

## Chief Executive's Report

Report to the Humber LEP Board on Friday 18<sup>th</sup> September 2020  
Report from Kishor Tailor, Chief Executive

### 1. Introduction

In Chair's report the Board will be updated on the ongoing discussions with the four Local Authority leaders in relation to the future of the Humber LEP as well as the future construct to support Humber wide issues. Whilst these discussions continue, the executive is starting work on a transitional plan and arrangements to ensure that programme delivery and our services are not impacted. The particular concern is that these organisational changes are being introduced at a time when the Humber LEP will need to be active to support our local businesses through the challenging times of recovering from Covid, as well as having to deal with the potential impact of Brexit.

### 2. Transitional Arrangements

- 2.1 Unitary Leaders Decision** - It was unfortunate that the Unitary Leaders decision about the future of Humber LEP was made public to the press before staff in the team were informed of the potential impact of that decision. The particular issue that caused the most distress was the reference in the press statement that "Humber LEP will close on 31<sup>st</sup> March 2021". I have attempted to reassure the staff, but it has created a lot of uncertainties that will have to be managed carefully. We will need to keep the staff morale high to ensure that our services are not impacted, through these difficult times. Now that the information is in the public domain, we are getting a lot of stakeholders and businesses asking questions about the future and showing concern around a need for continuity at a time when businesses will need to be supported to deal with the impact of Covid and the potential impact of Brexit.
- 2.2 Staffing Restructure** - Following the Unitary Leaders decision, Hull City Council as our employer and accountable body are commencing the process of reforming the Humber LEP and a formal process of consultation with staff and unions is now being put in place. I have informed the staff of the process and inevitably this is also causing concern.
- 2.3 Programme Review** - As part of the transitional plan we have started a review to consider the impact on programme delivery. Whilst I am waiting further clarification from the LA's, I understand that the decision of the Unitary Leaders was that current programmes delivered by the Humber LEP will be continued until they end under the current arrangements, and therefore negate a need to novate more complex contracts. At the next Board meeting we will set out further details on this issue.
- 2.4 Discussions with GLLEP** - We have started our discussions with GLLEP with regard to the implication of transitioning work to GLLEP, for activities that are at present being delivered on the South Bank. Our recent meeting focused on the principles including agreeing the scope, process to deal with difficult contracts that could create challenges in novation, potential TUPE implication of staff to GLLEP and setting out a timetable for transitional arrangements. These discussions include arrangements for future cross estuarial issues.

**2.5 Discussions with Government Parent Departments** - A large number of our programmes are delivered on behalf of BEIS or MHCLG, but we also have a number of programmes through other government departments, including DfE, and DTI and agreement will need to be reached with those departments too. The scope and timetable for these programmes will need to be signed off and agreed by other departments.

**Recommendation - That the Board delegate the authority to the Chair in consultation with Vice-Chairs to deal with urgent matters relating to future arrangements including devolution and cross estuarial arrangements.**

### **3. Finance and Remuneration Committee**

The Board had delegated the consideration and review of the Chair's remuneration to the Finance and Remuneration Committee. Chair's activities were considered by the Committee and their decision, which has been confirmed through a written procedure, is to award the Chair for a total of 8 days per month for the period under discussion (24<sup>th</sup> April to 30<sup>th</sup> July). This equates to 6 additional days above the base remuneration for the quarter and is within the guidance agreed for a maximum of 40 additional days in a 12 month period.

**Recommendation -The Board endorses the decision of the Finance and Remuneration Committee to award the Chair, 6 additional days above the base remuneration for the period (24<sup>th</sup> April to 30<sup>th</sup> July).**

The membership of the Finance and Remuneration Committee has now reduced, following the resignation of Anne Tyrell in July. The quorum of the Committee is two and it is now becoming difficult to establish meetings to consider the matters under the delegation of the Committee. Over the next period the Committee will be drawn in to consider a number of matters including staffing and finances of the Humber LEP, and there is a need for a replacement and I am looking for a volunteer from the Board.

**Recommendation - The Board delegate authority to the Chair to appoint an additional member to the Finance and Remuneration Committee.**

### **4. Comprehensive Spending Review**

The deadline for representations to HM Treasury on the Comprehensive Spending Review, due to be completed this autumn, is 24 September. It is proposed to submit a response setting out key Humber priorities around clean growth, ports & manufacturing and flood risk (following the areas agreed by local authority leaders for continuing collaboration across the estuary).

**Recommendation - The Board delegate authority to the Chair to approve a submission on behalf of the LEP.**

### **5. Local Industrial Strategy**

In his letter of 3 August to Humber local authority leaders, copied to LEP chairs, the Minister said that: "it would seem timely to publish an updated and abridged version

of the current draft Humber Local Industrial Strategy (final detail to be agreed with my officials) to provide a framework for delivering your agreed priorities and send a clear message to stakeholders about future collaborative working.”

The process of updating and revising the draft LIS into a plan reflecting the areas agreed by local authorities for continued collaboration across the Humber Estuary is nearing completion. Consultation with JSU and other partners is underway, and it is expected that a final draft will be completed before the next meeting of the Board, I am therefore seeking a delegated authority to finalise the LIS. A copy will be circulated to the Board shortly.

**Recommendations - That the Board delegate the authority to the Chief Executive in consultation with Chair and Vice-chairs to conclude the drafting of the revised LIS**

## **6. Freeports**

The Humber LEP continues to lead on developing a Freeport bid for the Humber. The work is being directed by a Freeport Working Group, made up of key private sector partners and through a Joint Strategy Unit (JSU) involving the public sectors. GLLEP are also being drawn into the work. A plan has been agreed and an external support through Arup has been secured. Details are set out in Appendix 1 to the report.

Resources have been secured from partners to support this work, made up of £20K from the four Local Authorities, £10K from GLEP, £10K from Humber LEP, and at time of writing the paper £26K from the private sector partners.

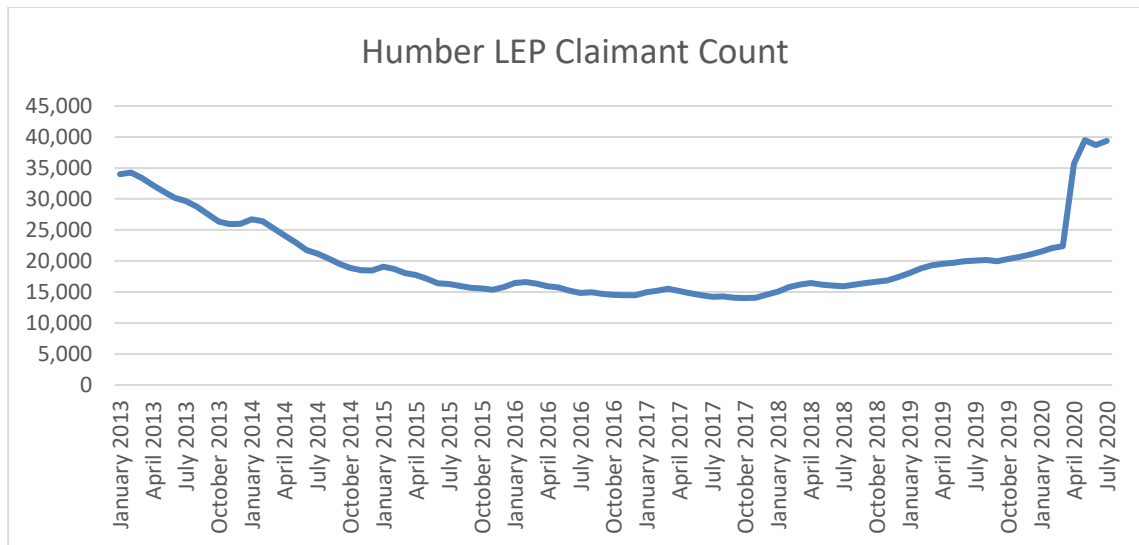
The work planned for the next couple of months is as follows:-

- Production of a Humber Freeport vision document in advance of the bid
- Parliamentary session to engage MPs and Ministers
- Briefing session with Chancellor of Exchequer
- Consultation with stakeholders
- Consultation with other regions to secure support for a Humber bid

## **7. Economic Recovery & Labour Market Update**

Attached at Appendix 2, is the latest Labour market update for the period end of July. There are three particular issues that I would like to draw to members' attention.

**7.1 Claimant Count - 39,400** Humber residents are claiming Universal Credit and/or Jobseeker's Allowance (an increase of 720 on last month). The Claimant count has now risen to the 2013 high levels, and a sharp (76%) increase since March 2020 see table below:



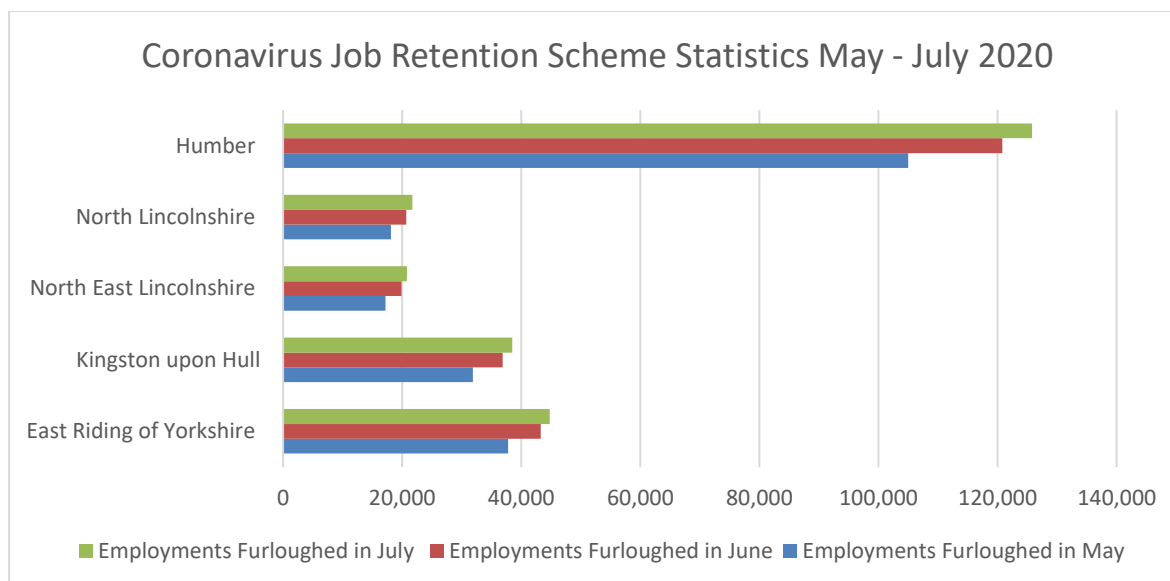
**7.2 Coronavirus Job Retention Scheme** - The number of employments furloughed increased by 4%, and at the end of July stood at 125,800. Across the Humber. Hull had the highest take-up in the Humber at 32% followed by East Riding and North East Lincs at 30% and North Lincs at 28%.

A detailed breakdown by age, gender, sector and business size is currently not available at Local Authority level but sector information by region is available. We have been in negotiations with HMRC to try to secure further local data. The UK findings include:

- employees of small and micro-sized employers were more likely to have been furloughed than those working for medium-sized and large employers
- the accommodation and food services sector has had the highest proportion of employers furloughing at least some staff (87%) and the highest proportion of total employments furloughed at 77%. In Y&H accommodation and food; agriculture, forestry and fishing; arts, entertainment, recreation and other services were the top 3 sectors with the highest numbers furloughed.
- employees aged 17 were most likely to be furloughed.
- employees aged in their 60s and above were more likely to be furloughed than those in their 40s and 50s

Take-up rates – top 3 sectors:-

- accommodation and food services 77%
- arts, entertainment, recreation and other services 70%
- construction 60%



**7.3 Self- Employment Income Support Scheme** - There were 26,800 claims made across the Humber for the period up to 30<sup>th</sup> July, from a potentially eligible population of 35,300 – a take-up rate of 76% and an increase of 2 % from the previous month. The East Riding accounts for 43% of SEISS payments made in the Humber and North East Lincs 15%.

**7.4 Job vacancies** – There are both anecdotal and real evidence of new jobs being created in the economy, as businesses return. The vacancies are rising and some employers are reporting a good recovery and a strong bounce back.

**7.5 Impact on the economy** – The real impact on the economy will become apparent later this year when the government support programmes end. The furlough scheme will end in Oct and some of grant schemes that have supported businesses will also end. Our current estimate is that around 10% to 15% of individuals on these schemes are unlikely to return to work or in business that will significantly increase the number of people on our claimant counts, potentially to the levels that have not been experienced for decades.

**7.6 Recovery Plan** – Latest version of our recovery plan is available at <https://www.humberlep.org/coronavirus/coronavirus-phase-two-delivery-plan/>. The plan is set out in three areas; responding to the needs of people and skills, actions to support businesses, and continuing the efforts to support and promote investments in infrastructure. At this stage we are confident that the measures that have been put in place to support businesses, primarily through our Growth Hubs, are adequate and appropriate, however we are now seeing a spike in demand for support for new business start-ups. The concern remains on the impact of the new package of measures needed to support individuals, e.g. the government’s new Kickstart scheme for young people has been announced and is being introduced.

The Kickstart scheme will offer employers the opportunity to provide up to 25 hours paid work experience at the minimum wage, with a view to helping young people (16 – 24) develop their employment experience and skills. Employers can attract direct funding for a minimum of 30 work experience places. DWP work coaches will find suitable candidates, who are in receipt of Universal Credit, to match to Kickstart

vacancies in addition to providing wrap around support mechanisms/essential training. For those organisations who may wish to offer below 30 places the DWP is hoping to attract a national team of intermediaries which can include LEPs and Local Authorities to act as a central collaboration point. Further guidance is expected in the forthcoming weeks and this will help determine if there is a need for the LEP to become an Intermediary to the programme or act in a supportive manner working with the Las, There is concern that more will need to be done to support older workers in particular women to return to employment and this has been acknowledged by the JCP who are awaiting further guidance from government.

## **8. DIT Programmes**

We have secured funding from the Department of International Trade to provide additional support to companies in two key areas; support for foreign owned businesses and export.

**8.1 Key Account Manager** - Funding has been made available to appoint a full time Key Account Manager to lead on the engagement and support for the foreign owned companies located in the Humber region. The role is to provide and coordinate strategic account management of existing foreign owned companies at the sub-regional level and build on the relationships that may already exist with partner agencies. It would create long-term, trusting relationships with foreign owned companies across the Humber sub-region to ensure the retention of their investment and identify and develop opportunities to secure new investment into the sub-region

**8.2 Export Support** - As part of the international work being led by Northern Powerhouse we have secured funding through DIT to enhance export services to local businesses. The role will be to work closely with Humber Region partners and intermediaries as a strategic convener to improve the reach, quality, co-ordination and take-up of export services, including those offered through DIT and external partners such as Hull and Humber Chambers of Commerce. Acting as an independent advocate and convener for international trade with appropriate business support organisations. It will have a leading role in the development and implementation of an export strategy for the Humber and to ensure that relevant existing and future strategies take into account the economic benefits of international trade development

## **9. Annual Report/AGM**

The LEP has for many years produced an annual report and held an AGM, offering businesses and other stakeholders an opportunity to be updated on the LEP's activities and ask questions. More recently, this has also become a Government requirement and some LEPs are seeking to hold these events virtually in the autumn.

Work on producing the annual report for 2019/20 was delayed due to Covid-19, but is now nearly complete. Consideration is also being given to the timing and format of any virtual event.

## **10. Communications**

Our latest communications report is attached at Appendix 3

**Kishor Tailor**  
**11<sup>th</sup> September 2020**