



Review of the Humber Strategic Economic Plan July 2016



Humber
Local Enterprise
Partnership



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Cover photo: Martin Williams (Hull) Ltd, supported to grow with a Growing the Humber grant

Executive summary

This document reports on the progress of the Humber Strategic Economic Plan 2014-2020 as it approaches the halfway point and sets out what will happen next. It points to some of the changes that may be required to the SEP as it is refreshed during 2016, and forms the background for those decisions.

Substantial progress has been made in all areas of the strategy, with major public and private investments taking place across the Humber region and strong partnerships working together to grow the economy.

The Humber region has reported positive performance across all major economic indicators since 2012 and has returned to economic growth. However, this growth rate is behind the regional and national average and consequently the area has taken longer to recover from the global recession, which poses questions over its future resilience to economic shocks.

There have also been changes in the national and sub-national policy context since the SEP was produced, which shape the environment partners are operating in.

This document will be presented to the LEP Board after the summer along with the recommended changes to the SEP. The contents reflect discussions and consultations held in various forums over recent months, as well as evidence collected on delivery to date. Further comments are invited before the Board discussion.



1. Introduction

The Humber Strategic Economic Plan (SEP) 2014-2020 has at its core the following ambition:

The ambition is to maximise the potential offered by the Humber Estuary, leading the Humber to become a renowned national and international centre for renewable energy and an area whose economy is resilient and competitive. We will continue to develop our strengths in key sectors, supporting our businesses to grow and helping our residents to access the opportunities they need to lead prosperous and rewarding lives.

The priorities in the SEP are structured as follows:

Sectors	Strategic enablers
<ul style="list-style-type: none">• The Energy Estuary• Other strategically important sectors:<ul style="list-style-type: none">○ Ports and logistics○ Chemicals○ Engineering and manufacturing○ Creative and digital○ Food○ Visitor economy	<ul style="list-style-type: none">• Infrastructure, including transport, broadband and development sites• Business support, including finance, innovation, premises and advice• Housing and place, including Hull UK City of Culture 2017• Employment and skills• Flood risk and environmental management

The SEP was produced after broad public consultation and engagement with stakeholders. The SEP is overseen by the LEP, but it is the Humber's plan and the objectives are delivered by a large number of organisations.

The full document can be downloaded from the LEP's website.¹

Two and a half years on from when the SEP was produced, the LEP has decided to review progress to date and identify where any changes to the strategy may be required. This document therefore acts as a progress report and makes some suggestions about what should happen next. It follows the same structure as the SEP.

¹ <http://www.humberlep.org/strategies-and-deals/the-humber-strategic-economic-plan/>

2. How the Humber economy has changed

Summary

The Humber region has reported positive performance across all major economic indicators since 2012 and has returned to economic growth. However, this growth rate is behind the regional and national average and consequently the area has taken longer to recover from the global recession, which poses questions over its future resilience to economic shocks.

The following sections use the latest available information to update the position compared with the data available when the SEP was produced in 2013/14.

Population

In summary, the total population of the Humber has increased by 0.4% (3,900 people) over the period 2012 to 2015, a much slower rate than the national average of 2.4%.

The largest increases were reported in North Lincolnshire and Hull with rises of 0.9% and 0.7% respectively. The population of North East Lincolnshire marginally decreased over this period by 0.1%.

The actual number of working age people (ages 16-64) decreased across all four Humber local authorities for the first time in 2012. Overall, the working age population has fallen by 1.6% to 572,300 people in 2015, which is in contrast to the increase of 1.1% recorded nationally.

This presents issues regarding a shrinking labour pool in the Humber that will potentially struggle to support an increasing number of dependents and whether this need can indeed be met in the future.

Business base

In 2015, there were 35,490 businesses in the Humber. Business density has also risen sharply to 62.1 businesses per 1,000 working age residents, which is a consequence of a 9.1% increase in total business stock (almost 3,000 new businesses) and decreases in the working age population. The Humber is notably higher than regional average and has significantly narrowed the gap on the national average 71.8 businesses per 1,000 working age residents.

In 2015, the Humber would need to create an additional 5,610 businesses in order to match the national average for number of businesses per 1,000 working age people.

The Humber business base continues to be dominated by small businesses, as 81.1% of the population have fewer than ten employees; this is, however, lower than both the regional and national averages.

The business start-up rate in the Humber increased year-on-year from 2009-2013 to 13.8% before dropping marginally to 13.3% in 2014 as a result of decreased start-up rates in both North Lincolnshire and Hull.



Business survival rates have decreased in recent years, which is perhaps to be expected with an increase in business start-ups. Furthermore, survival rates continue to vary considerably across each of the Humber local authorities, as displayed in Figure 1 below:

Figure 1: Business survival rates in the Humber (2014)

Local Authority	1 Year	2 Years	3 Years	4 Years	5 Years
East Riding of Yorkshire	91.9%	75.3%	62.8%	52.05	43.9%
Hull	92.6%	73.5%	57.4%	48.5%	39.7%
North East Lincolnshire	44.8%	36.6%	29.5%	23.0%	20.2%
North Lincolnshire	92.1%	71.9%	58.4%	48.3%	41.6%

Source: *Inter-Departmental Business Register, ONS, 2015*

Employment

Total jobs in the Humber increased by 20,000 over the two year period 2012-2014, which represents an increase of 5.0% and is slightly above the employment growth rates reported regionally and nationally. Half of these additional jobs have been created in the East Riding of Yorkshire.

Job density increased 0.69 to 0.73 per working age person during this time; however, a further 62,000 jobs would need to be created across the sub-region to match the national average.

Employment rate has risen by 3.9% to 72.4% across the Humber over the period from June 2013 to March 2016. An additional 16,900 people were estimated to be in employment, though just 54.4% of this constituted full-time employment. Consequently, the full-time employment rate as a proportion of total employment was marginally down over the period.

The proportion of working age people that are economically active has increased slightly from 77.0% in June 2013 to 77.2% in March 2016. The unemployment rate however has fallen from 10.3% to 6.3% over the same period with significant decreases reported in Hull and North East Lincolnshire in particular.

Sectors

In 2014, the business base continues to be diverse with very few businesses accounting for more than 10% of total stock. However, the 'Retail', 'Professional, Scientific & Technical', and 'Construction' sectors accounted for the largest proportion of business stock (33.0%), which is broadly in line with regional and national trends. This is perhaps unsurprising as many small businesses typically operate within these sectors.

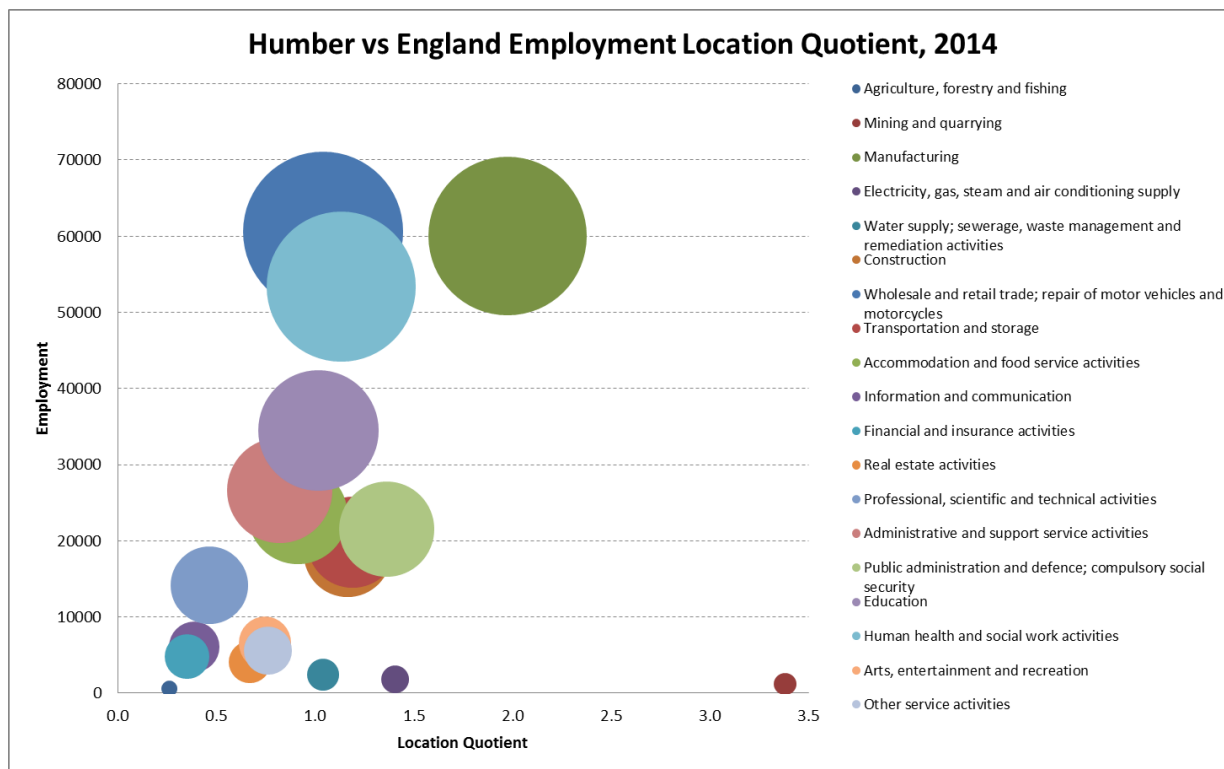
Agriculture, Manufacturing and Transport & Storage businesses are strongly represented in the Humber, as opposed to Information & Communication and Financial & Insurance which are poorly represented when compared to the region and England.

The Humber continues to have an above average proportion of large businesses employing 250+ employees, representing 0.7% of the total business stock compared to the national average of 0.4%. Key sectors include Manufacturing, Retail, and Business Administration & Support Services.

The sectoral composition of the Humber's employment base in 2014 was much narrower, however, with 50.3% of total employment concentrated across four sectors, namely Manufacturing, Health, Retail, and Education. This is considerably higher than the national average of 39.8%.

Location quotients are a valuable way of quantifying how concentrated specific industries are in an area compared to a larger geography. Figure 2 below highlights the sectoral strengths of the Humber compared to England and emphasises the importance of specialist industries such as Mining & Utilities, Manufacturing, and Energy to the local economy.

Figure 2: Humber vs England Employment Location Quotient, 2014



Source: Business Register and Employment Survey, 2015

GVA

In 2014, the Humber economy generated £17.5bn in GVA, an increase of 3.7% (or £630m) over 2012. This rate of economic growth is considerably behind the regional and national increases of 6.3% and 9.0% respectively.

The reported GVA for the Humber in 2014 equates to £61,520 of GVA per full-time equivalent (FTE), which is 79.7% of the national average.

GVA output in 'Production' reported the poorest performance figures of any sector from 2012-2014 across the Humber, as contributions fell by an estimated £160m (-2.2%) in spite of improved performance in Hull.

Significant increases in GVA output were reported across all Humber authorities in 'Distribution; Transport; Accommodation & Food', 'Business Service Activities', and 'Construction' over the two year period.

Further analysis of the Humber's productivity position is included in the report prepared by the University of Hull for the LEP Board in 2016.

Occupations

The Strategic Economic Plan states that the Humber's occupational profile is skewed towards lower skilled occupations though the situation has improved between June 2013 and March 2016. Lower skilled



occupations now account for 30.1% of all occupations across the Humber compared with a national average of 24.6%.

'Administrative & Secretarial' (+13.5%) and 'Professional' occupations (+10.3%) have reported the largest increases over the period, which can likely be attributed to greater levels of employment in the Business Administration & Support, Financial & Insurance, and Education sectors.

The long-term challenge is to develop create a greater number of highly-skilled jobs across the Humber and the evidence suggests that over the last three years progress has been made, as there has been a 10.0% increase in highly-skilled occupations compared with a 4.5% increase in low-skilled occupations.

However, an additional 38,000 highly-skilled jobs would need to be created in order to match the national average.

Skills and education

Progress has been mixed regarding the skills profile of the Humber working age population over the period 2012-2015. For example, the proportion of working age residents qualified to NVQ Level 4+ (Degree level and above) has increased sharply above the national average in the East Riding of Yorkshire, North Lincolnshire, and North East Lincolnshire. However, the number of people educated to this level in Hull has fallen during this time, which has resulted in a net increase of 7.0% compared to the national average of 9.1%.

Similarly, the number of working age residents with no qualifications decreased considerably in both Hull and the East Riding of Yorkshire (-24.05 and 24.3% respectively), with significantly lower decreases reported in North Lincolnshire and North East Lincolnshire.

Trade apprenticeships across the Humber increased by 12.9% over the three year period to 2015, however, against a notable decrease nationally of 8.2%.

Deprivation

The 2015 Indices of Multiple Deprivation reported that the number of Lower Super Output Areas across the Humber ranked in the 10% most deprived decile had fallen from 24.0% to 22.0% since the last report was published in 2010. Significant improvements were recognised across a range of sub-domains including Health and Crime.

3. The potential of the Energy Estuary

Focus of the SEP

The Humber Strategic Economic Plan focused on Energy as an established and diversifying sector which acts to define the Humber Estuary; The Energy Estuary. The Humber is connected to around 25% of UK Energy whether through direct generation or in the import and export of fuels.

The greatest step change for economic growth in the Humber is provided by the new offshore wind sector since the region sits centrally to nearly 50% of UK wind projects and facing the Danish and German markets. The Humber has land, infrastructure and a marine heritage which is assisting to meet the requirements of the industry and providing new opportunities for investment and employment in the region. However, though the offshore wind sector is important, it is imperative to understand the broader established energy based activity within an energy mix and high energy intensive industries which are supported by the Humber and are subject to issues such as decarbonisation.

The Humber's ambition is to become a leading national and international centre for energy drawing on new sectors and supporting those more established. This section aims to describe the progress to date in achieving this ambition as well as identifying some next steps in order to further strengthen these ambitions into the future.

Progress so far

Policy

Further welcome assurances have been given that low carbon energy generation continues with upmost support on an international and national level. November 2015 was a key time in securing some of these policy views. The UN Climate Change Conference in Paris formed an agreement providing 'a long term goal of keeping the increase in global average temperature to well below 2°C above pre-industrial levels' and at a similar time UK Government made the announcement that there would be further rounds of Contracts for Difference (CfD) to assist the renewable power industry to develop to a point at which it could provide cost parity with other conventional generation methods.

For offshore wind it was announced that there would be three further rounds of CfD for offshore wind up to 2020. The Humber LEP continues to work with those developers who are providing Supply Chain Plans to access the CfDs with particular focus on assisting them with accessing local supply chain and skills to support the projects. We have seen greater confidence since those announcements and from a recent BVG study it was predicted that offshore wind would be at cost parity with conventional generation within the next 5-7 years. This will be a significant step forward for the industry and has the potential to significantly stimulate further growth in the Humber.

In the recent Northern Powerhouse Independent Economic Review 'Energy' was identified as a key sector assessed as having great value and growth potential for the North. This recognition is reflected in the Humber greatly as described previously, and though offshore wind is regarded as a large growth opportunity for the region, more established energy generation and efficiencies are high on the agenda



being the connection with over 25% of UK energy through the direct generation and fuel import and exports.

Distinctively, the Humber is home to a number of energy intensive industries which have a significant role in the economic sustainability of the area. Issues facing these industries include meeting targets for reducing greenhouse gas emissions (the Climate Change Act 2008 requires a 34% reduction by 2020 and an 80% reduction by 2050 compared with 1990 levels) which has been reiterated by the Paris 2015 summit. A range of policies are being used to reduce emissions and so encourage a shift to low carbon technologies, and the large firms whose industries are responsible for significant emissions are taking active measures such as improving on-site electricity generation and increasing resource efficiency in the production process. The Humber LEP has been working with Tees Valley Unlimited to understand detail on these issues being faced and support these industries in their quest to decarbonise. The Humber LEP and other industry stakeholders in the Humber have been actively consulting on DECC's work on Pathways to Decarbonisation.

Major business investments

The Humber region has seen significant investments from the offshore wind sector and their associated supply chain since the original SEP was conceived:

- Associated British Ports and Siemens £310m offshore wind turbine blade manufacturing, installation and service at **Green Port Hull** is presently under construction and will be complete and ready for hand-over by January 2017. Recruitment and training has begun for the 1000 new employees where recruitment events were oversubscribed by hundreds. So far over 70% of those recruited originate from the local area. The Siemens investment has further stimulated supply chain inward investment with companies such as 3Sun Group, TRG Wind, GEV Offshore as well as major contracts have been awarded to local companies such as Clugston, Spencer Group, Turner Timber Frames Ltd and Neville Tucker Ltd.



- **Grimsby** continues to develop as a centre for construction support and operations and maintenance for the offshore wind projects located in the Southern North Sea. New infrastructure and activities can be observed at the port and surrounding areas since the original SEP was written. In total there is around £40m of investment in port infrastructure and buildings which has created in the order of 400 new direct jobs. This includes new buildings and quays providing top tier companies such as DONG Energy, Eon, Centrica, Siemens and MHI Vestas Offshore with the facilities to build and maintain the wind farm assets as well as significant investment in lock gates to improve access for the demands of the sector. It is estimated that there could be in the order of 1,100 jobs which will be created by the offshore wind industry by around 2023. Associated with the activity with the top tier companies, Grimsby has attracted many other supply chain companies providing services such as equipment, diving, engineering, offshore training, vessels and specific maintenance.



- **Able Humber Port** continues to be of interest to major companies offshore wind sector. Though we understand that business development continues with larger component manufacturers, the Humber LEP is aware of at least two wind farm developers who are actively pursuing future activities there. The challenge is in Able UK having the commitment to be assured to invest in building the 1.2 km quay, whilst at the same time the developers being assured that the quays will be built in time for their projects. Support from the Enterprise Zone Capital Fund has helped with preparatory works for the Able Marine Energy Park.



Business support

Humber partners have used targeted business support programmes to help local businesses to access the opportunities brought about by investment in the energy sector. This includes the Green Port Growth programme and a South Bank Renewables strand (now ended) of the original Growing the Humber programme, both funded by RGF. Strands have included capital grants, business support, supply chain support, skills and research, development and innovation.

Skills

The LEP has worked with industry and local providers to reshape provision to support the needs of the sector, supported by the City Deal and Growth Deal. The Green Port Growth programme has assisted local SMEs to take on engineering apprentices and support long term unemployed people into work.

The Humber University Technical College, specialising in engineering and renewables, opened in Scunthorpe in September 2015. The LEP has also been working with RenewableUK on a proposal for a National College for Wind Energy, which would be located in the Humber.

The LEP and partners have also worked closely with major investors to understand their skills needs, link them with providers and support them to recruit local people.

Further information is provided in the chapter on A Skilled and Productive Workforce (page 34 onwards).

Promotion

The Humber Renewables brand has brought together the offers and partnerships around the Humber to present a joint message about the Humber's competitive offer for investment, including the Enterprise Zone sites, and the capabilities of local SMEs. This has included giving local businesses the opportunity to co-exhibit at an affordable cost whilst maximising exposure at large national and international renewables based conferences. A suite of marketing materials have also been produced which as well as supporting the exhibition stands, has also been used in on-going inward investment activities.



Next steps

Energy has been identified as a key sector in the Northern Powerhouse and the Humber is a key participant in driving this agenda forward.

The Humber LEP continues to support inward investment and local business expansion and this is set to become more significant as the offshore wind sector continues to grow and meeting decarbonisation targets become more apparent as policy interventions are made. The LEP is joining with colleagues in other LEPs with similar sectoral interests in order to strengthen our northern case to support energy investments. We have been joining with Tees Valley on decarbonisation issues more generally and Liverpool, Cumbria and the North East on offshore wind. Most recently we have been joining with all of the northern LEPs and universities around innovation and working with national partners such as Innovate UK to progress opportunities to set the north apart and to make it become the 'go to' place for energy related expertise.

We will continue to support offshore wind farm developers on furnishing their Supply Chain Plans to access CfD which will in the medium term unlock investment and give our local community best opportunity for jobs and business. We will continue to have open dialogue with our port owners/operators to understand how best we can assist them in realising new investment from the renewable industry.

The Humber LEP's restructure identifies Energy, Ports & Logistics and the Chemicals & Process Sector as the key to future economic growth and sustainability and we will continue to deploy the Growth Plans which have been developed for those sectors.

Progress in the energy sector such as the move from generated power to distributed power, energy storage and decarbonisation can all be realised in the Humber to great effect given the significant contribution that the Humber region makes to UK energy.



4. Sectors of strategic importance

The SEP drew on a report commissioned from the University of Hull² to identify six sectors, in addition to energy, which will be integral to the future prosperity of the area. These are:

- Ports and logistics
- Chemicals
- Engineering and manufacturing
- Creative and digital
- Food
- Visitor economy

The approach to these sectors has differed, recognising their different stages of development and growth potential.

Ports and logistics

Focus of the SEP

The ports of the Humber are regarded as key assets which in many ways define the industries which have developed in the region throughout history. Today they are the largest in the UK by tonnage and the estuary hosts around 35,000 shipping movements per year. The ports are considered the gateway to Europe and supporting infrastructure, logistics and engineering expertise provide a major part of the Humber's offer for inward investment activities. The ports are both a centre of economic activity directly contributing employment and GVA, and provide unique and critical infrastructure for a range of sectors, most notably renewable energy, oil, construction materials, automotive, steel, chemicals and food.

Progress so far

Much of the recent investment at the major ports of Hull, Immingham, Grimsby and Goole has been discussed previously in the Energy Estuary section. The majority of the job creating investments has been made by the offshore wind sector particularly at Grimsby, Greenport Hull and the forthcoming Able UK port at Killingholme. In addition, significant infrastructure investments in bio-mass transport and storage have been made at the ports of Immingham and Hull; at Immingham alone the investment is around £25m.

The Humber LEP and Hull City Council have been actively engaged in several strands of the Transport for the North agenda on behalf of the region. Particular focus has been given to the Northern Freight and Logistics Study as well as on International Connectivity.

The Humber LEP has assisted with other regional stakeholders to promote the Humber port and logistics offering at the Multimodal Exhibition and Conference, similar to the activities described in Humber Renewables. The Humber has also supported several proposals for European and national funding agencies in order to further extend the understanding and capabilities of these key assets of the regions.

² The Capability of the Humber Region - <http://www.humberlep.org/strategies/research-and-reports>

Several large sites along the M62 in the East Riding have been designated for large scale warehousing and logistics based developments, these include sites such as Green Park, Capitol Park and Melton which have all seen significant developments over recent years from companies such as e-Buyer, Tesco, Intergreen and Wren Kitchens. Some adjacent sites also now benefit from Enterprise Zone status.

Next steps

A new leadership group will be established for the Ports and Logistics sector following the refresh of the LEP's structure. This will take forward future work in this area. A key focus is likely to be joining up with other northern and major European ports to build trading links and give a more coherent message. Work on the competitiveness of the Humber ports is also being developed, which will provide a basis for future plans.

Chemicals and process

Focus of the SEP

The Humber petrochemicals/chemicals sector is of European scale and the second largest in the UK, supported by the Humber Ports. The Humber is now home to one of the UK's four main petrochemical clusters. Two oil refineries, Phillips66 and Total Lindsey, provide 27% of the UK's refinery capacity.

The area's chemicals clusters encompass expertise in petrochemical refining, personal care, pigments and colours, agrochemicals, fine chemicals, paint and coatings, surface treatments, speciality chemicals and inorganic and organic commodities. Companies active locally, include Croda, Air Products, BP Chemicals, Nippon Gohsei, BOC (LINDE), BASF, Phillips66, Cristal, Kemira, Knauf, Novartis, Syngenta, Total and Yule Catto.

The focus of the original SEP was to understand specific barriers which could be addressed in order to safeguard the long term sustainability of this important Humber based sector.

Progress so far

Consultations with industry determined that the key barriers existed in the provision of skills and for higher level professional roles the issue was in attracting people to live and work in the area. Humber Chemical Focus CATCH who have been in existence for over 10 years supporting around 100 members of this sector as well as managing an industry based training centre are the key to coordinating activities to support this sector. Regular interaction with the Humber LEP continues and is used as a conduit to join up on a national level.

The Humber LEP has advanced programmes which support the development of STEM based skills which has thus increased the pool of potential resources. Place marketing is being delivered by the Humber Bondholders, local authorities and local network organisations. Key messages, case studies and new stories have been presented over a variety of media on a national and international level.

Next steps

As the LEP structure develops there is strong recognition of the Chemicals and Process Sector. The Humber LEP will continue to work with Humber Chemical Focus CATCH and their membership to understand where best interventions can be made to remove barriers being faced by the sector.

The Humber has been working with Tees Valley Unlimited on some of the environmental issues which face the Chemicals and Process Sector as discussed in the Energy and Renewables sector previously. A cluster study assessing aspects such as feedstocks, waste, energy and CO₂ output is being explored in



order to understand integration opportunities locally and with other LEP areas with similar challenges. The Humber with its energy intensive industries has the potential to pioneer initiatives around decarbonisation which could be an example to be implemented nationally.

Marketing the Energy Estuary on an international stage with partners such as UKTI is on-going and a local audit of innovation case studies will be carried out over the coming months to build an investment case on a national level to potentially attract inward investment. Place marketing of the Humber more locally will continue with partners such as Humber Bondholders.

The Humber will continue to progress programmes which promote the development of the STEM skills.

Engineering and manufacturing

Focus of the SEP

The engineering and manufacturing sector, like ports and logistics, is a cross cutting and enabling sector and has been recognised in the Northern Powerhouse Independent Economic Review.

25,000 people are employed in advanced engineering in the Humber with many of the international companies operating in this sector using cutting-edge techniques and processes. Whilst something of a generalisation given its diversity, growth in advanced engineering and manufacturing is likely to be closely linked to developments in renewables and the associated supply chain. Encouragingly, the area has a strong base of companies who are well placed to respond to these opportunities.

Progress so far

The LEP has worked with local trade bodies to understand the growth potential and barriers of the sector, particularly in relation to supporting the developing energy industry through the supply chain.

Support from Growing the Humber and other programmes has enabled many SMEs in this sector to expand.

The LEP worked alongside the Greater Lincolnshire LEP to support the Tata Taskforce, which was led by North Lincolnshire Council to respond to the announcement of substantial job losses at the Scunthorpe steelworks.

Next steps

Humber partners will continue to support the growth of the sector and help it to take advantage of emerging opportunities linked to inward investors. Work with trade bodies and targeted use of support programmes will play an important part in this.

With Advanced Manufacturing a recognised key sector for the Northern Powerhouse, the LEP will also review how the Humber's capabilities and future contribution to this can be better expressed.

Creative and digital

Focus of the SEP

The SEP emphasised the need to support the Humber's fast growing digital sector to continue to build a reputation for digital innovation and creativity. It recognised the importance of established digital sector support networks and communities in strengthening the local cluster and the vital contribution made by the University of Hull and the region's FE and HE colleges to building the Humber's tech talent pool. The SEP identified growth opportunities for the digital sector based around the region's offer for tech start-ups,

combining excellent connectivity, low cost base and tech/digital incubation space; the level of investment taking place in the local communications infrastructure and roll-out of superfast broadband including world class fibre-to-the-premise; and the innovation and R&D capacity centred in the University of Hull and large enterprises.

The SEP identified a series of potential interventions aimed at ensuring that the appropriate infrastructure, supply of skilled labour and business support services were in place to underpin further growth and development in the creative and digital services sector. These included supporting companies to develop the skills and expertise to develop new technologies, equipment, products and services and working with education and skills providers to improve the region's talent pipeline.

Progress so far

Since the publication of the SEP, Hull and the Humber has been identified as key digital cluster by Tech City UK and has been recognised as one of the seven major cities which comprise Tech North. National and regional recognition of the local cluster has provided a platform for promoting the Humber's digital offer and a mechanism for closer collaboration with other tech clusters.

In December 2014, the Humber LEP established a Digital Sector Group comprising representatives from large businesses, SMEs, the University of Hull and public sector organisations. The Group has refined and developed the sector profile in the SEP to define attracting investment and supporting innovation as priorities for action. Under "attracting investment", the Group has produced an agreed statement of the Humber's digital sector assets and is in the process of developing detailed sub-sector propositions. Under "supporting innovation", the Group has contributed to defining a package of support to enable SMEs to innovate by using technology more effectively (ESIF project currently under appraisal) and in developing a programme of open innovation workshops.

The Humber LEP part-funded the fit out of the new C4DI innovation centre through a Growing the Humber grant of £80,000. The centre supports businesses to innovate and technology start-ups to grow. The LEP has also invested in excellent learning environments and facilities to support the digital talent pipeline, including funding equipment and software to enable North Lindsey College to realign its curriculum across further and higher education to meet the needs of the creative digital sector.

Next steps

The Humber LEP will continue to support the Digital Sector Group to develop compelling sub-sector propositions and promote the Humber's digital offer through Tech North, Tech City UK and UKTI. Investments in ICT innovation support for SMEs are subject to ESIF timescales – project proposals are currently under appraisal and projects are not expected to commence delivery before the end of 2016. In the interim, the LEP Digital Sector Group proposes to design and deliver a programme of open innovation workshops aimed at sharing innovation best practice and stimulating partnership working between local businesses. The Humber LEP will continue to work closely with regional initiatives such as the Centre for Digital Innovation in Hull and the Humber Business Resilience Forum to provide support and information for businesses about tech-based innovation and cyber security.

Food

Focus of the SEP

The SEP identified the food sector as a major employer in the Humber region, through key employers including AAK UK, Aunt Bessie's, Icelandic Seachill, Country Style, Cranswick plc, Golden Wonder,



Greencore, Lincoln & York, Pipers Crisps, TSC Foods, Saxon Quality Food Scunthorpe, William Jackson Food Group and Young's Seafood. Local support and supply chains are well established and related capabilities in advanced engineering, print and packaging, logistics and electronic tagging/barcoding continue to be a significant factor in attracting inward investment. The Humber continues to be the UK's major centre for chilled/frozen seafood processing and has the highest number of cold storage facilities in the country.

The SEP identified a series of potential interventions aimed at ensuring that the appropriate infrastructure, supply of skilled labour and business support services were in place to underpin further growth and development in the food sector, and that opportunities for cross-LEP working were explored and maximised. These included targeted support to access domestic and international markets and cross-LEP projects/programmes that draw upon the expertise and specialisms of each partner.

Progress so far

The Humber LEP has supported the growth of the food sector through targeted application of its skills and business support programmes. This includes investing in skills through the food and agriculture sector strand of Skills Support for the Workforce (SSW), a £3.5m programme which provided funding for businesses to invest in training for employees. The LEP has also invested in excellent learning environments and facilities including the sustainable technologies centre at Bishop Burton College with the focus on environmental technologies, mathematics, bio sciences, engineering and innovation. The centre will assist with the translation of innovation in engineering and biological science, including precision farming and carbon reduction, into high value technology through Humber businesses. Food sector businesses have been supported through the Growing the Humber grant scheme and Business Loan Fund, including a grant of £700k to poultry product manufacturer Benson Park which supported £7m investment and will create 40 new jobs. The Humber LEP has also worked with UKTI and Hull & Humber Chamber of Commerce to assist food sector businesses to access overseas markets through joint events, access to specialist export support and facilitation of trade missions.

The Humber LEP has worked closely with Greater Lincolnshire and York, North Yorkshire and East Riding LEPs on projects which support the growth of the food sector, including the establishment of a Food Enterprise Zone in North East Lincolnshire, supporting the Agrifood Yorkshire network and partnering in the Yorkshire Bioeconomy Science and Innovation Audit bid led by partners in North Yorkshire.

Next steps

The Humber LEP will continue to work proactively to ensure that its skills, business support and innovation programmes support businesses within the food sector. Greater Lincolnshire and York, North Yorkshire and East Riding LEPs will take the lead on developing food sector specific programmes of support. However, the Humber LEP will continue to be an engaged and active partner, ensuring that food sector businesses in areas not covered by overlapping LEPs are able to access support on an equal basis and managing interactions between food sector-specific programmes and LEP-led programmes such as the Humber LEP Business Growth Hub.

Visitor economy

Focus of the SEP

The SEP recognised that the Humber offered an appealing blend of visitor attractions, including the rich cultural and heritage offer of Hull; attractive villages and market towns across the region; and stunning heritage coastline and seaside resorts such as Bridlington in East Yorkshire and Cleethorpes in North East

Lincolnshire. The SEP identified that the status of Hull as UK City of Culture 2017 had the potential to act as a very significant catalyst for the development of the visitor economy across the Humber LEP area.

The SEP proposed a series of potential interventions aimed at encouraging and enabling businesses to support a thriving, more diverse and sustainable tourism and visitor economy driven by, but not limited to, Hull: UK City of Culture 2017. These included developing a business support offer that enabled local businesses to take advantage of the opportunities created by a larger visitor economy and ensuring that critical infrastructure requirements were in place in order to maximise the success and legacy benefits of City of Culture 2017.

Progress so far

The visitor economy in the Humber is set to grow as a result of Hull: UK City of Culture 2017, which will see a surge in visitor numbers to the area (not just the city) and a large rise in visitor spending. A million extra visitors will be attracted to Hull in 2017.

The Humber LEP has supported the growth of the visitor economy through targeted application of its skills and business support programmes. This includes investing in skills through the creative and digital and visitor economy strand of Skills Support for the Workforce (SSW), a £3.5m programme which provided funding for businesses to invest in training for employees. The Humber LEP has enabled or accelerated key infrastructure projects through LGF investment (Connecting the City Bridge, Repurposing the Old Town, Central Cleethorpes Regeneration Programme, Bridlington Integrated Transport Plan Phase 2) and supported the development of an ERDF/Creative Local Growth fund project to support businesses in the creative industries sector to maximise the opportunities presented by Hull City of Culture 2017.

The Humber LEP has worked closely with Greater Lincolnshire and York, North Yorkshire and East Riding LEPs to co-ordinate support for visitor economy related projects in areas in overlapping LEPs. In Hull, the Humber LEP has worked closely with Hull City Council and the Hull City of Culture 2017 Team to prioritise and support projects to maximise the economic impact of Hull 2017.

Next steps

The Humber LEP will continue to work proactively to ensure that its skills, business support and innovation programmes support businesses within the visitor economy sector. Greater Lincolnshire and York, North Yorkshire and East Riding LEPs will take the lead on developing visitor economy related initiatives in areas of overlap, drawing on their relationships with destination management organisations such as VHEY (Visit Hull and East Yorkshire), Visit North East Lincolnshire, Welcome to Yorkshire and Visit Lincolnshire. Hull City Council and the Hull 2017 Team will lead on initiatives to support the visitor economy in Hull. However, the Humber LEP will continue to be an engaged and active partner, managing interactions between visitor economy specific programmes and LEP-led programmes such as the Humber LEP Business Growth Hub.



5. Creating an infrastructure that supports growth

Focus of the SEP

Objective: Enhance access to strategic sites and along key growth corridors, upgrade passenger and freight rail infrastructure and ensure our port and airport infrastructure matches our anticipated investment in the Energy Estuary.

The SEP prioritised improved labour market connectivity, enhancements to the strategic and local transport networks, improving access to the Humber ports and other regions, and delivering infrastructure to unlock development. The SEP drew on evidence from business and planning authorities that a small number of significant bottlenecks were an inhibitor of growth, and that improved connectivity was required within the local area. It also identified that further work was required to ensure an adequate supply of readily usable sites and premises for new investors and indigenous business growth.

The SEP identified a series of specific transport improvements, some of which were in local control and some of which were on the strategic road network and rail network, and prioritised Enterprise Zone sites for infrastructure investment.

Progress so far

Growth Deal delivery

Support for six transport projects has been secured through Growth Deals to date, in addition to the three the LEP has taken on from the former Humber Local Transport Body. The LEP also used its funding flexibility to add a new transport project when another project was able to scale back the amount of funding it required. Construction work has been completed on the A161 Bridge Street cycle scheme, is underway on the Grimsby Town Centre project, Humberside Airport surface access, Bridlington ITP2 and A1105 Anlaby Road, and will begin shortly on Grovehill Bridge.

The South Humber Rail Gauge Enhancement project has been more challenging and is the subject of a case study in the assurance section of this submission. Network Rail is the delivery partner and is in the process of resolving the cost increase it has experienced.

Development work continues on the Stallingborough Interchange and A18 Melton Ross projects, which are profiled for construction later in the programme. The Connecting the City Bridge project in Hull has been postponed until after 2017 so the works, which will be delivered by Highways England, do not coincide with the City of Culture events. Works to improve the A1165/A63 Garrison Road roundabout have also stalled due to lack of Highways England funding. It is hoped that these essential works will eventually be delivered at the same time as the A63 Castle Street if funding is made available.

The LEP is awaiting a decision from the Department for Transport on the Hull-Selby Rail Electrification project. This remains a strategic priority for the area for ensuring continued and more efficient direct connectivity to London and Leeds/Manchester.

Enterprise Zone delivery

The Humber LEP, local authorities and site owners are actively marketing the Enterprise Zone for investment, including with brochures and at exhibitions, and an Implementation Plan is in place prioritising infrastructure requirements. The Autumn Statement and Spending Review announced in 2015 that the Enterprise Zone would more than double in size from April 2016.

As of April 2016, there were 26 companies located on the Humber Enterprise Zone, creating 171 new jobs and 118 construction jobs. Particular success stories in the Humber Enterprise Zone include the Siemens and ABP £310m investment to enable the development of a wind turbine blade manufacturing plant at Green Port Hull, projected to create 1,000 jobs by 2018. Construction of the facility is well under way and Siemens are due to be onsite in September 2016 (fully operational January 2017). The Grimsby 2 Enterprise Zone site at the Port of Grimsby is at the heart of a growing centre of excellence for offshore wind operations and maintenance which is now home to 4 O&M companies serving wind farms in the North Sea. Several sites within the Humber Enterprise Zone are now fully occupied, including Marfleet Environmental Technology Park, which is now home to 9 companies specialising in renewables, advanced manufacturing and logistics. Investor interest is strong for many of the Humber Enterprise Zone sites, such as the reinvigorated and repurposed Humber Enterprise Park, formerly a BAE Systems site, which has attracted 15 new companies offering high quality jobs.

Good progress has already been made towards delivering sites which joined the Humber Enterprise Zone as part of the 2016 expansion, including the completion of an ERDF funded phase 2 link road providing direct access to Goole 36 and Capitol Park from the Port of Goole and commencement of construction of a waste to energy plant at the Energy Works in Hull. Several sites within the 2016 extension to the Humber Enterprise Zone have been allocated for major projects supporting wider economic growth in their local area, including the Ron Dearing University Technical College for digital technology and mechatronics in Hull, a new intermodal terminal at the Port of Goole and a new arts centre building on the legacy of Hull's status as UK City of Culture for 2017.

Growing Places Fund delivery

Growing Places Fund investment has helped to open up and accelerate key developments, increasing the potential of a number of sites.

Europarc, North East Lincolnshire's flagship business park, has been designed to attract manufacturing, distribution and office based businesses at all stages of their development. The development of a dedicated area (Europarc Village) for support services, including a pub, has been supported with the building of an access road and planned works to reinforce the water main.

Also in North East Lincolnshire, Growing Places Fund investment has enabled works to start in opening up for industrial development a significant 50 acre site close to the Port of Immingham. Investment in road access, power and other provision for services will turn an undeveloped brownfield site into one that is suitable for industrial use. This will help to address market failure by removing barriers to Port expansion and rejuvenating the commercial property market, creating viable and attractive opportunities for expansion and inward investment.

The development of Hull's Fruit Market area, creating a vibrant, mixed use 'urban village', has been accelerated with Growing Places Fund finance. The money has enabled Fruit Market LLP, a partnership between Hull City Council and Wykeland Beal that owns and is responsible for the site, to bring forward



essential infrastructure works, including the installation of an electricity substation and undertaking works to specific historic properties.

Other delivery

Significant investment by Highways England in the A160/A180 link, and by North East Lincolnshire Council in the A18-A180 link, is under way and will improve accessibility to the Port of Immingham from the east and the west. Once complete, these projects will unlock further development around the port and along the South Humber Bank.

The long-awaited upgrade to the A63 Castle Street, Hull, has yet to enter construction, although some archaeological works have been carried out. This significant project, which is led by Highways England, will relieve congestion on the trunk road to the port and reduce the severance between the City Centre and its waterfront. At present the road is at maximum capacity, which makes further development in the east of the city (where much of the demand is at present) extremely challenging. The Connecting the City Bridge project forms part of this work.

Highways England is also supporting, through the Growth and Housing Fund, the de-trunking of the M181, Scunthorpe, which will enable the Lincolnshire Lakes project. This major housing development, which will deliver 6,000 new homes in six new villages, is also being supported by the LEP through Growth Deal investment in flood defences.

The area has also continued to benefit from the reduction in Humber Bridge tolls enabled by the Government in 2012. Traffic across the bridge has increased by an average of 29% over that period (with car and truck usage rising by 31.1% and 33.6% respectively) and continues to rise, with investment in the toll plaza and the new “HumberTag” system speeding up journeys. A formal evaluation has not been carried out yet, but initial evidence is that this has helped to stimulate the housing market on the South Bank, improve labour market mobility and promote cross-Estuary business relationships.

All the Humber local authorities have successfully secured significant levels of funding for larger transport schemes from a variety of different funding sources. For example, East Riding of Yorkshire Council successfully bid for £22m to deliver the Beverley Integrated Transport Plan from the Department for Transport’s (DfT’s) major transport scheme fund. Hull received £2.6m for structural maintenance on the A1105 Anlaby Road flyover from the DfT’s local pinch point fund, North East Lincolnshire secured £4.3m through the DfT’s local sustainable transport fund and most recently North Lincolnshire successfully bid for a £0.5m scheme through the DfT’s sustainable travel transition year fund. Each of these schemes included a local contribution, some of which was sourced from local businesses, demonstrating the benefits of strong partnership working between local authorities and the private sector.

Each local authority also manages their Local Transport Capital Block funding to deliver a comprehensive programme of smaller transport schemes, which complement and add value to larger schemes delivered through LGF and other funding opportunities such as those outlined above.

Network Rail has been upgrading level crossings, stations and bridges, replacing track and updating 60 miles of signalling between Immingham, Scunthorpe and Cleethorpes as part of a £100m investment in Greater Lincolnshire. With a quarter of the UK’s rail freight traffic passing through the Port of Immingham every year, the upgrade project will provide opportunities for more freight and passenger rail services. Network Rail have also undertaken a £50m+ resignalling project from Hull to Gilberdyke which will be completed by 2018.

TransPennine Express will also deliver an investment of £1.4 million in Hull Paragon Station this year in advance of the City of Culture year.

Over £25m has been invested in super-fast broadband in East Yorkshire and Northern Lincolnshire under the Broadband Delivery UK (BDUK) programme. The Northern Lincolnshire Broadband Programme has led one of the quickest and most efficient rollouts of superfast connectivity nationally. 97% of premises in Northern Lincolnshire will have the ability to access to superfast broadband by 2017 and further funding has already been secured to take coverage up to 99%. In Hull and East Yorkshire, communications provider KC is investing tens of millions of pounds in its future-proofed fibre to the premises broadband service to create a best-in-class digital network.

Partnership work

Humber local authorities developed a refreshed Humber Transport Vision in 2015, identifying the strategic improvements that will be required to improve connectivity inside the area and with other regions.

Humber partners are supportive of the work of Transport for the North, and have contributed to key aspects including Hull City Council helping to lead the freight work stream. The LEP Chair and Hull City Council's portfolio holder represent the region on the partnership board. Similarly, Humber partners have been actively supporting Rail North's development and Councillor Baroness Liz Redfern is its vice chair.

Under the Greater Lincolnshire devolution agreement, the directly elected Mayor of the new Combined Authority will take responsibility for a devolved multi-year transport budget and have the ability to franchise bus services. A Memorandum of Understanding will also be put in place with Highways England.

The commitment to continued partnership on the Humber will ensure that Northern Lincolnshire can still be represented in Northern Powerhouse transport discussions, as well as Midlands Engine discussions through the combined authority. This is particularly important given the relevance of east-west links to the Northern Powerhouse and the Humber ports.

The Single Conversation pilot, which was established with the support of Lord Heseltine and enhanced through the Hull & Humber City Deal, brings together senior-level representatives of statutory agencies and local planning authorities to discuss barriers to major projects. Given the many environmental constraints around the Humber Estuary, this approach is designed to ensure that development proposals are dealt with in a consistent and timely way. The pilot has achieved some notable successes, including on Siemens' planning application in Hull and Phillips 66's replacement of the Tetney pipeline, a complex project which had to be delivered by a specific deadline to coincide with the refinery's shutdown.

Next steps

The focus of the SEP, and priorities for transport and infrastructure improvements outlined within it, remain correct. These are important enabling activities for future growth of our key sectors, the delivery of our enterprise zone sites, and for supporting wider business and housing growth. Several of the specific interventions referenced have been now been delivered or are under construction, but support is required to enable others to move forward.

Delivery of most of the existing Growth Deal transport projects will be completed during 2016/17. Decisions are required from the Department for Transport and Highways England in order for two of the remaining projects, Hull-Selby electrification and Connecting the City Bridge (as part of A63 Castle Street), to



proceed. These are high priorities for the region, strongly supported by businesses, local authorities and MPs, so an early commitment is needed.

The next wave of projects from the Humber Transport Vision has been identified and those which were sufficiently well advanced were put forward for potential inclusion in this submission. The projects were shortlisted and prioritised, taking into account which would make the greatest contribution to growth.

As part of Transport for the North's early work on 'local strategic connectivity', support has been given to investigation of a longer term enhancement to the A63 route from the M62 motorway to the Port of Hull.

The Enterprise Zone Implementation Plan identifies a number of capital projects which are required to enable the sites to move forward. All will have developer input, but on some the scale of abnormal costs is such that are not viable without public sector assistance. Where possible this is being taken forward through loan funding, including against future business rates revenue, but this is not possible on all sites. In a small number of cases, therefore, sites will only move forward with an element of grant support.

The Humber ESIF programme has committed its £2.141m EAFRD allocation to the further roll-out of Superfast-Broadband to rural areas. This will address those 'white areas' that remain from previous BDUK activities and ensure that our rural communities are connected and can use Superfast Broadband to support their growth and development. It is likely that a call for Broadband-related activity will be issued by DEFRA in January 2017.

6. Supporting businesses to succeed

Focus of the SEP

Objective: Ensure that businesses in the Humber LEP area have access to the expert support and appropriate finance they need to grow, create jobs, and take advantage of new investment opportunities.

The SEP prioritised a co-ordinated business support and signposting offer, backing SMEs to grow, streamlining export support and increasing levels of innovation. The SEP noted criticism from businesses that support landscape was confusing and difficult to navigate. It also recognised the Humber's comparatively poor performance on business start-up and survival rates, on productivity and on innovation. These are long-term issues which will take time to address.

Progress so far

Growth Hub delivery

An early Growth Hub pilot was secured through the Hull & Humber City Deal, with £2.5m RGF through Lancaster University. The LEP's approach with the Growth Hub has been to build up a strong partnership of private and public sector support providers who collaborate to ensure that together their services meet the needs of the economy, and that businesses are signposted between them. This is augmented with additional independent adviser capacity, based within existing support providers, to provide front-line advice and signposting, alongside the national Business Support Helpline and the Growth Hub website.

The pilot provided an opportunity to test a variety of different support products delivered by partners. The learning from this has gone on to influence future partner activity and commissioning through ESIF; for example, the apprentice hub acted as a proof of concept which a delivery organisation can now take on with support from ESIF. The pilot supported the creation of 422 direct jobs, 111 indirect jobs, safeguarded 224 jobs and leveraged £4.19m private sector investment.

A new steering group was recently put in place to drive the next phase of development. Chaired by the Managing Director of a small social enterprise, it includes representation from the Chamber of Commerce and Federation of Small Businesses.

Growth Deal delivery

Support was secured through the Growth Deals for two capital projects that help to deliver this part of the SEP, and funding flexibility was used to add an additional project when one scaled back its funding requirement.

The LEP's "Growing the Humber" business investment scheme provides capital grants to SME businesses in support of business growth, investment and job creation - creating and building on an environment that enables and encourages business to seek and exploit expansion opportunities. Growing the Humber grants are offered to incentivise investment and private sector leverage and to fill a gap in available funding. The £4m awarded to this project aimed to create 275 jobs and leverage an additional £20m in private sector funding. The programme has already allocated and contracted more than £3.5m, is on target to meet the



private sector leverage target and will exceed the job creation target with 380 jobs contracted to be delivered within a year of completing the investment. Decisions are made by an expert panel of private sector volunteers, offering local knowledge and business experience.

Case study: Fast Form Systems Ltd

Fast-Form Systems Ltd manufactures and supplies award-winning patented formwork available for hire and sale to the construction sector worldwide. The versatile, lightweight and adjustable formwork and shuttering system offers an alternative to timber shutters and large panel systems, lowering delivery costs and carbon emissions.

The company was awarded funding from Growing the Humber to support a move to new premises with extended manufacturing and production space and new specialist equipment. This is enabling it to create 12 new jobs and deliver a new contract for London Underground. A number of the new staff recruited had been long-term unemployed.



Business case approval was recently granted for the two other projects: ERGO, a local authority/university collaboration which will provide space for small businesses; and Port of Grimsby East Offshore Wind Operational Support Facilities, which will refurbish disused buildings to provide space for the offshore wind sector. Both of these projects are profiled for a 2016/17 start and will commence shortly.

Business Loan Fund delivery

The LEP used its Growing Places Fund allocation to open a Business Loan Fund. This has supported a number of companies to make strategic investments to help grow their business and generate wider economic impacts.

Case study: Business Loan Fund

A Business Loan of approximately £1.1m enabled Biowise Ltd to develop and operate a state of the art waste recycling and recovery centre. The plant recovers value from biowaste and mixed residual waste from municipal and commercial and industrial (C&I) sources that would otherwise be sent to landfill. This will help to reduce harmful greenhouse gas emissions whilst recovering recyclable materials, producing a fuel for renewable energy/heat recovery and returning a valuable organic soil improver back to land. Biowise Ltd has secured waste management contracts with two local authorities and further interest from a number of Humber businesses.

The Business Loan Fund, while close to full commitment of the originally allocated £8.1m Growing Places Fund is already generating returns and the LEP will continue to review the best and most effective uses for this funding.

Trade and investment

The LEP has supported SMEs to participate in major exhibitions for the energy sector on joint public/private Humber Renewables stands, enabling them to gain access to companies and information that they would not otherwise have had. Some of the exhibitors have won significant contracts as a result. The Humber

has been well recognised on a national and international stage over the now three years this programme has been running.

There is a close partnership between officers in the LEP, local authorities and UKTI to respond effectively to inward investment enquiries.

European Structural & Investment Funds

The Humber ESIF programme has issued a number of calls for projects that will provide support to SMEs across the Humber. ERDF activity to date has been on Priority 3, SME Competitiveness, where around 75% of the allocation has been committed to business support projects focusing on pre-start, new-start and business growth, as well as Access to Finance activities through the Northern Powerhouse Investment Fund.

The LEP and the Humber LEP Area ESIF Sub-committee actively supported the creation of the Northern Powerhouse Investment Fund, with a £5.7m contribution of ERDF funds and participation in various working groups across the Northern Powerhouse area. The LEP recognises the importance of the finance offer made by the NPIF to support businesses in the Humber to grow and is keen to see its continued development. The LEP and Growth Hub are ready to promote it to local businesses to ensure that they can get the most out of the investment available. The LEP plans to make adjustments to its financial support offerings should the NPIF go ahead to ensure a mix of finance opportunities are available to meet the needs of a diverse range of SMEs.

A number of outline applications have also been approved to progress through Priority 1 (Research, Development and Innovation), Priority 2 (ICT) and Priority 4 (Low Carbon) which will support SMEs to innovate through the provision of innovation support and voucher scheme, Grants for Research and Development (both general and low carbon focused) as well as a programme to support SMEs to implement ICT within their business.

Business input into ESIF calls has been achieved through various means, which has played a significant part in shaping the activities being sought. This has included, for example, the LEP's digital sector group contributing to the development of the ICT call that was launched in April 2016. This has meant that the final call closely meets local needs and is notably different from calls elsewhere.

The growth of Humber SMEs is also being supported by the ESF element of the Humber ESIF Strategy, in particular through the Humber opting into the Skills Funding Agency's Skills Support for the Workforce programme which will commence in September 2016. This programme will support the up-skilling of the SME workforce to enable businesses to be more effective, more competitive and more productive leading to business growth and further job creation. Similarly, two open calls for ESF projects that were launched in May 2016 have focused on developing the Leadership and Management Skills of people at Level 3 and above, as well as addressing skills shortages in the LEP's key sectors and Health and Social Care.

Strategy and engagement

The LEP developed a draft Innovation Strategy in 2015, which was based on consultation with industry. This is focussed on the unique contribution the Humber can make to lowering the cost of energy, and proposes actions which the LEP and partners are taking forward. The LEP brought together other northern LEPs, universities and the Offshore Renewable Energy Catapult for a similarly themed proposal for a Science and Innovation Audit, which would have assisted with the further development of the strategy. This was unsuccessful in the first round, but has been developed further for resubmission.



The LEP has commissioned various research and reports since the SEP was produced to aid its understanding of the local economy and businesses' needs, and inform the prioritisation of investment. These have included a Business Premises Study (jointly with Greater Lincolnshire LEP), a study of the Humber Estuary's competitiveness by the University of Hull, a report on productivity by the University of Hull and a business support mapping exercise.

Humber partners are also working to support SMEs to access opportunities arising from large companies' investment in the local area, particularly in relation to offshore wind. This includes the marketing programmes under 'Humber Renewables' discussed previously, and local networking organisations such as Team Humber Marine Alliance and the Grimsby Renewables Partnership hosting larger supply chain events and more frequent networking events. The Humber LEP and partners have also taken an active role with new investors in order to assist them with sourcing local supply of products and services.

The LEP works closely with membership organisations, including the Chamber of Commerce, Federation of Small Businesses, Institute of Directors and Confederation of British Industry, to understand the issues being faced by businesses. All are represented on a regular roundtable group, and a similar group exists for professional services and intermediaries, with the results being fed through to the LEP boards for action. More details are provided in the leadership section of this submission.

Next steps

The Humber has made good progress in responding to the priorities in this section of the SEP, which remain relevant. In particular, the partnership work through the Growth Hub and the Growing the Humber scheme have provided successful in realigning business support and providing backing for SME growth. Businesses ask for stability in the support landscape, so continuing with these initiatives is a priority for the LEP but they continue to evolve in response to feedback and experience.

The LEP will want to make adjustments to its support schemes once there is clarity about the future of the Northern Powerhouse Investment Fund and ESIF programme, which are important sources of support for business. If they proceed, the LEP will want to use its schemes and work with local providers through the Growth Hub to ensure that NPIF and ESIF support projects are fully leveraged, learning from the poor performance of predecessor financial instruments in the Humber area. This will include specific work on investment readiness. The LEP also continues to work closely with banks, accountants and private investors on local investment infrastructure, and recently supported the launch of a new Business Angels network.

The development of a draft Innovation Strategy has provided solid foundations for the Humber's future work on innovation, which was relatively weakly represented in the original SEP, reflecting the Humber's low base in this area. This has provided for clearly focussed ESIF innovation calls and the development of a proposal for an Open Access Innovation Centre, as recommended in the draft strategy. The LEP Board agreed in July 2016, as part of a review of the LEP's focus and structure, to establish a dedicated group for the first time to lead the Humber's work on innovation and futures.

The LEP and partners also continue to respond to the findings of the Business Premises Study. Both small and flagship developments (such as the Centre for Digital Industries in Hull) have been established, and the two ongoing Growth Deal projects will contribute towards this. Market failure continues to be an issue in bringing forward new developments aimed at accommodating SMEs, but the LEP closely reviews supply and demand and the viability gap when presented with proposals.



7. A great place to live and visit

Focus of the SEP

Objective: Ensure that the Humber is a great place to live with the range and quality of homes for a growing workforce, with an attractive and vibrant cultural, leisure and visitor offer.

The SEP outlined the need for substantial investment in new housing to support a growing workforce, but recognised that the specific characteristics of the Humber markets (low values and high abnormal costs, mostly due to flood risk) make this challenging. It identified that investing in the regeneration of city and town centres is an integral part of making the region a desirable place to live, and are therefore an enabler of both new housing and wider business investment. The SEP also called for the Humber to capitalise on the economic opportunities offered by Hull: UK City of Culture 2017.

Progress so far

Growth Deal delivery

Specific support was secured through the Growth Deals for two major housing projects – Delivering Housing Growth in Hull and Lincolnshire Lakes – but other projects, particularly transport and flood risk alleviation, also enable housing growth. Both projects involve partnerships with private sector developers and have proceeded well: Lincolnshire Lakes is nearing the end of detailed design, while the Hull project is under way on several sites with the first 30 homes complete, and LGF expenditure has been accelerated to support the pace of delivery. In total 6,000 homes will be delivered by Lincolnshire Lakes and 900 (a mix of refurbishments and new build) in Hull. The Westcliff Enterprise Hub project is also under way, supporting the wider regeneration of the Westcliff housing estate.

Other Growth Deal projects supporting city and town centre redevelopment are also making good progress on site. Re-purposing the Old Town, Hull, is an important part of the substantial wider refresh of the city centre for Hull UK City of Culture 2017, and redevelops the indoor market and surrounding area. Construction is also progressing well on the Grimsby Town Centre Infrastructure & Enabling Works, which support the development of a new hotel and office accommodation.

Funding flexibility was used to add two additional projects, the Hull Venue (a City of Culture legacy project which will provide a 3,000 capacity multi-purpose venue in the city centre) and at Normanby Hall Country Park (support for the development of camping pitches to facilitate overnight stays in the area). Construction on both projects begins this year.

The final Growth Deal project, Cleethorpes Regeneration, was profiled for a later start but the LEP and the project sponsor are seeking to accelerate this to begin in 2016/17.

Local Plans and housing delivery

The current status of the Humber local authorities' Local Plans is as follows:

East Riding – Local Plan Strategy Document adopted in April 2016. Allocations Document is due to be adopted by the end of July 2016. Bridlington Area Action Plan adopted January 2013.

Hull - Current plan adopted 2000, new plan Publication stage June 2016.

North Lincolnshire – Core Strategy adopted 2011, Housing and Employment Land Allocations DPD adopted 7.3.16 and Lincolnshire Lakes Area Action Plan adopted 10.5.16.

North East Lincolnshire – The Local Plan has completed its Pre-submission consultation. Comments are being considered and a final submission document is on programme to be submitted to government in late summer.

Across the four local authorities, the combined housing target is 57,000 (the plans have various end dates from 2026 to 2032). A land supply has been identified in excess of this. Latest delivery is shown in the table below.

Table 1: Housing delivery

	Dwellings started				Dwellings completed			
	Private Enterprise	Housing Associations	Local Authority	All	Private Enterprise	Housing Associations	Local Authority	All
2012-13	1,020	80	0	1,100	1,460	70	0	1,530
2013-14	1,880	130	0	2,010	1,590	150	0	1,740
2014-15	1,270	60	0	1,330	1,260	100	0	1,350
2015-16	1,950	70	0	2,030	1,340	100	0	1,440

Local authorities estimate that there are unexercised planning permissions equal to in excess of 13,000 dwellings. It is recognised that developments take time to come forward, but the main issues holding back development are low values and high abnormal costs. This in turn makes it difficult to access HCA instruments which are 100% recoverable.

Despite this, renewal activity is showing success in driving up values and private sector developers are becoming more active. Good relationships exist with national housebuilders and smaller local developers, and these are maintained through regular meetings.

The combined investment in Hull’s housing programme and Lincolnshire Lakes alone is over £1.7 billion.

Further detail is provided on the actions Humber partners are taking on housing delivery in Annex 1.

Hull: UK City of Culture 2017

As UK City of Culture 2017, Hull’s vision is to harness the power of culture to deliver a lasting economic, social and creative legacy for the city, the North and the UK as a whole. The city has brought together a world-class team to deliver an exciting, diverse and innovative 365-day programme that will bring the best of arts and culture from Hull and across the UK to national and international audiences, putting Hull at the epicentre of cultural activity and debate in the UK. The city is being prepared for the influx of visitors through a major investment programme in the city centre (see below).



City and town centre investment

In Hull, the biggest regeneration programme the city has ever seen is well under way. The historic Fruit Market is now benefitting from an £80 million facelift with two local developers working with Hull City Council to develop new leisure, retail and residential uses. A £25m Public Realm Programme is transforming other city centre streets, while major investments are also taking place in Ferens Art Gallery, Hull New Theatre and the Old Town. In the longer term plans for a riverside berth close to city centre attractions will establish the city as a new destination and gateway to Yorkshire for international visitors.

In Scunthorpe, North Lincolnshire Council is working to reverse the decline of the town centre. The new Humber UTC opened in September 2015, with engineering and renewables specialities aligned to the LEP's priorities. Both the council and housing provider Ongo will relocate their headquarters by March 2018, while 48 new starter homes will be built by a local developer with support from an HCA grant and the council is piloting a grant scheme to improve the appearance of properties.

In North East Lincolnshire, a major programme of works led by the Council is transforming Grimsby Town Centre and stimulating new private sector development.

East Riding of Yorkshire Council has continued to invest in the regeneration of Bridlington with schemes identified in the Town Centre Area Action Plan. The opening of the new £25m East Riding Leisure Bridlington in a prominent town centre / seafront location in May 2016 has proved an enormous success with residents and visitors alike and has helped attract the first new major hotel to the town for 80 years on a neighbouring site. The leisure centre was funded mainly by the East Riding with grant assistance from the Coastal Communities Fund (£2.15m) and Sport England's Iconic Facilities Fund (£2m). Bridlington has seen a changing townscape with the preparatory works for the town centre highways improvements under ITP2 involving demolitions and site clearances along Hilderthorpe Road, which also releases sites for mixed development in support of the AAP in the future. The council has also recently announced success in acquiring funding from the Heritage Lottery Fund to support the Bridlington Quay Townscape Heritage scheme over the next 4 years.

Next steps

Delivering the step change in the Humber's housing, cultural and visitor offers set out in the SEP remains a challenge which all local partners are working towards, and progress is being made on key projects. The major investments being led by Humber local authorities in city/town centres are vital for stimulating private sector investment, so it is essential that these continue. The Humber welcomes housing growth and the track record of Humber local authorities shows that everything possible is being done to achieve this, but the evidence shows that the combination of low values and high abnormal costs makes it unlikely that the Humber's ambitious housing targets will be achieved by private sector house builders on their own. Further concerted effort by the public sector on planning and, where necessary, to provide support to stimulate the market, will be required.

Estate and neighbourhood regeneration is an issue in three of the local authority areas, and the LEP supports local authorities' interest in this. The quality of existing stock in the private sector is an issue, particularly in Hull and North East Lincolnshire. The LEP also supports North Lincolnshire Council's bid for a Garden City at Lincolnshire Lakes.

The Humber will look carefully at the new £2 billion housing funding expected to be announced later this year, and continues to explore innovative models for using recoverable funding. However, as set out above, the nature of the Humber market means that using 100% recoverable funding is very difficult.

With housing forming part of the Greater Lincolnshire devolution deal and the East Riding of Yorkshire also being covered by the York, North Yorkshire & East Riding LEP which has a rural and coastal focus, to avoid duplication the Humber LEP will focus investment proposals for housing growth in Hull only as it seeks to secure a further Growth Deal. The LEP remains supportive of housing growth in other parts of the Humber and proposals which may be put forward by overlapping LEPs.



8. A skilled and productive workforce

Focus of the SEP

Objective: Ensure that our businesses can access the skilled workforce they need to grow and that residents of the Humber are supported and able to access good quality employment opportunities.

The SEP prioritises seven key objectives that are holistically designed to raise qualifications and skills levels of Humber residents. This will be achieved by engaging employers' commitment and investment in skills; fostering partnerships with key stakeholders; improving careers education, information, advice and guidance (CEIAG); influencing provision delivery; extending residents' aspirations and opportunities to gain higher level skills and by maximising the use of funding, including capital to develop excellent learning environments and facilities leading to a more highly skilled current and future workforce.

Progress so far

The SEP identified a series of specific skills interventions, many of which were within local control and some of which are designed to utilise national funding streams in a competitive arena, such as national college developments.

Challenges remain in regard to the length of time needed to raise the region's qualifications profile, engage schools in effective impartial delivery of CEIAG and to secure employers' commitment and investment in driving the skills agenda. Some good progress has been made through partner participation and coordination of an ambitious but achievable Employment and Skills Strategy³.

Significant investment in the renewables sector is helping the Humber to be recognised as the natural base for renewable training, building on our significant resource facilities via partners individually and supported through the City Deal and Growth Deal. Development has continued on the virtual Humber Energy Campus – a group of education and training providers who work together to provide a singular access point for energy related training via the Campus group.

Skills capital

The Hull & Humber City Deal invested £1.124m to improve facilities in the five Further Education Colleges in the region:

- The Bishop Burton College Sustainable Technologies Centre to improve curriculum facilities related to green jobs growth.
- The East Riding College Energy Technology Centre to support the further development of energy sector industries.
- The Hull College Welding and Fabrication Centres of Excellence to increase the numbers of highly qualified welders to replace the ageing workforce.
- The Grimsby Institute programme to improve facilities for students engaged in environmental technologies, fabrication and welding, plumbing, engineering and electronics.

³ www.humberlep.org/skills/employment-and-skills-strategy/

- The North Lindsey College Engineering Centre and Digital Creative Programme

The LEP's Growth Deals have secured a total skills capital investment of £5.23m LGF, match funded by partners, and is supporting projects designed to improve facilities and deliver improved outcomes to maximise economic potential in the LEP's priority sectors:

- The Grimsby Institute Environmental Logistics Learning Hub; a new logistics centre which will house clean simulated training, augmented reality and training suites.
- Goole College Skills Workshop Modernisation Programme; an extension of the college's vocational skills workshop allowing the college to expand provision in engineering, welding, manufacturing and logistics provision.
- CATCH Energy Offshore; the further development of multi-use facilities that enhance provision in renewable, offshore wind and marine technologies.
- A maintenance programme, which is profiled to start later in the spending period.

Partnership activity

The LEP has continued with engaging many partners to ensure the employment and skills agenda is supported, challenged and robustly monitored with many organisations actively involved in leading working groups. The LEP's Skills Network has grown to over 260 members, with average attendance of 65 people at quarterly meetings to participate in skills related workshops and discussions. The ten working groups that deliver and implement the Employment and Skills plan meet every six weeks to drive forward agreed actions and report on progress. Pilot activity includes work on skills delivered within prisons via the Justice working group, a 50+ strand which is working to deliver the government's fuller working lives strategy on a local basis and a significant continued focus on careers education, information, advice and guidance.

European Structural & Investment Funds

The Humber ESIF programme is investing in a range of activities to support the development of a skilled and productive workforce in the Humber. These include supporting people into the labour market as well as up-skilling those currently in work.

Activities include the Springboard programme which is benefitting from funding from the Youth Employment Initiative and is providing support to young people who are unemployed or inactive to help them get into employment, education or training. Similarly, the DWP Opt-in programme is supporting those who are furthest from the labour market into jobs and tackling barriers which prevent unemployed individuals from working, and enter into sustained employment.

The Building Better Opportunities programme, funded through the Big Lottery Opt-in, aims to build community resilience by increasing individual resilience within the most excluded individuals, and linking them into community networks, focusing on addressing persistent pockets of poverty and tackling barriers for those furthest from the labour market. This is in its final stages of procurement with projects commencing in September 2016.

The Humber LEP area ESIF strategy highlighted the use of Community Led Local Development (CLLD) to engage with the hardest to reach groups as a priority for investment. This approach builds on the success of the LEADER programme in rural areas and will develop Local Action Groups (LAGs) in the urban areas who will develop local development strategies to outline their plans. A call was issued for this funding in the Humber in October 2015. Three applications to form LAGs were received as part of this process and these applicants have been approved to progress to the next stage with a small amount of funding to support them in pulling together their Local Development Strategies which are due for submission 31 August 2016.



The ESF element of the Humber ESIF Strategy is also supporting a range of opt-in programmes through the Skills Funding Agency including:

- Skills Support for the Workforce – up-skilling the SME workforce to support business growth and development
- Careers Education Information, Advice and Guidance – enhancing the CEIAG currently available locally and building on successful programmes previously delivered through the LEP
- Apprenticeship Growth Programme – providing a brokerage service to support people into Apprenticeships and assist SMEs in identifying potential Apprentices and Apprenticeship opportunities
- Community Grants Programme – providing small grants to third sector and other small organisations that would not otherwise be able to access ESF to work with disadvantaged or excluded unemployed and inactive people to facilitate their progress towards employment

In addition, two open calls for ESF projects that were launched in May 2016 have focused on developing the Leadership and Management Skills of people at Level 3 and above, as well as addressing skills shortages in the LEP's key sectors and Health and Social Care.

Next steps

The LEP continues in its ambition for the Humber to be the location for the National College of Wind Energy and as such has continued to work with the former department for Business, Innovation and Skills, RenewableUK and several industry lead employers.

The Humber will participate in the Area Based Reviews on both the north and south bank of the estuary from October 2016. This will enable an impartial review of post 16 college provision which will assist with efficiencies; develop specialisms of training provision and provide a strong estates overview of a range of providers that can be used to drive future capital investment.

Skills capital investment remains a priority to rationalise outdated learning environments to create suitable and flexible learning facilities. The LEP cannot commit to specific projects prior to the completion of the Area Based Reviews, but it has identified themes where investment is required to support LEP priority sectors, and a pipeline of candidate projects which could be supported subject to alignment with the recommendations of the Reviews.

9. Flood risk and environmental management

Focus of the SEP

Objective: Stimulate economic development through further investment in flood and coastal risk management. Promote and embed sustainable development activities across the LEP area to sustain the natural environment.

The economy of the Humber is intrinsically linked to the Estuary and its water related assets. However, the SEP highlighted that it remains vulnerable from river, tidal and surface-water and sewer flooding and significantly improving the flood defences and sustainable drainage models in specific parts of the Humber area is key to future economic growth.

The Humber remains at a high risk of flooding from sea, rivers, surface and ground water, with approximately 115,000 hectares of land and 400,000 people at risk from tidal flooding across the North and South banks. Following on from the significant surface water flooding of 2007 where over 15,000 homes and businesses suffered from flooding, the Humber's vulnerability was once again highlighted in early December 2013 as unusual tidal conditions caused significant flooding.

The SEP therefore places emphasis on working and living with water, and finding new solutions to mitigate the effects of climate change in order to protect the existing economy and enable future growth.

Progress so far

Growth Deal delivery

The first Humber Growth Deal included a substantial investment in flood risk mitigation projects that protect existing homes and businesses and unlock future growth. The first of these, on Albert Dock in Hull, was completed in 2015 and helped to safeguard around 3,000 jobs (see case study below). Work on other Growth Deal projects is progressing, and together they will reduce the flood risk of over 62,000 properties.



Case study: Albert Dock, Hull

The aim of the project was to enhance the flood protection measures to the residents and businesses of West Hull by increasing the height of the flood defences from approximately 5m Above Ordnance Datum (AOD) to 6m Above Ordnance Datum (AOD). This follows the events of the 5th December 2013 when as a result of a tidal surge the height of the waves in the Humber reached 5.88 at the River Hull flood barrier.

The tidal surge caused widespread flooding, damage to 115 business properties and 149 residential properties. It is estimated that 90% of businesses and property owners affected by the floods in December have experienced difficulties in obtaining insurance against flood damage.

The works are now complete with fencing, footpath reinstatement and drainage finishing off the construction works to the flood walls themselves.



European Structural & Investment Funds

The Humber ESIF Programme has allocated circa £10.7m to support projects which address flood risk issues and develop blue/green infrastructure across the Humber. Project calls for these Priorities (5 and 6) have been issued and the nature of responses has meant that this area of the programme is heavily oversubscribed. A total of eight major projects have been put forward for consideration and are currently being appraised at Full Business Plan stage.

In addition, there is a large allocation committed to Priority 4 – Low Carbon in the Humber totalling circa £12.7m. Plans for future calls under this priority area will see the development of whole place solutions to reduce carbon emissions and support to SMEs to decarbonise in one of the LEP priority sectors. Funding committed so far through Priority 4 will provide finance to businesses investing in Low Carbon solutions and support businesses to undertake research and development activities in low carbon.

Other major investments

Three significant capital schemes have been delivered in the Humber since the SEP was produced:

- Humber Grimsby Docks, led by the Environment Agency - £19m
- December 2013 Tidal Surge Recovery Works at Albert Dock (supported by LGF), Dunstan Culvert and Goole, Reedness, led by the Environment Agency - £11m total
- Willerby and Derringham Flood Alleviation Scheme, led by East Riding of Yorkshire Council - £14m

Humber business case

In September 2014 the Humber Local Authorities and partners submitted a £1.28 billion business case to Treasury. The Business Case set out a proposal for additional capital and maintenance funding, which is required to replace and raise flood defences around the Humber Estuary. A review of the business case was undertaken by consultants employed by the Environment Agency (EA).

The Government's response was that "the Humber Local Authorities and LEP work with the EA to develop a programme of prioritised investments in the area. This could form the basis of a capital investment programme in the future, as well as any case for reprioritising existing investments". The response also suggested that "Strong local engagement will be important in developing the partnerships needed to agree and deliver such a strategy".

A formally constituted programme board, known as the Humber Officers Group, has now been set up to oversee a comprehensive review of the Humber Strategy. The Humber Officers Group reports into the Humber Joint Strategy Unit under a scheme of delegation.

The strategy should be adopted and move to the programme stage in 2017/18. It is important to note that the current programme of tidal defence works on the Humber in this parliament will continue.

Next steps

The LEP, local councils, Environment Agency and partners are working together to comprehensively review the Humber Flood Risk Management Strategy so that it incorporates the latest science, identifies capital and maintenance investment needed into the long term and ensures that funding for flood infrastructure is maximised. Planned investment in flood defence infrastructure will continue whilst the Strategy is being reviewed.

Multi-million pound investment in flood defence infrastructure is planned over the next 5 years to reduce risk of all sources of flooding to tens of thousands homes and businesses. Partners around the Humber will now focus on matching this government investment with local contributions to ensure projects are delivered, support regeneration, protect key economic assets and benefit communities across the area.

Humber partners are investigating the potential of an Investment Fund to support flood mitigation, drawing in resources from the private sector. The LEP is also working with insurance brokers to mitigate the challenges faced by local businesses to secure floods insurance.

Substantial investment will be required in the sewer network and related infrastructure, working with the water companies. In Hull, for example, the City Council is working with Yorkshire Water to gather the evidence to submit a series of multi-million pound bids to OFWAT. A small programme of projects using Local Levy funding has already commenced, including the completion of two of seven aquagreens this year which will reduce the residual risk left after the tidal and fluvial defences are completed.

With the development of a Spatial Plan complete, Humber partners are developing a Humber Mitigation and Compensation Strategy (as committed in the Hull & Humber City Deal) to help ensure that sustainable development is embedded in decision-making and streamline the development planning process.

