

Hull & East Yorkshire Local Enterprise Partnership

Business Support Board

Held on 8th November 2023 2.00 pm – 4.00 pm at the Beverley Business Centre

Paper A

Draft Notes

DW welcomed all members and introduced guest Dr. Dionysios Demetis from the University of Hull, together with Dawn Hall, ERYC and LEP colleagues Carl Southcoat and Stacey Alexander who were joining the meeting. Les Selby, the LEP's Made Smarter Programme lead would also be joining the meeting for Dr Demetis' item.

Apologies were received from James Newman, David Kilburn, Jo Dooley (Dawn Hall was representing ERYC) and Jan Brumby.

DW thanked DH for chairing the previous meeting of the Business Support Board. Minutes of this meeting, held on 6th September were agreed as correct, with the majority of matters arising included in today's agenda: the one remaining topic regarding an item on export will be picked up in the January meeting.

Action – TC/AF

LEP Update – funding and integration

TC provided an update on behalf of James Newman, OBE. It is understood that ERYC full council had approved taking the devolution deal forward to consultation by the public and private sectors, recent publicity had been positive and provided the rationale for making the deal. The timescale of the consultation will be confirmed in the very near future.

HCC had taken a slightly different approach and whilst it was understood a cabinet meeting had been held last week no further details had been shared to date. If approved to go out to consultation the dates may differ from ERYC given the May elections and purdah requirements.

As previously discussed HEY LEP will close on 31 March 2024 due to the cessation of core government funding. However positive discussions regarding the integration of LEP functions and services are continuing. Both LAs cabinets had approved the development of the HEY Strategic Skills Hub which would be launched in April; conversations regarding the Growth Hub and other areas of LEP work are progressing.

Whilst no official confirmation had been received regarding the Growth Hub funding continuation, Ministers continue to talk publicly of the positive contribution the Hubs have made. It is hoped that information will be shared asap and much earlier than the previous two years when the LEP received the letter of confirmation in March.

On behalf of the board DW asked for thanks to be noted in the minutes for the LEP team and their continued efforts to ensure business continuity, and in achieving positive outcomes, despite the forthcoming closure.

Growth Hub Report and Workforce Development Business Advisory Service

JB introduced this agenda item, providing an update on the Growth Hub, the half year report to DBT had been submitted and data and key outputs would be shared with board members via written procedures. Overall progress in the six months to 30 September 2023 was positive.

The Growth Hub has been working in close partnership with both local authorities in their use of UKSPF for business support activities to ensure a joined-up approach. In effect the Hub now acts as a business support gateway due to the significant reduction in funding; i.e. the end of the Hub's ERDF programmes. JB is working on an update to the HEY Growth Hub Business Support handbook to include the new services provided by the LAs via UKSPF in a regional approach; this handbook will be of great use and value to advisor staff, stakeholders and intermediaries alike.

The HEY Manufacturers Network continues to meet and has attended two recent events; the first being to the Ideal Heating factory in Hull and the second an employment and skills event where members heard about the range of support the LEP and partners could offer.

JB asked members to approve the close down of the 'HEY Start-Ups' website, with the content moving over to the Growth Hub site. This was due to the website hosting contract coming up for renewal in November 2023. The previous staff who were employed to assist new start ups had left due to funding cessation and this meant that start up advice was now delivered by the teams of business advisors rather than discreet provision. **The board approved this decision.**

The Made Smarter programme is now working with a caseload of 29 clients with 18 progressing to the digital roadmap session, 12 accessing technical support and 4 receiving a capex grant. The current focus is on building a cohort for the Leading Digital Transformation strand which requires a minimum number of 10 delegates to operate. The further expansion of the programme had not yet been confirmed but may be included in the Autumn Statement.

The Growth Hub, working in partnership with the two LAs and the University of Hull has been successful in its bid to deliver the Create Growth Programme, bringing an additional £520k of support to specific creative businesses who are deemed within a SIC code. This highly competitive outcome is very positive, given the number of much larger organisations participating in the process. The Secretary of State for Culture, Media and Sport will make the announcement at a national creative industries conference in Manchester on Monday 13 November.

Planning is now underway in regard of recruiting to a new post which will lead the programme, procurement of specialist support and legal and contractual issues.

CS then presented an overview of his paper that provided the data and activity that he had led on between Jan to August. This work has been delivered on a two day per week basis as part of the Growth Hub funding, (Carl's remaining three days are spent as part of the Employment and Skills Team.

Discussions took place regarding the proposed changes to the Technical levels and A levels recognising the governments approach to combining technical and academic skills with the proposed Advanced British Standard. This is already having a negative effect on young people who are querying the value of T levels in the future. CS stated very little interest from employers in providing the essential work experience element because they cannot see the value of this work and it is costly to deliver.

Rural Business current issues

MM presented an overview of the issues in the region and on a national basis, MM participates in the LEP Network Rural Group which is working with DEFRA on producing a summary of all LEP related activity to help inform future policy. MM is also a member of the Local Nature Partnership and the East Riding Rural Partnership who both deliver good work, the former often concentrating more on environmental issues such as tree planting.

Recent flooding across Holderness has had a significant detrimental impact, particularly in fields that have been recently planted. Commodity prices remain high, and the inclement weather has affected yields this year. Farmers will face hardship without government intervention. Attracting and retaining skilled workers remains challenging.

Some sector diversification has taken place, but it is acknowledged that the region can only support and sustain so many camping and glamping sites.

On a more positive note, the price producers are being paid for eggs has increased. Avian flu has stalled or gone away but could return.

DH commented that ERYC are looking at increasing activity with markets and engaging producers in this; will update further as discussions progress. Issue remain with getting producers to attend meetings to inform policy and activity.

MM and TC are attending the next LEP Network meeting of Rural LEPs on 09 11 23.

Artificial Intelligence and business impacts

Dr Dionysios Demetis, from the University of Hull gave an engaging presentation on the five dimensions to consider when thinking of using AI in a business organisation.

Employers often think of one element, but the issue needs to be considered in a much broader sense before investing in any AI. Often the workforce itself can help determine what is needed, being closer to the issues.

Once scenario could be that future workforces may combine physical and silicon employees with the latter taking over some roles, not simply at lower levels but at higher management. A silicon workforce may be the way to deal with staff shortages etc.

Board members asked a series of questions regarding the risks and rewards of using AI and in particular silicon employees. The risks around cognitive robotics were significant, taking humans out of the decision loop could prove catastrophic in some cases such as law and justice work (even though this is widely used in other countries). The issues of what would humans spend their time on is interesting.

Board members acknowledged that it appears impossible to hold back progress on a global scale, but these risks need to be addressed. There are differing viewpoints glass half full/half empty approaches. How can SMEs keep up and even begin to consider their actions.

Board members agreed that much more needs to be done to raise awareness within organisations so that the organisation considers how and when to invest in any new technologies.

Dr Demetis agreed to circulate 2/3 papers to board members for further reading. DW thanked Dr Demetis for attending and giving such a useful insight.

Note: This presentation is too large to be embedded in the minutes so a link will be sent out to board members to download themselves.

UKSPF Updates

PB provided an update on current HCC activities which have recently included the third round of funding focussing on skills provision. £3m in total has been allocated for business support and this had included the continuation of business advisors' employment with 95% being spent on businesses themselves. HCC has worked with the LEP to fund export grants and is being supported by Andrew Finch in this work.

There are four grant schemes in total with much more flexibility inbuilt in comparison to previous ERDF schemes.

Both LAs are working closely to ensure joined up activity and with the Growth Hub this has enabled businesses located in each LA area to take advantage of the breadth of support available i.e., joint workshop commissioning and delivery.

Advisors are working with the Hull Library on a range of IP support activities. A new Digital Catalyst Service for digital adoption will be commissioned shortly and the Social Enterprise support will be further developed.

Outputs needs to be achieved by March 2025, but there are issues with funding not being allowed to be carried forward over two fiscal years. This is challenging as the first year allowed delivery in a very tight timescale only. Activities will escalate as all LAs are behind on delivery; business support is publicised by the Invest Hull website.

DH added that the partnership approach was working well and links with the Growth Hub activity. The ERYC grant programme offers up to £5k and £5k for capital, Infrastructure projects that have a wider economic impact can apply for larger funding of between £10k - £50k at a 50% match intervention. £20k is available for energy assessments.

The Supply Chain Network will be refreshed and relaunched and will be embedded within business support. ERYC are now working with larger companies to support their supply chain with the 'buy local' theme.

ERYC have not tendered out their export grants as can already provide this through their generic pot. ERYC have now opened up their unspent levy to transfer opportunities' is working with the ER colleagues to help match suitable businesses.

DH is conducting a piece of work on markets and food producers.

MM asked about procurement of food to public bodies giving an example of a local organisation who transports eggs from elsewhere in the country rather than buying local. DH said conversations with procurement colleagues are ongoing, but procurement frameworks are an issue. DH has also tried to speak with farmers and producers with few attending the meetings.

In terms of local businesses winning tenders there is a challenge as in a recent exercise 22 bids were submitted with only 5 being local; sadly, these did not pass the threshold so more is being done to help SMEs understand the process and improve their bidding skills.

DH asked a question regarding grant outputs – if an apprentice is then employed on a full-time basis is this classed as a new job? PB said yes that is the case. DH suggested this needs more publicity as would encourage more participation.

Investment related activity

PG presented his paper and updated on his role working with the British Business Bank in promoting the NPIF, NPIF 2 will launch next year with an increase of funds from £539m to £660m, with a private sector leverage of over £1bn. The Humber has benefited from this resource with the creation of over 7900 new jobs across the Northern Powerhouse geography. Promotion will be ongoing to support business access the new funds.

A recent report from Lord Harrington had indicated that government interventions do matter and that more is needed to promote the UK. The UK is not equal in attracting FDI and therefore levelling up needs to consider areas based on assets and address challenges where present. Whilst this report is not yet published there are some clear messages that need to be responded to. At present the UK is trading and attracting investment based on mostly historical goodwill and this is now running out; there is no single voice for business and there should be more local resources made available to respond to investment opportunities

PG continues to be part of the Freeport Innovation Group and this group has recommended more promotion of the freeport assets. As such a Freeport Innovation event will take place at the Offshore Renewables Catapult in Grimsby to showcase technology advancements in the Offshore Wind and supply chain.

PG represents the LEP on the Space Yorkshire Group and current activities being explored include the use of earth observatory data via satellites to assist rural communities, looking at technologies to track assets such as livestock and equipment as well as soil quality and flood management, there may be a future conference on this work. MM commented that on one country estate a detailed mapping had take place to show the location of every tree.

Humber Freeport

DW presented an overview of the latest development of the Freeport which is now an established company. The CEO has been appointed but not yet announced due to some further business issues. The Map shows the total land area covered by the Freeport and locations of the capital and tax sites, which are limited to a maximum of 3. There is no limit on the custom zones where goods can be processed with value added prior to exporting. Only one to date has been established near to Grimsby, focussing on automotives.

Freeport seed capital will be used as an enabler and has been allocated by the Freeport Board in Hull and at SHIIP sites. Business rate retentions are attractive and will be used to stimulate economic growth.

Simon Bird remains the Freeport Board Chair with Stephen Parnaby OBE, LEP Deputy Chair being the LEP's representative. Quick wins for the Freeport include the Pensana development and Metsa in Goole. Each will eventually need 400 new employees. Overall, the Freeport has assessed the creation of around

7000 new jobs, but this is a modest assessment. There is keen interest in developing local supply chain networks to support Freeport clients.

JB asked when a regional business engagement campaign to promote the Freeport could be expected, and also offered the support of the Growth Hub to help market Freeport opportunities to regional SMEs. DW advised that a marketing contract has recently been awarded, and that the contractor would soon be in touch with JB to discuss this.

Future Agenda Items suggested were:

- Made Smarter – presentation
- Create Growth Project
- The business voice and where it sits within the proposed Unitary Leaders Board as a forerunner of the CA.
- The development of the Humber Leaders Board
- AI – a further presentation by Dr Demetis

Date and Time of Next Meeting

Wednesday 10th January 2023 at 2 pm
Via Teams