Hull: Growing the Real Economy

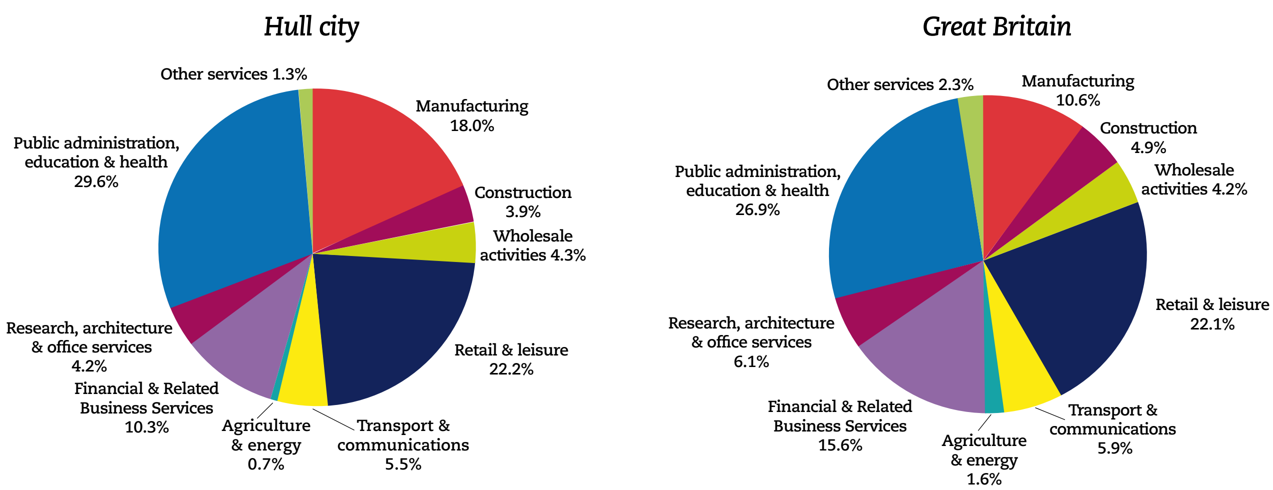
An independent report prepared by Centre for Cities for Hull City Council
May 2009

Introduction

Kingston-upon-Hull is a Partner City in the Centre for Cities research programme ***'Unlocking City Potential and Sustaining City Growth'***. The programme works closely with a small group of cities to inform economic development strategies and improve economic performance. This report sets out policy analysis and recommendations in response to three principal questions:

- How can Hull city promote economic development across the real economy of its city-region?
- What should be Hull City Council's priorities to encourage the growth of higher-value business sectors and employment?
- How can workforce skills and aspirations be increased in Hull?

Figure 1: Hull's sectoral profile (2007)



Source: Nomis, Annual Business Inquiry (2009) for 2007 data

Key Recommendations

- **City-Region:** Hull City Council should deepen its collaboration with the East Riding, first by carrying out a Joint Economic Assessment for the Hull Travel-To-Work Area (TTWA) and longer-term by considering the potential for a formal city-region including Hull City Council.
- **Labour demand:** Hull City Council should concentrate its efforts on supporting business activity based around the port and logistics industry, in particular pushing for improvements in regional transport infrastructure, especially road and rail access to the Port of Hull.
- **Labour supply:** Hull City Council should ensure that skills interventions are targeted towards sectors with growth potential across the Hull TTWA, using new powers being devolved to cities to ensure that these meet employer demand.

Definitions of Geographical Areas

Hull refers to the Local Authority area of Hull City Council.

East Riding refers to the Local Authority area of the East Riding of Yorkshire.

Hull TTWA refers to the area officially defined as Hull's Travel-to-Work-Area, including areas of the East Riding.

Hull & Humber Ports City-Region refers to the four Local Authorities of Hull City Council, East Riding of Yorkshire, North Lincolnshire and North East Lincolnshire.

Macroeconomic context

The credit crisis in the financial markets has now become a crisis in the broader UK and global economy. The UK is now officially in a recession. The fall in Gross Domestic Product (GDP) in the last three quarters (4.2 percent decline) is far deeper than the decline experienced during the whole of the 1990s recession (2.5 percent).[1] Over the course of the recession, a cumulative decline in excess of six percent is now a strong possibility.

In the 1980s recession, output fell by more than five percent and the national unemployment rate rose from four percent to 10.6 percent.[2] This recession starts from a lower level (2.5 percent claimant count)[3] but a rise of more than one million over the next two years can be expected. The ILO measure of unemployment (household survey based) is already 7.1 percent, or more than 2.2 million.

In the Budget, the Government's growth forecasts suggested that the economy would contract by 3.5 percent in 2009 and then bounce back, growing by 1.25 percent in 2010 and 3.5 percent in 2011. Consensus suggests that these forecasts are exceedingly optimistic. The International Monetary Fund (IMF) has suggested that the UK economy will in fact contract by 0.4 percent in 2010.

While conditions in the banking sector appear to be improving, the problems within the financial system, which have constrained the supply of available credit, are far from solved.

However, there are tentative signs that we may have turned a corner. There have been improvements in a number of the leading indicators (credit conditions, housing approvals and purchasing managers surveys). This suggests that at least the pace of decline in output has now slowed. We still expect a very modest recovery starting in 2010, with unemployment likely to continue rising until 2011.

1. ONS, GDP data
2. ONS, Claimant count data from March 1980 and December 1985
3. ONS, Claimant count data from April 2008

Hull and the recession

Hull entered this recession with a high long-term unemployment rate, and one of the lowest employment rates in the UK (64.9 percent in June 2008). Benefit claimants made up just over one-fifth (20.8 percent) of the city's working-age population in August 2008.[4]

High benefit dependency is one feature of the difficult transition that Hull and other Northern cities have experienced in adjusting to a post-industrial economy over recent decades. For example, benefit claimant rates were about the same last year in other Northern ex-industrial cities such as Sunderland, Middlesbrough and Blackburn.

Hull has a relatively small financial and business services sector (10 percent) and large manufacturing sector (18 percent). This time last year, many commentators were predicting that job losses would be mainly confined to the financial services sector and to the South-East. However, it is now clear that the impact of the recession is much more widespread, sectorally and regionally – and is being felt more in Northern cities like Hull. Contrary to expectations a year ago, Hull's economy is proving to be just as vulnerable to job losses as it was in previous recessions – rather like many other Northern cities.

Compared to other UK cities, Hull has seen the sharpest increase in unemployment over the past year. Between April 2008 and April 2009, the JSA claimant count rate in Hull increased by 3.3 percentage points, from 8,143 to 13,671 – an increase of 5,528 people. By contrast, the increases in Sunderland, Barnsley and Rochdale were 3.0 percentage points (5,308), 2.8 percentage points (3,868) and 2.6 percentage points (3,275) respectively.[5]

This sharp increase in unemployment in Hull could in part be due to the predominance of manufacturing in the city – the sector tends to be hit hard in downturns as firms use up inventories. But it also reflects the underlying relative weakness of Hull's private sector economy.

Table 1: Cities with the highest percentage increase in JSA claimants

Cities with the highest % increase in JSA claimants

City	Change in JSA claimant count rate April 08 - April 09*	Changes in number of JSA claimants April 08 - April 09	Claimant count rate % April 2009	Total JSA claimants April 2009
Swindon	3.7%	4,437	5.4	6,574
Hull	3.3%	5,528	8.2	13,671
Sunderland	3.0%	5,308	6.4	11,190
Barnsley	2.8%	3,868	5.4	7,459
Doncaster	2.8%	4,937	5.7	10,089
Gloucester	2.8%	1,969	4.8	3,441
Stoke	2.8%	6,232	5.6	12,745
Northampton	2.7%	3,564	5.1	6,721
Telford	2.7%	2,710	4.9	4,939
Birmingham	2.6%	36,992	7.0	98,134

**Percentage point change*
Source: Nomis, JSA Claimant Count, 2009

4. NOMIS 2009
5. NOMIS 13 May 2009

The number of JSA claimants per vacancy in Hull is now extremely high (26.9), mainly due to the wider fall-off in labour demand but also partly due to seasonal factors such as the decline in demand from the food processing industry.

Because Hull entered the recession with relatively high unemployment, the year-on-year increase in its JSA claimant count (68 percent) has been lower than the national average and lower than the increase in two neighbouring local authorities – the East Riding (111 percent) and North Lincolnshire (116 percent), which both entered the recession with lower unemployment rates than Hull.

Table 2: Increase in unemployment across Hull and Humber

	Year-on-year increase in JSA claimant count (%) (April 08 – April 09)	JSA claimants per vacancy (April 2009)
Hull	68	26.9
East Riding of Yorkshire	111	7.7
North East Lincolnshire	67	14.3
North Lincolnshire	116	9.7
Great Britain	86	7.1

Source: Nomis, JSA Claimant Count, 2009; Nomis, Jobcentre Plus Vacancies, 2009

Defining Hull's real economy

Central to any analysis of Hull's economic performance is an understanding of its economic geography. This report will show that part of the reason for the poor perception of Hull's economy is that the Local Authority area of Hull is very tightly-bounded, and within this there is a disproportionate share of low-income, poorly-qualified, unemployed and workless residents. It does not include the more affluent areas next door in the Local Authority area of the East Riding of Yorkshire, or the thousands of workers that commute into Hull city from the East Riding. The city is also hampered by some basic infrastructure deficiencies, including poor transport links to the rest of the Yorkshire & Humber region.

The Centre for Cities has consistently highlighted the importance of **functional economic areas** – which straddle and cut across political boundaries – and has championed the case for city-regions.[6] Hull is a compelling example of why city-regions matter, and why it is important to address economic development issues at the appropriate spatial level. The perceived under-performance of Hull city is exacerbated by the under-bounded scale of the Local Authority area, whereas the real economy of Hull extends well into the East Riding and includes a more diverse demographic and sectoral mix than Hull city alone.

But the under-performance of Hull city is also due to long-run and fundamental structural economic problems such as declining labour demand, below-par workforce skills, poor transport links and sub-standard housing stock. Like many of Britain's Northern cities, Hull has seen its traditional industrial base decline over the past 25 years – and has found it more difficult than most to make the transition to a post-industrial, knowledge-intensive economy. This is largely due to the city's standalone position, with weak infrastructure connections to the rest of the region, and the persistent skills deficit. The city has also not received support such as EU Objective One Funding.

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6. Centre for Cities (2006) City Leadership. London: Centre for Cities

Effective policy interventions to tackle Hull city's fundamental structural economic problems need to be tackled not just within the geographical area of Hull City Council, but at the wider functional geographical level. The fact that thousands of people live in one local authority area (e.g. East Riding), and work in another (e.g. Hull), should not impede effective policy interventions which will be of mutual benefit.

This report argues that Hull would benefit from collaborating more closely with the East Riding, as part of a functional, inter-connected economic area (Hull City-Region).

As well as enhancing perceptions of the City of Hull, this would allow a more comprehensive and strategic perspective on tackling the problems and opportunities that exist in the functional economic area shared by Hull and a large part of the East Riding. A Joint Structure Plan between the two Local Authority areas existed until the new planning regime came into existence. This indicates a generally perceived acceptance of the need for joint working between Hull and the East Riding - particularly in the related areas of economic development, transport, planning and housing.

Hull and the East Riding are already collaborating in a number of areas such as Housing Market Renewal. But the likely impact of the current recession highlights the need for enhanced collaboration and joint working, as does the likely future direction of Labour and Conservative policy.

At a regional level, Hull is designated as one of the four 'Regional Cities' of Yorkshire & Humber in the current Regional Spatial Strategy. This recognises Hull's role as an economic driver.

The City of Hull provides an "economic platform" (i.e. jobs) for almost 50,000 residents of the East Riding. Conversely, the East Riding provides a "quality of place" offer, in terms of housing and lifestyle – this is very attractive and underpins Hull's "economic platform" role.

A Joint Economic Assessment, covering the functional economic area of Hull and the East Riding, specifically based on the Hull Travel-to-Work-Area, would constitute a major step forward in addressing economic issues shared by both Local Authority areas. This Joint Economic Assessment should not preclude an assessment covering the "Northern Way-designated" Hull & Humber Ports City-Region, as this geographical entity does share a number of common concerns and issues (e.g. the role and national potential of the Humber Ports complex – which includes the ports of Grimsby and Immingham).

The official picture

Hull city has a population of 257,000, including a working-age population of 166,700. Next door, the East Riding has a total population of 333,000, with a working-age population of 197,400.

Partly because of its tightly-bounded Local Authority area, Hull city regularly scores as one of the most under-performing cities in the UK. The latest official statistics show that, compared to other UK cities, Hull has:

- the worst employment rate in the UK (64 percent)
- the second-lowest average weekly wages (£357), better only than Hastings
- the fifth-highest benefit claimant rate in England (20.8 percent)
- the third-highest percentage of residents with no qualifications (21 percent)
- the lowest percentage of residents with NVQ4 qualifications or above (15 percent).

Taking IMD median scores as a proxy for deprivation, Hull is the second-most deprived city (just ahead of Liverpool) with a median score of 36.85 percent.

Hull's under-performance is highlighted by the Centre for Cities Indices, which were included in *Cities Outlook 2009*. These measure the relative performance of cities according to a group of key indicators.[7] Hull comes bottom of both the Economic Prosperity Index and the Built Environment index, and second-bottom of the Social Deprivation Index.

Table 3: Centre for Cities Indices - bottom ten cities

Economic Prosperity Index	Social Deprivation Index	Built Environment Index
Barnsley	Middlesbrough	Rochdale
Blackburn	Stoke	Doncaster
Grimsby	Glasgow	Sunderland
Plymouth	Rochdale	Stoke
Burnley	Belfast	Barnsley
Hastings	Birmingham	Mansfield
Mansfield	Sunderland	Grimsby
Sunderland	Blackburn	Blackburn
Stoke	**Hull**	Burnley
Hull	Liverpool	**Hull**

Source: Cities Outlook 2009

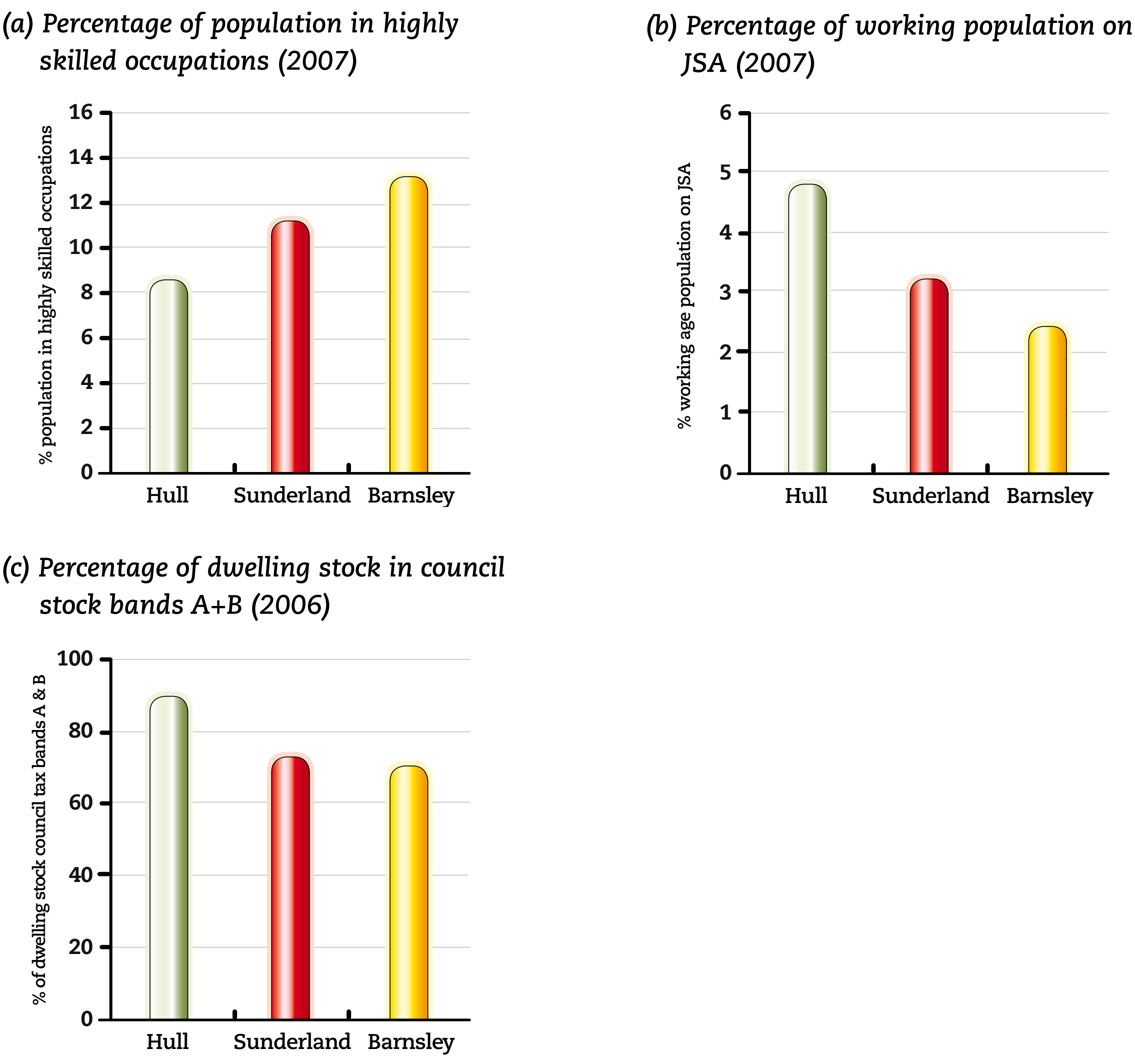
Our Indices use the "Primary Urban Area" definition of cities. In many cases, this means a combination of several local authorities – for example, "Liverpool" includes the Local Authorities of Liverpool, Knowsley and St Helens. But in Hull's case, the PUA is Hull City Council alone – and this partly explains Hull's position.

To gain a better understanding of Hull's relative performance, Figure 2 compares Hull's performance with Sunderland and Barnsley in 2007 – two similar-sized cities with comparable economies and industrial background[8] – on three variables that help to explain the difference between cities' economic performance.

7. For more detailed explanation of these Indices please see Cities Outlook 2009 and the Technical Appendix available at www.centreforcities.org/outlook09
8. Barnsley and Sunderland have a population of 224,600 and 280,300 respectively – compared to Hull's 257,000 (2007). Their respective geographic areas are Hull (71 sq km), Sunderland (137 sq km), Barnsley (329 sq km).

On all three indicators, Hull performed less well than Sunderland and Barnsley. In 2007, Hull had lower skill levels, a higher percentage of working-age adults on Jobseeker's Allowance (4.8 percent in Hull, compared to 3.1 and 2.4 in Sunderland and Barnsley), and more housing in council tax bands A and B (over 88 percent, compared to below 78 percent in Sunderland and Barnsley). The relative picture is about the same now: the most recent claimant count statistics (April 2009) show Hull at 8.2 percent, Sunderland at 6.4 percent and Barnsley at 5.4 percent.

Figure 2: Hull's performance compared to Sunderland and Barnsley[9]



Source: Cities Outlook 2009

Overall, compared to its peers, Hull has more serious skills, benefits and housing challenges – which help to explain its relatively poor position in our Indices.

9. These are based on the Centre for Cities Indices in Cities Outlook 2009 using 2007 data.

The real economy

As shown above, Hull faces some very real structural economic problems. And the perception of the situation is exacerbated further by the tightly-bounded nature of Hull city, and that only Hull city is captured in the PUA data that is used to compare Hull with other cities. This data does not capture the wider functional Hull economy that includes the more diverse demographic and sectoral mix of the East Riding.

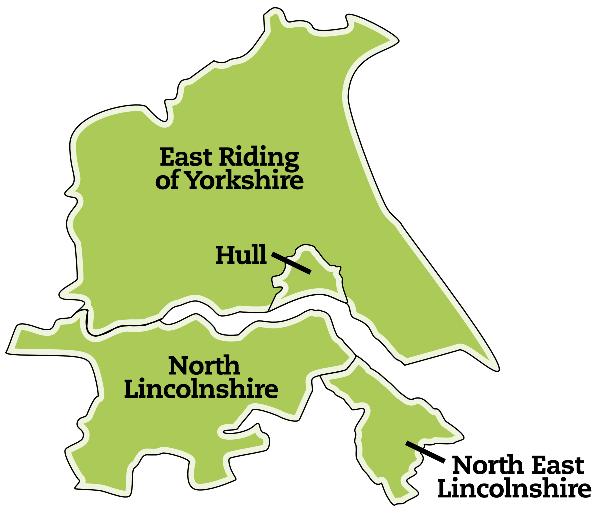
Hull's residents and workers

The under-performance of Hull is a reflection of its residential profile. But the picture looks different, when we consider the city's workforce profile. The headline point is this: 49,000 of those employed in Hull city do not live there – they commute in from the East Riding. Tens of thousands of those employed within Hull city live in a 30 minute travel-to-work area (TTWA), within an arc curving from the banks of the Humber into the edge of South Yorkshire.

Moreover, several major employers are located just outside the city's boundaries: the NHS Castle Hill Hospital, BAe Systems in Brough, BP in Salt End, and the East Riding of Yorkshire Council itself in Beverley and Skirlaugh. About 10 percent of Hull's residents work outside the city, the vast majority of them with these nearby employers.

Unadjusted official statistics highlight the gap between Hull's residential and workforce profile. Workplace-based average wages in Hull (£426) are just over £40 a week higher than their residence-based equivalent (£386).

Figure 3: Hull & Humber Port City-Region



Unhelpful boundaries

Hull suffers from a mismatch between local governance and economic geography. The emergence of illogical administrative boundaries has limited the ability of Hull City Council to address major economic challenges.

From 1974 to 1996, the four Local Authorities which now comprise the Hull & Humber Ports City-Region were part of a two-tier system: Humberside County Council and nine district councils.

After a review instigated by the Local Government Act 1992, the two-tier system was abolished on 1 April 1996 and replaced by the four current unitary local authorities. Hull maintained its existing boundaries, while the other eight districts were redrawn to become three: North Lincolnshire, North East Lincolnshire and the East Riding.

The Hull Local Authority area is one of the most tightly bounded in the country, with a population of 257,000 in an area of only 71 sq km. By contrast, Sunderland has a population of 280,300 across 137 sq km, and Barnsley has 224,600 people in 329 sq km.

Hull is part of the Humber Economic Partnership, which covers exactly the same area as the former Humberside County Council. However, the Humber Estuary cuts through the middle of this area, severely limiting the scope for significant economic interaction.

Hull & Goole Port Health Authority is the only logical administrative body within the area, driven mainly by the dynamics of business rationale and efficiency, and where the individual ports provide different cargo-handling specialisations. The Authority has facilities in three of the four Local Authority areas (the exception being North Lincolnshire).

Formal city-regions

In the 2009 Budget, the Government formally recognised the importance of city-regions to future growth, by announcing new pilot city-regions in Greater Manchester and Leeds. The Government will work with the two pilots to develop proposals for new strategy-setting powers over adult skills funding; new joint investment boards with RDAs, the Homes and Communities Agency and other partners to co-ordinate and align investment; and piloting new employment programmes.

Meanwhile, the Government is legislating to allow local authorities to create Economic Prosperity Boards (EPB), through the Local Democracy, Economic Development and Construction Bill that is currently making its way through Parliament. EPBs will give local authorities the ability to create corporate bodies at sub-regional level to promote economic development. The Bill will also allow for the creation of Multi Area Agreements (MAA) with statutory duties.

The Conservatives are also starting to embrace city-regions. In their recent localisation green paper, "Control Shift", they proposed a new "competence power" – which will make it easier for local authorities to collaborate across boundaries. The Conservatives also proposed shifting RDAs' planning and housing powers to local councils, and encouraging the development of "enterprise partnerships" – coalitions of local authorities with responsibility for economic development.

So, whichever party wins the next general election, there will be more emphasis on city-regional collaboration between individual local authorities. It is therefore essential that Hull City Council makes further progress in its collaboration with the East Riding, along the lines suggested by this report.

Hull city-region

Table 4 shows that indicators for a Hull & East Riding City-Region (comprising the whole of both Local Authorities) would perform relatively more strongly than Hull city on its own.[10]

10. However, it should be noted that Hull is not the only city with tight administrative boundaries – PUAs underbound many cities – so relative performance here has to be taken with caution.

Table 4: Hull and Hull & East Riding comparison

	Employment rate	Average resident weekly earnings	Benefit claimants	Residents with no qualifications	Residents with NVQ4 or above
Hull LA	66.3%	£356.9	20.3%	21%	15%
Hull & East Riding	73.2%	£417.9	15.0%	16%	22%
Hull ranking	63/64	63/64	58/64	61/64	64/64
Hull & East Riding ranking	33/64	35/64	28/64	42/64	46/64
Great Britain	74.5%	£475.3	13.9%	13%	29%

Source: Cities Outlook 2009

Tables A and B (Annex) show that the commuter flows are strongest from the East Riding into Hull, and weakest between Hull and the authorities south of the Humber. In particular, Table 5 shows that 49,000 of Hull employees live in the East Riding – that is 34 percent of Hull's total workforce. This represents a significant increase on the commuter flows recorded during the 2001 Census (39,500 people). The findings are supported by the data for 2004 in which 52,200 commuters travelled from East Riding to Hull.

Table 5: Hull & Humber: where workers live (2007)[11]

People Working in Hull

Local Authority	TTWA	Number
Hull	Hull	91,500
East Riding	Hull	49,000
North East Lincolnshire	Grimsby	500
North Lincolnshire	n/a	1,100
York	York	300

Source: Annual Population Survey, rounded to the nearest 100

Hull City Council is home to a regional concentration of deprivation, while the Humber Economic Partnership embraces a number of areas which have limited or no real economic links with Hull.

The Hull-East Riding linkages are strongest the closer one gets to Hull, and weaker in the northern and western parts of the East Riding. Re-defining Hull's real economy in terms of its TTWA is critical to the city's own efforts to tackle its skills deficit and high worklessness, to the East Riding's policies for employment and housing land, and to the effective future economic governance of the city and its city-region.

Table C (Annex) sets out a modelled Hull TTWA, incorporating the whole of the Hull City Council area and, fully or partially, 15 wards that are in the East Riding. The employment rate of the Hull TTWA is over six percentage points higher than the Hull City Council area, and the benefit claimant rate is almost five percent lower. Overall, the Hull TTWA is a more prosperous and less deprived city than is suggested by the official statistics for Hull City Council alone.

11. This table uses 2007 commuting statistics. These are derived from a smaller sample size than statistics from the 2001 Census, but, taking that into account, provide a more up-to-date picture.

It is critical that joint working across local authority boundaries is built around Hull city's real economy. Overall, it would be sensible for the two Local Authorities to collaborate more closely on economic development issues of shared concern, for example by collaborating together on a joint economic assessment for the Hull TTWA. Longer term, Hull and the East Riding should look for further opportunities to collaborate, perhaps through a formal city-region arrangement.

Policy implications

- Hull City Council is hampered by tight bounding, which concentrates large pockets of deprivation and low skills within the city, but excludes a sizeable higher-skilled workforce that commutes into the city.
- Although the Humber Economic Partnership covers a geographical area which has common challenges and interests, the emphasis for Hull and the East Riding should be on their shared economic geography.
- The Humber Estuary effectively splits the Partnership area in two, and despite shared interest in terms of ports development, there is little economic interaction between Hull and the two Lincolnshire Local Authorities on the south bank.
- Hull's own economic geography is best defined by its TTWA, which includes all of the south central area of the East Riding.
- Joint working between the two Local Authorities on the north bank of the Humber – Hull and East Riding – should be advanced further, given Labour and Conservative plans to promote city-regions.

Constraints on Hull's Real Economy

In addition to under-bounded governance structures, Hull's real economy faces constraints on its economic performance.

Port city

Hull's geographic circumstances are at once unique and unfortunate. All of the UK's major tidal estuaries have port cities on their shores, and all of these cities have suffered to a greater or lesser extent from changes in the nature of maritime commerce and Britain's steep decline as a ship-owning nation.

In most cases, a port city's riverside location does not present it with significant challenges. In Glasgow and Newcastle, for example, the Clyde and the Tyne have multiple crossing points, free of charge and directly into or across the city centre. This is not the case with Hull.

Humber Bridge

The Humber is more than a mile wide where it flows past Hull, and there is no crossing point directly into the city centre. The Humber Bridge is several miles upstream, it handles only vehicular traffic, and is quite expensive to cross: the toll for a single car is nearly £3, and up to £18 for goods vehicles. The Humber Bridge is not the only toll bridge – comparator tolls are from £1.40 to £5.60 for the Mersey Tunnel and the westward tolls on the Severn Bridge range from just over £5 for cars up to £16 for goods vehicles. By contrast, the Forth Bridge is toll-free.

About 125,000 vehicles cross the Humber Bridge each week – a total of 6.6 million in 2007-08, including 5.9 million cars and light vans and 413,000 goods vehicles.[12] Despite these traffic flows, the Humber still acts as a barrier to the economic interaction between Hull and North and North East Lincolnshire. Commuter flows between Hull and North and North East Lincolnshire are very limited, and Hull's functional economy is principally north of the Humber. North and North East Lincolnshire are effectively cut off from Hull's real economy.

In October 2008, a campaign was launched ("A Toll Too Far") to scrap the toll, or at least reduce it to £1. A public inquiry into the tolls was held in March 2009. The evidence for and against the tolls is to be assessed by Transport Secretary Geoff Hoon MP, and a final decision is expected this summer.

Standalone city

North of the Humber, Hull is surrounded by some of the least densely populated countryside in the entire UK. The East Riding is the fifth largest unitary authority in England, with a population of 333,000, of whom just under 200,000 are of working age. It has a population density of just 135 people per square km and only two towns of any significance – Bridlington and Beverley, each with a population of about 30,000.

The nearest cities of any size are York and Doncaster, 45 minutes' away by road or rail. York's population is just under 200,000 and Doncaster's just under 300,000, and neither city houses more than 120,000 jobs. Leeds, the regional capital, is less than an hour away by train, but its relationship to Hull is largely as a retail centre.

Inadequate transport links

As a result, Hull is very much an isolated city at some distance from the nearest fully-functioning labour market. This isolation is compounded by Hull's incomplete transport links. While regional road and rail connections are adequate for the requirements of commuters and shoppers, they do not interlink adequately with the national transport infrastructure and do not provide an adequate conduit for the carriage of goods or the flow of trade.

For example:

- The London-Hull rail journey takes roughly 50 percent longer than London-York, even though it is about the same distance. Local rail is dependent on a low capacity and low-speed branch line, which has so far received only partial capacity upgrading. Rail access to the Port of Hull for freight trains has improved, following partial capacity upgrading, and is currently 22 paths per day (i.e. 22 trains in and 22 trains out). However, further enhancement would be desirable.

- The M62 motorway ends 15 miles from Hull and turns into the A63 – a major road, but one which becomes very congested as it enters the city. The A63 also separates the bulk of the city from its re-developing waterfront. Road traffic into and out of the Port also has to go on the A63, directly through the city centre.

Measures to resolve these transport constraints are discussed further in the following section.

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12. Humber Bridge Board Annual Report 2007-08

Expanding the local employment base

One of the biggest challenges facing Hull is building up the business base to increase labour demand. Policy on this front needs to have a strong medium-term focus targeted towards making the most of Hull's key asset – the Port – and supporting related business activities, especially logistics. In particular, this means:

- Priority should be given to building up business activity linked to the Port, through improving transport links to the Port along the A63 and the rail link, and improving connections to the rest of the country for both imports and exports.
- Support for other sectors – such as healthcare, manufacturing and renewables – should be based on a realistic assessment of their growth potential, and in the short-term should be focused on business retention around key employers.

Unlocking the potential of the Port of Hull

The Port of Hull, and the logistics industry that is based around it, are without doubt the city's most important strategic assets. The Humber Ports – including Hull, Grimsby and Immingham, River Hull, Goole and River Trent – represent one of the largest port complexes in Northern Europe, and the biggest port in the UK on tonnage. Hull itself specialises in handling bulk goods – especially timber – and is set to benefit from a £200 million investment that will significantly increase capacity and should strengthen the Humber Ports' position.

There is reason for optimism for the future of the Humber Ports and the logistics industry. Firstly, the Ports' strategic position as a North Sea trade hub, combined with expected increases in international trade once the economy starts to recover, should see volumes coming through the ports continue to increase over the medium to longer-term.[13] Second, the evolution of the logistics industry will open new opportunities for increasing the value-added of the sector, which local businesses and entrepreneurs may be able to exploit. The Logistics Institute at Hull University has potential to be a valuable asset in supporting the growth of higher-value logistics firms and entrepreneurs, including supporting moves towards IT-based logistics, as does the Hull & Humber World Trade Centre. Hull City Council should involve the Institute in the design and delivery of business support and skills strategies.

Modern logistics is driven by efficiency and speed. But in Hull, there are some obvious bottlenecks and problems which could hamper the Port's future – particularly as the city seeks to develop a higher-value business base, attracting new companies, developing nearby land, and bringing in greater inward investment. Relieving these threats to the competitiveness of the city's major assets needs to be a priority for the city's authorities. Competition in the ports and logistics industry is already intense and is becoming more so over time. The Humber Ports compete for traffic with major ports in the South of England – like Felixstowe, Southampton and Bristol – and with European ports such as Rotterdam. There are two key issues that impact on the future competitiveness of the Humber Ports: transport links, which are specific to Hull, and business rates, which are affecting all UK ports.

13. The volume of UK goods imports grew at an average rate of 5.9 percent per annum between 1986 and 2007, while exports grew at 4.4 percent. On the back of this increase in trade, tonnage coming through the Humber Ports increased by about 20 percent between 2000 and 2006. Trade flows have fallen globally in the recession, but is likely to recover in the medium-term.

Transport links

Hull City Council and its partners need to prioritise a small number of key transport projects that together address the capacity constraints and growth barriers faced by the Port. Unlike in many other cities, port-related congestion around Hull is highly localised – meaning that the Council can play a more important leadership role in securing planning permissions, undertaking economic analysis, and lobbying for the DfT funding that will be required to complete these improvements.

Hull should continue to prioritise the following projects to support growth in and around the Port of Hull:

- **Castle Street:** Redesigning, improving access to and widening Castle Street – the final few miles of the A63 through the city that terminate at the Port.[14] Once consultation on this project is complete, we recommend that the Council urges the Highways Agency to deliver the required planning consents. The Council should also redouble its efforts for the scheme to be included in the DfT's programme of access improvements to the UK's international gateways, a key objective following the Eddington Transport Study.
- **Hull Docks Line capacity improvements:** Work is further advanced on rail enhancement,[15] although this is more complicated and requires joint working with the Economic Partnership, the RDA and Associated British Ports. Hull City Council and its partners need to use existing analysis and lobbying efforts to demonstrate the wide-ranging economic benefits related to improving and expanding the Port – which will enhance the scheme's case for investment under the Productivity strand of the Transport Innovation Fund.
- **Rail improvements outside the city-region:** These can often be quite low-cost, and would facilitate wider access to Hull's freight depots.

But the public spending climate for major investment, including on transport, is deteriorating rapidly, and after 2010 will be severely constrained. In order to ensure that the two schemes above are completed, Hull City Council needs to make a clear case for their economic value – both to the city's economic fightback, and to UK plc, which needs modern international gateways in order to process both imports and future exports.

Ports Review – business rates

In addition to the bottlenecks above, the Port of Hull faces a further potential impact on its competitiveness by the Government's recent decision to impose business rates retrospectively on properties on port estates.

Whereas ports were previously assessed for business rates on a formula basis, a 2005 law change resulted in a wide-ranging revaluation – and new liabilities for tenants operating in ports. The Valuation Office Agency also decided that these rates would be imposed retrospectively, covering a five-year period. For the Port of Hull alone, the backdated bill amounts to over £18 million.

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14. Major road access improvements have already been proposed. The scheme is a major part of the City Centre Master Plan of Hull's economic development company, Hull Forward. A public consultation exercise is currently underway prior to a preferred route announcement and programme entry in 2010.

15. The scheme has been identified as a specific freight transport priority in the Hull East-West Corridor Multi Modal Study, and includes junction improvements to enable better access to the East Coast Main Line and 24-hour track access for freight on the Hull Main Line. A cost/benefit analysis has been worked up by Network Rail to support a business case for specific capacity enhancements, including the already complete partial double tracking of the Hull branch line.

Britain needs to keep its port infrastructure competitive to prevent further loss of business to the large free ports of the continent, particularly Rotterdam. The Hull port industry itself is composed of a network of supporting businesses, some of which could face bankruptcy if the backdated rates are collected. The Council is currently lobbying Ministers to reconsider their decision.

To support economic recovery, the UK must look to its export industries to lead the way out of recession. Hull City Council and other partners such as Yorkshire Forward and the Ports Authority need to continue to make the case to Government that increasing port costs and depleting port infrastructure do not represent steps in the right direction, particularly in the current global recession.

Supporting the development of Hull's industries beyond the Port

The IBM report[16] on the Hull economy identified three priority sectors – logistics, pharmaceuticals and renewables. As previously discussed, the city has real potential to support development of a logistics sector around the key asset of the Port. However, the Centre for Cities argues that, particularly in the current economic climate, partners in Hull may get greater returns on business support interventions if they are rebalanced towards more conventional business retention and growth policies. Rebalancing resources and policy attention away from a sectoral approach towards individual firms could have a bigger impact in helping to safeguard employment and improve overall business performance.

Healthcare Technologies

Hull is home to some well-known and long-established healthcare companies, including Smith & Nephew, Seven Seas and Reckitt Benckiser. The industry is a hugely valuable part of the local economy – creating high value jobs and forming a major part of the city's tradable business base – and partners in Hull (including Hull City Council and Hull Forward) are rightly keen to support it.

These pharmaceutical and healthcare industries are located in the city mainly because of history and geographical location, and although they are a key sector, this does not necessarily imply that the city has a specialist core that will naturally attract more companies in this sector. Hull's economy does not have the attributes normally associated with a competitive healthcare technology cluster, such as a top quality research university. The University of Hull is not part of the Russell Group of top research universities, and is not part of the White Rose Group where Sheffield, Leeds and York Universities collaborate – although the Hull-York medical school was established in 2003, offering joint degrees from both cities' universities. The city's standalone status is another barrier to the growth of healthcare technologies.

Given this, interventions and resources should be rebalanced from cluster promotion towards business retention activities targeted to key firms, such as skills and infrastructure issues. These activities are particularly important in the current recession.

Renewable Energy

According to a 2007 study, the environmental technologies industry in Yorkshire & Humber contained more than 500 companies employing about 14,000.[17] The Humber area is home to two of the UK's major oil refineries, Total Lindsey and Conoco Phillips – located on the south bank of the Humber. Together, they contribute about 20 percent of the national refining capacity.

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16. IBM (2006) Competitive Assessment for Hull: Hull City Council
17. Yorkshire Forward website

Hull's natural assets, including its position on a tidal estuary and its proximity to the North Sea, make it an important potential site for renewable energy investments. Moreover, the increasing national focus on environmental technologies, and discussion by both main political parties about the need to invest in 'green jobs' and a 'green recovery', creates an opportunity for the city to link into national strategies and attract investment. It therefore makes sense for Hull City Council and others to monitor the industry and provide selective support where appropriate, such as on planning issues. However, they should also maintain a realistic attitude on the potential for growth in the industry – particularly for large numbers of high value jobs – and their potential to influence it.

Manufacturing

Manufacturing accounts for 18 percent of jobs in Hull – higher than the UK average. As elsewhere, the sector has faced challenges from globalisation and rising competition from lower-wage countries. In addition, the recession has hit specific sectors hard, such as the caravan-building cluster that grew up around Hull's timber imports. Manufacturing tends to respond more quickly to downturns in demand than service industries, and most recent JSA claimants in Hull have come from the manufacturing sector.

As in the case of the caravan industry, Hull City Council and the East Riding need to do what they can to support local manufacturers through the recession, but effective levers are limited. In the longer-run, interventions should be focused on those businesses with most potential to move to higher-value production – particularly those that benefit from location near the Port. For example, in the food and drink cluster this includes packaging, media and graphics linked to import and export activity. Hull City Council should use the Local Economic Assessment duty to get a deeper understanding of which parts of the local manufacturing sector are linked most closely to the Port, and in particular identify their forward-looking skills requirements.

Policy Implications:

- Hull needs a stronger and more diverse business base that will generate higher value employment. The Port of Hull remains the city's major economic asset, and interventions by Hull City Council, Hull Forward and other partners should be focused towards increasing the value that the city can retain from activity that goes through the Port.

- The factors that threaten the Port's competitiveness – in particular transport links and changes to business rates – are beyond the direct control of the Local Authority. The city needs to make a strong case for the importance of the Port and surrounding industry as a global gateway for the UK, and in particular for the North. It also needs to prioritise a small number of measures – such as the roads and rail enhancements mentioned above – to deliver economic impact.

- While the Port is the city's major asset, other industry does provide a significant contribution to employment and to the economy. However, interventions in these areas are best targeted towards specific businesses and – particularly in the current economic climate – towards business retention rather than cluster promotion.

- Hull City Council should conduct its Local Economic Assessment together with the East Riding. The assessment should focus specifically on those sectors and businesses with the potential to move to higher value activities over the medium term.

Raising skills and aspirations

Labour supply is another key challenge for Hull. There is a serious skills deficit, although the phenomenon is not as city-specific as is usually assumed. Hull residents display a certain lack of aspiration. For example, recent research by the Centre for Cities made clear that there was sufficient depth in Hull's labour market to absorb thousands of young Polish migrant workers.[18] Most of Hull's high workless population do not appear to have competed for these jobs, although competition for jobs appears to have recently increased from the growing numbers of newly-unemployed.

Those that do have aspiration seem to look for opportunities elsewhere - despite Hull being home to a relatively large and well-respected university, graduate retention is low and many educated young local people do not seem to view Hull as the place to build their careers.

The issue of low aspirations is a complex one, and by no means unique to Hull. While the city's relative isolation and limited pool of career opportunities is a contributory factor, the biggest stumbling block is the so-called "benefits trap", which often provides the long-term unemployed with insufficient incentives to enter the labour market. This is a national issue, and one which has a negative impact on all large cities with significant pockets of deprivation.

Hull's skills deficit needs to be set in three different contexts:

- The regional (Hull and Humberside) picture
- Specific problems of physical isolation
- Particular adjustment issues of the UK's port cities

Regional skills deficit

The entire Hull and Humberside area suffers from a relatively poor skills profile. Hull city's skills profile is the worst in the region in part because it is the largest centre of population and the only area where density exaggerates skills polarisation.

Table 6: Sub-regional skills profile

	Working-age Residents with no qualifications (%) 2007	Working-age Residents with NVQ4 or above (%) 2007
Hull	21.1	15.3
East Riding	10.8	27.0
North East Lincolnshire	11.1	15.4
North Lincolnshire	10.2	18.8
Yorkshire & the Humber	13.1	28.6
Great Britain	14.5	23.8

Source: Nomis, Annual Population Survey 2009

A rough comparison of the four larger towns in the East Riding – Bridlington, Driffield, Goole and Beverley – against each other and to Hull is instructive. The first three have significantly worse skills profiles than Hull, while Beverley (which is both home to the Local Authority offices and in the Hull TTWA) has a broadly similar level of residents with no qualifications and a slightly higher percentage of the highly skilled.

18. Glossop C & Shaheen F (2009) Accession to Recession. London: Centre for Cities

Location and skills

As previously discussed, Hull's problems are compounded by its relative standalone status, particularly its poor road and rail connections to the main national networks. Similar pictures can be seen in other cities that are relatively isolated within their region: Hastings, like Hull, has poor road and rail links to the rest of its region – and a similar relative skills deficit, compared to the rest of its region.

Table 7: Location and skills

	Working-age Residents with no qualifications (%) 2007	Working-age Residents with NVQ4 or above (%) 2007
Hull	21.1	15.3
York	9.1	34.7
Leeds	13.2	27.6
Yorkshire & Humber	14.5	23.8
Hastings	14.0	18.6
Brighton	9.4	39.0
Crawley	9.3	23.7
South East	9.6	30.8

Source: Nomis, Annual Population Survey 2009

Economic transition in a port city

While Hull is still a busy port, the overall level of maritime-related activity is significantly lower than when Britain had a large integrated maritime sector as well as in Hull's case, a significant fishing industry.

Like all former great port cities in the UK, Hull's location was dictated first by its position on a wide tidal estuary, and only second by its proximity to inland markets or sources of production, by rail and inland waterway. And like other cities on the Tees, the Wear and the Mersey, Hull no longer offers the range of trades and professions, or the opportunities to profit by commerce, that originally produced, attracted and retained skilled workforces.

Of the three other port cities listed below, Liverpool has a similar skills profile to Hull. Sunderland has begun to break free from its legacy, although roughly one-fifth of its population is still on benefits. Glasgow City is at the centre of a larger, although as yet undefined, city-region, and benefits from the presence of a world-class university and a thriving commercial centre – yet the percentage of its population with no formal qualifications is almost identical to that of Hull.

Table 8: Skills profiles of port cities

	Working-age Residents with no qualifications (%) 2007	Working-age Residents with NVQ4 or above (%) 2007
Hull	21.1	15.3
Glasgow	17.4	34.7
Liverpool	21.7	19.7
Sunderland	12.5	22.1

Source: Nomis, Annual Population Survey, 2009. Based on PUA definitions

Action on skills

Like other cities, Hull is constrained by the national policy framework on skills and has limited control over employment and skills funding – despite moves towards Employment & Skills Boards and devolution of 14-19 skills funding.

Regeneration jobs

Nevertheless, city councils tend to operate most effectively at the interface between local employers and local education providers. Hull City Council has already proved itself able to take the lead on this, by encouraging the St Stephen's retail development to source employees from the long-term unemployed when it first opened in September 2007.

Over the past ten years, regeneration projects have provided numerous opportunities to up-skill and employ residents of deprived areas. Many of these opportunities have not yet been fully realised, in Hull and other cities. The recent report from the All Party Urban Development Group, *"Building Local Jobs"*, highlights how best to link regeneration investment to local employment creation – for example, by setting up partnership agreements at the pre-development stage with developers and end-use employers.[19]

However, many existing and future regeneration projects are currently on hold due to the financial crisis. While further redevelopment in the city centre, e.g. the Fruit Market site and waterfront areas, will eventually resume, the Council will need to look elsewhere in the meantime for mechanisms to raise skills and aspirations.

Skills for local jobs

The Council is already considering how best to be an active broker between local employers and educational institutions. The Council is actively engaged with both the University and Hull College, and both institutions are responding with programmes tailored specifically to the job requirements of the Hull economy. The University has recently set up an Institute of Logistics, building on the city's key role as the logistics interchange between the port and the national rail and road network.

With relatively low skills and high worklessness levels, Hull still faces a large and very obvious challenge. The Council will have to continue to work hard with its partners to prepare more of its residents for the workplace. Its ability to do so will be greatly enhanced if the city forms a closer collaboration with the East Riding, as proposed above, and if a key focus of this is meeting the skills needs of employers across the real economy.

Young People

In seeking to raise skills and aspirations in Hull's working population to support long-term economic success, skills interventions need to be targeted particularly towards young people. This is particularly important in the current economic climate, where youth unemployment is likely to become a major issue, with potential long-lasting and damaging effects.

19. All Party Urban Development Group (2008) Building Local Jobs. London: APUDG

In addition, more powers are being devolved to local authorities to enable them to intervene more effectively in this area of the skills agenda. Hull needs to use these new policy levers in a way that will support the areas of the economy with long-term growth potential. In particular, Hull, in collaboration with the East Riding, should use the new powers over 14-19 education from 2010 to prepare Hull's young people for opportunities in sectors that can grow around the Port, such as logistics and manufacturing. In the area of 19+ education, the Authorities should work with the new Skills Funding Agency to target adult training on those industries where jobs are more likely to be available in Hull and East Riding.

The 2009 Budget announced £1.7 billion of support for tackling unemployment. This included targeted measures to tackle long-term youth unemployment and offered additional support for high unemployment local authority areas.

The £1 billion Future Jobs Fund will be targeted towards additional jobs that can be created quickly, particularly where these offer skills and training opportunities and benefit the local community. Hull City Council needs to work with local employers, in particular those in Local Employment Partnerships, in bidding for support from the Future Jobs Fund. The Fund will look favourably towards 'sustainable' jobs, so the bid should focus on jobs that can be created around the Port and logistics sector.

However, given the extent of the youth unemployment problem facing the UK as a whole, the Future Jobs Fund will only be part of the solution. The Budget also announced guaranteed work, work placements, or training placements for all 18-24 year olds who have been unemployed for over a year. Hull City Council needs to ensure that these training and work placements are targeted towards sustainable jobs.

Policy implications

- Hull suffers from a significant skills deficit, but the workplace skills profile of the city is considerably better than the residential profile. The city houses dense pockets of deprivation, but its skills profile is considerably enhanced by commuters from bordering areas of the East Riding. Skills interventions need to be taken across Hull's real economic area, and the Council should continue its work as a broker between providers and employers.

- Hull has already proved itself adept at using regeneration projects as a means to up-skill and find employment for those outside the job market. It should be ready to re-employ the successful model developed for the St Stephen's project when economic conditions allow for further redevelopment, for example on the Fruit Market site.

- Hull's principal skills interventions should focus on young people. This will require new 14-19 skills powers and the additional support announced in the Budget to be targeted on training for local jobs, especially around the port and the city's logistics industry.

Conclusion

Hull has a long industrial and commercial heritage, but has struggled to cope with industrial decline and economic transformation. The research conducted by the Centre for Cities has found three key areas for policy focus:

- Firstly, Hull's policy response needs to be based on an understanding of its real economy in order to effectively tackle the economic challenges the city faces. The perception of Hull's economy and the ability of authorities to implement effective policy are hampered by the underbounded nature of the Local Authority. Closer working on economic development issues between Hull and the East Riding is an essential prerequisite for improving the economic development prospects of this functional economic area.

- The economy in Hull suffers from a weak demand side and the city needs a more dynamic business base in order to create higher value employment. The city's key asset remains the Port of Hull, and policy interventions should be targeted at removing constraints on the competitiveness of the port and promoting related industries such as logistics.

- Even considering the city at the real economy level, Hull faces serious labour market issues around skills and aspirations of local people. Efforts to build up opportunities in the Hull economy should be matched by measures to improve skill levels that involve local employers.

Hull City Profile

Total population (2007)	257,000	
Population growth (1997-2007)		-1.9%
Working age population (Oct 2007 - Sept 2008)	166,400	
Total jobs (2007)	117,600	
Jobs growth (1997 – 2005)		+6.6%
Employed (Oct 2007 - Sept 2008)	106,500	(64.0%)
Unemployed (Oct 2007 - Sept 2008)	11,000	(9.2%)
Economically active (Oct 2007 - Sept 2008)	117,500	(70.6%)
Inactive seeking a job (Oct 2007 - Sept 2008)	8,700	(5.2%)
Inactive not seeking a job (Oct 2007 - Sept 2008)	40,200	(24.2%)
JSA Claimants (April 2009)	13,700	(8.2%)
Total key benefit claimants	34,800	(20.8%)
Gross average weekly wage (2008)	£356.9	

Skills Profile (2007) - % of working age population

	Hull	*Great Britain*
NVQ4 & above	15.3%	28.6%
NVQ3 & above	33.9%	46.4%
NVQ2 & above	53.3%	64.5%
NVQ1 & above	69.4%	78.1%
Other qualifications	9.5%	8.8%
No qualifications	21.1%	13.1%

Sources: NOMIS (2009): Annual Population Survey, Annual Business Inquiry, Annual Survey of Hours and Earnings, Claimant Count, DWP Benefits Claimants

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Annex: *Travel to work patterns in Hull & Humber*

Table A: Hull & Humber: where residents work (2007)[20]

Hull

Local Authority	TTWA	Number
Hull	Hull	91,600
East Riding	Hull	10,000
North East Lincolnshire	Grimsby	700
North Lincolnshire	Scunthorpe	600
Other areas	n/a	900

East Riding

Local Authority	TTWA	Number
Hull	Hull	49,000
East Riding	Hull	86,500
North East Lincolnshire	Grimsby	500
North Lincolnshire	Scunthorpe	1,600
York	York	6,700
Selby	n/a	2,400
Wakefield	Wakefield & Castleford	1,700
Scarborough	n/a	1,700
Leeds	Leeds	1,600
Doncaster	Doncaster & Mexborough	1,200
Other areas	n/a	1,200

North East Lincolnshire

Local Authority	TTWA	Number
Hull	Hull	500
East Riding	Hull	0
North East Lincolnshire	Grimsby	63,900
North Lincolnshire	Scunthorpe	4,200
East Lindsay	N/A	1,500
West Lindsay	N/A	800
Lincoln	N/A	400
Other areas	N/A	800

North Lincolnshire

Local Authority	TTWA	Number
Hull	Hull	1,100
East Riding	Hull	600
North East Lincolnshire	Grimsby	4,100
North Lincolnshire	Scunthorpe	61,200
Doncaster	Doncaster & Mexborough	3,700
West Lindsey	n/a	1,500
Lincoln	n/a	700
Leeds	Leeds	400
Sheffield	Sheffield & Rotherham	300

Source: Annual Population Survey

20. N.B. These figures differ from Table 4 as they are based on TTWA statistics, for which 2007 is the latest available year.

Table B: Hull & Humber: where workers live (2007)

Hull

Local Authority	TTWA	Number
Hull	Hull	91,600
East Riding	Hull	49,000
North East Lincolnshire	Grimsby	500
North Lincolnshire	Scunthorpe	1,100
York	York	300

East Riding

Local Authority	TTWA	Number
Hull	Hull	10,000
East Riding	Hull	86,500
North East Lincolnshire	Grimsby	0
North Lincolnshire	Scunthorpe	600
York	York	1,600
Doncaster	Doncaster & Mexborough	1,300
Scarborough	n/a	1,300
Manchester	Manchester	1,000

North East Lincolnshire

Local Authority	TTWA	Number
Hull	Hull	700
East Riding	Hull	500
North East Lincolnshire	Grimsby	63,900
North Lincolnshire	Scunthorpe	4,100
East Lindsey	n/a	3,900
Doncaster	Doncaster & Mexborough	500

North Lincolnshire

Local Authority	TTWA	Number
Hull	Hull	600
East Riding	Hull	1,600
North East Lincolnshire	Grimsby	4,200
North Lincolnshire	Scunthorpe	61,200
West Lindsey	n/a	5,000
Doncaster	Doncaster & Mexborough	2,000

Source: Annual Population Survey

Methodology

This Annex uses the most recent TTWA data (2007) broken down into place of residence and place of employment. This dataset was commissioned by the Centre for Cities from the Office of National Statistics' Annual Population Survey, and is not publicly available. We have taken detailed models of commuting flows built up from older data, and fitted this onto available official statistics for the resulting stylised TTWA.

As the TTWA is concentrated almost entirely within the East Riding, its key population and employment data has been broken down to ward level. Ward-level data (with the exception of the JSA claimant count) is available only from the 2001 census. So we have used it only as a proxy, to allow us to calculate the percentages of up-to-date East Riding data that can be allocated to the Hull TTWA.

For modelling purposes, we have calculated an adjustment factor for population and employment data, based on the difference between the aggregated 2001 ward-level data and the up-to-date figures for the local authority.

In all but three cases, East Riding wards can be clearly divided between the TTWA and non-TTWA area. The three exceptions are large "border" wards with relatively sparse populations. In two cases, we have simply split the ward on a 50/50 basis. In the case of Beverley Rural, where (name notwithstanding) a large part of the population is concentrated in the south around Beverley itself, we have allocated 75% of the total ward figure to the Hull TTWA.

The following picture emerges:

- Out of Hull's total workforce, 64 percent live in Hull, 34 percent live in the East Riding, and less than 2 percent live south of the Humber.
- North of the Humber, there is considerable commuter flow between Hull and the East Riding. The flow is very one-sided: just under 10,000 Hull residents commute into the East Riding, the majority of them to jobs very close to the Hull city's boundaries; and about 49,000 inhabitants of the East Riding (roughly one-third of the area's total working population) commute into Hull.
- North and North-East Lincolnshire are both relatively self-contained, with only limited interaction either with each other or with other inland areas. Neither has a strong link with Hull – the implied number of daily commuters across the Humber Bridge is only 1,300 to 1,500 in each direction.

Our analysis is completed by calculating the population, working-age population, employment and benefit claimant rates for a model of the Hull TTWA. These figures reveal what the economic indicators for Hull would illustrate if the parts of the East Riding local authority that have strong commuting links with Hull (roughly 60 percent in terms of the authority's population), were to be included in Hull's city-level analysis. The figures represent the true economic profile of the city, within the limitations of the model's accuracy.

The model has been built by identifying the appropriate wards in the Hull TTWA. Census data from 2001 has been used to identify the proportion of East Riding that should be considered to be part of the Hull functional economy. Projections have then been made to allow up to date estimates to be made using 2007 and 2008 data.

For comparative purposes, the wards in East Riding have been allocated into one of three groups: the Hull TTWA, the borderline Hull TTWA wards, and the parts of the local authority area that fall outside both. Twelve wards were counted as being completely within the Hull TTWA (Cottingham North, Cottingham South, Dale, Hessle, Mid Holderness, Minster & Woodmansey, SE Holderness, South Hunsley, SW Holderness, St Mary's, Tranby, Willerby & Kirk Ella), three wards were considered to be partially within the Hull TTWA (Beverley Rural, East Wold & Coastal, North Holderness) and 11 wards were excluded. For the borderline wards, the assumption was made that between 50 and 75 percent of the residents could be considered to be within the Hull TTWA.

Table C: Hull & East Riding TTWA – how would a Hull TTWA compare? (2007-08)

	Population (2007)	Working Age Population Sept 2008	Employment Rate (%) Sept 2008	Benefit Claimants (%) Aug 2008
Hull	257,000	166,400	64.0	20.9
East Riding	333,000	198,400	78.7	10.7
Modelled TTWA adjustment	190,270	114,100		
Modelled Hull TTWA	447,270	280,500	70.3	16.2
Percentage point difference betwwen Hull LA & modelled Hull TTWA			6.3	(4.7)

Source: Nomis, Census 2001 tables, 2009; Nomis, Annual Population Survey, 2009; Nomis, DWP Benefit Claimants, 2009

The following picture emerges from the analysis:

- The employment rate for the Hull TTWA is over six percentage points higher than the Hull local authority and PUA, and the benefit claimant rate is almost five percent lower.
- Highly-skilled residents of the East Riding are over-represented in both commuter flows and in Hull's workforce. The components of East Riding that are economically part of Hull are some of the more prosperous parts of East Riding.
- Hull local authority houses a disproportionate share of benefit claimants.
- On the basis of its TTWA including a portion of East Riding, Hull is a more prosperous and less deprived city than is suggested by figures for Hull local authority area alone.
- However, the figures are less impressive than if the analysis were to incorporate the whole of East Riding, in a Hull city-region. For example, the modelled Hull TTWA would feature lower down in the Cities Outlook rankings tables.