorkshire-council/

Key HEY LEP Activities to Drive Industrial Decarbonisation

- Support the Humber Leadership Board, in the delivery of the Humber Estuary Plan for decarbonisation to ensure opportunities in clean energy are maximised across the Humber and work the Energy Board and Opportunity Humber to raise the profile the sector internationally.
- Deliver Phase 2 of the Humber Industrial Cluster Plan⁸⁹ (HICP) in partnership with CATCH and 8 Industrial partners. Ensure that the HICP is adopted and promoted by the local leaders as an implementation tool and work with key stakeholders to:
 - Decarbonise the industrial cluster, achieving significant decarbonisation by 2030 and net zero by 2040
 - Realise opportunities for clean economic growth in the HEY LEP area (e.g. offshore wind, clean maritime and hydrogen technologies)
 - Realise opportunities to provide cross-economy decarbonisation of transport and gas supply
- Support the Humber Leadership Board to build upon and

- implement the recommendations of the HICP due in March 2023
- Work through the North East and Yorkshire (NEY) Energy Hub to support local decarbonisation pathways in areas such as transport, circular economy, utilisation of industrial waste streams, housing and school retrofit.
- Support businesses to understand their carbon impact and identify opportunities to reduce emissions and contribute to Net Zero
- Provide support to the Local Authorities in the development and delivery of their decarbonisation pathways, with particular emphasis on adding value through intelligence gathering and capacity support via the NEY Energy Hub partnership. This includes facilitating the development and acceleration of a pipeline of local energy projects in consultation with Local Authority leads
- Driving reductions in greenhouse gas emissions and associated pollutants to provide health benefits to the local population, as well as supporting activities relating to carbon sequestration through the natural environment.

89 www.humberindustrialclusterplan.co.uk



Promote Decarbonisation and Resource Efficiency within Businesses

Whilst some Micro and SME businesses in the HEY region are actively engaging in ways to increase their energy and resource efficiency, many are not. To develop a Net Zero clean growth economy, we need all parties to be engaged and taking positive action. There are some good local examples, such as the Hull Business Energy Efficiency Scheme and Beverley Energy Network, but more work across all businesses is required.

The potential rapid growth of businesses and jobs in low carbon technology provides opportunities for cross business mentoring and sharing of best practise which can be facilitated via the HEY LEP Growth Hub, using its specialist team of business advisors to provide advice and support. A range of opportunities within the construction retrofit and environmental management sectors will also be created which businesses in the HEY region will be able to take advantage of.

Key HEY LEP Activities to Promote Decarbonisation and Resource Efficient Business

- Communicate with SME businesses in a simple and effective way the opportunities for them to engage with the carbon reduction/Net Zero agenda, providing good practice examples, links to funding and investment opportunities and advice and support to reduce their carbon emissions and enhance resource efficiency
- Work with businesses to adopt practices which reduce Greenhouse Gas (GHG) emissions and increase energy and resource efficiency whilst facilitating the Net Zero agenda in a way that promotes green growth opportunities, for example supporting business to switch to lower carbon energy sources, retrofit and install technologies such as heat pumps and solar PVs and invest in more efficient equipment and machinery etc
- Promote the development of a circular economy within the HEY LEP region, engaging local business to explore local opportunities to reduce waste, buy locally wherever possible and for industrial symbiosis
- Work with education and training providers to ensure suitable curriculum pathways are available drive resource efficiency within all business types.

Developing conditions in HEY LEP to achieve a Net Zero and Clean Growth Economy

In addition to the specific areas of activity outlined above the HEY LEP will work with a range of partners to ensure the conditions and behaviours required to achieve a Net Zero and Clean Growth Economy are promoted. Action will be required in a range of areas which will be covered in later sections of this strategy, including ensuring the skills required to make this transition a reality, delivering transport, housing, and power infrastructure to facilitate the achievement of Net Zero and Clean Growth economy.

Activity with business, public sector organisations and education and training providers locally can drive innovation in elements such as workforce practices, consumer behaviour change and understanding wider environmental impacts to assist development of clean growth technologies essential for successful transition to Net Zero.

A transition to a zero-carbon economy and delivery of future environmental policies from the Environment Bill will need a large increase in nature-based solutions including areas such as habitat design and creation (e.g. woodland and tree planting, wetland creation, saltmarsh creation, seagrass, and oyster bed restoration) and related workforce. There will also be the need for Sustainable Urban Drainage schemes to be ramped up to deal with demand. All these activities require a range of jobs and skills (including design and engineering) alongside investment in capital schemes.

Key HEY LEP Activities to Promote conditions in HEY LEP to achieve a Net Zero and Clean Growth Economy.

- The HEY LEP will work with partners including Local Authorities, local businesses, education and training providers, statutory partners and other to drive the local conditions required to achieve Net Zero and clean Growth Economy.
- Work with partners such as the Hull and East Yorkshire Nature Partnership to develop advisory support to prepare SMEs on the upcoming changes, including preparing for Biodiversity Net Gain



Priority 3 – A Skilled, Healthy and Inclusive Economy

Aim:
To lead the transformation of the HEY LEP area skills profile, to deliver a highly skilled, healthy, and productive workforce, reducing inequality and increasing life chances for our communities.

To achieve this aim HEY LEP will work with partners to develop actions to deliver our key objectives:

- Driving higher level skills
- Upskilling and reskilling the workforce
- Embedding digital skills
- Delivering a green recovery through skills development
- Retaining and attracting young people
- Supporting labour market participation
- Matching out of work people with sectors with labour need
- Greater economic inclusion
- A healthy workforce

This priority seeks to boost human and social capital of HEY LEP area and will represent the local contribution to delivering mission 6⁹⁰, 7⁹¹ and 8⁹² outlined in the Levelling Up white paper.

90 Levelling Up white paper mission 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.

91 Levelling Up white paper mission 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.

92 Levelling Up white paper mission 8. By 2030, well-being will have improved in every area of the UK, with the gap between top performing and other areas closing.

People

Good people with the right skills are at the heart of any successful organisation. For the HEY LEP region to maximise productivity and economic growth, the organisations within it require a workforce that is fully engaged, adequately skilled and qualified, healthy and one that is serviced by a fully functioning labour market.

Equally important as meeting the labour market demands of the local economy is ensuring that all HEY residents, young and old are aware of the employment opportunities offered by employers. Doing so will help ensure local labour supply meets demand but also, by sharing labour market intelligence and through good careers education, information, advice and guidance in both young people and adults, help raise the aspirations of our communities and encourage them to fulfil their potential.

The HEY LEP is committed to ensuring that all residents of the region and members of the workforce can benefit from and contribute to the growth and prosperity of the area. In order to do this, the skills levels and health of the area's workforce must be optimised to drive social mobility and ensure the productivity goals within this strategy are realised. This includes addressing the existing higher skills gap, facilitating upskilling, reskilling, attracting, and retaining a skilled workforce in the region.

In achieving its objectives, the HEY LEP is also committed to greater economic and social inclusion. Access to opportunities for all residents including those furthest from the labour market is an important aspect of this strategy. A core ambition of the HEY LEP is that all residents can secure good quality, meaningful and well-paid employment regardless of their socio-economic background or whether they have any barriers preventing to them doing so.

The LEP also recognises the link between healthy communities and a healthy workforce. A healthy workforce is crucial to business performance including the reduction of lost working days due to illness which impacts on productivity. Addressing long-term health barriers to work will increase the region's available labour pool, currently challenged by health inequalities and an ageing workforce, and provide the necessary talent pipeline for the region's businesses.

Ensuring the HEY area maximises access to external funding opportunities made available through programmes such as the UK Shared Prosperity Fund, Levelling Up Fund and other funding streams will be essential in delivering this agenda and enabling equality of access for all.



Driving Higher Level Skills

A person's earning capacity is one of the biggest influences on their quality of life. For those actively engaged in the labour market their earning capacity is largely linked to their skills levels. Average earnings of HEY LEP residents is 8% lower than the national average with the proportion of residents qualified to Level 4 and above roughly mirroring this at 10% lower than the national average.⁹³ Increasing the proportion of the Hull and East Riding population with qualifications at Level 4 and above will help to improve the earning capacity of HEY LEP residents.

For many families living in deprivation/disadvantage, the chance of sending a young person to university may seem remote. This can be due to a lack of family income and/or the prospect of building debt. Giving young people and their families access to labour market intelligence and high-quality careers advice will enable informed choices and highlights the range of routes to achieving higher level skills.

Working Futures data predicts that 46% of jobs in the wider Humber region will require Level 4 and higher qualifications by 2030. For HEY LEP residents to capitalise on these job opportunities, their skills level must meet the labour market demand. Currently, there is a mismatch between qualification profile and predicted future demands, potentially limiting the ability of HEY LEP residents to capitalise on these higher wage employment opportunities.

Interventions are required to help close the higher-level skills gap and retain and attract highly skilled talent. Such interventions need to be flexible enough to allow people who want to increase their skill level to do so whilst maintaining their employment and income, for example accessing accredited short courses and modular learning programmes. In addition, employers need to be supported to identify their skill needs and invest time and money to yield returns.

93 Labour Market Profile – Nomis – Earnings by place of residence (Jan 2020 – December 2020)

Key HEY LEP activities to drive higher level skills:

- Collaborate with stakeholders to support education progression pathways into areas such as degree level apprenticeships, T-Levels, and higher-level professional skills
- Raise the aspirations of the region's young people by working with partners such as the Humber Outreach Programme on widening participation, ensuring equality of access to further and higher education for all
- Maximise use of funding such as encouraging uptake of Advanced Learner Loans and the Apprenticeship Levy
- Work with employers and education and training providers to increase the number of residents with degree-level qualifications and support the creation of jobs requiring higher level skills
- Support more residents to progress to higher and technical level apprenticeships and degrees, particularly in high growth sectors
- Support diversity of choice for students to enable access to a range of institutions and study routes such as the University Technical College, progression to the Institute of Technology, further and higher education institutions, independent post-16 providers and universities.

Upskilling and Reskilling the Workforce

A quarter of all vacancies posted in the wider Humber region are skill shortage vacancies (compared to 22% in England)⁹⁴. Skills shortages are exacerbated by rapidly growing and evolving sectors such as Green Technology, Manufacturing and Engineering. Over half of the Humber's employers have trained at least 80% of their staff over the last twelve months, with over two-thirds of employees in the Humber having received between one and six training days over the last twelve months. However, the number of employees in the Humber receiving seven or more training days is lower than the national average. Re-skilling the existing workforce, particularly those who have been displaced from other occupations, industries and sectors is a mutually beneficial action providing a partial solution to resolving skills shortages and ensuring residents can continue in employment.

Key HEY LEP activities to upskill and reskill the workforce:

- Develop strategies and interventions to support displaced workers such as those unemployed, or at risk of redundancy, working closely with Jobcentre Plus and other partners
- Work with stakeholders on initiatives which actively facilitate the movement of displaced or unemployed workers into occupations with identified skills gaps or shortages
- Promote apprenticeships as a vehicle to upskill and a route to alternative careers
- Capitalise on existing programmes and emerging funding opportunities e.g. the National Skills Fund to support people to train, retrain and upskill throughout their lives in response to changing skills needs and employment patterns
- Work with provider partners to ensure good provision and progression opportunities from Level Two upwards, providing a ladder of opportunity for all to progress
- Ensure that those working in sectors that may experience productivity improvements resulting from automation and digitalization have access to skills development to enable them to adapt and access other opportunities

94 NB: The data provided in this section is taken from the Hull & East Yorkshire Local Skills Report, some of the data from the Employer Skills Survey is only available at the Humber level only.

Maximising progressions to Higher Education

Linked to the objective of driving higher level skills and increasing residents' earning potential, progression through the education system to higher education is critical to achieving this aim.

For the region's young people, understanding their career aspirations and how to realise these is fundamental. Good quality careers, education, information, advice, and guidance ensures that young people are able to plot their course to their chosen career, including how to navigate their way through post-16 education and onto higher education should this be their goal. Post-16 curriculum options include academic, technical, and vocational routes, all of which can lead to higher education.

Data from the Office for Students shows that the HEY region has a high proportion of residents living in postcodes with low or very low higher education participation for young people aged 18 and above. This is particularly pronounced in Hull.⁹⁵

Apprenticeships are available at all levels including degrees. Lower-level apprenticeships can assist people to progress to a higher qualification and offers additional benefits in terms of social mobility.

Apprenticeships are also an important tool for employers when upskilling their existing workforce, particularly levy paying organisations. Use of the Apprenticeship Levy to up-skill existing staff is a key driver in the increasing skills levels of adult residents.

Key HEY LEP activities to maximise progressions to Higher Education:

- Support the provision of a high-quality skills infrastructure to attract and retain young people to participate and progress
- Maximise and build upon the offer of the University Technical College, Yorkshire & Humber Institute of Technology and higher education provision in partnership with further and higher education institutions and independent post-16 providers
- Work with post-16 providers to ensure that the curriculum aligns with the requirements of higher education and gives learners the qualifications they need to progress
- Support schools, training providers and colleges with the skills, access to information and knowledge they need to ensure young people make well informed choices at 16 and 18
- Work in partnership with organisations such as the Humber Outreach Programme to promote higher education opportunities to all young people including those from less advantaged backgrounds
- Through the HEY LEP Careers Hub, ensure careers leaders in schools and colleges have due focus on Gatsby Benchmark 7⁹⁶, ensuring learners have exposure to further and higher education and the opportunities it offers
- Facilitate, enhance, and promote the local apprenticeship offer particularly higher and degree level apprenticeships
- Work with local employers to facilitate upskilling of their workforce by maximising apprenticeship grants and levy particularly for higher and degree level apprenticeships
- Work with local employers and skills providers to ensure apprenticeship standards are available that meet the need of the local labour market and allow employers to maximise the use of grants and Apprenticeship Levy
- Work with levy paying employers who do not fully utilise their Apprenticeship Levy to support the transfer of this to other employers, including SMEs.

95 Maps of participation in higher education - Office for Students

96 <https://www.gatsby.org.uk/education/focus-areas/good-career-guidance>





Embedding Digital Skills

Hull & East Yorkshire needs to further embed digital skills in all subjects and at all levels. There is also a need for basic digital upskilling across all sectors to meet employer needs. Basic digital skills are essential and advanced skills are required to facilitate adoption of new technologies including coding, automation, and electronics. Digital skills provision therefore needs to respond to these requirements and continually adapt to technological change. This must also recognise the range of applications across sectors such as agriculture and in jobs of the future.

COVID-19 has increased demand for digital training, there has been an overall greater adoption of digital technology and business confidence in digital technology has increased. COVID-19 has also highlighted digital poverty which limited access to learning and basic services. Whilst the DfE's digital device scheme provided much needed help to pupils, students, and families to access remote education, some disadvantaged groups and communities still require support. Digital access, especially wi-fi connectivity can be a large-scale issue across the region, creating further barriers to learning.

The increasing level of digital and technological advancements taking place in production processes are making methods of production more capital-intensive and shifting the types of skills demanded by employers. Jobs at high risk of automation and digitalisation nationally include 56% in transportation and storage, 46% in manufacturing and 44% in wholesale and retail⁹⁷.

Key HEY LEP activities to embed digital skills:

- Develop a digital strategy for the HEY region
- Work with partners and the Humber Local Digital Skills Partnership to raise digital skills levels across the region and raise the ambition of employers, employees, and residents
- Collaborate with education, learning and skills providers to enhance the existing digital curriculum, embed digital skills throughout the wider curriculum at all levels and develop new content with support from the Humber Local Digital Skills Partnership
- Ensure HEY residents have appropriate digital skills to maximise use of virtual, distance and online learning which provides greater choice and access to a range of learning
- Work with partners, government, and the Local Digital Skills Partnership to address digital poverty and mitigate against economic and social inclusion impacts of lack of access to digital infrastructure, hardware, and digital skills
- Support businesses to adopt digital technologies and invest in upskilling employees to maximise efficiency and productivity

Delivering a 'Green Recovery' through Skills Development

Hull & East Yorkshire needs additional capacity to fully realise the potential of the Green Economy. A key driver in achieving this is to make sure that skills and employability providers understand future skills demands associated with the Green Economy to ensure they have the capacity and provision in place to meet this demand. There will be a wide variety of skills and knowledge required to support the Green Economy, both directly and indirectly, as well as the need to nurture creativity and creative thinking in this area.

The region has an ageing industrial workforce in renewable technology, green energy and the chemicals sector placing an increased emphasis on succession planning. Specific skills gaps include welding, electrical and instrumentation technicians. Apprenticeship numbers have reduced partly because some contractors find it difficult to take on apprentices due to lack of guaranteed work. In addition, smaller SMEs report difficulties in accessing the apprenticeship levy transfer mechanism. Gender representation in manufacturing and engineering remains heavily skewed towards men. The Women into Manufacturing and Engineering programme (WiME) was established in the Humber in 2016 to inspire girls and women to consider careers in these industries. Originally supporting Siemens Gamesa in their recruitment practices, WiME has since gone on to work with over 50 companies across the Humber.

The region's education, learning and skills providers need to continue to collaboratively plan future provision around major investments and identified growth in the Green Economy. Further investment in capital infrastructure to support growth in new and emerging technologies is also required.

Key HEY LEP activities to deliver a green recovery through skills development:

- Maximise investment in skills provision to drive growth in the Green Economy
- Support the development and delivery of the Humber Freeport and Humber Industrial Cluster Plan.
- Develop the HEY Employment and Skills Strategy to support the improvement and growth of the Offshore Wind Sector and the needs of growing biomass, biofuels, and low carbon hydrogen developments
- Working in partnership with Local Authorities, the LEP will continue to support WIME activities through the Careers Hub and Local Digital Skills partnership
- Identify the skills needed to support delivery of the local and regional energy strategies e.g. housing retrofit, installing heat networks and EV charging infrastructure roll-out.
- Offer decarbonisation and energy efficiency support to businesses through the LEP Growth Hub, advising businesses on how to access the skills they need
- For the Humber Industrial Cluster Plan and the Humber Freeport, the HEY LEP will work with Greater Lincolnshire LEP, Local Authorities, employers, and stakeholders to identify the gaps in skills required to deliver necessary interventions and the strategic steps needed to close these in the wider region.
- Support the development of skills and jobs that provide nature-based solutions to issues such as flood and coastal resilience, sustainable drainage schemes, carbon sequestration, regenerative farming and improved green spaces for health and wellbeing and active travel."



Retaining and Attracting Young People

Hull and East Yorkshire needs to inspire young people to progress their careers within the region to fuel economic growth.

Education, learning and skills providers and employers need work together to drive young people's aspirations and convey the breadth of career opportunities available to young people to attract and retain talent. Employers also need to be supported to provide work placements, work in partnership with schools and post-16 providers and contribute to careers related activity.

The region benefits from investment through the Cadet Force in the upskilling of young people. Membership of the Cadet Forces results in a significant improvement to the mental wellbeing and educational performance of young people. Reducing dependence on mental health services, reducing school exclusions, increasing results and the tax generation are a direct benefit to the region⁹⁸. Cadet Forces are a major training provider of vocational qualifications and other beneficial life skills. The majority of cadets do not join the military and therefore, it is the region's employers that ultimately benefit from this training.

Investing in the current workforce and attracting talent to Hull & East Yorkshire is essential to ensure the region has a skilled labour supply to fuel growth. Historic population growth over the past two decades has been slow in the region, at 6% compared to 15% nationally and the working age population is shrinking and is expected to account for 58% of the current population by 2030. This represents a constraint on labour supply as the local workforce continues to decline, and a shrinking pool of labour for employers to draw on.

The ageing of the population is also contributing to increased demand for skills such as within the Health and Social Care Sectors. There is a need to continue to effectively communicate local career opportunities

to young people to encourage residents to stay and work in HEY after the completion of education and training, whilst also attracting new people to the region. There is a further need to widely promote the lifelong learning opportunities available.

Key HEY LEP activities to retain and attract young people:

- Work with partners to continue to improve Careers, Education, Information, Advice and Guidance (CEIAG) provision ensuring parents & carers, teachers and professionals understand the range of education, training, and employment opportunities available in Hull and East Yorkshire. This includes the career pathways associated with them and managing expectations relating to salary and progression opportunities
- Further increase collaboration and partnership working with schools and post-16 education learning and skills providers to develop a talent pipeline which facilitates economic growth
- Ensure clear education and progression routes to support pathways into priority sectors by working with schools and employers through the HEY LEP Careers Hub and with adult careers services with a particular emphasis on Science, Technology, Engineering and Maths (STEM). This work will include raising aspirations and awareness of opportunities for rewarding careers in this area
- Maximise and build upon existing programmes such as Kickstart and support mechanisms such as Employment Hubs
- Work with local employers to facilitate graduate progression into higher level jobs including the use of graduate internships e.g. via the Humber Internship Programme
- Support place making activities as outlined in Priority 4 to attract ambitious and highly skilled young people to live and work in the area.

⁹⁸ Denny Report (May 2021) <https://www.gov.uk/government/news/independent-report-celebrates-positive-impact-of-cadet-forces>



Supporting Labour Market Participation

There are high levels of deprivation in the HEY region, particularly concentrated in Hull, Goole and across coastal areas. Overall, 22% of neighbourhoods in Hull and East Yorkshire fall into the 10% most deprived neighbourhoods nationally in the education, skills, and training domain⁹⁹. In some areas, the region continues to have high levels of intergenerational worklessness and lack of aspiration and in others, low paid work leading to reliance on in-work benefits.

The percentage of working age residents claiming out-of-work benefits in the HEY region stands at 5.4% compared to 5.0% in England¹⁰⁰. At the local geography, claimant count as a percentage of working age residents ranges from 8.0% in Hull to 3.2%¹⁰¹ in the East Riding.

There are local pockets of deprivation and worklessness across the HEY geography, with rural and coastal dimensions to our area having an impact on participation and access to employment. Geographical barriers including access to transport and digital poverty are a key part of this.

For the 2020/21 reporting period, the proportion of young people not in education, employment, or training (NEET) in the HEY region was 4.7%¹⁰² compared with 5.5% nationally. Although local figures are below national averages, continued and concerted efforts are required to support young people disengaged from learning into the labour market.

A person's ability to access the labour market is governed largely by their skills levels although many face additional barriers which are detailed in the "Greater Economic Inclusion" section. A high proportion of residents in the HEY region have low or no qualifications. This is particularly prevalent in Hull where 11.3% of residents have no qualifications, compared with 6.4% nationally. The result is a cohort of our community who are significantly disadvantaged when competing in the labour market.

Another consideration for the labour market is the HEY region's ageing workforce which will reduce the pool of labour in the future. The East Riding has a significantly older population with 49% of people in the area aged 50 and over, whilst only 33% of residents in Hull are aged 50 and over. Learning and skills providers, the voluntary and community sector and employers need to work collaboratively to develop a holistic partnership approach to match need with opportunity and ensure local people are able to secure the employment opportunities created by labour market replacement demand.

Careers education, information, advice, and guidance (CEIAG) plays a crucial role in maintaining the balance of the labour market ensuring that entrants are signposted to suitable demand occupations. CEIAG is required at all ages. Delivery within education settings (schools, post-16 education and training and higher education) ensures that young people leaving education are equipped with the knowledge and qualifications they require to pursue their chosen career. The HEY LEP Careers Hub which is funded by the Careers and Enterprise Company (CEC) and the Department for Education in partnership with the local authorities and the Humber Outreach Programme provides an invaluable resource supporting school settings alongside other excellent work being done by stakeholders. In addition, the National Careers Service provides high quality similar services to adults.

A longer-term aspiration would be to re-examine the concept of a 'learning region' using the Royal Society of Arts (RSA) model for Hull and East Yorkshire.



Key HEY LEP activities to support labour market participation:

- Advocate for, and support employers to create inclusive employment opportunities, improving outcomes for members of the community experiencing barriers to employment
- Work with partners and stakeholders to boost the employability and skills of unemployed and economically inactive residents and support their journey into the workplace including the wider benefits to employment
- Work with the variety of Adult Education Providers to ensure that local provision meets the needs of communities and that national government initiatives are available locally
- Support and maximise existing mechanisms such as the Plan for Jobs Initiatives and the Youth and Employment Hubs
- Make specific provision for disadvantaged people and those with special educational needs
- Provide high quality labour market intelligence to local careers leaders to enable young people at an early stage to make informed choices and ultimately access good quality employment in the region
- Work with young people in school who are at risk of becoming NEET and support those who are already NEET to participate in the labour market
- Through the Careers Hub, further develop and enhance the activity of the Special Educational Needs and Disabilities (SEND) Community of Practice to support schools and colleges to increase their ability to guide young people with additional needs to make well informed choices
- Ensuring appropriate foundation learning pathways for all, particularly those with SEND
- Ensure careers leaders in schools and colleges work to progress against Gatsby Benchmark 3¹⁰³ and address the needs of all learners in their Careers Programmes
- Deliver the outcomes of the HEY LEP Careers Hub by supporting schools and colleges at a strategic level to raise young people's aspirations and awareness of key employment sectors and occupations
- Encourage and support entrepreneurship activity to promote business ownership and self-employment as viable options for people of all ages
- Ensure the opportunities arising as a result of Clean Growth impact positively on HEY LEP communities, including those furthest away from the labour market
- Work with partners delivering the 50+ and the Women in the Workforce ESF provision to ensure that current and future employer practices and skills support are adequate in helping over 50s and women retain and progress in employment

99 Hull-East-Yorkshire-Local-Skills-Report-Annexes-Core-Indicators-and-Additional-Data.pdf (Annex A, A.52)

100 Labour Market Profile - Nomis September 2021

101 Labour Market Profile - Nomis September 2021

102 <https://www.gov.uk/government/publications/neet-and-participation-local-authority-figures> (average figure for Hull & the East Riding)

103 <https://www.gatsby.org.uk/education/focus-areas/good-career-guidance>

Matching Out-of-work People with Sectors with Labour Demand

The LEP is committed to supporting residents of Hull and East Yorkshire to secure good employment and realise their career aspirations. Helping people into sectors and occupations where there are skills shortages benefits employers by securing the talent, they need to maximise productivity.

Apprenticeships, Traineeships, and work experience placements provide excellent access points for people seeking to access the labour market. They also provide opportunities for people who have been displaced from other industrial sectors to up-skill or re-skill, allowing them to secure employment in new areas of work.

Key HEY LEP activities to match out-of-work people with sectors with labour demand:

- The LEP will work with Jobcentre Plus and voluntary and community organisations to link people looking for work with those opportunities. Further use of mechanisms developed in partnership with the LEP and the National Careers Service, such as the work undertaken by the Education Development Trust on the Humber Jobs Fuse, can help match talent seekers with the right people
- Ensure that labour market information and careers support is accessible to those of all ages seeking work
- Work with partners to maximise skills funding opportunities e.g. Skills Bootcamps¹⁰⁴
- Maximise existing programmes and services that provide wrap around support for these residents
- Work with partners to promote traineeships and all age apprenticeships as a route into sectors with high employment demand.

104 National Skills Fund



Greater Economic Inclusion

A key objective of the HEY LEP is to facilitate an efficient and fair local labour market where business can access a suitably skilled workforce, residents can secure good quality, well paid employment regardless of their background and our young people can realise their potential.

Achieving this objective requires all LEP stakeholders to share an understanding of the barriers faced by some HEY LEP residents and the sections of our community who experience difficulties participating in the labour market. There are many unique and complex factors that contribute to labour market inactivity. Examples include mental or physical health issues, being a care leaver, being part of a black and minority ethnic (BAME) community, having a special educational need or disability (SEND), being a carer, experiencing poverty or being a young person who is not in employment, education, or training (NEET). In addition, long-term disadvantage is often linked to lack of self-esteem, debt, lack of knowledge or confidence to access work or training or even having the right documentation to support this.

It is incumbent on the HEY LEP and its stakeholders to champion fairness, equality and social justice ensuring that everyone in our community is given the opportunity to achieve their potential. Through its governance structure and partnership work, the HEY LEP and its stakeholders will collaborate and bring their collective resources together in order to improve outcomes for members of our community that need extra help to succeed. The Voluntary, Community and Social Enterprise (VCSE) sector plays a pivotal role in supporting, motivating, and assisting people who are disadvantaged and delivery organisations are often based in our local communities, thus linking directly at a grassroots level. These organisations are also often specialists in providing niche solutions to meet a diverse range of needs.

While there are a significant range of high-quality learning courses and employment support schemes available across Hull and East Yorkshire, there are also many barriers to accessing these services. At the local level there are concentrations of deprivation across the HEY geography. 22% of all neighbourhoods within the HEY geography fall into the top 10% most deprived nationally for the education, skills, and training category, most of which are in Hull¹⁰⁵.

The rural and coastal geography of much of the East Riding means that physical access to work and skills provision by public transport can be a barrier. Digital access, including digital technology and broadband connectivity is also an issue in some areas of the region, creating further barriers to learning.

The rural nature of the East Riding also makes it susceptible to changes in migrant labour. Agricultural labourers are not included as a category in the proposed UK-wide shortage occupation list released by the Migration Advisory Committee in March 2020¹⁰⁶ meaning it will be more difficult to bring in seasonal labour from outside the UK.

105 Index of Multiple Deprivation – June 2021

106 Review of the shortage occupation list: 2020 – GOV.UK (www.gov.uk)

Key HEY LEP activities to promote economic inclusion enabling everyone to participate in the labour market and achieve their potential:

- Stimulate demand and build capacity for vocational and work-based learning opportunities including Apprenticeships, Traineeships, and T-Levels, as well as recognising the value of informal skills development and volunteering as a route to employment and greater health and wellbeing
- Work with post-16 education and training providers, utilising the Adult Skills Budget to provide Pre-Apprenticeships and functional skills for those who have been distanced from employment or training to support social mobility
- Support employers to adopt inclusive approaches to management and recruitment including equality and diversity policies, Supported Internships, and in adopting quality standards such as Mindful Employer and Disability Confident
- Actively support further and higher education institutions' widening participation agendas
- Work with HE providers to ensure equality of access for all communities
- Maximise social value opportunities for the benefit of Hull and East Yorkshire residents by working with businesses to enhance social value by setting ambitious targets, creating jobs and opportunities such as Apprenticeships and Traineeships
- Maximise access to digital funding as previously provided by the DfE to support digital inclusion and promote equality of access
- Support providers and partners to promote lifelong learning opportunities for all
- Ensure that external funding opportunities are maximised in order to support our most disadvantaged communities and groups, building on the success of previous European funded initiatives

A Healthy Workforce

Good health and wellbeing are essential to successful, sustainable workplaces. From a business perspective, greater health and wellbeing among the workforce is associated with higher productivity due to fewer days lost because of sickness, illness, lower absenteeism, presenteeism and reduced costs.

For the wider economy, health and wellbeing can increase production capacity through greater economic activity rates i.e. more people are able to work. The economic cost of ill health on the UK's economy is estimated at £100 billion each year¹⁰⁷. The Office for Health Improvement and Disparities¹⁰⁸ have estimated that the cost for the HEY region is around £872 million per annum.

The HEY LEP acknowledges the impressive work already taking place by local authorities, Public Health bodies, the VCSE sector and other partners concerning health and wellbeing in its broadest sense. The LEP will support and promote this through its own strategies and programmes of work, linking with existing initiatives and adding value wherever possible. This element of the strategy is about how the LEP will work with employers and stakeholders to improve workplace wellbeing.

Employers have a pivotal role to play in creating healthy and inclusive workplaces, but often lack the time, resources, or expertise to take the right steps especially among SMEs which make up the majority of the Hull and East Yorkshire employer base.

The region needs more employers to adopt good work policies and practises that support employee health and wellbeing in its widest sense. The HEY LEP will facilitate this by bringing together the various tools and resources already made available via government and relevant professional bodies and by supporting programmes such as the new Employability Wellbeing Service, funded by ESF across Hull and East Yorkshire.

The HEY LEP also recognises the link between culture and wellbeing, as further explored in Priority 4 of this Strategy.

Health and wellbeing themes include:

- Physical activity - Data for 18/19¹⁰⁹ showed that inactivity rates are higher across the HEY region with 27.9% of adults in Hull being inactive and 27.6% in the East Riding compared to 24.6% for England. According to a 2019 study, if all employees met the recommended guidelines of doing 75 minutes of vigorous activity or 150 minutes of moderate activity per week, it could deliver up to £6.6 billion in direct productivity gains to UK businesses each year¹¹⁰.
- Mental health - 1 in 6 employees in the UK reported having a mental health condition, and stress, depression and anxiety are leading causes of sickness absence¹¹¹. Poor mental health among employees costs UK employers £42bn -£45bn each year. This is made up of absence costs of around £7bn, presenteeism costs ranging from about £27bn to £29bn and turnover costs of around £9bn.¹¹² The Office for Health Improvement and Disparities has estimated that poor mental health costs businesses in the HEY region an estimated £392.5 million of which £61 million is for absence, £244 million for presenteeism and £78.5 million for turnover costs.
- Financial wellbeing - this not only affects individual workers, it also affects business performance. Money worries affect mental and physical health, which in turn can affect work performance¹¹³. The estimated cost to the UK of low financial wellbeing as a result of absenteeism and presenteeism is £1.56 billion. As income providers, employers have a key role to play in supporting their employee's financial wellbeing and offering access to tool and support for example through workforce savings schemes etc.
- Good employment - positive employment practices such as paying a living wage, offering secure work, development and progression and good leadership and management all contribute to employee wellbeing. Good working practices supports social mobility and leads to better outcomes for individuals, employers and, in turn, the wider population. Individuals in good work benefit from better health outcomes and evidence suggests that employers with a more diverse workforce perform better financially¹¹⁴. Good employment practices can extend to any aspect of an individual's wellbeing and employers can support their employees further by engaging specialist external support for specific themes where available.



Key HEY LEP activities to improve the health and wellbeing of the workforce:

- Engage with partners involved with levelling up health outcomes and health inequalities providing links between employers and business in the HEY LEP region and anchor organisations delivering health and wellbeing programmes such as Live Well, Work Well
- Work with the Office for Health Improvement and Disparities, the HEY LEP Talent Forum, and other partners to establish a suitable target to increase workforce health and wellbeing
- Raise awareness of health and wellbeing with employers via a sustained campaign and engagement promoting good employment and HR practices to promote social mobility and enhance productivity
- Work with stakeholders to develop and promote the benefits of health and wellbeing across employment settings
- Promote new and existing ESF funded programmes such as the Employability Wellbeing Service and 50 plus initiatives and other employer resources including the Mid-life MOT, financial well-being, and Active Humber's Active Employee Toolkit
- Develop the HEY Workforce brand and website to bring together the various tools and resources available to employers from a diversity of sources
- Explore the creation of a local Good Work Charter¹¹⁵ for Hull and East Yorkshire
- Encourage employers to adopt holistic approaches to employee wellbeing including physical and mental health and other wider aspects of wellbeing including financial wellbeing and access to appropriate services
- Recognising the importance of arts, sport and cultural activities in wellbeing, work with a range of partners aligning strategic priorities and maximising access for all.

¹⁰⁷ Work-health-and-disability-green-paper-data-pack

¹⁰⁸ Public Health England became the Office for Health Improvement and Disparities from October 2021

¹⁰⁹ Source: Sport England, Active Lives Adults, Nov 18 to Nov 19, age 16+, excluding gardening

¹¹⁰ PJM Economics (2019), The Economics of Exercise: Measuring the Business Benefit of Being Physically Fit.

¹¹¹ health-matters-health-and-work

¹¹² source: Deloitte (2020) Mental Health and employers. Refreshing the case for investment. Mental Health and employers. Refreshing the case for investment.

¹¹³ Source: Money and Pensions Service

¹¹⁴ Inclusive and sustainable economies: leaving no one behind (executive summary)

¹¹⁵ Example Good Employment Charter CIPD Resources



Priority 4 – Attractive, Competitive and Resilient Locations

Aim:
To enhance the region’s infrastructure and natural assets to maximise the contribution to the HEY LEP economy and create competitive locations to invest, live and visit.

To achieve this aim HEY LEP will work with partners to develop actions to deliver our key objectives:

- Enhance transport infrastructure and services
- Maximise digital infrastructure
- Promote flood resilience
- Deliver quality employment sites
- Provide an attractive housing offer
- Maximise use of natural capital
- Enhance the cultural offer and Visitor Economy infrastructure
- Build on our diverse assets and further develop our place offer
- Promote our locations and wider cultural offer

To complement the approaches to economic growth and economic inclusion outlined in this strategy, there are a range of required measures needed to ensure the region can further develop into an area which is recognised for its high quality physical capital and opportunity for growth.

The HEY LEP region is a varied area covering 247,900 Ha (957sq m) and possesses locational assets, both natural and built, which support a great quality of life, a positive visitor experience and competitive location for indigenous and inward investors to do business. These include infrastructure assets; transport, housing, employment sites, digital strengths, attractive and productive settlements; however, HEY LEP recognises the need to invest in these assets to maximise productivity in the context of rapid global technological, environmental, and economic change.

The opportunity is to develop pro-active and effective partnership mixes of infrastructure, and local place-based interventions. This focus will connect business to local, national, and global markets, people to jobs, employers to talent, and innovators to wealth creators whilst attracting the skilled labour, inward investment and visitors required to grow the economy and its key sectors. In order to achieve this aim HEY LEP will work with partners to improve the infrastructure of the region and develop marketable packages of infrastructure which will meet the aspirations of those looking to invest, live or visit the region. This priority will represent the HEY LEP response to missions 3¹¹⁶ and 4¹¹⁷ from the Levelling Up white paper.

¹¹⁶ Levelling Up white paper mission 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.

¹¹⁷ Levelling Up white paper mission 4. By 2030, the UK will have nationwide gigabit-capable broadband and 4G coverage, with 5G coverage for most of the population.



Enhancing Transport Infrastructure

An integrated and efficient transport system within the region is essential to the creation of all high-quality locations and physical capital. It is vital in boosting productivity and reducing inequality in the cities, towns, rural and coastal communities. It will allow business to access supply chains and markets, allow labour to access optimum quality jobs and housing and enable visitors to access the tourism assets of the area.

The transport system in the region is currently not well integrated and suffers from capacity issues, pinch-points, and issues of poor reliability of public transport. It is also dependent on high carbon propulsion which needs to be addressed if the region is to achieve its Net Zero ambitions.

Ambitious projects proposed include the creation of a cruise terminal in Hull and the potential Lagoon Hull¹¹⁸ project which will provide the connectivity to link the port and industrial east of the city to the Northern Powerhouse transport corridor by bypassing the city centre.

Road

Whilst the HEY LEP area generally benefits from relatively uncongested strategic roads, there are pinch-points and issues of poor resilience on the main routes, and this has negative implications for the area's productivity. Average speed, delay and reliability of travel time statistics show that delays in Hull are 82% higher than the national average.¹¹⁹ The TomTom traffic index (Dec 2017) estimated that congestion was costing Hull businesses more than £16m each year.

Wider connectivity between major economic and population centres within the region suffers from a number of weaknesses and more integration of transport systems is required. For example, enhancing infrastructure and timetabling on the bus network in the region, alongside improved integration with rail services, would support the area's economy and improve the opportunity for companies to access the talent pool across the whole of the region and beyond.



118 <https://www.lagoonhull.co.uk/>
119 Department for transport 2021

Rail

Pre-pandemic usage of rail was growing, with ticket sales increasing 18.2% on average across the wider Humber area between 2009 and 2019. Post-pandemic there are opportunities to further support commuting growth areas, through improved frequency of intra-regional links. Rail links going north-south, and east-west are currently below those other city regions, in terms of frequency of service.

Hull is the largest city in the north of England not to have direct rail connectivity to Manchester Airport, the North's main hub airport. This is compounded by other issues, such as a lack of stations and access issues such as limited car parking and infrequent bus connections. As a result, too many commuters continue to choose road transport over more sustainable modes. Greater integration of the transport system to ensure that stations are easily accessible and serve growth areas offers the potential for encouraging modal shift.

In the spending review and Autumn Statement 2021, up to £50,000 was allocated to the area through the Restore Your Railway 'Ideas Fund' to undertake feasibility work into the reinstatement of passenger rail links between Beverley and York. Despite this the fundamental issues of rail connectivity to the region are left unaddressed by the Integrated Rail Plan published in November 2021

Freight and logistics

The Ports of Hull and Goole handled 10.3million tonnes of cargo in 2019 and are part of the Humber Ports complex which is the busiest port complex in the UK by tonnage.

Hull and Goole ports benefit from close proximity to the strategic road network, but freight movement from the Port of Hull is routed along the A1033/A63 which becomes congested where it runs through the city centre. The A63 Castle Street Scheme will provide short to medium-term benefits but longer-term solutions to improve road connectivity to the ports will be required.

Hull and Goole Ports have rail freight connectivity; however, a shortage of Trans-Pennine rail paths currently limits rail freight connectivity between the Humber and the North West – forcing most of this freight on to the road network.

Improvements to freight logistics, incorporating smart technology, is required to ensure that the regional infrastructure can meet demand from the ports and increased trade through the opening of new global trade routes.



Decarbonising transport

The region continues to demonstrate a reliance upon the private car for regular journeys. Technological shifts offer opportunities to move to less carbon heavy forms of transport but investment in infrastructure such as EV charging points is vital. The Humber Local Energy Strategy¹²⁰ notes that uptake of electric vehicles in the area lags behind the UK average and attributes this to a lack of easily accessible charging infrastructure. This shortage is particularly acute in rural areas.

All rail routes in the region currently rely upon carbon heavy diesel propulsion; Hull Trains have introduced bi-mode trains, but these will only be able to use electric traction outside the region. Infrastructure to facilitate cleaner, low carbon trains is vital as is addressing gaps in infrastructure for low carbon road vehicles.

Low emission buses now represent 13% of all buses in the UK, but the government wants to increase this to achieve significant use of ultra-low and zero emission buses, such as the use of hydrogen fuel for a fleet already deployed in Aberdeen. Simultaneously, essential encouragement in greater use of public buses as an alternative to private cars is required, reversing the decline in passenger numbers over the last ten years, which have fallen by nearly 20% in areas such as Hull.

The Local Authorities role in decarbonising transport includes the management of taxis and private hire, where licensing can encourage the use of Ultra Low Emission Vehicles and adaption of innovative business models/ technologies; in addition to investment in the street charging infrastructure to complement a general transition in transport.

In addition to the obvious health benefits, Active travel also contributes to carbon reduction and investment in infrastructure to enable increased cycling and walking will further promote development in this area.

120 Paper-D-Appendix-1-Local-Energy-Strategy.pdf (humberlep.org)

Key HEY LEP Activities to Support Growth via Transport Infrastructure

- Work with local partners to further develop the evidence base to inform an ongoing programme of investment in local transport networks in the region, removing pinch points and generating increased capacity and resilience. This will recognise the importance of sustainable and Active travel, connectivity between settlements, the first and last miles of journeys, and maintenance of existing assets
- Aim to enhance East-West rail linkages by working with Transport for the North and NP11 LEPs to continue to make the case for improved Trans-Pennine passenger and freight links
- Support the development of the Beverley to York Rail Feasibility study
- Work with neighbouring LEPs to develop proposals to enhance linkages by road and rail
- Recognising our unique asset that spans the estuary linking both sides of the wider Humber economy, continue to participate in the Humber Bridge Board and support continued lobbying for the removal of tolls
- Work with partners to develop infrastructure which can decarbonise the transport network in the region including road, rail and maritime to support our commitment to green growth. This includes
- supporting the roll out of EV charging points and encouraging resident's awareness of low carbon transport choices
- Work with partners to consider access issues particularly relating to rural and coastal areas, and links to employment and education

Digital

Fast and reliable mobile and fixed broadband connectivity is important across all sectors, as demand for data and connected services increases. Without this access, businesses are prevented from utilising technologies that can improve their efficiency and productivity which may be vital to their competitiveness.

Parts of the region have some of the best digital connectivity in the country, benefiting from ultrafast broadband and being one of the first parts of the UK to benefit from the enhanced speeds of 5G. However, there is not a parity in terms of service delivery within the geography and some digital poverty remains.

Hull and parts of the East Riding are covered by the KCOM network, 99% of residents in these areas have access to ultrafast broadband. However, this drops significantly in the more rural areas of the East Riding and significant rural areas have less than 30% of their premises with superfast (>=30Mbps) access. Further investment will be required to achieve the government's target to reach a minimum of 85% gigabit-capable coverage by 2025 and 'to get as close to 100% as possible'. For residents in 'very hard' and 'hard' to reach areas, working or studying from home remains challenging because of connectivity limitations. Other examples include tourism accommodation businesses which have seen an increase in demand for staycation bookings but are struggling to offer the fast and reliable Wi-Fi provision expected by many customers, which can impact negatively on repeat bookings and customer reviews that are posted into the public domain.

Similarly, mobile connectivity is generally very good in Hull across all operators but much more variable, particularly indoors, in the East Riding of Yorkshire.

Key HEY LEP Activities to Support Growth via Digital Infrastructure

- Support the rollout of rural broadband and improvements to mobile coverage to ensure that all businesses and households can access ultrafast broadband connections through strategic relationships with organisations including DEFRA, DCMS, Local Authorities and network providers
- Encourage business to invest in their own digital infrastructure and in the skills of their workforce
- Exploit the opportunities provided by the Local Digital Skills Partnership
- Maximise the digital content of Growth Hub masterclasses and other interventions to support SME digital adaption
- Support digital inclusion through interventions that enhance digital skills development and access to data and devices, working with partners to maximise resource schemes



Investment sites and premises

The region has a good record of bringing forward a supply of employment land through programmes such as Enterprise Zones which has supported development of 428.3ha of land in the area, in turn facilitating a number of high-profile inward investment and indigenous growth projects such as most recently ARCO's new headquarter facility in Blackfriargate, Hull.

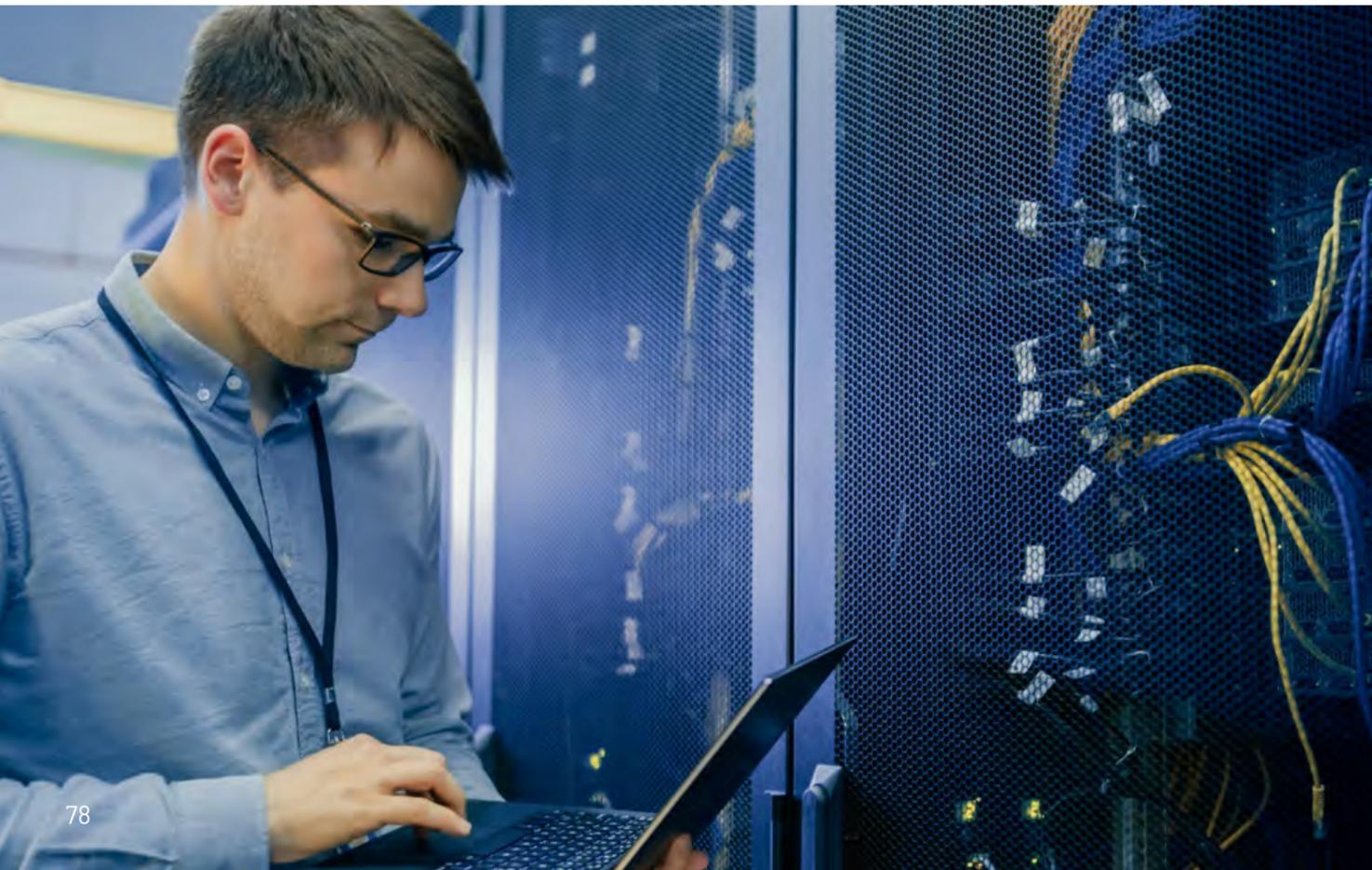
The long-term supply of sites provided by the Enterprise Zones covers remain at the core of the wider Humber's offer for new investment. Delivery of the proposed Humber Freeport will be key to boosting land supply further with 396.9ha of land allocated as Tax Site in the HEY LEP region.

However, the HEY LEP area has a distinct challenge around high abnormal costs for developments. The area's high flood risk can result in a requirement for floor-raising and on-site defences; its environmental significance underlines the requirement for mitigating any loss of habitat; and its low property values mean that, for too many developments, the cost of construction is greater than the end value of the property. This in turn makes it impossible to secure finance for some developments, both speculative and for companies' own purposes. Development on brownfield sites is also often subject to abnormal costs relating to contamination and access constraints. The market failure of the region has led to public grant intervention being required on many developments, and a shortage of available pre-built commercial premises. Such investment has led to a number of highly successful developments including the Fruit Market Hull, the Marfleet Energy Park and the Beverley Enterprise Centre.

The region has significant space for development, although these sites are often more challenging due to a lack of infrastructure combined with the issues outlined above. However, where sites have been readily available and serviced with the necessary site infrastructure, development has been forthcoming, such as at Goole 36.

Key HEY LEP Activities to Support Growth via Sites and Premises Infrastructure

- Work with site owners and developers to maintain an up-to-date understanding of barriers to development on sites across the region
- Explore opportunities to access additional funding to support regeneration and development on brownfield sites
- Identify a rolling programme of investment in sites to create a portfolio of market-ready quality sites which meet investor demand
- Develop with partners appropriate marketing and incentive regimes to ensure these sites are attractive to the market
- In collaboration with the North East, Yorkshire, and Humber Energy Hub, explore potential local financial models for facilitating energy efficiency improvements to residential and commercial buildings
- Consider accessibility issues in relation to key development sites, especially those which connect deprived communities to high quality employment opportunities



Flood defence and infrastructure to facilitate living with water

The Humber has the second highest flood risk in the country, behind only the Thames Estuary, as such this agenda although vital to the HEY LEP region is best dealt with at a Humber scale through the Humber Leadership Board.

Decarbonisation is essential, our climate is already changing, and sea levels will continue to rise. Adaptation to climate risks and ensuring our economy is climate ready, is fundamental to a prosperous future.

Looking into the future, the latest evidence¹²¹ indicates that we should be preparing for over a metre of sea level rise and significant increases in river flows over the next 100 years. Ultimately, the scale of flooding that we currently consider rare and extreme will now occur more often with growing impacts for everyone – unless we take collective action and adapt.

The Humber 2100+ partnership¹²² comprising 12 local authorities and the Environment Agency are working together on a new integrated, long term, approach to managing tidal flood risk and increasing resilience, which is sustainable and supports the present health and wellbeing of communities, the natural environment and sustainable economic growth. Humber 2100+ will need to ensure that the right decisions are made as a place now, whilst remaining adaptable and flexible to future change, including economic shifts and rates of sea level rise, and new science and technological innovations.

Alongside central government funding, significant additional investment will be required to deliver the flood management needed to support the areas' aspirations. Humber 2100+, alongside other initiatives such as Living With Water¹²³, plus the expertise, and millions of pounds of recent investment in flood management infrastructure means that Hull and East Yorkshire have a strong foundation to build a resilient region. However, businesses and investors have an ongoing role to play in preparing for and adapting to current and future flood risk. Collaboration is essential to deliver an approach that supports local ambitions, and for successful implementation.

The University of Hull has a national strength in flood management research and is progressing the development of a Flood Resilience Centre of Excellence to develop and disseminate this research. It has also recently established a Flood Risk Management MSc, seeing enrolments double in size since last year and creation of the Flood Resilience Innovation Centre following a successful bid for £1.9million from the European Regional Development Fund. The centre will enable Humber-based SMEs develop innovative solutions to mitigate flood risk, improve response to flood events and increase resilience where complete flood prevention is impossible. The Ark Project would take this ambition further.

The expertise of the University of Hull and Yorkshire Water¹²⁴ allied to the responses to past flooding events mean the Humber is in a strong position to develop the next phase of water management approaches for the UK, which can inform future development. Yorkshire Water, Living with Water, Yorkshire Flood Resilience and Wilberforce College have also partnered to develop a 'wet-lab' to educate people on water cycles and flood risk.

Key HEY LEP Activities to Support Growth via Flood defence and infrastructure to facilitate living with water

- Contribute to the development of the Humber's reputation as a centre of expertise in flood and water management, building on the existing expertise in flood resilience and innovation, whilst providing greater flood resilience for Hull and East Yorkshire.
- Continue to work with partners such as the Environment Agency to develop infrastructure which manages floods, adapts to flooding and where possible prevents flooding. Continue to support the development of the new Humber Flood Risk Management Strategy¹²⁵
- Ensure businesses are aware of current support opportunities available to them to build flood resilience
- Maximise Hull's global position as a water resilient city, attracting national and global officials and specialists to the city
- Work with schools and education and training providers to raise the understanding of the region's flood issues and the future skills required to address them



Housing

Whilst private housebuilding has bounced back to some extent since the last recession, annual net additions in 2018/19 were still below 2007/08 rates, further contributing to a multi-year compounded shortfall in housing supply. This has seen the ratio of house prices to annual gross incomes rise from 2.19 to 4.36 in Hull between 2001 and 2019, and from 3.4 to 6.9 in East Riding over the same period.

Regional organisations have undertaken several high-quality developments in the region in growth locations, however, lower prices combined with affordability issues suppressing demand, have contributed to some sites owned by national house builders taking a long time to come forward. The cost of putting in infrastructure can deter investment, making some developments unviable in the market.

The region is also challenged by a rural housing delivery issue. Housing Associations are constrained in their ability to develop and manage small pockets of affordable housing on allocated rural sites and rural exception sites. The region faces problems of unaffordability along the A1079 corridor and the areas around York, and also low viability in the more remote rural areas along the estuary, in Holderness and the High Wolds. In these areas the existing housing stock is predominantly old, with poor thermal efficiency. The raising of thresholds for affordable housing through S106 proposed in the Planning White Paper is expected to further exacerbate the challenge of bringing forward affordable housing in these areas.

Demand for housing types has shifted during the COVID-19 pandemic and this presents opportunities for some parts of the region to draw skilled labour from surrounding conurbations as workers look for high quality of life and good value housing to fit with new working arrangements. This move creates further challenges in housing markets across the HEY region resulting in the need for further partnership work to consider affordability issues, access to work and education. Recent residential changes have further compounded labour shortages in key sectors such as agricultural.

Upgrading existing homes is also essential for the Humber to achieve its ambition of Net Zero carbon emissions, with options ranging from improved insulation and solar panel installation, through to connection to future district heating schemes. This is an opportunity to stimulate householder and landlord investment and develop the local market for low carbon services, as well as reduce fuel poverty and improve residents' health. This area of work is also a key driver of new curriculum development such as the skills required to install and service new heating equipment. Due to the vast re-fit requirements across the region this is a work and skills generator and can be used as a catalyst for new qualifications and jobs.

The area's future homes must be built with the impacts of climate change in mind, including sustainable management of heating, cooling and water resources, and resilience to flooding. The region could be a leader in this as part of its ambition to achieve Net Zero emissions. Hull City Council recently worked with RIBA on a design ideas competition for a water-resilient housing development facing the River Humber, demonstrating that high quality architecture can support people to live with water.

Key HEY LEP Activities to Support Growth via Housing Infrastructure

- Continue to support housing renewal in the region's large residential centres and rural and coastal areas by delivering existing programmes, sharing learning, and identifying a pipeline of future projects
- Encourage locally sourced modular building and increased take-up of Homes England funding schemes, by further collaboration between the HEY Growth Hub and Local Authority housing teams, in order to contribute to the area's housing delivery targets
- Work with education and training providers to ensure suitable curriculum pathways are available to meet housing re-fit and new build needs



121 Humber 2100+ Strategy - www.consult.environment-agency.gov.uk/humber/strategyreview

122 Humber 2100+ Strategy - www.consult.environment-agency.gov.uk/humber/strategyreview

123 Living With Water | Living With Water

124 <https://www.yorkshirewater.com/education/teachers/wilberforce/>

125 <https://www.gov.uk/government/publications/humber-flood-risk-management-strategy>

Natural Capital

HEY LEP and partners across the Humber agree that the area's natural capital is of high importance, which means it needs to be managed and invested in like any other form of capital. Just as the HEY LEP economy requires the shared vision and plan being delivered through this Economic Growth and Workforce

Wellbeing Strategy, so does the region's natural capital, building on and joining up existing activity, and maximising overall outcomes. In particular, the Humber Estuary and its related landscape need to be managed as one geography, supporting the area's industrial ambitions, and protecting and improving this important finite resource. Natural Capital is important in a number of strategic areas as it can capture CO₂ and provide flood management and can be found across our areas, from arable fields to hedgerows, grasslands, woodlands, and wetlands.

Natural capital will play a vital role in helping the area achieve Net Zero carbon emissions and increase resilience to the impacts of climate change. The Estuary's ecosystems, distinctive saltmarsh, reedbeds, mudflats and coastal marine sediments capture CO₂ and provide valuable flood management at current sea levels. It is also a Special Protection Area for its breeding, migratory and overwintering bird populations, the third largest Site of Special Scientific Interest in England, and home to three National Nature Reserves and is recognised for its populations of grey seals and lampreys.

Natural capital will also have a role to play within boosting workforce health and wellbeing. The environment agency noted in their 2021 State of the Environment: Health, People, and the Environment Report¹²⁶ that COVID-19 has exposed and amplified green inequality in society. It also notes the pandemic has led to an increased appreciation of nature and more engagement with the water environment, as a facilitator for good health and wellbeing.

Hull and Haltemprice benefit from a 25 year 'Blue-Green Plan' which links the objectives of flood, travel, climate adaptation, carbon capture, ecology, amenity, recreation and health and wellbeing through the creation of an attractive Blue-Green locality which has access to nature, safe and active travel, opportunities for social prescribing and areas for water storage and re-use. This plan is designed to attract and retain younger and more highly qualified workers and to support a healthy workforce.

The region's natural capital makes an important economic contribution through attracting tourists to areas such as Flamborough Head and Spurn Point; helping to retain the Humber's deep-water channels essential to shipping; acting as a natural buffer to tidal flooding; while the rivers and aquifers provide water for farming and other industries.

The Estuary's natural capital will also play a vital role in helping the area achieve net zero carbon emissions and increase resilience to the impacts of climate change. A systemic, large scale intervention in the land use management across the Humber could yield significant natural carbon sequestration, while enhancing flood resilience and establishing a self-sustaining environment.

Initial estimates are that existing natural habitats (25% of land cover) around the Humber sequester around 0.6MtCO₂e/yr. Changes to land management use, such as increasing wetland area within the flood risk zone, which has the added benefit of additional flood storage capacity, and restoring peatland, could increase this by 2MtCO₂e/yr - approximately 21% of the current carbon footprint of the Humber area.

Key HEY LEP Activities to Support Growth via Natural Capital

- Work with partners to develop a Natural Capital data set and action plan to clearly communicate the benefits of Natural Capital to the economy of the HEY LEP region and its contribution to net zero
- Work with environmental partners and businesses to identify innovative ways to invest in our region's natural capital
- Promote green space and active travel as a provider of good workforce health
- Consider urban landscapes, working with developers and the Local Authorities to ensure people in the region can benefit from areas of beauty within built up housing and commercial stock.
- Support the development of Agri-tech and land management skills to decarbonise the rural economy

Enhance the cultural offer and Visitor Economy infrastructure

To capitalise on the sectoral strength of the region in Tourism and the Visitor Economy, the required infrastructure in terms of choice of accommodation and attractions must be in place to provide a compelling offer to those are coming to the area.

The development of Tourism and Visitor Economy infrastructure in Hull and surrounding areas has seen a significant improvement over the last ten years yet still more is required to meet the city's ambition to be a world class visitor destination. Ambitious long term infrastructure projects such as cruise terminal for the city will support this ambition. The importance of the area's heritage, culture, arts, and sport provision is a key part of the place offer to both tourists and residents. This strategy recognises the part that creativity and culture plays in supporting local economies and talent, and the health and wellbeing of residents. Since Hull celebrated the City of Culture status in 2017, relationships with local and national government have significantly strengthened, opening up new avenues for people who work in museums, libraries, arts and culture organisations and improving the lives of HEY residents.

In the rural and coastal areas of the East Riding, although investment in accommodation and attractions has been realised, there are still gaps in provision and mismatches between location of accommodation, hospitality venues, visitor facilities and attractions. This is seen most keenly in rural areas of the East Riding where a shortage of different types of visitor accommodation, and limited alignment of accommodation with the rural tourism offer provides a restricted choice of where to stay if, for example, walking the Wolds Way National Trail or cycling the Way of the Roses Cycle route. Providing good quality accommodation and hospitality facilities in the Yorkshire Wolds will be key to making maximum economic benefit of the designation of the area as an Area of Outstanding Natural Beauty.

It is important to note that the tourism industry in our area is heavily reliant upon our natural environment, and by extension the health of the area's natural capital. The beauty of our landscapes, both inland and along the coast, are often taken for granted, but if they decline in quality, it will lead to a decline in tourists who will move to other locations. This ties into the need to develop the area's natural capital.

Key HEY LEP Activities to Support Growth via Cultural and Visitor Economy Infrastructure

- Work collaboratively with partners such as Visit Hull and East Yorkshire, Welcome to Yorkshire, Local Authorities, and the tourism industry to further develop the tourism infrastructure across the whole of the region
- Work collaboratively to package this infrastructure together to develop compelling and attractive regional destination packages
- Work with partners to promote the region as a tourist destination
- Recognising the importance of the cultural offer to local residents, work with partner organisations such as Generation Hull, the city's Local Cultural Education Partnership, local arts and cultural organisations and Arts Council England to ensure that residents are able to fulfil their creative potential and access high quality cultural experiences



126 Environment: Health, People and the Environment (Environment Agency, July 2021)

Build on our diverse assets and further develop our place assets and offer

The HEY LEP region includes high quality places with diverse service and retail offers. The city and towns in our region act as important hubs for employment, housing, leisure, and retail and need to be supported post Covid to remain attractive and purposeful. Our partner local authorities run effective economic development and regeneration activities which seek to enhance town and city centres whilst providing resources and expertise to regenerate areas of need.

The Hull Economic Strategy puts in place a clear vision for the city, seeking to deliver regeneration to key sites such as Albion Square, Whitefriargate, Queens Gardens, and those included in the maritime project. This Strategy has a clear regeneration aim of increasing the number of people living in the city centre and continued growth in high quality city centre office accommodation, leisure, and retail investments with the aim of making Hull an energetic and sought-after location.

The East Riding Economic Strategy 2018-22 also prioritises the development of infrastructure to promote high quality locations. It aims to develop a place-based approach to meet the housing, infrastructure, employment, and local service needs in order to create sustainable and inclusive communities. Key deliverables in this strategy include delivery of Goole Town Deal (and associated actions to reinvigorate the towns retail offer), development of post Covid recovery plans for key town centres and delivery of the next phase of the Bridlington Regeneration Strategy.

HEY LEP is committed to work with partners to support the diverse service and retail offer, in our regional settlements, maximising future funding opportunities through Levelling Up, Goole Town Deal and the proposed Coastal Prospectus.

A range of partners are engaged in ensuring all places and communities have access to services required to improve their economic conditions. This includes elements such as community wealth building. HEY LEP is supportive of this activity and will support activity to delivery these aspirations where appropriate.

Key HEY LEP Activities to Support Growth via development of our place offer

- Support partners in developing and resourcing effective plans for town and city centres, rural and community settlements in our region.
- Sign-post town centre businesses including functional service business to the range of business support programmes available via the Growth Hub
- Support partners with their activity promoting service inclusion and community wealth building in deprived communities.



Promoting our Locations and Wider Cultural Offer

The HEY LEP area is geographically peripheral, with a resident workforce which is highly self-contained. This hampers regional, national, and international visibility for the area and its assets. The region needs to ensure that messages around the capabilities of our sectors needs to be clearly and widely communicated outside of the immediate region. A focus on the promotion of the quality of our locational assets, our infrastructure and our places can help recognise this potential.

The HEY LEP has much to say on its qualities that provide a location to invest in, a location for a skilled workforce to live in, and a location to visit. HEY LEP will support existing partnerships and explore new approaches to ensure the place marketing of the region is maximised outside of its immediate vicinity.

Key HEY LEP Activities to Support Growth via marketing of the region

- Work with partners to market the locational assets of the region to increase visibility of HEY as a location to invest, a location to live and a location to visit
- Explore the opportunity to develop a key area prospectus for use by employers and other organisations as a marketing tool to showcase the area to potential employees

Delivering the Strategy

This strategy has been developed in consultation with a wide range of stakeholders including partner organisations, government agencies and private sector and voluntary and community sector representative bodies. We received 34 individual and collective responses to the strategy consultation, which represents well over 500 HEY residents, employers and regional stakeholders. Their views and comments were taken into consideration in drafting the final strategy.

This has resulted in a regional level set of priorities and objectives which communicate the needs of the private sector in the HEY LEP region.

The proposals align with local authority partners economic and related strategies and provide regional grounding to other local and national strategies and investment plans in areas such as skills, wellbeing, infrastructure, innovation, and place. HEY LEP will play a proactive and integral role with these partners, demonstrating strong leadership and governance to ensure that activity which is undertaken in the region contributes fully to the delivery of economic growth.

The LEP supports the local authorities' aspirations for a devolution deal for the area bringing greater local powers over economic policy and delivery. As outlined in the Levelling Up white paper HEY LEP will continue to play a proactive role in driving the local policy agenda and connecting the voice of the local business community to decision makers, until a devolution deal is signed.

Delivery and Monitoring

The delivery and resourcing of this strategy will rely upon a continuation of the strong partnership working which has been developed over the past 10 years in the HEY LEP and wider Humber region. As this Strategy outlines, collaboration and partnership will be key, and therefore the success will be dependent upon partners and stakeholders meeting their own targets aligned to the ambition and timeline within the LEP Strategy.

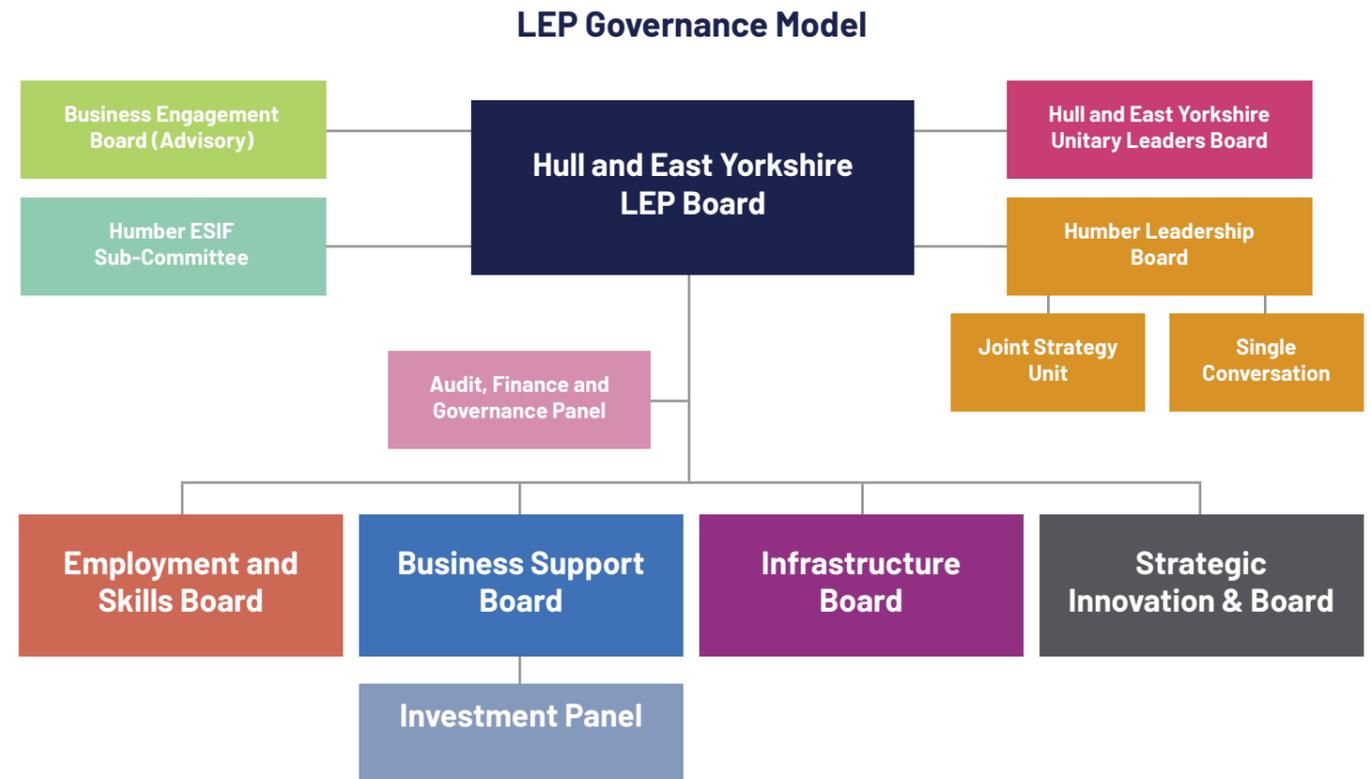
The HEY LEP will produce an Annual Delivery Plan which will be developed following the publication of the Strategy. This will identify key partners and opportunities for collaboration with a range of organisations and stakeholders that will work together to achieve our shared goals. It will outline the key activities to be undertaken to deliver the aims and objectives outlined in this strategy. To facilitate this, the LEP will work with a range of public and private partners to develop a pipeline of projects which will deliver the objectives in this strategy. We will work in partnership to produce compelling cases that are underpinned with strong evidence to maximise opportunities for attracting external funding for the region.

This close alignment between the LEP Strategy and the work of stakeholders across the region is also critical to ensure that the area is well positioned to benefit from the significant opportunities to attract funding through schemes such as the Levelling Up and UK Shared Prosperity Funds. Such funding and other inward investments will be essential to deliver on the potential of regional strengths and address the economic and social challenges it faces.

LEP Governance

The new Hull and East Yorkshire LEP (HEY LEP) came into existence on 01 April 2021 when it began its work on the future economic direction of the Hull and the East Riding of Yorkshire region.

The new governance structure of the LEP was subsequently agreed:



Each of the four Sub-Boards is chaired by a main Board member, who reports to the Board on their activities. The Sub-Boards are accountable to the LEP Board for delivering their respective programmes of activity and for providing advice and recommendations on issues and projects which come within their remit – including on policy issues, project proposals, monitoring, and delivery. Each board will be charged with delivering a priority within the strategy, and in the case of the strategic Innovation and Transformation Board sub section of a separate priority. Note: at the time of this strategy publication the Strategic Innovation and Transformation Board is still in development.

The HEY LEP is responsible for the direct delivery of several government funded programmes and has the capacity and robust governance arrangements in place to undertake direct delivery during the period of this strategy. The LEP has a Local Assurance Framework¹²⁴ which details the approach to managing funding allocated to it by central government, in conjunction with Hull City Council as its Accountable Body and the Hull and East Riding Unitary Leadership Board.



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