



LEP Review: Geography response
The case for a strengthened Humber LEP

September 2018



1. Introduction

This paper summarises the evidence-based case for continuing with the current Humber LEP geography, without overlaps. It was discussed by the Humber LEP Board on 14 September 2018.

The case for the Humber is presented through the following sections:

- **Business view** – why the Humber is the LEP geography that business wants (p3)
- **Economic rationale** – why the Humber meets the test of a functional economic area (p4)
- **Strategic opportunity** – our shared opportunities, and why the Humber is the most appropriate geography for realising them (p7)
- **Platform for success** – how the Humber has performed over recent years (p8)
- **Collaboration in place of overlaps** – how we propose to deal with the requirement to remove overlaps (p11)
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2. Business view

LEPs are designed to be business-led, so the view from business must be taken into account when responding to Government on LEP geography. Our sense is that the overwhelming majority of the business community favours retaining the current Humber geography as the priority, and any division of the Humber would be strongly opposed.

The business community argued strongly for the creation of the Humber LEP on the basis that the Humber was the economic area they identified with. Seven years on, this view has not changed; if anything, the successes of recent years have strengthened it.

Business engagement with, and ownership of, the Humber LEP is stronger than with any previous Humber partnership entity, precisely because it is the LEP business wanted.

The LEP is in regular dialogue with business membership organisations and individual businesses, so the likely outcome of the LEP Review on overlaps had already been discussed in some forums before it was published. We are clear where the membership organisations, the overwhelming majority of the business community and its main industrial players stand: fully behind the current Humber LEP geography.

Many business leaders, north and south bank, have said to us publicly and privately over recent months that if overlaps end they would firmly favour the Humber geography. We are therefore confident that a decision by Government to retain the Humber LEP would be strongly supported by the business community.

Letters of support are enclosed from the local membership organisations.

3. Economic rationale

This section reviews recent evidence to outline why the Humber meets the test of a functional economic area and therefore remains an appropriate geography for a LEP.

Scale

Population

The Humber's population was 929,854 in 2017. 12 of the current 38 LEPs have a population of between 0.9m and 1.2m, with 16 having more and 10 having less.

Four of the six LEPs¹ selected for the next wave of local industrial strategies have populations below 1.2m, including Cheshire & Warrington (927k) and Tees Valley (673k) which have similar sectors to ours but smaller populations. The Humber has sufficient population to be viable as a LEP, and other LEPs of a similar size and smaller look likely to continue.

Clusters

The Humber benefits from nationally-significant clusters of activity such as in ports (largest by tonnage in the UK) and logistics, chemicals and process (2nd largest in the UK), energy, and food processing, with limited spill-over into adjacent areas. The Humber represents the best-fit geography for these clusters, and in most cases is already recognised as such by industry and government. This gives the Humber unit a strategic importance.

Self-containment

The following analysis of where Humber residents travel to work (Census 2011) shows that the Humber is clearly self-contained:

	Humber residents	East Riding residents	Hull residents	NE Lincs residents	N Lincs residents
Humber	89.01%	84.61%	95.38%	91.71%	85.68%
York & North Yorkshire	3.64%	8.84%	0.98%	0.24%	0.62%
West Yorkshire	1.55%	2.68%	0.81%	0.62%	1.33%
South Yorkshire	1.52%	1.14%	0.29%	0.53%	4.98%
Lincolnshire	1.47%	0.19%	0.15%	4.17%	3.43%
Derbyshire & Nottinghamshire	0.42%	0.27%	0.29%	0.27%	1.06%
North East & Tees Valley	0.17%	0.17%	0.22%	0.14%	0.15%

Across the four unitary authority areas, on average 89% of residents who travel to work, work in the Humber. The strongest links outside the Humber are:

- East Riding to York & North Yorkshire (8.84%)
- North Lincs to South Yorkshire (4.98%)
- North East Lincs to Lincolnshire (4.17%)
- North Lincs to Lincolnshire (3.43%)

Of the current 38 LEPs, the Humber is the 9th most self-contained for where its residents work, and 11th most self-contained for where its workers live.

¹ These are all LEPs without overlaps and most either have or plan to have a combined authority matching their geography, so are assumed to be continuing in their current form.

Commonality and complementarity

The Humber's key sectors spread across our internal boundaries, for example chemicals and process on the South Humber Bank and across the river at Saltend; logistics along the A63/M62 and A180/M180 corridors; and concentrations of food processing in and around Grimsby, Scunthorpe and Hull.

Whilst every place is unique (e.g. only Scunthorpe has steel), the Humber's places have a lot in common and complementary offers which are mutually reinforcing. The growth over recent years of offshore wind is an example of complementarity across the Estuary: Hull as a manufacturing base, Grimsby as an O&M base, Humberside International Airport providing logistics and support services, and the University of Hull creating an innovation centre (Project Aura) at the Bridgehead site in the East Riding. Each part of the Humber has contributed to the Humber becoming the leading place in the UK for offshore wind, making it more than the sum of its parts.

Places in the Humber are different but also have similar issues, for example deprivation in parts of Hull and Grimsby had similar root causes; coastal communities in the East Riding and North East Lincolnshire have similar issues of isolation and seasonality; market towns in North Lincolnshire and the East Riding will similarly have to adapt to the changing retail environment. This presents opportunities for shared learning and joint approaches where appropriate.

Closer integration

Analysis points to deepening integration of the Humber's constituent parts, enabled by the reduction of the Humber Bridge tolls in 2012 and spurred on by economic growth on the Enterprise Zones and at other key locations. This has been confirmed by the 2018 review of the Humber's economic geography by Grant Thornton.

For example, the substantial increase in traffic across the Humber Bridge since 2012, above projections, is mostly from cars. HumberTag data shows concentrations of regular commuters in places such as Barton in North Lincolnshire, while nearby traffic count data indicates that the increases in the number of journeys are particularly high to/from the north end of the bridge towards Hull, and to/from the A15 southbound towards North East Lincolnshire. These trends are mirrored by housing market analysis and inter-local authority migration statistics.

Similarly, analysis of anonymised postcode-level data from recent major investors has shown how they have recruited from labour catchments much wider than their immediate area, while analysis of college, training provider and University student data shows many students crossing local authority boundaries and the River Humber to learn.

All this suggests that by the time of the next Census in 2021 the Humber will finally be showing some of the shifts in economic geography that the Humber Bridge was intended to encourage several decades ago – opening up more opportunities for employment and business growth.

There are important implications for planning, housing, transport and skills policy arising from this, which need to be tackled jointly to ensure the area capitalises on these trends.

Distinctiveness

Having clear specialisms and a distinctive economic “story” will be key for successful local industrial strategies, like the one being developed by the Humber LEP and partners.

Analysis by SGD-ED for Innovate UK considered how similar the industrial structures (mix of sectors) of LEP areas are to both the UK average, and other LEPs. Despite every area claiming that it is in some way unique, the data shows that most areas are actually very similar to the UK average. Only a small number of areas are genuinely distinctive, for example London with its heavy concentration of financial services and other knowledge sectors.

The Humber is the 6th most distinctive LEP area; our concentrations of sectors like ports, chemicals, food and steel rarely occur in other places. The Humber can justifiably argue that its industrial structure makes it genuinely different, and therefore a more bespoke approach is required from a LEP tailored to the needs of the economy and from government. By contrast, neighbouring LEP areas and larger LEP geographies are less distinctive.

The analysis also showed that the Humber is most alike Tees Valley & Durham, Merseyside, West Wales & The Valleys and Lancashire, suggesting that on a sectoral basis we may have the most to gain from working with these non-adjacent areas – which are also our competitors for investment.

4. Strategic opportunity

The Humber should be well-positioned to agree an ambitious Local Industrial Strategy with Government. It can only do this through a strengthened Humber LEP working closely with business, local authorities and education.

The LEP's Blueprint for a Humber Industrial Strategy² covers the priority areas of energy, energy intensive and continuous process industries, engineering and assembly and the enabling sectors of ports and logistics and digital and professional services. These are all sectors that operate on the Humber geography with presences in each local authority area, have opportunities for growth and renewal, and are aligned with the Government's industrial strategy.

Only LEPs, in the absence of metro mayors, can agree industrial strategies with Government, and it is the LEP geography through which future resources to deliver industrial strategies are likely to be allocated – as has been the case over recent years.

A strengthened Humber LEP, with its boundaries confirmed, the strong backing of the business community and the support and involvement of all four local authorities, will be the best placed to develop and negotiate an approach which responds to our area's distinctive needs and opportunities.

Already, the Humber is being recognised in Government documents and industry proposals for its potential as an industrial cluster for clean growth and industrial decarbonisation (e.g. the CCUS Cost Challenge Taskforce report). The Humber has as much, if not more, potential as any other UK region for these opportunities, but realising them in conjunction with Government will depend on concerted public/private Humber leadership.

As a recognised economic bloc with a transformed reputation, the Humber is also the optimum geographical unit to put forward its case for investment in most sectors. The "Humber offer" for investment – linked to the ports and airport – is complementary and takes in land and assets across the region, whether in energy, logistics, food manufacturing or assembly.

As the eastern gateway to the Northern Powerhouse with a distinctive offer and essential contribution to UK Plc, the Humber is also positioned to take advantage of new opportunities post-Brexit and can best make the case for tools such as free ports collectively.

A divided Humber, with separate LEPs covering opposite sides of the same Estuary, would not be able to capture the opportunities ahead because these depend on meaningful collaboration, using the tools which Government makes available only to LEPs.

An expanded geography, covering a more disparate area with less in common, would lack the coherence and economic focus that the Humber currently has. This would make for a less distinctive Local Industrial Strategy and consequently a weaker position for future development.

The Humber geography reflects the real economy and our shared future opportunities, so remains the best configuration through which to deal with the challenges and opportunities ahead.

² <http://www.humberlep.org/lep-launches-blueprint-for-future-of-the-energy-estuary/>

5. Platform for success

The Humber collaboration has strengthened over recent years and is achieving results. It has traction with business and government, so this is an opportunity to build on success.

The Humber LEP does not work in isolation – it is a genuine partnership, a collaborative endeavour between business, local authorities, government and education, with each party providing their support and input for the common good. It is important therefore to see the LEP's successes as all of the partners' successes; the positive results of working together.

The Humber LEP has been able to punch above its weight precisely because of this collective leadership and effort. Some of the successes have included:

a) A clear economic narrative

The Energy Estuary story contained in the current Strategic Economic Plan has given the Humber a new identity, which has helped to transform our reputation and opened the door to new investment.

With the refresh planned through the Local Industrial Strategy, the Humber will have an updated clear and distinctive proposition to take to market and to Government that is completely aligned with current policy, global trends like clean growth, and forthcoming opportunities.

b) Accessing and delivering the Government's growth toolkit

The Humber has successfully put forward a series of winning propositions against fierce competition and is delivering on these:

- Growth Deal 1 – accounting for overlaps, allocations per head were: Humber £177 (9th highest of 39), YNYER £154 (14th), GLLEP £126 (17th).
- Growth Deal 3 – The Humber, along with Cheshire, Manchester, Lancashire and Liverpool, achieved approx. 130% of its population share of the Northern Powerhouse allocation; YNYER got 89%. GLLEP got 95% of its share of the Midlands Engine allocation.
- The largest Enterprise Zone in the country, subsequently expanded several times to cover around 50 sites or 1,200ha. This gives incentives to attract investment and a 25-year income stream which is being reinvested in economic growth.
- Several Regional Growth Fund wins, including Green Port Hull and the original Growing the Humber.
- One of the first City Deals, which brought in additional resources and reputational benefits in return for strengthened governance through the Humber Leadership Board.

c) Sharing risk to reap rewards

The Humber unitary authorities have joined together to share risk to secure economic returns, enabling the Humber Bridge tolls to be reduced, the Growth Hub to be expanded with £6m ERDF, and the LEP to employ its staff.

d) New models of collaboration

The Humber is pioneering new approaches to collaboration – from the Single Conversation with statutory agencies, to the Skills Network with dozens of providers and businesses responding to the LEP's agenda, to Growth Hub adviser gatherings to share knowledge.

e) A united front

From the Humber Renewables exhibitions programme to inward investment visits, the Humber demonstrates to the outside world that it works together for the common good. As a result the area's reputation is vastly improved and it is a more attractive place to deal with.

f) Business and stakeholder engagement

The Humber LEP, as the vehicle for Humber cross-sector collaboration, has the support of the business community. Business leaders are involved at every level, from assessing grant applications to informing skills strategy, providing leadership and intelligence – an invaluable contribution.

Other stakeholders, including the University of Hull, education and training providers, and statutory agencies, are also fully involved, willingly providing additional partnership capacity and aligning their work with the common Humber agenda.

This is not the same in every LEP and the importance should not be underestimated, particularly in a time of limited resources.

g) Innovative skills pilots

Together with partners the LEP has led on several successful skills pilots, including:

- The development of the Gold Standard for Careers education, information, advice and guidance which has achieved national recognition and become one of only twelve Quality in Careers Standards. The Humber LEP is the only LEP in the country that can award this Standard which 33 local providers have achieved to date with another 31 working towards. This impacts on improved careers services being delivered to thousands of people.
- The 'Bridging the Gap' careers portal which has been developed by the four Local Authorities in partnership with the LEP. This provides an on-line catalogue of the training options for all Humber residents along with labour market information and other careers advice.
- The Humber Skills Pledge which matches employers offering business opportunities with young people; over 300 businesses have pledged their support to date offering a range of services from work experience to apprenticeships.
- The new Humber Careers Hub which is one of twenty pilots funded by the Careers and Enterprise Company and will support an additional 26 learning providers to work towards the Gatsby careers benchmarks improving careers services in all.
- The development and delivery of the Humber Skills Network which has grown to over 400 members such as learning providers, agencies and employers. This Network helps develop and deliver the LEP's Employment and Skills Strategy.
- The development of the 'Humber Talent Forum', bringing together 28 senior HR colleagues to share staff recruitment information, provide business leadership and share good practice.

h) Economic improvement

The LEP has always been careful not to over-promise or over-claim. However, the wider economic improvement which has taken place since the LEP was formed in 2011 is worth noting:

- In the most recent statistics (2016), Humber productivity grew faster than any other northern sub-region.

- Unemployment overall (claimant count) and youth unemployment both fell faster than the national and regional averages between 2011 and 2017.
- Improvements in skills levels, the proportion of higher skilled jobs and the number of businesses since 2011.

Unlike some competing regions, the Humber is moving in the right direction – but there is still further to go. We need to build on the momentum that the area now has.

6. Collaboration in place of overlaps

The Humber is the economic unit, but also needs to work with other areas.

Collaboration with the right areas for the right issues can lead to greater benefits for our area.

Earlier sections of this document have made the case for the Humber remaining as the indivisible economic unit which is the best fit for our economy. The removal of the overlaps is an opportunity to look again at collaboration across boundaries.

Current LEP-level collaboration

Regular dialogue has been taking place at Chair, CEO and officer level with overlapping, neighbouring and other relevant LEP areas for many years. For example, Yorkshire, Humber and North East LEP Chairs and CEOs meet regularly; a new structure of Northern Powerhouse LEP (NP11) meetings is in place with the support of the Northern Powerhouse Minister; and the LEP has always participated in the national LEP Network wherever possible.

The LEP has always sought to collaborate with overlapping and neighbouring areas. Experience has been mixed but there have been some successes, such as:

- 10-LEP, HM Treasury and British Business Bank collaboration to create the £400m Northern Powerhouse Investment Fund – with an immediate return to the Humber
- Joint calls for ESIF projects (e.g. on innovation, low carbon, skills, exports and manufacturing support) with other LEPs as appropriate
- Joint ESIF call with YNYER LEP and GLLEP for a food sector support programme – although no delivery organisation could be found to work over that geography
- Extensive employment and skills collaboration with YNYER LEP, including on higher level apprenticeships, ESF, Area Based Reviews and social inclusion, with secondments in both directions
- Growth Hub co-ordination with overlaps, and through Northern Powerhouse and national networks
- Energy Hub currently going live in partnership with Yorkshire and North East LEPs, led by Tees Valley
- Co-ordination during Growth Deal calls to deal with duplicate submissions

Benefits of the current overlaps

The current system of overlaps in the East Riding, North Lincolnshire and North East Lincolnshire has enabled the following:

- a) The Humber LEP agreed at the outset a policy of not focussing on rural, agricultural and coastal issues on the understanding that these would be picked up by YNYER LEP and GLLEP, although the lines have been blurred by some of the investments the LEP has made through Growth Deals and ESIF (e.g. in Bridlington and Cleethorpes).
- b) The three unitary authorities have been able to collaborate with neighbouring districts outside the Humber through a LEP structure, recognising that the economic relationships with places like East and West Lindsey, Selby, York and Scarborough are important for parts of the Humber.
- c) Dual funding opportunities (e.g. ESIF, Growth Deals) but added complexity as the Humber's notional allocation has been split with other LEPs in the overlapping areas.

The challenge for the LEP and its partners will be to enhance the current level of collaboration to ensure that once overlaps are removed spatial and sectoral issues that cross the Humber's boundaries are addressed at least as well as before, and that any necessary changes to strategy and funding policy are made so as not to disadvantage any sectors or places which may currently look more towards our overlapping LEPs.

The need for collaboration

The removal of overlaps is an opportunity to look again at where collaboration with neighbouring areas can add value. We have considered this in terms of pan-Northern collaboration, sectors and the movement of people.

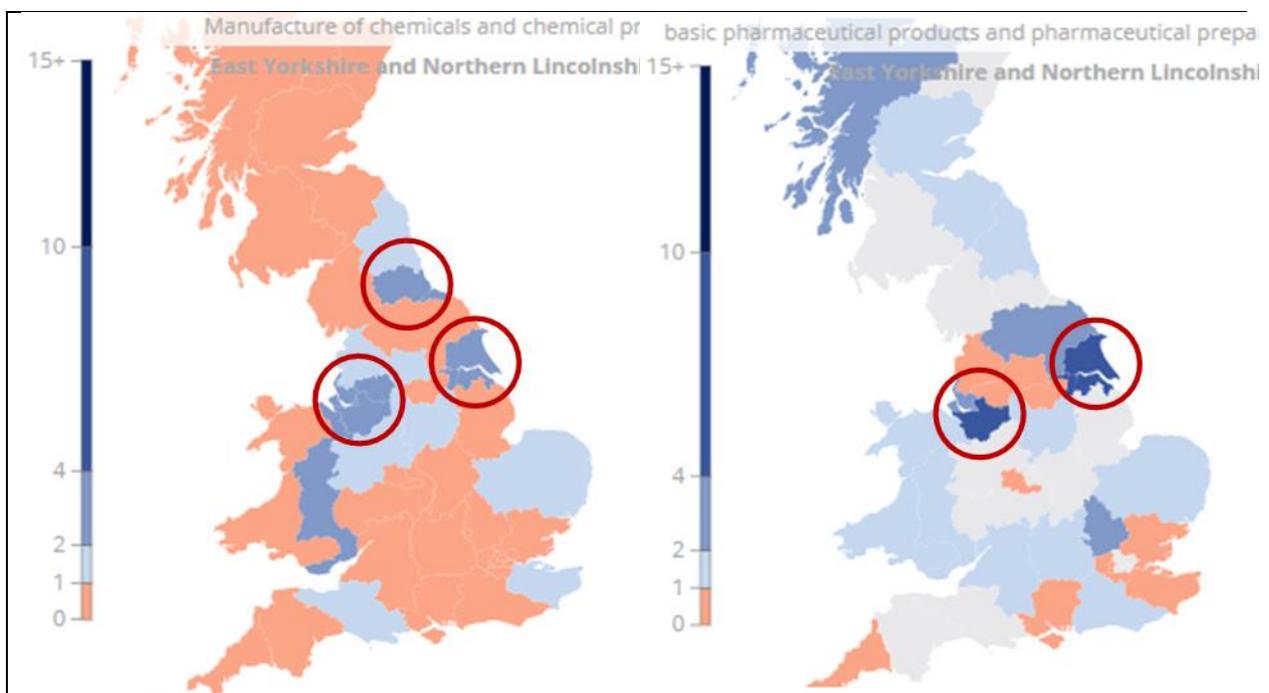
a) Pan-Northern collaboration

The Humber needs to play an active part in Northern Powerhouse structures, including the NP11 and Transport for the North. LEP and local authority representation can together ensure that the area is well-represented, at both political and officer level. The objectives should be for the Humber's value to the North to be recognised, and for a fair level of future resources to be provided to the area through these structures.

b) Sectors

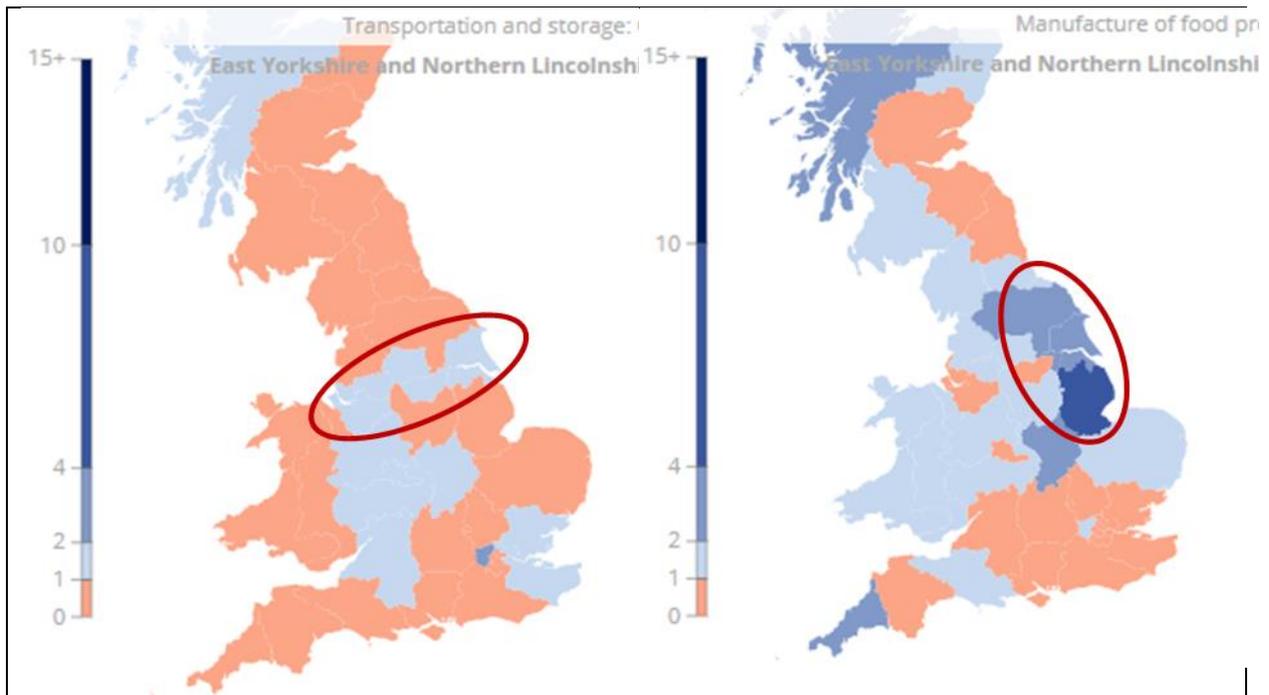
As noted above, the Humber's key sectoral clusters matter to the UK and are mostly (although not always) recognised for the value they bring. However, they do not exist in isolation.

The following ONS analysis (location quotients) of employment in the Humber's sectoral concentrations, as set out in the *Blueprint for a Humber Industrial Strategy*, shows where else in the UK is relevant for collaboration and competition.



Chemicals and pharmaceuticals

Competition (but the potential for bi-lateral collaboration) with the Tees Valley and the North West (Liverpool City Region, Cheshire & Warrington and Greater Manchester) clusters. Potential Northern Powerhouse link for trade and investment.

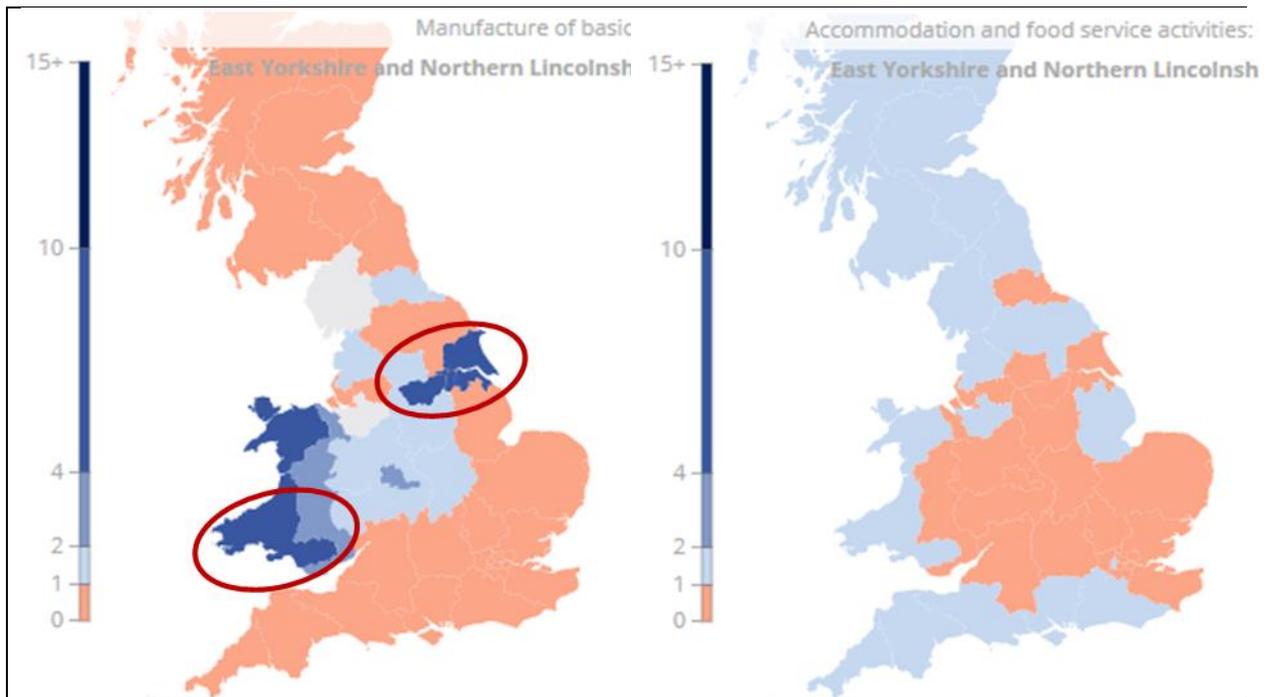


Transportation and storage

Clear corridor across the southern part of the Northern Powerhouse from Liverpool to Hull/Immingham/Grimsby. Opportunities for joint work on e.g. transport investment through Transport for the North and shift in freight from the southern ports.

Food manufacturing

The only North Yorkshire/Humber/Lincolnshire alignment within the Humber priority sectors. Potential for a joint approach with neighbouring LEAs, linked also to agriculture (data not available for this sector).



Manufacture of basic metals

Concentrations in the Humber, South Yorkshire and South Wales around steel. Alternative forums exist for collaboration amongst affected areas but LEPs have supported on issues & opportunities.

Accommodation and food services

These sectors are not a comparative strength for the Humber (although they are important employers in some parts of the area). They form part of the visitor economy, which the LEP has not prioritised for the LIS. Potential for continued bilateral collaboration with Yorkshire/Lincolnshire tourism initiatives; we suggest these remain at local authority level.

The data does not extend to supply chains that cut across sector boundaries, which are difficult to map. For example, it would be expected that the packaging companies in Hull and Grimsby also have customers in wider Yorkshire and Lincolnshire in various sectors.

However, on the basis of the evidence available, the analysis suggests that only in the case of food is there an obvious opportunity for meaningful collaboration with neighbouring areas in North Yorkshire and Lincolnshire. For most of our priority sectors there appears to be little in common with our immediate neighbours, and bilateral and Northern Powerhouse relationships are more important. This highlights the value of a flexible model of collaboration: working with the relevant areas for the relevant issue.

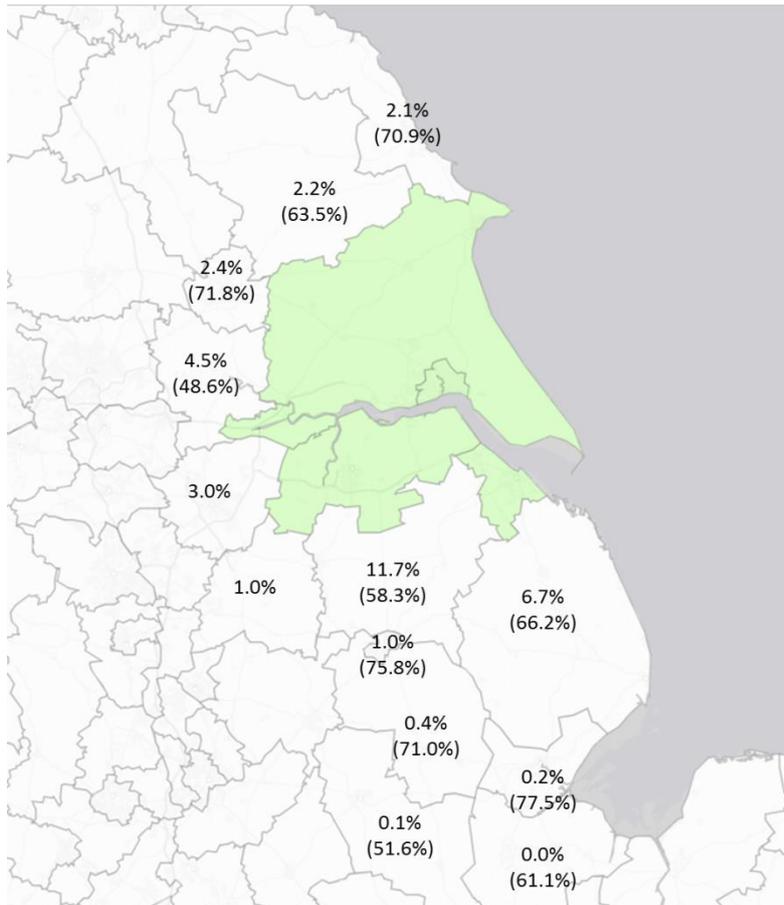
c) Movement of people

i) Inward travel to work

The diagram below illustrates that the Humber's "pull" on its hinterland is very weak: every local authority area surrounding the Humber is at least five times more aligned with an alternate geography to ours.

The strongest links inwards are from East and West Lindsey, mainly to the South Bank. However, further south in Lincolnshire travel to the Humber for work is extremely low.

Figure 1: Proportion of workforce commuting into the Humber (Census 2011)



Figures in brackets relate to the "home" county (York & North Yorkshire or Lincolnshire)

ii) Outward travel to work

As noted earlier, the Humber is highly self-contained compared to other areas and relatively few people commute to work outside the region. Overall figures for the Humber's working population are as follows:

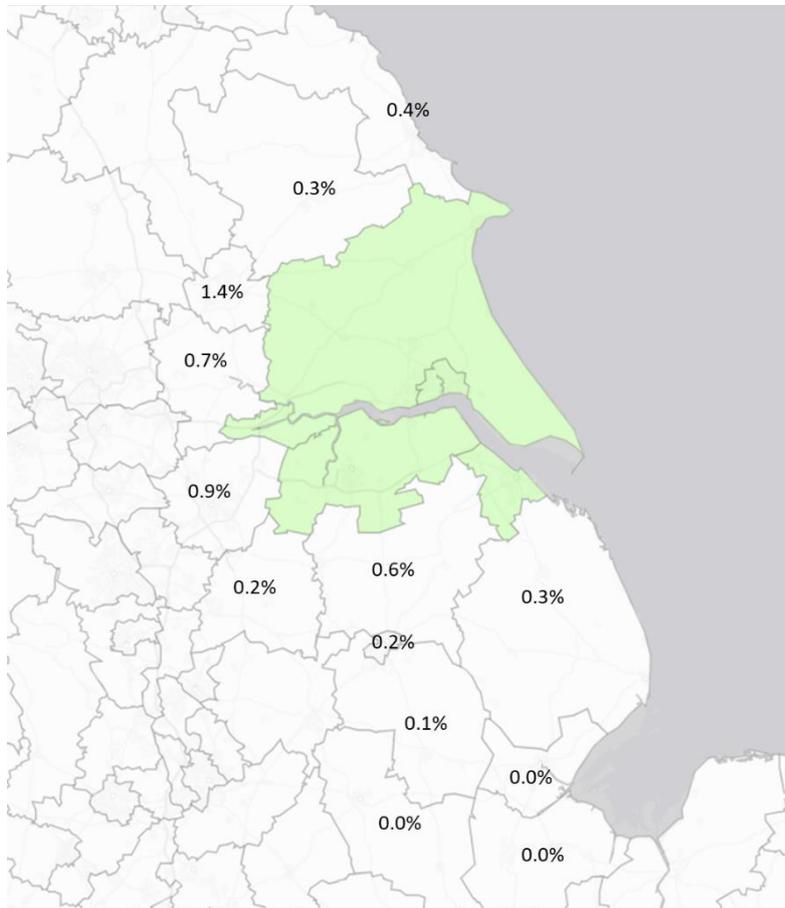
- To York & North Yorkshire – 3.1%
- To South Yorkshire – 1.3%
- To Lincolnshire – 1.2%

At the local authority level, the strongest links are East Riding to York & North Yorkshire; followed by North Lincolnshire to South Yorkshire; then North East Lincolnshire to Lincolnshire; and North Lincolnshire to Lincolnshire (Census 2011 – see page 4).

However, the proportions are not large: 6 times more East Riding residents work in Hull than in York, and 4 times more North East Lincolnshire residents work on the North Bank than in

Lincoln. More Humber residents work on offshore installations than in East Lindsey, and almost as many work outside the UK as work in Sheffield. As with inward travel to work, the numbers also tail off significantly further south in Lincolnshire:

Figure 2: Proportion of Humber workforce working in location (Census 2011)



Further local authority-level analysis is provided in Appendix 1.

The Grant Thornton review of our economic geography points to changes in labour movement since the reduction in Humber Bridge tolls (potentially also linked to recent major private investments), but these appear to be largely confined to increased north/south flows from within the Humber.

iii) Travel to learn

Grant Thornton were also given access to anonymised college, training provider and University of Hull student data at postcode level, provided by the institutions at the LEP's request. This granular analysis shows the movement of students across all Humber local authority boundaries, including north bank/south bank in both directions. Except for high-level and specialist provision, the travel-to-learn market does not appear to extend significantly beyond the Humber boundaries.

Proposed approach to collaboration

The evidence reviewed indicates there would be little added economic relevance to a LEP geography covering an area wider than the current Humber boundaries, and in fact this may lead to a weaker, less distinctive economic geography than at present. There would also be a number of practical difficulties involved in implementing this, which are discussed in an

Annex to this document. For these reasons, we do not propose to change the Humber LEP's current geography.

However, we do see value in strengthening collaboration with neighbouring and other areas. There is time to develop the proposals over the coming months, in partnership with the affected local authorities, sectors and LEPs, but some ideas could include for example:

- A joint sector board, such as on food processing and agriculture with the LEPs covering North Yorkshire and Lincolnshire.
- Participating in wider regional Yorkshire and Lincolnshire visitor economy initiatives, recognising the power of their brands for tourism.
- Joint commissioning of some programmes under the UK Shared Prosperity Fund, as has already been the case under ESIF.
- Shared coastal or rural strategies.
- Working together to develop and promote infrastructure projects that benefit multiple areas, such as the A15 dualling/M11 extension and Carbon Capture and Storage.
- Supply chain development activity, such as in the Humber/South Yorkshire corridor.
- Continuing wider regional initiatives through the Northern Powerhouse.
- Continuing collaboration on skills and inclusion initiatives.
- Consultation with neighbouring areas through the development of the Local Industrial Strategy and future funding programmes to support complementarity and identify opportunities for further collaboration.

Clearly it would not be possible to do everything, and it may be that for some issues it is more relevant to leave to local authority bi-lateral collaboration, but our preference would be to discuss these and any other ideas over the coming months and transition to any new formal collaborative arrangements before the overlaps come to an end.

7. Conclusion

The Humber has achieved a lot together over recent years, and is well positioned to respond to future challenges and opportunities. Continuing with the LEP geography that best fits our economy and is what business wants to see will help the Humber to build on its success.

There is no such thing as a perfect economic geography. Business does not stop at administrative boundaries, however they are drawn. There will always be a need for collaboration beyond the Humber's borders – sometimes with our immediate neighbours, and sometimes with areas further afield.

The LEP is committed to working with the local authorities in the overlaps to ensure that no part of their areas are disadvantaged by the boundary changes. We already have a track record of working with our neighbouring LEPs, and we believe we can strengthen this collaboration.

The Humber is the geography that most closely fits our economy and is therefore the most suitable geography for our LEP. A strengthened Humber will be well placed to develop a distinctive and ambitious Local Industrial Strategy, with the full support of the business community and other stakeholders.

Appendix: Where do our residents work?

2011 Census data for residents aged 16+ in employment shows the following:

North Lincolnshire

- For residents working outside the South Bank, South Yorkshire is the top destination for all age groups.
- The North Bank receives a greater proportion of workers than Lincolnshire overall, and across all age categories except 16-24 and 65-74.

North East Lincolnshire

- For residents working outside the South Bank, Lincolnshire is the top destination for all age groups.
- The North Bank is the second top destination for all age groups.
- Only a very small proportion of each age group works in South Yorkshire or York & North Yorkshire.

West Lindsey

- Lincolnshire is the dominant destination for all age groups.
- The South Bank pulls in proportionately more workers aged 35-64.
- South Yorkshire is the third most popular destination amongst most age categories.
- The North Bank proportion is low but steady for workers aged 25-74, but virtually no younger workers travel to the North Bank.

East Lindsey

- Lincolnshire is the dominant destination for all age groups.
- One in ten workers aged 50-64 works on the South Bank. Popularity falls off with age for younger and older workers.
- The North Bank is the next most popular destination for all age groups, followed by South Yorkshire – but in both cases proportions are very low.

East Riding

- For residents working outside the North Bank, York & North Yorkshire is the dominant destination for all age groups.
- South Yorkshire and the South Bank are fairly even as the next most popular destination for workers up to the age of 34, then from 35-74 the South Bank has a clearer lead.
- Only a very small proportion of each age group works in Lincolnshire.

Hull

- For residents working outside the North Bank, the South Bank is the top destination for all age groups.
- York & North Yorkshire is the second most popular destination in all age groups apart from 65-74, but is some way behind the South Bank apart from for workers aged 25-34 where the gap is closer.
- South Yorkshire is the next most popular neighbouring destination for most age groups, followed by Lincolnshire, but in both cases only very small proportions of each category work there.

Other points

Within the Humber, the highest proportions of workers crossing the river for work tend to be in the 25-34 and 35-49 age categories. In Hull and North East Lincolnshire, the youngest workers were also relatively likely to cross the river for work – perhaps reflecting the youth unemployment situation at the time of the Census, which has since eased.

There is a general tailing off from age 35 onwards of people working in neighbouring areas. The exception is North Lincolnshire, where the proportion of residents working in South Yorkshire remains steady.

The Census data predates the Humber Bridge tolls reduction. The Grant Thornton analysis points to increased north bank/south bank movement since that time.

Note: Figures for workers aged 65-74 and 75+ may be misleading due to low numbers.

Annex: Options for removing overlaps

Options for dealing with the removal of overlaps

The Government's deadline of Spring 2020 for implementing the removal of overlaps allows time for a transition and plenty of discussion with neighbouring areas on how future collaboration should work in practice. We should aim for this to be significantly stronger than it is now.

The options for dealing with this requirement are reviewed below.

a) Enlargement of full membership

This would entail one or more additional local authorities becoming a full member of the Humber LEP, at the expense of their membership of another LEP.

Adding additional local authority members would only make sense if they were clearly part of our economic geography – evidenced by stronger labour links and sectoral commonality with the Humber than their other neighbours. Otherwise, we would be creating an artificial geography which would not meet Government's requirements and would weaken the Humber's case for distinctiveness and ability to focus. The Humber is already big enough to be viable so there is no requirement to do this.

As discussed in the main document, the economic rationale for extending the Humber geography – in terms of labour market, sectors and travel to learn – is very weak.

There are also challenges with operating over a larger geography: decision-making is harder, because of the larger number of local authorities and other stakeholders involved, and it is more difficult to have representation from every part of a diverse area (a key Government expectation arising from the LEP Review).

Additionally, with a requirement for a maximum board of 20 of which two thirds should be private sector, a maximum of two new local authority representatives could join the Board without the LEP having to operate a rotation or representation system for the local authority places.

In summary, we cannot see a strong economic argument for any of the options for expanding the Humber's boundaries, and some of the options present practical difficulties to the point of being unworkable. The potential permutations are briefly considered below:

County/unitary/metropolitan borough councils

- Doncaster/South Yorkshire – ruled out as is part of the Sheffield City Region Mayoral Combined Authority, and Government expects LEP and MCA boundaries to align.
- York – has stronger links to Leeds City Region and North Yorkshire than the Humber. Already a non-constituent member of the West Yorkshire Combined Authority and part of the £1bn plus West Yorkshire Plus transport fund.
- North Yorkshire – impossible without York, and again the majority is more strongly related to York and Leeds than the Humber.
- Lincolnshire – the relevance of East and West Lindsey is noted, but overall like North Yorkshire, a minority of the area looks towards the Humber and there are stronger relationships elsewhere.

District councils

Under the new requirement for no overlaps, we do not believe it would be practical to admit a district to the LEP without also admitting its county, and therefore all the other districts within the county. The expectations on LEPs in relation to handling funding for transport, working with the education system, as well as our local priority of flooding, necessitate

working with the unitary or upper tier authorities which are responsible for these issues. We do not see how we could practically work in a district on these matters without working with the county, and similarly if a district was outside its county's LEP the county would not be able to access resources from that LEP for that district. This position has also been reflected in LEP Network conversations with Government; it seems highly unlikely that a proposal of this nature could be agreed given the practicalities.

Of our immediate neighbours, then, we cannot see a practical way of East Lindsey and West Lindsey joining the Humber without the rest of Lincolnshire County; Bassetlaw without Nottinghamshire; nor Selby, Ryedale or Scarborough without North Yorkshire.

b) Creation of associate membership

No interest has been expressed by any of our neighbours in joining as "associate" members, i.e. without voting rights or the ability to receive funding.

c) Merger of existing LEPs

This would entail a merger of the Humber LEP with one or more of York, North Yorkshire & East Riding; Leeds City Region; or Greater Lincolnshire. Sheffield City Region is ruled out by virtue of having a Mayoral Combined Authority.

This would avoid having to deal with the Humber's overlaps (although GLLEP and YNYER also have overlaps elsewhere). However, we do not see any of the merger options as being viable for the following reasons:

- i) As discussed above, there is no economic rationale for any of these combined geographies – the Government's requirement for a functional economic area would not be met.
- ii) There is no demand from the business community for any of these options, and we would expect them to be opposed. We cannot see, for example, how business leaders in Hull, Goole or Bridlington could support a LEP that extended to Boston; nor how business leaders in Grimsby or Scunthorpe could support a LEP including Richmond and Northallerton. These would be artificial geographies that businesses would not recognise.
- iii) With a limited board size, it would be harder to capture all the business and geographical interests of such an enlarged geography on the LEP board, meaning some current priority areas would likely miss out. This would weaken the LEP's standing, and make it harder to meet the Government's requirements for Board membership.
- iv) The above artificial geographies would have different priorities for a Local Industrial Strategy, resulting in a weakening of the Humber's current distinctive approach. The Humber would be less able to articulate its needs and opportunities in an enlarged geography, and without a distinctive economic narrative and identity it would find it harder to attract the attention of investors.
- v) Key strategic and investment decisions would need to be made at the top level of this new geography, raising the question of how priorities could ever be agreed across such a large and diverse area that lacks strong internal linkages. Any weakening of the quality of Humber governance would also leave the area poorly positioned for UK Shared Prosperity Fund.
- vi) Internal subsidiarity arrangements (i.e. a federated model devolving merged LEP funding back down to the original LEP geography) are unlikely to meet

Government requirements for governance and assurance. As above, weakening the Humber's current good governance would not be in the area's interests for future funding and reputation.

- vii) The cost of delivery across a wider geographical area would be higher, leading to higher overheads (e.g. multiple offices, more staff due to longer travel times) than at present. This would need to be factored in to future UKSPF contracts. There would also be no guarantee LEP core funding would increase, increasing demands on partners.
- viii) Experience from ESIF has shown that it is hard to find contractors to cover these geographies, precisely because they are not market areas which businesses and providers identify with.
- ix) Each of the merger options would "solve" the need for collaboration in some areas but not all, and create new problems elsewhere. The Humber would be replacing one set of (currently quite straightforward) boundary issues with another, whilst creating additional complexity and weakening its overall position. In essence a merger would not solve the problem – it would just move it.

d) Strengthened collaboration

This is our preferred option for working with adjacent areas following the removal of overlaps, and can be used on a bespoke basis for whichever geography suits the issue. Unlike with a merger or expanded membership, there would be no "one size fits all" – the Humber could be more flexible and collaborate with any local authority tier and/or their LEP on any given issue.

Under this approach, the Humber could retain and build on its reputation for good governance with a straightforward set of single-tier local authority relationships, and position itself well for future development with a distinctive Local Industrial Strategy that business would buy in to. Bi-lateral local authority and LEP-level relationships with neighbouring and other LEP areas would provide a stronger, simpler way of collaborating where it makes sense to do so.

Some examples of how this could work are provided in the main document.