

Hull & East Yorkshire LEP

Paper E - Chief Operating Officer and LEP Team Board Report

26th May 2022

1. Summary

1.1 The LEP Team is continuing to deliver on a wide range of various responsibilities; highlights from the last two months include the visit by the Director General of Trade and Industry and the conclusion of the Growth Hub Review which is covered today on the agenda. Previous plans discussed at this board to recruit to the Innovation and Transformation Board have been postponed.

2. Recommendations

2.1 The Board to note the report.

3. Report

3.1 **Oh Yes Net Zero** - <https://www.ohyesnetzero.co.uk/> - To support Hull's activity in the Oh Yes campaign I have continued to chair the Green Skills Working Group. This group includes key partners such as Reckitt, Siemens Gamesa, Sewells and Yorkshire Water. Plans are now underway to develop a themed focus on skills during the July to September period including publication of a range of case studies highlighting employer role in decarbonisation of their industries. In addition a potential 'open doors' approach is being considered where education and training providers will offer course 'tasters', tours of their buildings and interactive presentations.

4. Innovation and Transformation Board – Following the last Board meeting and as per the previously circulated board note, all LEPs have received confirmation of a 25% reduction in core funding which will result in some further changes to the original structure of the team, with management as described in the budget paper on this agenda. This and the planned integration of LEPs, which was announced by government following the Levelling Up White Paper has resulted in a re-think of priorities for this calendar year.

4.1 The additional resources that would be required to support the proposed new board and also those required to recruit and support young people to the existing three sub-boards is not available and with regret, these plans are postponed for this year. Opportunity Humber colleagues have also suggested that an innovation focus would form part of its operations and therefore this too needs to be considered to ensure alignment and no future duplication of resources.

See <https://www.gov.uk/government/publications/local-enterprise-partnerships-integration-guidance>

5. Events - Humber Business Week 2022– Plans are progressing well for two LEP led events during this much anticipated week. The launch of the HEY Workforce website is planned for Tuesday 7th June, taking place at the MKM Stadium and will enable any employer to access a range of resources designed to support health and wellbeing. Partners including the CIPD, the Money and Pensions Service, Active Humber, and Mind have contributed to the content.

5.1 The ‘Digital Horizons’ event, co-hosted by colleagues from the Department for Business, Energy and the Industrial Strategy will take place on Thursday 9th June at the University of Hull’s Canham Turner building. The event will explore the role of digital tech, industry solutions and skills within the region’s economy, and will showcase the support available for local businesses on their journey to Industry 4.0 resulting in increased productivity. With a panel of speakers from industry, academia and government, this event will inform and inspire and is one not to miss. The Eventbrite listing for the event can be found here: <https://www.eventbrite.co.uk/e/humber-business-week-digital-horizons-registration-342022637917> .

5.2 The HEY LEP will also be present at “Destination Monday” at the MKM stadium on 6th June, with a stand in the networking space on the day. Furthermore, the LEP will be in attendance at the Industrial Decarbonisation Day (7th June, Baths Hall, Scunthorpe), along with CATCH and partners from the Humber Industrial Cluster Plan. The morning will see up to 1000 school children finding about employment opportunities in the clean growth sector, followed by a supplier engagement session for businesses across the Humber.

5.3 The week will culminate in the very popular ‘Business Day’ to be held at Bridlington Spa; the LEP stand will be fully recyclable and contain interactive elements to attract delegates. In addition the Growth Hub will be offering a workshop on Industry 4.0 in conjunction with the Humber Local Digital Skills Partnership and with support from Groupe Atlantic and the University of Hull.

5.4 Andrew Mitchell, DIT Director General for Exports and UK Trade recently paid a two-day visit to Yorkshire, visiting Hull and Leeds. A meeting with key regional partners was convened by Andrew Finch, Export Partnerships Manager, which was hosted and chaired by Hull and Humber Chamber of Commerce. Those present included reps from Hull City Council, University of Hull, Pensana, HEY LEP and local DIT personnel.

5.5 Discussions focused on international trade and the willingness of local partners to engage in delivering both regional and national international trade objectives. Freeport opportunities were also discussed, together with wider issues such as physical infrastructure projects and general funding needs which can also help to boost exports. The visiting delegation also later met with ABP colleagues. Export is a key UKSPF objective, hence HEY LEP is looking to putting forward a range of export intervention projects which would enhance international trade support provision for local businesses across the region, thus contributing to the gov't's overall objectives for a Global Britain.

5.6 HEY LEP hosted a stand at the Offshore Wind Connections 2022 in support of the region's aspirations to develop a Net Zero economy and grow the renewable energy sector in Hull and East Yorkshire. The Offshore Wind Connections conference and exhibition has grown in stature to become one of the leading and best-known UK offshore wind events, and OWC2022 was the ninth year it has been held, this year on the 27th April at the Bridlington Spa. It attracted hundreds of regional, national, and international delegates including Orsted, Siemens Gamesa and Renewable UK, and provided invaluable information and contacts for companies that are well-established in the sector and for those looking to enter or diversify into the market.

5.7 At the 2022 event experts and industry figures including OEMs, government organisations, manufacturers, port operators, vessel owners and operations and maintenance service providers, came together to discuss the latest developments and provide updates on key project including Orsted investments in the North Sea, Siemens Gamesa's follow on investment in Hull and Humber Freeport. The HEY LEP played a full role at the event and the first evening included a presentation from our Deputy Chair Stephen Parnaby OBE, which highlighted the great strides the area had made to become a global leader in the Offshore Wind sector.

6. Growth Hub Update – please note, the Growth Hub reports to the Business Support Board as a standing item.

6.1 Business intelligence gathered over recent weeks includes:

- *Labour Market Issues* - As in the last three months we have again received reports of ongoing issues of labour availability in the region. We have received this month reports of businesses struggling to recruit a range of staff, in both professional and non-professional roles. Moreover, businesses in the digital sector are reporting the loss of staff to firms in London and the South East, who can offer more competitive salaries whilst not requiring the staff member to relocate.
- *Supply Chain Issues – Cost/ Supply Issues* -We have received continued reports of rapidly increasing prices, especially for raw materials . Business have reported to us that they are struggling to

absorb price increases for raw materials and are raising prices as a result. In some instances we are receiving reports these rapidly increasing prices are creating cash flow issues for local businesses. The LEP are receiving reports of shipping problems for businesses in the HEY LEP area, both to Europe and worldwide. This is increasing costs and providing long lead times for products.

- *Energy* - Increasing energy costs are being reflected in our discussions with businesses. HEY LEP and partners have seen an upturn in enquiries for energy efficiency grants, and businesses heavily reliant on transportation have reported feeling fuel cost rises. The area notes an increased move towards companies investing in, or trying to source, electric vans.
- *Increased requests for business support activity* -The HEY LEP Growth Hub has noted increased volume of support requests for this month. Enquiries for new start-up businesses support is strong with 63 received in the month, alongside high levels of enquires for ICT funding support and increase enquires from community groups. There are also a good number of businesses looking for support with Cap Ex projects.

6.2 The Growth Hub Review has recently completed. Findings will be discussed against agenda item 8.

6.3 The LEP received a letter from BEIS on 30th March confirming funding allocation for the year 2022/23. This letter confirmed that BEIS core funding to LEPs for their Growth Hubs across the UK had been agreed at a reduced rate of £11m in total (a 50% reduction on the core budget of 2021/22). For the HEY LEP Growth Hub this 50% reduction represents a fall in funding from £430,750 in 2021/22 to £215,375 for 2022/23. This represents a substantial cut in budget, and which inevitably will impact upon the scale and amount of activity which can be delivered for this financial year.

6.4 The Growth Hub is currently collating and validating business engagement metrics and client feedback data for financial year 2021/22, which is due for submission to BEIS by 31st May 2022. Early indications are that the Growth Hub has met or exceeded its contracted KPIs agreed with BEIS at year start. A summary report of HEY Growth Hub performance in 2021/22 will be presented at the next meeting of the Board in July.

6.5 Two new staff members have joined the team in recent weeks. Kevin Xu has joined the Growth Hub team as an Administration Officer, whilst Declan McCarthy has joined the team as an Events & Marketing Administration Officer, both working on the Growth Hub's ERDF Business Growth Scheme.

7. Foreign Owned Companies Business Update - The Hull & East Yorkshire Foreign Direct Investment Key Account Management (FDI KAM) programme finished the 2021/22 financial year with an engagement portfolio of 29 foreign owned companies (FOC's), identified a total of five investment projects and saw a further three investment projects completed. Indeed, the HEY KAM programme provided 12% of the twenty-three investment projects and 18% of the fifteen 'involved wins' in the region for 2021/22.

7.1 The FDI KAM continues to engage with colleagues in both local councils, to identify and engage locally based FOC's, with colleagues across the Department for International Trade network to engage and support those same companies and with HEY LEP colleagues to provide support and advice more locally.

7.2 Since the start of the new financial year the FDI KAM has engaged a further two foreign owned companies and identified another five investment projects which will be supported to completion using all relevant resources available to both HEY LEP and the DIT.

7.3 The FDI KAM will continue to identify issues effecting local businesses and provide this business intelligence to the DIT and BEIS on a regular basis so that themes can be identified and acted upon at a macro level. A good proportion of the FOC's that form the FDI KAM engaged portfolio have plans to invest, mainly to grow the business but we are increasingly seeing investment projects being proposed to mitigate the effects of the price of energy as well.

8. LEP Team Update – The Team continues to focus on priority actions, recognising that resources are tight and the likelihood of further change as the two local authorities work together on the proposals for the Combined Authority. Two team members remain unfit to work at present and the Programme Manager for EU funded programmes has now left the organisation. New team members have joined the LEP as stated in 6.5 funded by ERDF. Regarding the service provision, where feasible we are looking at doing things differently and working with our LA colleagues on a range of solutions including service level agreements to provide support and flexibility.

8. The Humber Industrial Cluster Plan – the HICP team continue to ensure that the pace of delivery of the various aspects of the plan are aligned and meeting expected outcomes. As previously presented to this board, the Humber Industrial Cluster Plan (HICP) is a public-private partnership project, led by the HEY LEP with key support from CATCH (Immingham), which is designed to deliver a roadmap (the Cluster Plan) to get the energy-intensive industry across the Humber Estuary to net zero by 2040. The project is funded by UKRI (£1.7M) as part of the Industrial Decarbonisation Challenge,

with matched funding from industrial partners (£0.9M). The project is scheduled to deliver in March 2023.

8.1 HICP project partners and others have significant plans to develop carbon capture and storage within the region, together with the production of low-carbon hydrogen (blue and green), the latter revolving around the import of low-cost natural gas (methane) from Norway and cheaper (e.g., curtailed) wind power from the offshore wind farm developments of the Yorkshire coast.

8.2 A systems modelling approach has been adopted to develop the optimal pathways to net zero for the region's energy-intensive industry. In the first instance, this has required a significant data collection step, including not only publicly available emissions data (UK NAEI - National Atmospheric Emissions Inventory), but also the collection, collation, and contextualisation of commercially sensitive data around efficiencies of plant operation, scale up/down ambitions, etc. This has been undertaken by the HICP project team, in conjunction with our contractor and project partners under the auspices of a data sharing agreement.

8.3 The systems modelling approach will drive the determination of optimal pathways to Net Zero, which will be complemented by additional work to determine what some of the potential barriers to deployment of decarbonisation technology may be (skills, permitting, public acceptance), whilst seeking to maximise the economic advantage to the region (supply chain, jobs, inward investment, import/export). All these factors will be brought together in the Cluster Plan, which will provide an integrated narrative of the strengths, weaknesses, opportunities, and threats for decarbonisation in the Humber.

8.4 The HICP team leads the UK "Multi-Cluster" forum, where all UK Clusters come together on a regular basis to discuss common aspects of the decarbonisation activity, challenges, and communications. This has included formulating input to COP26, engagement with UKRI, IDRIC (Industrial Decarbonisation Research and Innovation Centre, UKRI-funded collaborative university project).

8.5 The Multi-Cluster forum also provides an opportunity to discuss and agree common approaches to data-handling to ensure greater consistency and transparency of potential for decarbonisation, ultimately maximising value to UK plc and potential private-sector investors.

9. The Plan to Improve Graduate Employment and Employability in Yorkshire' - The LEP has contributed to a new report published by Yorkshire Universities (YU) with recommendations on how universities, students, employers and regional institutions can together help more graduates in Yorkshire enter the world of work or start up in business. In 2020/21, 212,000 students, from over 120 countries, were studying at Yorkshire's universities, of which 68,000 graduated last year.

9. 1 Written by a multi-stakeholder Task and Finish Group, convened by YU, the report features a series of recommendations on how to improve graduate employment and employability in the region. Amongst the proposals, include steps to create more in-study and work experience opportunities; ensure there is more tailored careers and enterprise support; enhance the use of brokerage models to better connect graduates to job opportunities; provide clearer entry points within universities for employers; and run a coordinated campaign to promote the value of graduates to Yorkshire. The full report can be found at: www.yorkshireuniversities.ac.uk

10 Financial and Resource Implications – the budget is being discussed on the agenda today.