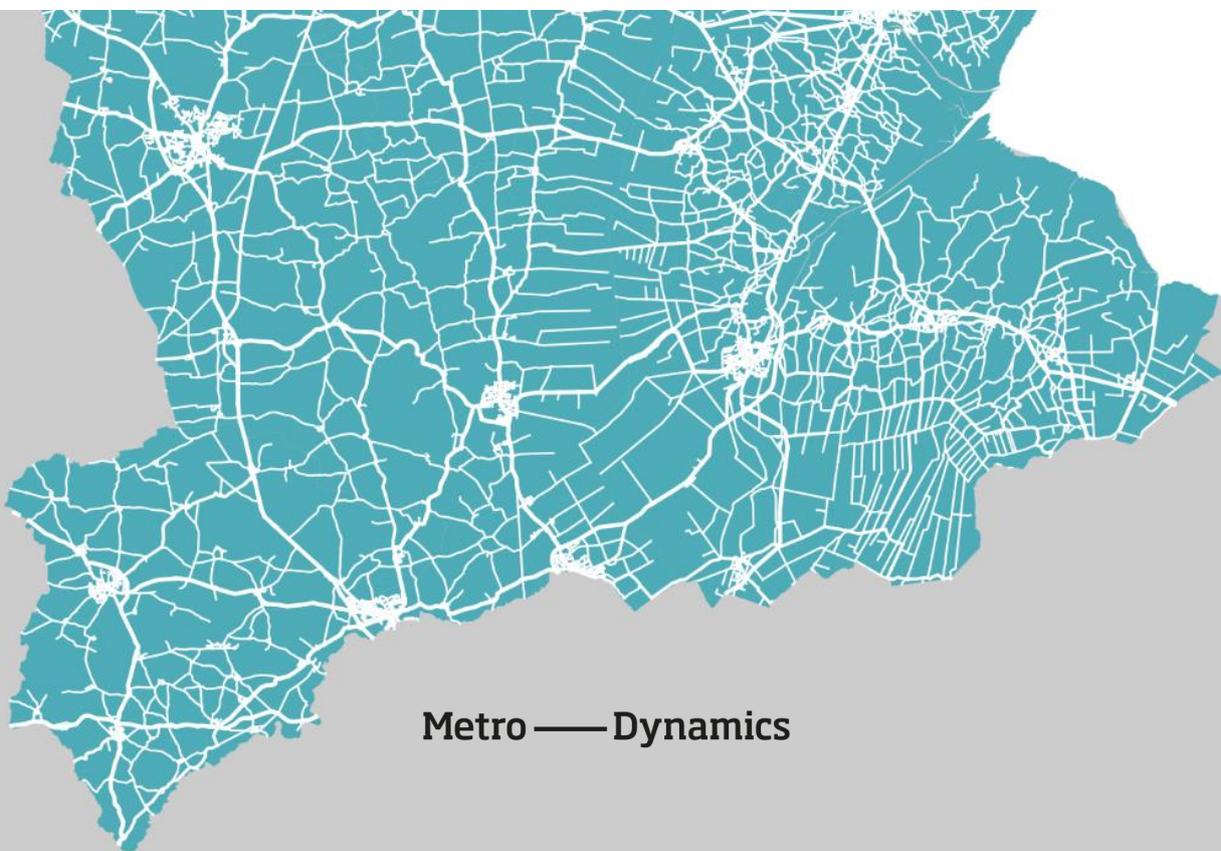




Protecting, Progressing, Prospering: A Covid-19 recovery strategy for Greater Lincolnshire

Draft, 04/12/20 (Post-LEP Board Final Draft)



Metro — Dynamics

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DRAFT

1 Foreword

The damage caused by the Covid-19 pandemic has been felt by everyone. Everyone has a story to tell of a job lost, a loved one departed, a holiday cancelled. From the personal to the global, the impact can be seen everywhere. And while many are understandably frustrated and wish to be done with the pandemic, climbing case rates tell us this economic shock is far from over.

In Greater Lincolnshire, the economic effect has been profound. Almost a third of workers have been put on furlough and claimant rates have nearly doubled. Investment plans have been put on hold. Meanwhile, firms are still facing uncertainty as the transition period with the European Union comes to an end and the exit from the Single Market fundamentally reshapes many of the region's trading and labour market relations

Businesses are already adapting to new ways of operating, transitioning to online platforms and investing in digital solutions to keep staff and customers connected. We have experienced several years' worth of adoption of technology over the past 6 months. This will change our commuting patterns, business behaviour and pose a challenge to our high streets. The business landscape will not return to its previous form.

How can we navigate this uncharted terrain? What principles should guide us?

We have called this strategy *Protecting, Progressing, Prospering*. We will **protect** our businesses and communities. We will do everything in our power to ensure our businesses get the support they need, protecting jobs and livelihoods while the disruption continues. We will **progress** with our plans for good growth in Greater Lincolnshire, while acknowledging that Covid-19 changes many parameters and requires new approaches. And though the road is difficult, we will **prosper**, coming out of this tumultuous period with stronger foundations and better outcomes for residents.

A passive approach will not work. **We need to respond quickly and flexibly** to the many challenges this period will throw our way. As national policy evolves quickly, we will adapt, leveraging this plan along with the new resources of the UK Shared Prosperity Fund to ensure support has maximum local impact. We must also avoid the temptation to become short-sighted, focusing only on the problems in front of us, and less on our longer-term goals. This is particularly important for our area, which took **far longer than other places to recover from the 2008 recession**. We need to learn from this and respond to Greater Lincolnshire's specific requirements, going beyond business as usual to ensure that our economy thrives.

Instead, we will embrace this moment to radically transform our economy, recognising that consumer behaviours and market incentives have changed into the long-term. That means using this reset to pivot towards much more environmentally friendly modes of transport and providing the right digital infrastructure to allow remote working, reducing the need to travel. It means allowing innovation to thrive in Greater Lincolnshire, and **upgrading business – such as from manufacturing to advanced manufacturing**. It means recognising that an understanding of wealth which doesn't encompass health is meaningless, and honouring those

whose job it is to care for others. And it means a **commitment to collaboration** with partners wherever necessary to achieve goals.

While we do this, the world is not standing still. There are megatrends, some of which have been accelerated, which shape a changing context. Chief among these are **climate change** and the accompanying drive towards decarbonisation across the public and private sector, **automation** with a harsher commercial environment forcing businesses to adapt to survive, and **flexible working** where both the time and location of work has become much less fixed, resulting in new moving and working patterns. And **world politics** must be taken into account, with the ongoing post-Brexit process and heightened international tensions accompanying the rise of China as an economic superpower

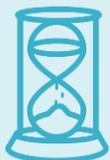
We also want to embed the UN's Sustainable Development Goals into our approach, and include icons throughout the document, where our action will help us achieve them.

Over the past few years we have developed a detailed evidence base to better understand our economy. Building on this foundation, we have developed a Local Industrial Strategy laying out our overarching vision to future-proof Greater Lincolnshire's economy, creating a productive, resilient and low carbon economic base. The ambitions of this document align with and support those goals. The region is diverse – energy, visitor economy, and agrifood are just three examples of our strengths across the largest LEP area in the country. **We must and will support all parts of our region to thrive.** This document sets out our plan to get there.

Immediate challenges:



Rising unemployment, which could become mass unemployment



Slow labour market recovery from previous recession



High levels of corporate debt weighing on business investment



Rapid digitisation excluding some from the labour market



Very localised effects, requiring different treatment

How we will work together to respond:



Local partnership

Confirming the LIS and LEP geography, and working with businesses and local authority colleagues on local actions



Rapid introduction of national policy

Including Kickstart, Job Support Scheme, and sector-based policies



An agreement with government to respond to local need

Funding to unlock strategic opportunities and pilots for national schemes (e.g. free ports)



Data sharing between authorities

To allow for real-time monitoring of the economic situation, enabling adaptability

Build Back Better



Delivering the ambitions of the Local Industrial Strategy



Maximizing the impact of the Shared Prosperity Fund



Competing internationally and thriving in a post-Brexit future



Joining the Green Industrial Revolution and building a low-carbon economy

Building on the framework of the Local Industrial Strategy

Develop the visitor economy by levelling up and supporting some of the more deprived coastal parts of the region by providing higher-quality and more reliable employment for workers in the sector.



Increase the international competitiveness of the Greater Lincolnshire Agrifood sector by championing automation and resource efficiency, to become the UK's Food Valley and contribute to the reducing the UK's reliance on food imports.

Develop new efficient and innovative models of care for a dispersed and ageing economy, building a cluster of local businesses to support active ageing.



Pioneer industrial decarbonisation, creating a template for other areas. We will be a test bed for technologies in clean energy generation, storage and distribution.

Create a cluster of innovation focused Defence companies, and ensure Greater Lincolnshire is a highly attractive, first-choice destination for Defence-related industries, service leavers and their families



Maximise the strategic advantages of our ports by leading their transformation into one of the most smart, clean and efficient port clusters in the world, handling increased volumes of trade



Our Roadmap to Recovery

PROTECTING

Protecting our businesses and people from pandemic impacts

- Short-term Recovery Plan
- National recovery programmes
- Plus local responses

Progressing our plans which are already underway and quickly implementing funding and opportunities.

For example:

- Institute of Technology
- Getting Building Funding
- Towns Fund investments
- Strategic Infrastructure Delivery Plan
- ORE Catapult and Velocys bids
- Humber Free Port

PROGRESSING

Prospering with new programmes and ideas to transform and grow the Greater Lincolnshire economy.

For example:

- Industrial Decarbonisation cluster
- Defence clustering
- Centre for Food Logistics
- EV connectivity
- Energy Testbed
- Tourism zone
- Internationalisation strategy
- Widespread adoption and utilisation of 5G

PROSPERING

Our Five Year Outputs

We will reduce CO2 emissions by 50% on 2005 levels while protecting jobs in the

We will have an established Tourism Zone, halving the shortfall between visitor numbers for peak and non-peak

Health solutions developed in Greater Lincolnshire will be being rolled out in rural and ageing communities



With the creation of the UK's first Food Valley, the most advanced food and farm technology will be found in Greater

We will be home to the UK's biggest freeport, by volume and value of trade

We will have established a distinct Defence cluster, visible on the ground and in national statistics

We will reverse the 12% decline in manufacturing productivity, catching up with the UK average



A quarter of firms will be **undertaking R&D activities**

The number of claimants will be back down below 3% in all districts by supporting quality jobs with career progression.

All businesses will be operating in a connected environment supported by a package of business services

We will have moved 10% of car users into more environmentally friendly modes of

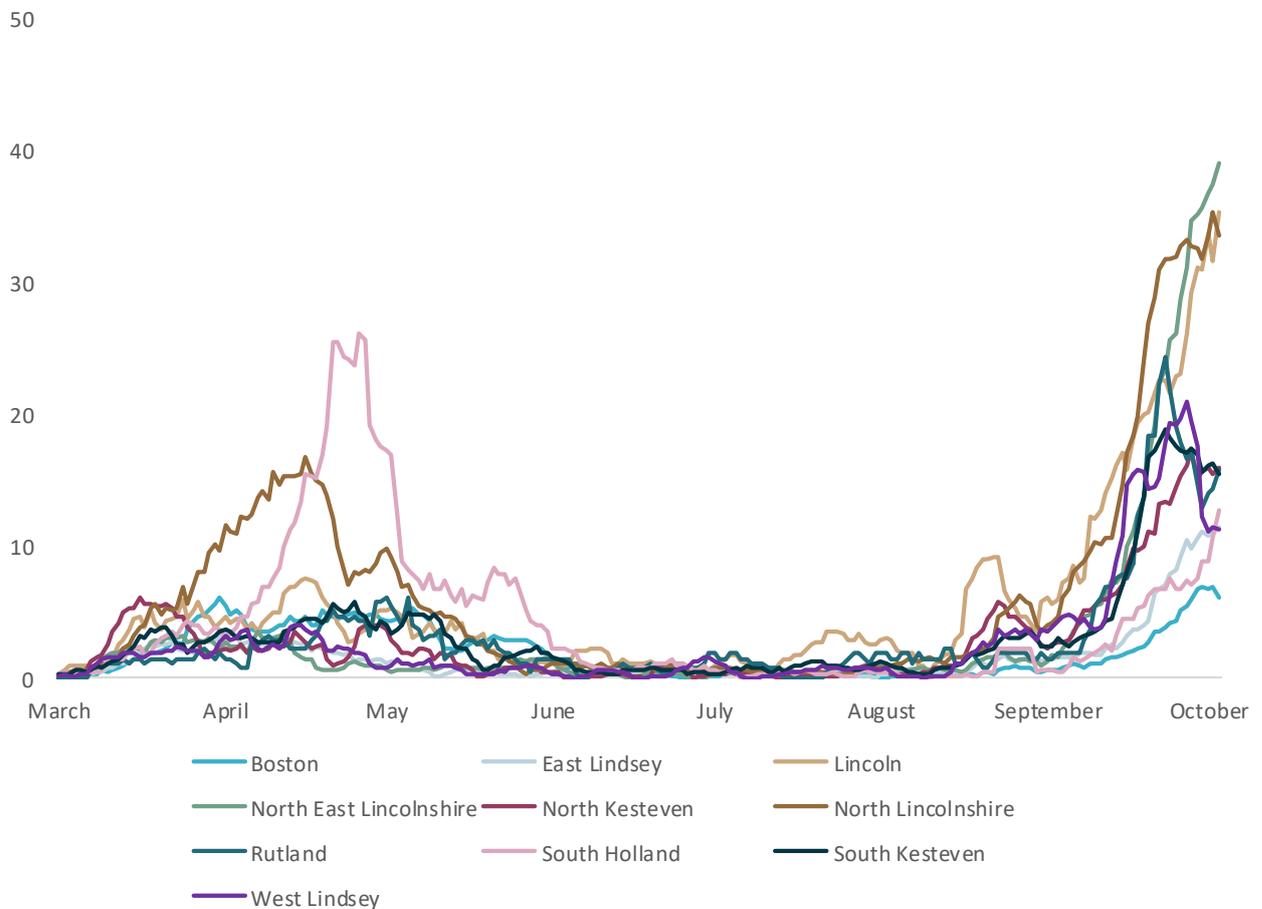
We will bring vacancy rates down to below 10% in every town through adopting

2 Understanding the impact of Covid-19

The damage to the economy and to health from Covid-19 has been felt across Greater Lincolnshire. At the time of writing, after a subdued summer cases are rising again.

There have been cases everywhere, though data shows that in the first wave of the epidemic, North Lincolnshire and South Holland had particularly large outbreaks (relative to population). We know, however, that official case number in the first wave seriously underestimated the true spread of the epidemic. Now, as move into a second wave, we see that cases have been climbing everywhere, with especially fast increases in North Lincolnshire, North East Lincolnshire, and Lincoln. However, at the time of creating this strategy, cases per 100,000 remain well below some of the levels seen in some of the larger cities in the Midlands and the North.

Figure 1. Cases per 100,000, weekly rolling average in districts



Source: Metro Dynamics analysis of the UK Government's Coronavirus Dashboard

While figures for deaths are not accelerating as quickly as they were during the first wave, due to factors such as age profile and improved treatments, it seems likely that these will increase, following the rise in cases.

The economic impact has been similarly marked. The chart below shows that in the second quarter of the year, output (nationwide) was down by 20% or more in the six largest sectors by employment in Greater Lincolnshire. The impact on the visitor economy (accommodation and food) which constitutes 7.6% of GLLEP’s employment has been particularly profound, with a drop of 86.7%. Some of our key sectors, such as agrifood, aren’t easily captured by the statistical categorisation, meaning uncertainty remains as to impacts.

Figure 2. Economic impact on sectors by GDP, and their size in Greater Lincolnshire.

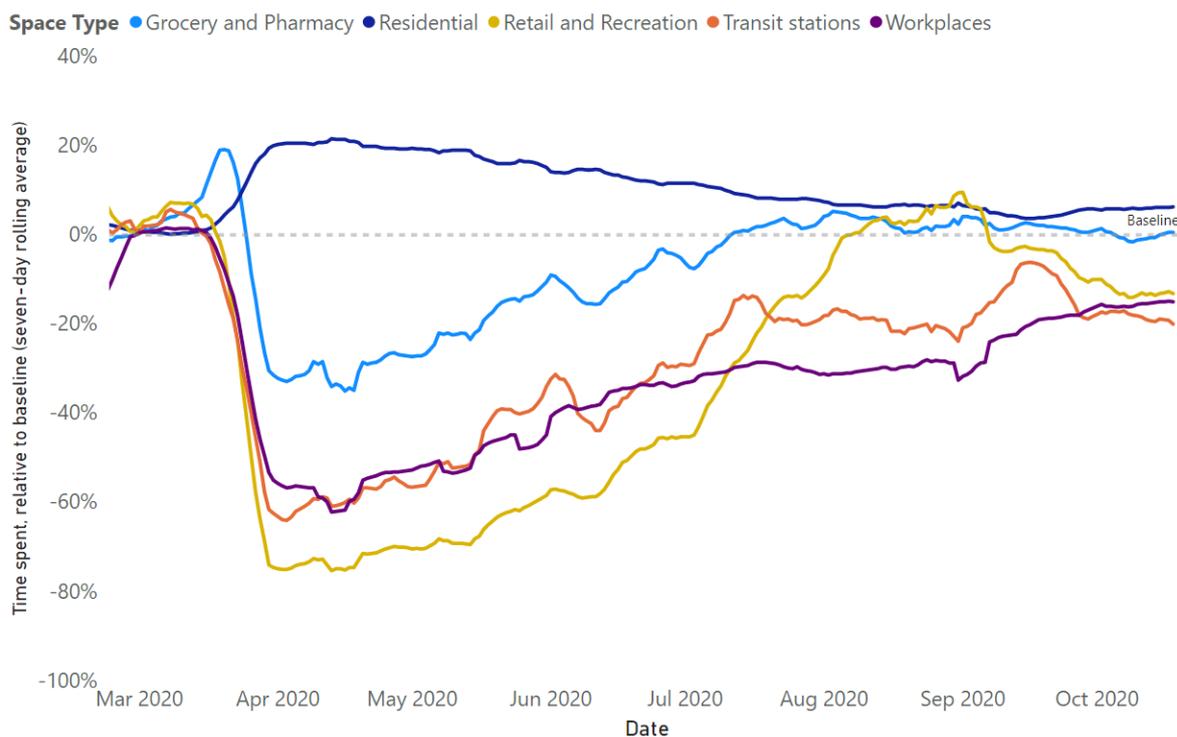


Source: Metro Dynamics analysis of ONS Regional GVA and quarterly GDP data

Government support through the furlough scheme, CBILS loans, self-employment support and other measures have prevented this from being converted into an equivalent loss of businesses, though many jobs have been lost, with the claimant count spiking in every district.

It remains to be seen what the long-term impact of the pandemic will be, but within some sectors, an increased preference for working, learning and engaging in commerce remotely on digital platforms seems likely. Analysis of Google community mobility data shows that use of workspaces in Lincolnshire has recovered from a post-lockdown low of 62% below baseline to a 15% reduction, but seems to be levelling off. While use of essential retail is now back where it was, non-essential retail and recreation has dropped off following the end of Eat Out to Help Out and possible consumer anxiety due to the resurgence in cases.

Figure 3. Rolling weekly averages of use of different classes of space compared to baseline (first six weeks of the year)



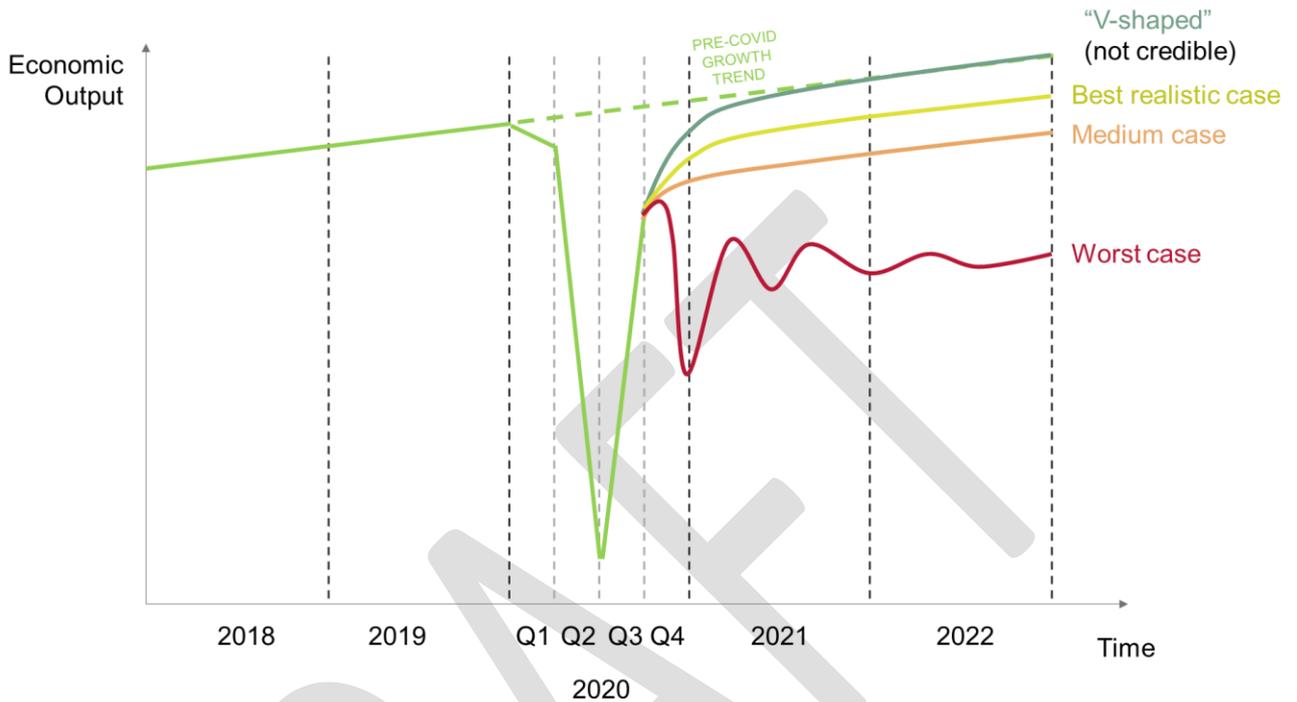
Source: Metro Dynamics analysis of Google Community Mobility Data

So where do we go from here? In the face of uncertainty it helps to think about possible **scenarios**. The three scenarios we think are most likely are:

1. **Best realistic case: a quick return to old growth rates.** In this scenario, the recovery continues to level off, but the economy quickly regains its rhythm, with growth *rates* (if not overall *levels*) returning to pre-crisis normal. Virus rates in Lincolnshire are kept under control through generally high adherence to social distancing norms, meaning further economic curbs are not necessary and consumer confidence returns. Pre-pandemic output levels are regained by the end of 2022.
2. **Medium case: a cautious road back to growth.** In this scenario, the recovery peters out rather more quickly, as new restrictions “put the brakes on”, with the return of consumer and business confidence stunted. However, the majority of economic activity currently happening is able to continue in a Covid-secure manner, allowing growth rates to return, but starting from a lower base.
3. **Worst case: Oscillations, scarring, and long-term damage.** In this scenario, a strong resurgence of the virus, combined with less public willingness to follow guidelines, leads to strict curbs on economic life, with several sectors shut down again. While this does not return the economy to levels seen in Q2 of the year (as a better understanding of the virus allows more activity to continue), the fall in GDP is large by historic terms. Continued reopening and closing during the wait for a vaccine leads to an oscillating growth pattern, which becomes more muted over time. However, the damage of economic “scarring” to the

supply side means long term output is significantly below pre-crisis levels, with growth stagnant, and damage from lockdown measures potentially unevenly distributed across, and within, regions.

Figure 4. Illustrative scenario diagram



These scenarios show the broad overall picture – but the crisis so far has been very sectoral, and place-specific – this is likely to continue with recovery coming more quickly in some areas than others.

We also include a “V-shaped” scenario, where the economy returns to its pre-covid growth trend in 2021. However, we do not deem this to be credible, and it is important to acknowledge this. Although at first glance the economy has rebounded quickly in the third quarter of 2020, when you examine the *monthly* data it becomes clear that economic growth is already stalling. While GDP has grown every month from May onwards, the rate of growth has been slowing, meaning that *overall* GDP is levelling out while it is still almost 10% lower than at the start of the year. Therefore, it is best to assume the economic impacts will linger for some time to come.

3 Drivers of recovery



Our Ambition is to increase the international competitiveness of the Greater Lincolnshire Agrifood sector by championing automation and resource efficiency, to become the UK's Food Valley and contribute to the reducing the UK's reliance on food imports

Agrifood faces substantial challenges and opportunities. Both Covid-19 and Brexit will have a large impact on the labour market, reducing the ability of firms to recruit internationally. Recruitment efforts with British workers have been mixed, with reduced productivity. The new settlement for fishing will affect our seafood sector, creating opportunities to expand. Related labour market pressures are driving interest in automation across the food chain.

Covid-19 shifted the focus of production within the sector from food services (ie restaurant) to supermarket production, which has impacted the product mix, while long supply chains have suffered. The seafood sector has seen significant increases in retail and sales demand but decreases in supply and production. Meanwhile, the end of the CAP and future trade deals may expose businesses to increased competition and open up new export markets for food, while immigration reform will deliver substantial change to local labour markets

In response, we have secured funding for the Holbeach Food Enterprise Zone Phase 2. We have supported Saga Robotics, who are based at the University of Lincoln's Riseholme Campus, and have raised 9.5 million euro from venture capitalists to expand its development team and growth programme. And we have offered to develop a sectoral plan for Horticulture in partnership with Government.

Our Priorities for Years 1-5

- ❖ Accelerate delivery of **digital service innovation** for the Holbeach, Hemswell and Europarc Food Enterprise Zones and the National Centre for Food Manufacturing, and Grimsby Food Refrigeration & Process Engineering Research Centre (FRPERC).
- ❖ We will **invest in sustainable food production** building on work by the Lincoln Institute for Agrifood Technology, and accelerate uptake of automated agri-food processes with businesses who are willing to invest,
- ❖ **Drive innovation** through support for startups, research, automation and school leavers entering the sector. Implement an **Agri-grants Programme**, create a soft landing for inward investors, support more tech startups focused on agrifood tech and secure the delivery of a **5G rural pilot for the food sector**
- ❖ Tackle challenges to transporting food, such as the **A16, A17, A1 and A15 south**

Our ambition is that Greater Lincolnshire will pioneer industrial decarbonisation, creating a template for other areas. We will be a test bed for technologies in clean energy generation, storage and distribution.

Greater Lincolnshire has significant ambitions in the energy sector, aligning to the Humber Estuary Plan; the acceleration of clean growth and the potential to be a global leader in the transition to net zero carbon emissions in line with the ambition of the Green Industrial Revolution presents a significant opportunity. In more rural parts of Greater Lincolnshire there remains huge potential to provide an innovation test bed for clean energy and whole system technologies.

The energy sector has held fairly stable through 2020. Longer-term, changes in working patterns may impact the requirements for energy at different times of day – with potentially fewer peaks and more dispersed demand as working hours become less routine. Meanwhile Brexit poses a threat to some of the more energy intensive sectors on the Humber Bank, especially the chemicals sector, by increasing the cost of imports which input into the supply chain. Moving to a UK-based regulation system is a potential threat to small businesses, with warnings from the Chemical Industries Association of a £1bn cost to duplicate the regime.

Greater Lincolnshire has already secured £4.4m funding for the Killingholme Pumping Station as part of the Getting Building Fund. This will allow further development and investment on the South Humber Bank (the UK’s biggest enterprise zone by area) and attract more UK manufacturing for the offshore wind sector by protecting industrial land from flooding.

Key focus: Industrial Decarbonisation on the Humber

A collaboration between Humber LEP and CATCH, an industry body, has put in a major government bid for a decarbonisation cluster on the Humber bank. The Humber is a



major centre of **manufacturing, advanced manufacturing, and oil refining**, and as a result has higher CO₂ emissions than any other UK cluster, with 12.4 MtCO₂ a year emitted (South Wales is the next highest-emitting cluster, with 8.2MtCO₂).

Humber Zero is an ambitious plan to tackle this, pioneering an approach to industrial decarbonisation that can show the rest of the UK how it’s done. This will create the world’s first net zero carbon industrial cluster by 2040, capturing and storing around 10% of UK carbon dioxide emissions per year.

Our Priorities for Years 1-5

- ❖ Support the bid to government for **decarbonisation of the Humber Estuary** industrial cluster starting with implementation of the decarbonisation route map for the Humber. This will bring forward proposals for Carbon Capture, Usage and Storage and hydrogen fuel switching for industry, as well as energy storage proposals.
- ❖ **Redevelop the Theddlethorpe gas terminal**, move to carbon neutral energy production, guaranteeing long-term employment and clean energy.
- ❖ Establishing an umbrella task force to build a coherent strategy and enabling framework to deliver **Local Areas Energy Plans (LAEP)**, which will deliver energy solutions for both places, and other growth sectors that are constrained.
- ❖ Work with Anglian Water, the Environment Agency, and others to develop an integrated water supply and flood risk management approach and support the Greater Lincolnshire **energy testbed** proposal.
- ❖ Support the bid to Government for funds to support accelerated low carbon energy innovation for **Offshore Renewable Energy (ORE) Catapult and Velocys**, and work towards becoming the UK's largest manufacturer of offshore wind components.

Our ambition is that Greater Lincolnshire will maximise the strategic advantages of its ports by leading their transformation into one of the most smart, clean and efficient port clusters in the world, leveraging greater value from the ports by handling increasing volumes of trade, and attracting more value-added manufacturing activity.

The ports of Greater Lincolnshire are vital to the UK economy. As well as supporting the energy sector and energy-intensive industries on the Humber estuary, they are vital for a wide range of manufacturers across the UK, importing materials and components and exporting their products.

Covid-19 has led to questions around international trade, with evidence that a reduction in cross-border trade may be likely, as well as a realignment of supply chains as resilience is prioritised over efficiency. During lockdown, there was a brief fall in the number of heavy good vehicles around Immingham port – though this has now mostly recovered. An increase in online shopping as a proportion of the total value of revenue spending from 19% in February to 32.8%¹ in May across Great Britain has resulted in more delivery driver activity. The uplift in delivery to the home is a significant acceleration of a longer-term trend, with an increase in van miles and the demand for warehousing. Industry reports suggest this shift is likely to be permanent.

Meanwhile, Brexit will have clear impacts on volumes of trade and product mix. The final impact will become clear as the terms of a trade deal are agreed with the EU, and as other trade deals are agreed, but it is clear that the decisive break with the European Union's Single Market will mark a period of rapid change in Britain's trading relations.

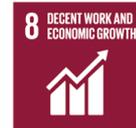
Greater Lincolnshire has already begun developing plans for freeport status on the Humber, which will have the potential to become the largest of the UK freeports, and a powerful driver of economic growth across the region. Infrastructure remains critical, with demand on the largest food logistics cluster in the UK in Southern Lincolnshire increasing and emphasising the role our key infrastructure routes for this cluster play.

¹ ONS retail data

Our Priorities for Years 1-5

- Deliver **freeport status for the Humber and northern Lincolnshire**, bringing in Humberside airport as well. This will spur growth in local manufacturing firms by expanding the trade in intermediate goods.
- Develop a proposal for a **Centre for Food Logistics** based around the Boston port, providing training in logistics, and allowing agrifood firms to import inputs close to home reducing costs.
- Ensure that the key infrastructure that supports our logistics cluster, including the A16, A17 and A1 is fit for purpose. Support and Contribute to the Productivity Plan for the **Trans-Midlands Trading Corridor** (A46 and Humber Ports), led by Midlands Engine, and utilise and encourage 5G technology uptake to streamline movements of goods and produce across borders

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Our Ambition is to develop the visitor economy sector by levelling up and supporting some of the more deprived coastal parts of the region by providing higher-quality and more reliable employment for workers in the sector

The lockdown and curbs on travel has produced in effect three successive winters, damaging a highly seasonal economy, although domestic tourism has supported many of Greater Lincolnshire's seaside resorts, with a late staycation bonus for the area. The visitor economy sector has been heavily reliant on the temporary national furlough scheme. Meanwhile, the long-term viability of the sector's businesses has been impacted by restrictions on functions such as weddings and business events, likely to be one of the longest lasting curbs on activity during the duration of the crisis. The visitor economy is especially vulnerable to future restrictions.

Greater Lincolnshire has already taken certain actions on the visitor economy. These include putting together proposals to designate Greater Lincolnshire as a Tourism Zone, the launching of an autumn local and regional marketing campaign, and an extensive redevelopment of www.visitlincolnshire.com with the goal to Inspire and Inform.

Our Priorities for Years 1-5

- ❖ Achieve **Tourism Zone status** by preparing and championing a proposal through the LEP, and deliver the **Tourism Action Plan**, the key theme of which is 'Outdoors Lincolnshire', particularly walking and cycling, to extend the tourism season. Through this, we will work to present Greater Lincolnshire as a premium destination offering the perfect blend of city, coast, and country. We will capitalise on new opportunities by refreshing our marketing offer around sustainability and attracting private investment, as well as bringing forward necessary transport infrastructure.
- ❖ **Modernisation of the visitor economy sector** through improvements in skills of business owners to boost productivity – such as by including workspace to target longer stays. We will also improve the digital offer and use that to create packages that make booking easier for visitors, including promoting the use of the TXGB booking system developed by Visit England to build domestic tourism.
- ❖ Support **sustainable tourism** as an overarching theme, fitting with the Connected Coast vision, Green Masterplan work and plans at Doddington Hall, Grimsthorpe Castle, RSPB Frampton Marsh, the Grimsby Fishing Heritage Centre, Normanby Hall Country Park and the Alkborough Flats.

Our Ambition is to create a cluster of innovation focused Defence companies, and ensure that Greater Lincolnshire is a highly attractive, first-choice destination for Defence-related industries, service leavers and their families

The defence sector is less likely to be as directly affected by Covid or Brexit as some other sectors. Meanwhile, the Government has announced a substantial year on year increase in defence spending which should boost prospects for the sector. However, the sector will be impacted by indirect consequences of the pandemic. The prospects for firms in the defence aerospace supply chain which also supply the civil sector have worsened, with aviation being one of the most deeply hit sectors.

At the same time, growing international tensions may point to a need for greater military investment and overseas involvement worldwide in the medium-term future, highlighting the importance of Defence as a Strategic Sector. Across the wider East Midlands, there is the potential for closer partnership working, in building a defence network with nearby clusters.

Greater Lincolnshire has already established relationships with MoD contacts on every site in Lincolnshire, and through the FDI key account management (KAM) programme, worked with the Department for International Trade (DIT) to support foreign owned defence companies with specific labour force, business space, or other needs. We have created Britain's first Air & Defence College (A&DC) in Lincoln working with the Royal Air Force and defence industry companies and secured funding for an R&D institute at the Lincoln Science and Innovation Park. This is aligned to local defence speciality and latent skills among military personnel and the nearby ISTAR HQ, and confirmed the long term base for the Red Arrows will be in Greater Lincolnshire.

Our Priorities for Years 1-5

- ❖ Establish a **strategic board for defence**, comprising specialist public and private sector representatives, to drive this sector forward in Greater Lincolnshire. Through the next phase of the Lincoln Science and Innovation Park (LSIP), and capitalising on the new £16bn increase in defence spending announced at the 2020 Spending Review, we will work to develop a detailed understanding of the needs of the defence sector, which is sometimes lost in other sectoral data
- ❖ Support **defence businesses** with room to grow outside of the military compounds, deepening their engagement with Greater Lincolnshire, and raising the profile of the often low-key defence sector. We will aim to **retain skilled former defence industry workers** within Lincolnshire, converting their skills into productive output, and we will work to redevelop and repurpose former defence assets and estates.
- ❖ Pursue opportunities for **relocation of Ministry of Defence staff** from Whitehall to



Our ambition is that Greater Lincolnshire will develop new efficient and innovative models of care for a dispersed and ageing economy, building a cluster of local businesses to support active ageing.

Health and Care has been brought to the fore of national debate due to Covid-19, with politicians endorsing the vital importance of carers and a groundswell of public support witnessed over the pandemic. However, the pandemic has created a backlog of operations and consultations, leading to poorer health outcomes for other conditions. There is also the very real risk of a big increase in cases combining with normal winter pressures to potentially overwhelm local health services.

Inadequacies in the social care system have been especially exposed, with the use of agencies and underfunding being scrutinised. The government has reiterated its commitment to finding a more sustainable solution for social care, though a date for a white paper is still unclear. And across Health and Care, Covid and Brexit add to an already significant strain on labour supply, with international workers returning home before lockdown, and Brexit wage thresholds threatening the supply of workers, many of whom are low paid. If Brexit has a negative impact on pharmaceutical supply chains, that could potentially pose a threat to the delivery of care.

Greater Lincolnshire has already taken actions to assist the Health and Care sector. We have secured £1.3m of funding for the Centre for Innovation in Rural Health as part of the University of Lincoln's medical school which will incorporate state of the art laboratories and allow for knowledge transfer with business.

Within this sector, joint working with and across other sectors is essential. We have begun an investigation into joint promotional activity to engage people into health & care, from other sectors. Promoted joint working with the National Centre for Rural Health & Care, Lincoln International Institute for Rural Health, and National Centre for Organisation Resilience

Our Priorities for Years 1-5

- ❖ Invest in the **Centre for Innovation in Rural Health**, working with practitioners across Greater Lincolnshire to convert research into better health outcomes for all residents. We will pioneer new and innovative models of rural health delivery in partnership with the Centre for Ageing Better
- ❖ **Build the resilience of the sector** in light of changing migration rules, starting with a review of early years and nursing home capacity and resilience. And we will utilise Midlands Engine funding for mental health work with local companies in places, through an accessible website



Our ambition is to build on existing strengths within parts of Greater Lincolnshire to establish a powerful driver of economic growth for the region

The advanced manufacturing and chemicals sector specialisms are concentrated within a few areas, especially North and North East Lincolnshire. There are concentrations of activity such as the steelworks in Scunthorpe and the power generation cluster in Lincoln. The sector is included here for its potential for driving recovery across the region. Productivity across the manufacturing sector has declined 12% since 2012, and reversing this decline will substantially boost Greater Lincolnshire's economic output.

Covid-19 has brought into clarity the precariousness of modern supply chains, built to minimise cost at the expense of durability. The reliance upon "just in time" supply chains has been highlighted by the closure of international borders. Social distancing has forced changes on the factory floor, and adjustment to an uncertain economic future is required. Meanwhile Brexit will potentially place substantial barriers to accessing European markets. In response, we have developed a Manufacturing Sector Recovery Plan. We have also created a new Greater Lincolnshire Manufacturing Network in partnership with the University of Lincoln to support our advanced manufacturing businesses.

Our Priorities for Years 1-5

- ❖ Deliver a **Transformational Manufacturing Programme**, focusing on horizontal innovation, a holistic review of strategic plans, servitisation support and guidance on retraining, upskilling and onboarding workers alongside 12 months of coaching assistance.
- ❖ Pilot **Greater Lincolnshire Manufacturing Network**, a knowledge-intensive business hub hosted by the University of Lincoln School of Engineering, supporting the growth and development of SME businesses. We will also support manufacturing business to get back on track through recovery funding with capital grants.
- ❖ Speak up for the chemical industry to get what it needs from a Brexit deal, concerning talent, customs, and regulations.
- ❖ Provide training and jobs through the **National Centre for Process and Manufacturing** and accelerate adoption of Industry 4.0 digitalisation technologies, supporting the UK-wide implementation of a National Supply Chain Programme, as well as looking at the benefits of on-shoring supply chains.

4 Foundations of Productivity



Our Ambition is to broaden and deepen the base of innovating firms in Greater Lincolnshire, aligning innovation with the priority sectors, and trebling the level of innovation investment in the region

The productive aspect of Ideas has been substantially affected by the pandemic. Covid-19 has put strain on the higher education sector, a key innovation partner, with domestic and international student intakes in flux. The ongoing and severe economic downturn risks reducing private R&D spend, with firms having to focus on paying off debt ahead of investing for the future. However, Covid-19 has furthered Government interest in funding innovation, with record spending increases announced at the 2020 Spending Review, where we have historically lagged, but recently been catching up.

Greater Lincolnshire has already taken action in this field. We have secured funding for the South Lincolnshire Food Enterprise Zone Phase 2, a hub of agri-food innovation. And we have secured funding for Lincoln Science and Innovation Park Phase 2, with innovation floorspace and a defence focused R&D institute

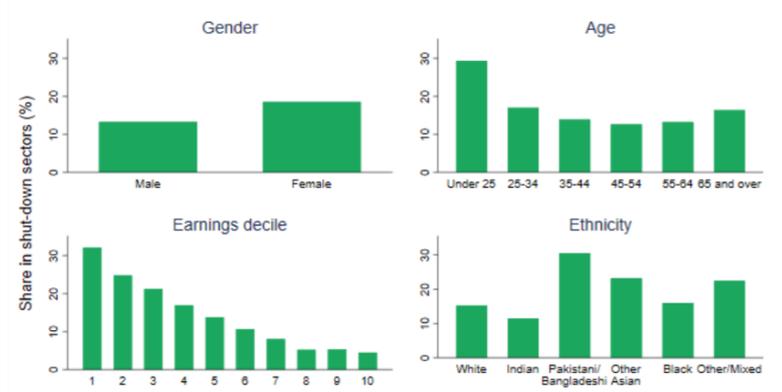
Our Priorities for Years 1-5

- ❖ Support digital uptake in business, delivering a **Made Smarter Digitalisation Pilot for Business**, starting with a pilot focused on manufacturing and food businesses. We will establish a partnership with Innovate UK to support businesses to invest in new technology.
- ❖ Secure funding for the **ORE Catapult** to establish an Offshore Wind Operations and Maintenance Centre of Excellence in Grimsby, to provide next generation testing for offshore wind components. And we will boost advanced manufacturing, helping firms move up the value chain and invest in automation and digitisation through capital grant and loan schemes.
- ❖ Capitalise on our higher education presence, supporting for firms to commercialise their own R&D or adopt existing innovations from elsewhere, **building an innovation ecosystem** which allows business, universities, and applied research institutions to better co-develop innovation and transform business practice. And we will work to maintain graduates within Lincolnshire, establishing a Graduate Internship Scheme.

Our Ambition is to enable all residents to reach their potential in the local labour market and participate in a flourishing and inclusive economy

Nowhere is the impact of Covid-19 more deeply felt than for our people. Firstly, there is the obvious impact on health, where for some “long Covid” will dent their ability to work and exercise. We are already seeing big upticks in the unemployment rate. Some of these jobs will come back as economic activity picks up, others (for example in the creative sector) will take time to return, and still others may never come back, as challenges accelerate innovation. Furthermore, the delivery of training has been interrupted as venues have closed and companies have cut back on spending.

We also know that Covid-19 has exacerbated inequalities. Research by the IFS has shown that women, the young, the poor, and those in certain ethnic groups are overrepresented in sectors which have been shut down during the lockdown. People who were distant from the labour market before the pandemic are now even further away from finding a job. And Brexit will have a substantial impact on local labour markets.



Source: IFS publication: Covid-19: the impacts of the pandemic on inequality

A move to digital by default for many services, including training provision, has impacted those without digital skills, without equipment and without Broadband contracts, and so are unable to participate.

However, the long-term trend towards home-working, rapidly accelerated by the pandemic, may benefit Greater Lincolnshire. Workers whose companies have gone fully remote or who now only need to be in London or major towns and cities in the Midlands a couple of days a week can comfortably base themselves in Lincolnshire.

There is a clear need to offer retraining to help people return to the labour market, and we have already secured funding to extend the Greater Lincolnshire Skills Capital Programme and have extended ESF training and support schemes to 2023. We are shortly to launch a programme of bespoke online Jobs and Careers fairs and have been working with schools to get careers advice to students while they’ve been at home.

Our Priorities for Years 1-5

- ❖ Swift and effective implementation of government employment and skills schemes, starting with **Kickstart** to support young people into work
- ❖ Launch of our year-long flagship programme of Online Jobs and Careers Fairs
- ❖ Fast paced development of a new Apprenticeship Action Plan designed to increase apprenticeship opportunities for people of all ages, including the launch of a **Levy Transfer Scheme**
- ❖ Launch and deliver the **Institute of Technology** with a hub and spoke model, supporting technical and digital training at levels 4 and 5.
- ❖ Accelerate our work to understand, promote and grow digital skills at all levels to enable residents to participate fully in society and take advantages of new ways of working
- ❖ Seek funding for a game-changing HR and Workforce Planning Scheme that will increase good quality employment opportunities, whilst rapidly increasing the productivity of SMEs.

In addition to focusing on these priorities we will work with the brand new, national Skills and Productivity Board (SPB) and DfE through the SAP Programme, to ensure that the needs and challenges of our local SMEs and residents are reflected in new and emerging skills policies and programmes. We recognise that a one-size fits all approach does not provide the whole of the solution that our different places need in order to prosper, and so we are keen to work on the roll-out of the National Skills Fund, and would like to talk to Government about piloting an approach to Individual Learning Accounts to ensure that local provision matches local labour market demand.

HR and Workforce Planning Scheme

Around 45% of employment in Greater Lincolnshire is in businesses with fewer than 50 employees, far higher than the national average. SMEs, particularly small SMEs, lack HR and training departments. They struggle to make sense of the number of schemes and initiatives, aren't able to plan as effectively as larger organisations and are asking for support. There is intent from our SME base to offer placements, or recruit new people, but they need some advice. With government and partners, we will seek funding for a game-changing HR and Workforce Planning Scheme that will increase good quality employment opportunities, whilst rapidly increasing the productivity of SMEs. Initial focus would be on some of our more exposed sectors where there are may be future skills shortages, including: Agrifood, Health and Care, Visitor Economy, Manufacturing (including advanced manufacturing), and Ports & Logistics.

If unemployment rises to 10% across Greater Lincolnshire, which is within the scope of many forecasters' projections, roughly 32,250 more people will be jobless than before

the crisis. The UK's new points-based immigration system could create substantial labour market disruptions in Greater Lincolnshire – where at least 40% of the workforce currently earns less than the new £25,600 salary threshold, and 10% below the minimum £20,480, which applies where candidates have a job in a “shortage occupation” as defined by the Migration Advisory Committee. A daunting challenge requires an ambitious response.

Where the scheme fits

The HR and Workforce Planning Scheme is an integral element of the employment and skills support offers. We want to ensure that our support takes a multi-pronged approach to the challenge focusing on three cohorts: young adults (16-19), adults, and the support to help employers help the workforce. Jobs ultimately need to be created by businesses, who need support at this time – particularly SMEs. Two of our previous programmes, our Skills Adviser Pilot and our Recruitment Adviser Pilot have shown that there is a need for support for our SMEs in the area of workforce development, recruitment and employment, that would increase the number of and quality of available jobs and careers. We want to build on these pilots.

Cohort	Young adults (16-19)	Adults	Employers	Trainingask tied to government announcements and strategic priorities
Objective	Avoid young adults becoming NEET, and dropping out of the labour market for the long-term	Smoothing the transition into new sectors by one-to-one support for rematching of displaced skills	Support for leaders to re-think their workforce strategy for the new normal	
First step	Tracking school leavers and targeting Kickstart programme towards local sustainable jobs	Pilot programme focusing on the agrifood sector	Specific support around making the Winter Economic Plan work for employers	
Informing LEP policy on barriers to employment – childcare, transport, etc.				

Our ambition is to create a supportive business environment for entrepreneurs, micros and SMEs to grow and become more productive and resilient

The full and final impact of Covid-19 on the business environment has yet to be seen but some key points should be noted. While supply chains have been fairly resilient, there has been some disruption – the manufacturing sector estimated fall in output of a fifth in the second quarter and sector has used furlough extensively.

Elsewhere, impacts are mixed. The economic shock has prompted entrepreneurship, with Companies House noting high rates of company formation². There has been high demand for shorter-term digitisation/marketing and product development projects but less for productivity and capacity building projects. Many businesses have only survived by taking on extensive debt, which is likely to hang on recovery, and may add to future vulnerability. And uncertainty around Brexit outcomes may have suppressed business confidence.

In response, we have led the East Midlands Cluster Covid Business Support response and recovery plans and the Business Lincolnshire Growth Hub has operated the Government's Tourism and General Business Kickstarter Grants. We have used ERDF Digital grant funding to support homeworking implementation. And we have developed new pilot programmes to support companies through to evolve through the shock, including the Transformation Manufacturing, Supply Chain Development, Business Resilience and Peer Network Programmes.

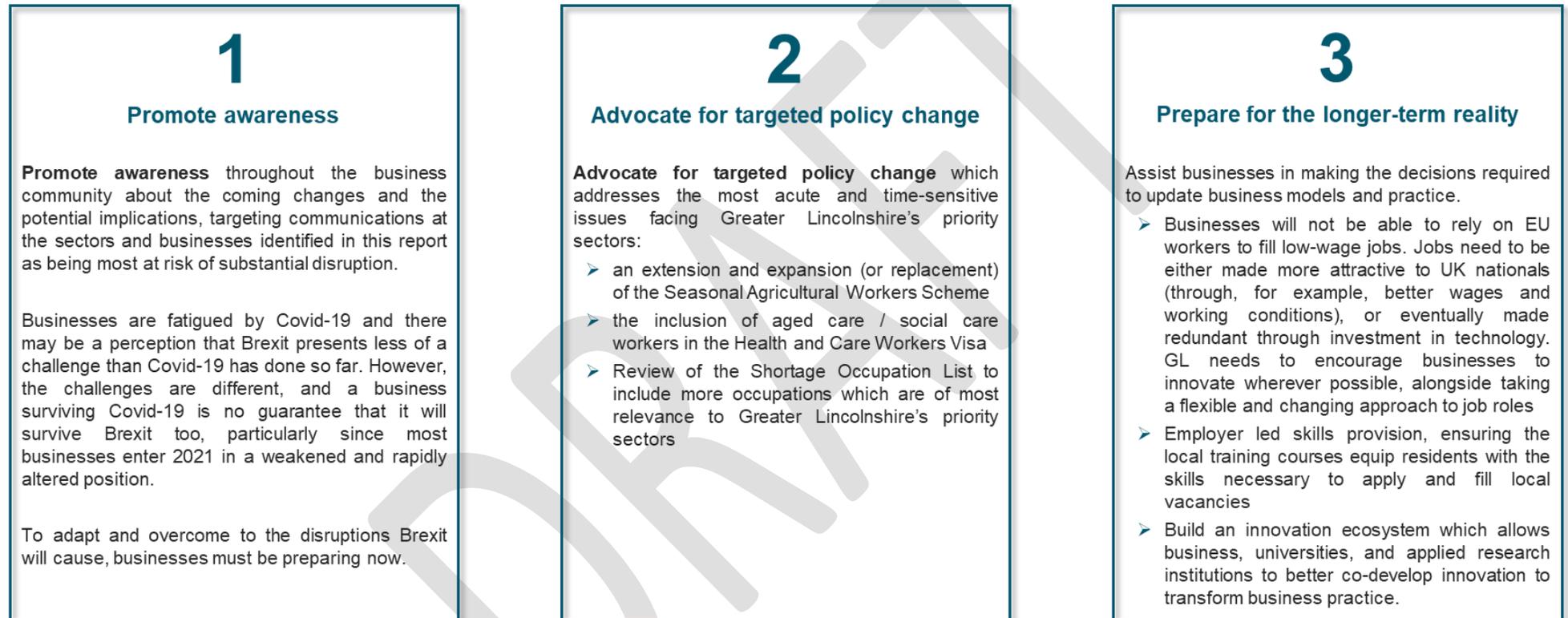
Our Priorities for Years 1-5

- ❖ Support the digital transition and Industry 4.0 through Greater Lincolnshire **Fibre to Premises Programme** for Industrial estates
- ❖ Facilitate support such as bid-writing, signposting to useful resources and organisations such as the British Business Bank, and growth hub funding
- ❖ Draw in inward investment through a **local internationalisation strategy**, taking advantage of opportunities provided by Brexit.
- ❖ Work with the University of Lincoln to deliver the **Productivity Hubs programme** - creation of series of hubs in Greater Lincolnshire with and accompanying Accelerator programme and seed funding competition
- ❖ Grow the Team Lincolnshire ambassador network to provide business to business support and open up opportunities for collaboration and innovation

² <https://www.ft.com/content/cbb844f2-b852-4b83-bc/d-f8/4/6ctatca>, though note some of this is due to fraudulent activity

Supporting Greater Lincolnshire's businesses to meet the labour market challenges of Brexit

Finally, we need to acknowledge that while Brexit presents opportunities, businesses need support to adjust. Our strategy to help has three elements:



The window for actions 1 and 2 is limited, although it is likely policy concerning our relationship with the European Union will keep developing after January 1st. The third part will require an ongoing, close relationship with business to help with the adjustment.



Our ambition is to develop the infrastructure needed to support business growth, connect people, and be prepared for future growth and challenges

The lockdown, implemented in response to Covid-19, significantly changed the way we move around. Use of motor vehicles fell by 65%, buses by almost 90% and rail use by 95%. At the same time cycling became much more popular, with usage peaking at 2.5 times the baseline values at the end of May³, and green infrastructure playing a big part in supporting mental and physical health.

Since then, motor vehicle usage has returned to close to baseline levels, and cycling has declined, although remains above average. Use of public transport modes, however, remains below half of its pre-Covid level, and on the current trajectory will take a very long time to return. Government has had to heavily subsidise these modes of transport, continuing doing so into 2021 while launching an expansive infrastructure programme

Internet use has also increased during lockdown, with users spending a quarter of their waking day online (Ofcom). Digital infrastructure has generally been able to cope with this, although workers in remote areas have found it particularly hard to keep working.

As part of our response to this situation, Greater Lincolnshire has already secured £4.4m funding for the Killingholme Pumping Station as part of the Getting Building Fund. This will allow further development and investment on the South Humber Bank (the UK's biggest enterprise zone by area) by protecting industrial land from flooding.

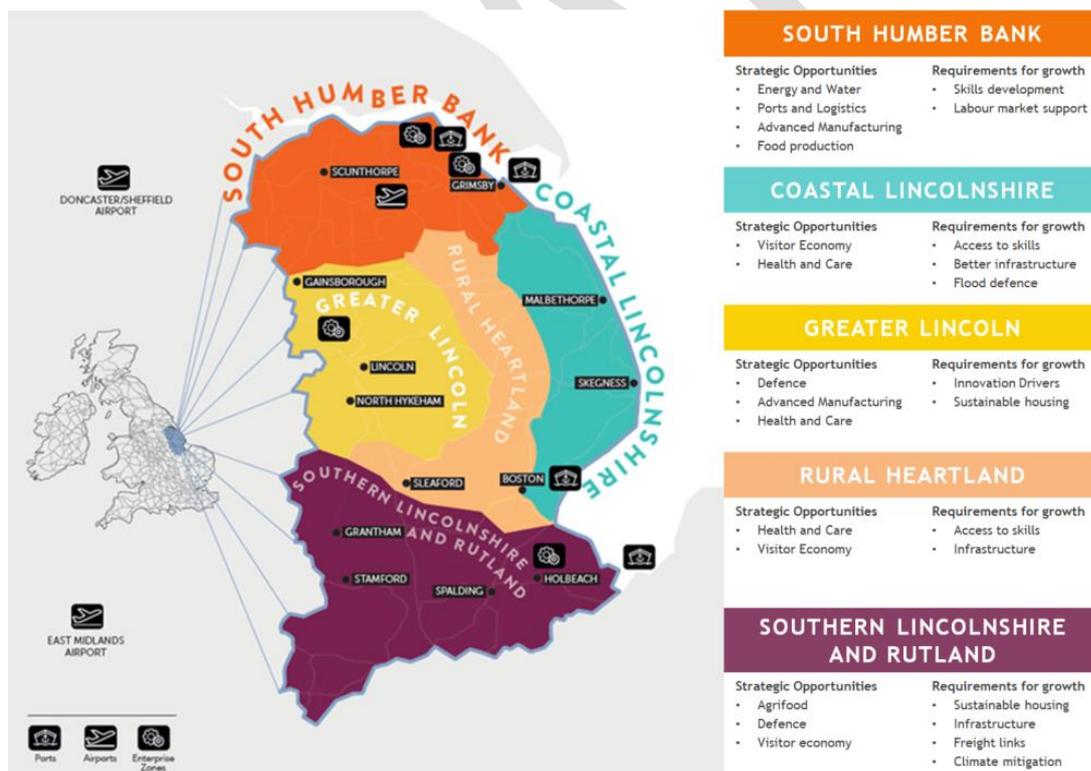
Our Priorities for Years 1-5

- ❖ Deliver the **Greater Lincolnshire Strategic Infrastructure Delivery Plan**, with the priorities being North Hykeham Relief Road, the A46/A15 enhancements, and improvements to the A16 and A17, and A1 upgrades to Motorway standard. We will deliver cycling and rail upgrades, alongside a targeted marketing programme to ensure Lincolnshire is recognised as the Netherlands of UK cycling.
- ❖ Support transport connectivity through designing EV connectivity into new developments. And we will deliver full coverage of 4G mobile to ensure no 'not spots' remain and encourage rollout of 5G across all of Greater Lincolnshire. And we will work with Anglian Water, the Environment Agency and other partners to try to guarantee flood resilience into the long-term.

Our ambition is to capitalise on the dispersed economy to create a leading polycentric, productive economy.

Right across Greater Lincolnshire, towns and high streets are at the heart of our place strategy. We know retail and hospitality have been especially hard hit, and that many of our high streets came into this crisis in an already weakened position. We will need to deploy place-based responses to the varied economic challenges Greater Lincolnshire faces.

The following pages set out the five spatial corridors of Greater Lincolnshire and the emerging Towns Investment Plan priorities. We possess an attractive quality of place offering, with low population density, plenty of rural space and built up areas. Each spatial corridor has different opportunities and challenges which must be supported and nurtured. The larger urban areas provide diverse heritage, industry and living, which can and should be supported through the recovery plan and local industrial strategy. Taken together, this will ensure quality of place and future vitality across coastal, market, and industrial towns in Greater Lincolnshire.



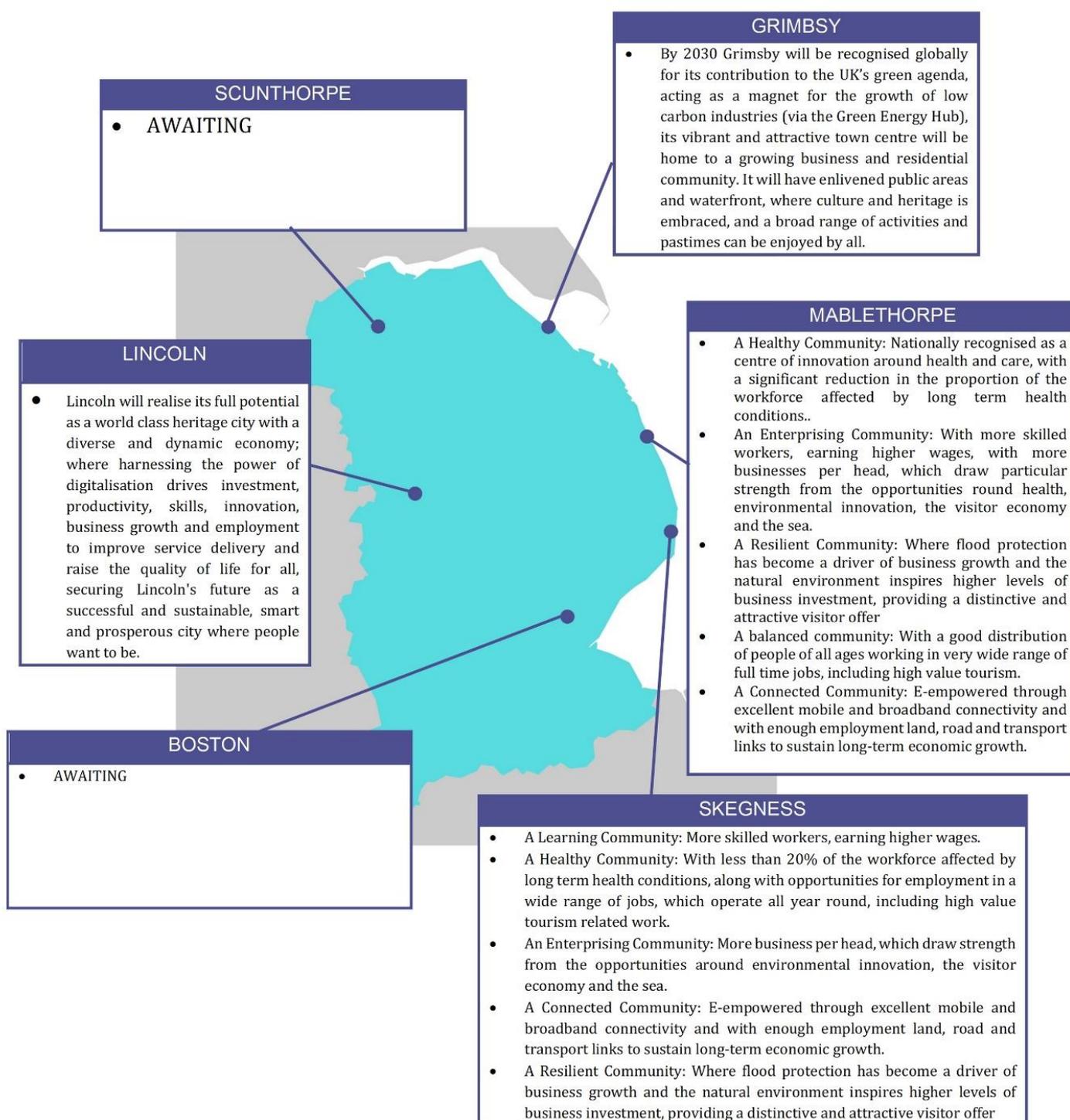
Our priorities for years 1-5

We will deliver the Future High Street and Towns Fund bids for Greater Lincolnshire Towns, and align these with place-based investment strategies. We will develop local co-working spaces across the area, starting with a review of available high street spaces for

creative new uses such as co-working space, encouraging young entrepreneurs to open up businesses, and working with central government on towns investment plans. And we will offer to work with government to shape the formula of the UK Shared Prosperity Funds, in a way that works for the diverse areas of Greater Lincolnshire.

Town Investment plans

The Government's £3.6 billion Towns Fund is intended to contribute towards the drive for Levelling Up in the UK. It builds on the approach pioneered in Grimsby for the Grimsby Town Deal. We have six towns with Town Investment Plans:



The South Humber Bank

The South Humber Bank has an array of economic strengths with significant opportunities in decarbonisation and advanced manufacturing. There are significant opportunities within the area with the decarbonisation of strategically important industries like steel, oil refining and chemicals, building on the clusters of energy production that are already in place to grow investment and jobs in the low carbon sector. North Lincolnshire offers the UK's largest developable land bank, including nearly 600ha of Enterprise Zone adjacent to a deep-water estuary. Our priorities include:

- Securing a **Humber Freeport** which includes the South Bank Ports of Grimsby, Immingham and Able which will attract FDI and local business growth through incentives and investment opportunities, while continuing to promote and secure investment in our Enterprise Zones, in particular the Stallingborough Interchange site
- Build on progress made on **local town centres**, encouraging investment through the Stronger Towns Fund and focus on the regeneration of the towns with industrial heritage. Deliver a partnership-based approach to increased unemployment and economic inactivity with a particular focus on more deprived communities and individuals who may be more adversely affected by Covid
- Promoting the Humber Energy Estuary – supporting the growth of the offshore wind industrial cluster, and the development of the decarbonisation cluster, and supporting the area to become the UK's center for low carbon energy generation, with pilot projects that test new technologies such as hydrogen fuel.
- Delivery of **Lincolnshire Lakes**. This will create 6,077 homes, by investing £1.2bn to building six new villages over eight square miles to the west of Scunthorpe. These will be high quality, sustainable riverside villages, supporting health and employment.
- Lobby for improved **east-west rail connectivity** from Cleethorpes via Scunthorpe to Sheffield and the North West

Coastal Lincolnshire

Reliance on retail and hospitality means that Coastal Lincolnshire is one of the most economically at-risk parts of the country due to Covid-19. The Skegness, Mablethorpe and Boston town deal investment plans showcase new ways of living, working and supporting vulnerable communities in relatively isolated settlements, while the Cleethorpes regeneration project has secured over £7m of investment. Our priorities include:

- Mitigating damage to the visitor economy sector in the medium term, and capitalising on greater demand for domestic tourism and recent investment projects by refreshing marketing offer, the Tourism Action Plan and the development of a Greater Lincolnshire wide Designated Marketing Organisation
- Encouraging coastal investment through the towns fund - enhanced local trading with the Connected Coast town deal investment plan central to economic plans, while utilising the towns fund to aid in the regeneration of designated towns
- Facilitating start-up enterprises locally, convening businesses and encouraging enhanced local trading, while investing in skills to address the challenges of inequality
- Unlocking key development sites and implement local development orders

Rural Heartland

The advancement of digital technologies as a workplace tool provides our rural heartland with significant opportunities to attract business, and maintain increased spending within local economies. However, connectivity remains a major challenge, a focus sharpened by the Covid-19 crisis, although rural areas have remained relatively unaffected in health terms. Town centres such as Sleaford and Boston will need to refresh and diversify their vision through the towns fund, and their SME-heavy business base needs to be supported. Our priorities include:

- Delivering cycling and walking route upgrades, along with a targeting marketing programme to ensure Greater Lincolnshire is recognised as a UK centre for cycling.
- Repurposing of existing business spaces and the prospect of local hubs within settlements from villages to larger market towns
- Support fibre broadband uptake; especially with the difficulties around FTTP (Fibre to the Premises) in rural areas, and achieving full coverage of 4G mobile to ensure no 'not spots' remain
- Supporting the growth of micro-businesses and encouraging inward investment, facilitating start-up enterprise locally and identifying the scope for local trading

Greater Lincoln

The city of Lincoln has shown strong recent growth and development enhancing its status as a cultural and technology centre for the local area. Recent developments such as the Lincoln Science and Innovation Park, Medical School and Cathedral Connect have significantly strengthened the city's work, living, educational and cultural offer. There is a drive to ensure Lincoln is at the heart of digital technology for local area; building on its strong defence assets, whilst levelling up the City and key towns such as Gainsborough.

However, the City of Lincoln has been particularly impacted during Covid-19, with reliance on its University, visitor economy and the high street; and as the health centre for the area. Outside of Lincoln, there is a need to support town centres such as Gainsborough. Our priorities include:

- Encourage investment through the Stronger Towns Fund (Lincoln) and focus on the regeneration of Gainsborough.
- Fulfilling infrastructure priorities, including the North Hykeham relief road, A46/A15 upgrades, and rail enhancements from Newark to Lincoln
- Anchoring a defence cluster around the Lincoln Science and Innovation park , and carrying out the redevelopment of RAF Scampton.

Southern Lincolnshire and Rutland

Although dominated by food production, logistics and agri-tech businesses to the East, Southern Lincolnshire also has a diverse small business base and high quality of life, making the area well position to benefit from changing working practices and proximity to London. The nationally important food corridor across Southern Lincolnshire has played a major role in keeping the UK fed throughout the pandemic, though the rapid shift in demand from food service to food retail has placed a significant strain on the local business base, with horticulture also taking a hit. Our priorities include:

- Building on the successful development the **Food Enterprise Zone**, developing a 'Food Valley UK' concept and making the area an attractive landing spot for vertical growing and glasshouse expansion, securing inward investment and contributing to reducing national reliance on food imports, while ensuring that there is a labour pool that can deal with changing consumer demands of the food industry, particularly post-Brexit
- Improving road and rail connectivity to remove car dependency and support the efficiency and environmentally sustainability of the logistics industry, and delivering the Spalding Western Relief Road, Improving digital infrastructure and power utilities access
- Building on Rutland's strengths in the visitor economy sector, and delivering of the St Georges Barracks Garden Village in Rutland

5 Funding

[To be completed, example only at this stage]

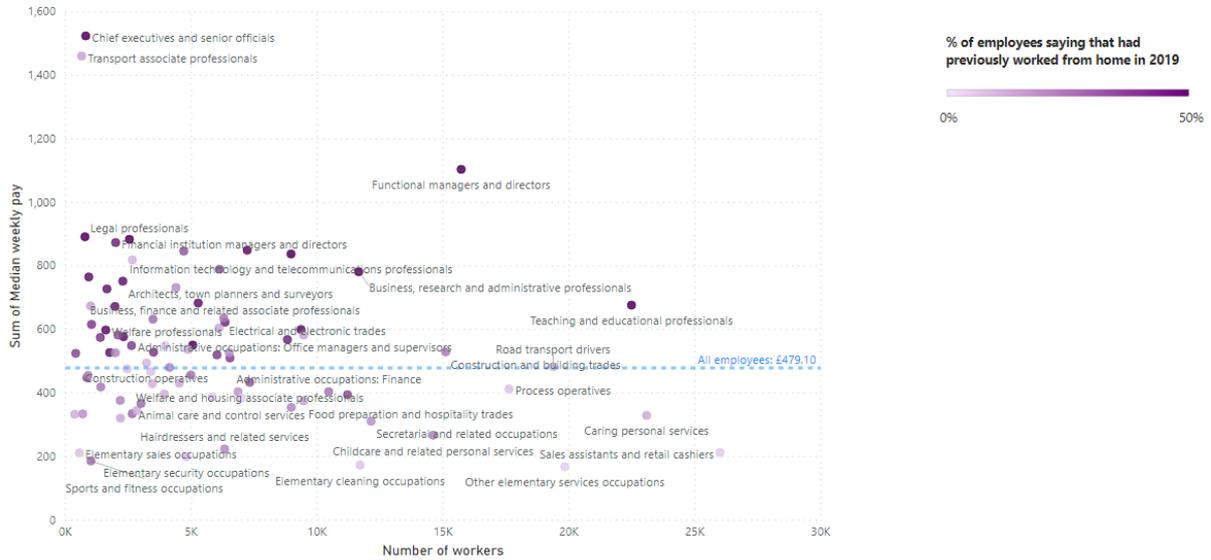
	Programme	Funding (£m)	FTEs Created	Into work or training
Protecting	Kickstart			
	New HR & Workforce Planning scheme			
	Levy transfer scheme			
	LAEP taskforce			
	Early years and nursing home capacity and resilience review			
Progressing	Institute of Technology			
	Strategic Infrastructure delivery plan			
	ORE Catapult and Velocys bids			
	Defence Board & local sector review			
	Made Smarter Digitalisation Pilot			
	SAP programme			
	Fibre to Premises Programme			
	Town Investment Plans			
	Digital service innovation for FEZ etc			
Prospering	Industrial decarbonisation cluster			
	Theddlethorpe gas terminal			
	Modernisation of the visitor economy sector			
	Agri-grants Programme			
	Tourism Zone			
	Team Lincolnshire ambassador network			
	Freeport bid			
	Centre for Innovation in Rural Health			
	Centre for Food Logistics			
Graduate Internship Scheme				

	Programme	Funding (£m)	FTEs Created	Into work or training
	Internationalisation strategy			
	Productivity Hubs			
	EV connectivity			
	Energy Testbed			
	Total:			

DRAFT

Appendix 1: Additional Covid exhibits

Figure 5. Occupations in GLLEP, by number, wage, and ability to work from home



Sources: ONS dataset Coronavirus and homeworking in the UK labour market: 2019, ONS Annual Survey of Hours and Earnings table 14.1a, ONS Social Survey (ad hoc request)

Figure 6. Sectors by GVA, employment, and UK proportion of workforce sick/self-isolating with Covid-19, 6th-19th April 2020



Figure 7. Proportion of 16-64 population who are claiming, by district



Figure 8. Gross weekly salaries of workers in Greater Lincolnshire



Source: Metro Dynamics analysis of ONS ASHE Table 14. Wage data is for the East Midlands. 10% of workers are in each decile, while the columns represent the average wage for workers in that decile. The 50th percentile number is the wage of the median worker – in the chart above, that is £530 per week. The dotted line represents the £25,600 salary threshold for skilled migrants (which equates to £492 per week). Workers in deciles below this line are paid less than the salary threshold.



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