

Hull and East Yorkshire LEP Board

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Supplementary paper – Labour Market Participation Project

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1. Summary

- 1.1. This paper summarises the current position with regards to the HEY LEP's involvement with the Behavioural Insights Team and CIPD led Labour Market Participation Project, details of which the Board has received previously.
- 1.2. The HEY LEP team expressed an interest in being involved with the project when approached by the CIPD in 2023 however, following the announcement of the funding award in January 2024, further details have been supplied by the sponsor which present considerations and risks to the LEP and the Accountable Body that must be considered.
- 1.3. It provides an updated position statement and seeks direction from the Board on the contents of the paper and decisions on the recommendations made below.

2. Recommendations

- 2.1. The HEY LEP withdraws from the project on the basis that the risks and potential implications described below outweigh the benefits.

3. Report

- 3.1 Proceeding with this project would lead to the following benefits:
 - Enable HEY Growth Hub to recruit 1 FTE Workforce Development Business Advisor, thus expanding the Growth Hub advisor team
 - Make available 2 days of fully funded (free to access) HR support for up to 150 HEY SMEs
 - Organisational prestige of delivering a successful project with external partners
- 3.2 Proceeding with this project would generate the following risks and issues:
 - There is considerable financial risk associated with this project. A milestone driven payment model means that the LEP/successor organisation would receive £57,750 upon signing the contract, which would cover the full salary and on costs of a Workforce Development Business Advisor for 12 months, with remaining budget providing a modest overhead budget. However, the balancing milestone payment of £17,250 would only be released once all KPIs are achieved (that is, 300 SMEs onboarded, with 150 receiving funded HR support).

- It is the view of the Growth Hub Manager that the contracted target of 300 SMEs enrolled is a highly challenging target. It is probable that this target will not be reached within project lifetime, which means that the final contractual milestone payment of £17,250 would not be released to the LEP/successor organisation.
- The timescales in which to deliver this project are highly challenging. 300 SMEs must be enrolled onto the programme, with 150 receiving the fully funded 2 days of HR support, by 28th February 2025. These targets must be achieved in order to release the final milestone payment (£17,250). By way of comparison, the Growth Hub's current Workforce Development Business Advisor (0.4 FTE / 2 days per week) assists approximately 50 businesses over a 12 month financial year, on a medium intensity basis (that is support totalling between 1 and 12 hours of support). The recruitment of 1 FTE Workforce Development Business Advisor would therefore suggest that 125 businesses would be engaged over a 12 month period, which is less than half of the business that need to be enrolled onto this project. This risk is further compounded given the fact that the recruitment to the post of Workforce Development Business Advisor has yet to begin, and in a "best case" scenario would take at least 10-12 weeks to get someone into post.
- Advice from the Accountable Body's legal team has been sought but not yet received which has compounded the problems with timescales and it is not yet known how the project would pay the independent HR consultants in a way that is compliant with procurement law. There is a £96,000 (plus VAT) commissioning budget for the payment of the CIPD accredited HR consultants. However, the project is obligated to select these consultants from a CIPD-approved pool of 6 consultants. Therefore, the project has no ability to procure HR consultants in an open and transparent way as per public procurement guidelines.
- This project would require a not insubstantial commitment of management time from the LEP's Employment & Skills Manager and the Growth Hub Manager. This comes at a time when there are many other calls on the time of these officers, namely the LEP transition, the priorities of the new HEY Business, Growth and Skills Hub, as well as other programmes such as delivery of the Growth Hub service, and the Made Smarter and Create Growth Programmes.
- Finally, should the project fail to achieve contracted targets, there is a strong risk of reputational damage to the HEY LEP (and successor organisation).