

Executive Report

Report to the LEP Board, 19 March 2021

Report from Richard Kendall, Executive Director – Strategic Policy & Business Development, and Teresa Chalmers, Executive Director – Employment & Skills

1. Introduction

- 1.1. This report provides a summary of activity and developments since the last Board meeting in January. The team continues to work towards a smooth transition to new LEP arrangements at the end of March.
- 1.2. As the Board is aware, Kishor Tailor is currently away from work due to illness. This report will be presented by the Executive Team in his absence.

2. Staffing issues

- 2.1. Kishor's duties are being covered by the Executive Team in his absence.
- 2.2. Teresa Chalmers formally started her role as Chief Operating Officer of the Hull & East Yorkshire LEP on 1 January and has been leading the setting up of the new LEP whilst continuing to manage the Humber LEP's employment and skills work.
- 2.3. Recruitment for the Employment & Skills Manager role created in the restructure is currently in progress, closing on 14 March.
- 2.4. Jonathan Oxley started as Humber Cluster Plan Manager on 22 February, leading the Innovate UK-funded project that will be delivered in partnership with CATCH and eight industrial partners. Recruitment of the three remaining roles is under way.
- 2.5. As in previous years, confirmation of some programme funding for the next financial year is being received less than a month before the end of this financial year, causing uncertainty for staff contracted until 31 March. Fixed-term programme roles are being extended as funding is confirmed.
- 2.6. The team continues to work flexibly to support the delivery of current activity and the setup of the new Hull & East Yorkshire LEP.

3. Peer Review

- 3.1. The Executive Team and the accountable body participated in an annual peer review facilitated by the LEP Network. This year we were paired with the South East LEP, the largest LEP in the country, which operates with a federated model given the scale of its geography. A useful discussion was had on issues including freeports, sector strategy, business engagement and employment and skills.

4. Clean Growth and COP26

- 4.1. The Humber continues to attract interest from areas and organisations seeking to learn about clean growth regions like ours.
- 4.2. Since the last Board meeting, this has included speaking at an event organised by the British Embassy in Bulgaria about what the Stara Zagora region could learn from the Humber; delivering a lecture on the Humber for the Institution of Engineering and Technology; and giving evidence to the House of Commons Environmental Audit Committee for its inquiry on green jobs.
- 4.3. The LEP has also brought together local partners to develop a Humber pitch to participate in the COP26 “Green Zone” exhibition area in Glasgow in November. Three submissions have been made, covering the presidential themes of energy transition, adaptation and resilience, and nature-based solutions. The proposed exhibition presence would complement an event being proposed by Marketing Humber. Decisions on proposals are expected in May.

5. The Business Day sponsorship

- 5.1. The Humber LEP has in previous years been one of the sponsors of The Business Day, a flagship business event held at Bridlington Spa as part of Humber Business Week. The 2020 event was cancelled due to the pandemic, but the 2021 event is planned to take place in shortened form online.
- 5.2. Sponsors have been asked to commit to a reduced sponsorship of £2,500 for 2021. This will enable the event to go ahead with quality speakers and on the basis that it will be free for all businesses to attend.
- 5.3. As an early commitment is required in order for the event to proceed, the Humber LEP is being asked to agree a sponsorship now that will be inherited by the new Hull & East Yorkshire LEP. The Chief Executive has tentatively made this commitment pending Board approval, utilising a portion of the £15,056 reserve previously earmarked for future sponsorship of the event, as set out in the 2019/20 end of year financial report to the Board (July 2020).

5.4. The Board is recommended to approve sponsorship of The Business Day 2021 at a cost of £2,500.

6. Covid-19

6.1. Business impact and support

- 6.1.1. The Growth Hub continues to be heavily engaged with Covid related enquiries from businesses. In the period 1 January to 7 March 2021, the Growth Hub received 905 Covid-related business enquiries, which led to 184 medium intensity (more than 1 hour) or high intensity (more than 12 hours) business interventions from the business advisor team. There has also been 5,881 unique hits to the Growth Hub’s Covid-19 webpages in the same period.

- 6.1.2. The predominant Covid support request from businesses continues to be help to access finance to ease cashflow pressures. This issue itself can be split in sub-issues such as businesses asking for help to understand and navigate the financial options available to them, assistance to complete an application for Local Restrictions (LRSG) or Additional Restrictions (ARSG) grant, or advice on which Covid debt product to access, such as CBILS, Bounce Back Loans, or Future Fund loans.
- 6.1.3. Many SMEs report that they have now “maxed out” their borrowing against these loan schemes, yet still have cashflow needs, given the ongoing pandemic and economic recession. Whilst alternate sources of loan finance are available, in reality many SMEs that still require cashflow finance are fully leveraged and would struggle to obtain a loan approval with their current exposure to debt. Without access to additional cashflow finance, many SMEs that are still struggling to trade may fail.
- 6.1.4. The Chancellor’s budget statement on 3 March contained many new Covid-19 business support measures and also varied or extended existing ones. This has generated a further wave of enquiries to the Growth Hub from businesses wishing to know more about these new schemes and how to access them. The newly announced “restart grants” have proven to be most popular, followed by the government’s new “Help to Grow: Management” and “Help to Grow: Digital” strands.
- 6.1.5. The Growth Hub was allocated £500,535 of ERDF monies in September 2020 to award grants of up to £3,000 to help SMEs recover from the impacts of Covid. SMEs must use the grant on a defined project, which could include working with a sales and marketing consultant to refresh or revise websites, or to find new income streams and new markets. The grants can also be used to purchase minor equipment that would allow the business to trade in a socially-distanced economy (though not costs of disposable PPE).
- 6.1.6. As at 7 March the grant scheme has awarded 107 grants totalling £322,059, with a further 20 applications in hand for processing which total another £60,000. As a condition of funding, the grant scheme must close to new applicants on 12 March, and we currently promoting the grant scheme to ensure that the remaining funding is fully committed before this deadline.

6.2. Impact on people

- 6.2.1. The impact of the national lockdowns 2 and 3 on the labour market can be seen by the huge increase in the number of employments furloughed - 52,200 at 31/1/21 compared to 21,600 as at 31/10/20.
- 6.2.2. The budget announcement to extend both the Coronavirus Job Retention Support Scheme (CJRS) and Self-Employment Income Support Scheme to the end September 21 is welcomed and will support the reopening of the economy. Flexible furlough continues as an option, meaning that employees can work part-time and receive a furlough grant

for their unworked hours. This allows employers to bring employees back to work progressively as the economy reopens and businesses get back on their feet. Employer contributions will gradually increase from 1 July 2021 with employers contributing 10% of wages from July and 20% in August and September.

7. **Brexit**

7.1. The Growth Hub continues to see a low volume of business enquiries since the end of EU Transition on 31 December. Only 791 Brexit related business enquiries were fielded for the period 1 January to 7 March 2021 (set against 905 for Covid in the same period) which led to only 5 medium intensity (more than 1 hour) or high intensity (more than 12 hours) business interventions from the business advisor team. There were 1,346 unique hits to the Growth Hub's Covid-19 webpages in the same period.

7.2. As a condition of BEIS funding, the Growth Hub commissioned some telephone outreach activity using a professional telemarketing agency, which commenced w/c 25 January 2021. The purpose of this calling is to understand whether local businesses prepared for the end of EU transition, and whether they have come up against any issues as a result. Up until 5 March, over 5,474 outbound call attempts have been made, which has resulted in 764 conversations with businesses – a 14% conversion rate.

7.3. The most common EU exit issue raised has been import and export, with 164 conversations about this issue, followed by the new product & service regulations and standards (107 businesses), the new business legal requirements (107 businesses) followed by workforce and people (66 businesses). All of the businesses spoken to are offered access to the Growth Hub's "EU Transition Support Service" which offers fully-funded advice and guidance from a range of specialist from Enterprise Growth Solutions Ltd, the Hull & Humber Chamber of Commerce, and Wilkin Chapman LLP. To date, 49 referrals have been made to these organisations as a direct result of the telephone outreach activity.

7.4. Some of the key business issues and trends that have been identified through both the telephone outreach conversations and also through our Growth Hub advisor team are as follows:

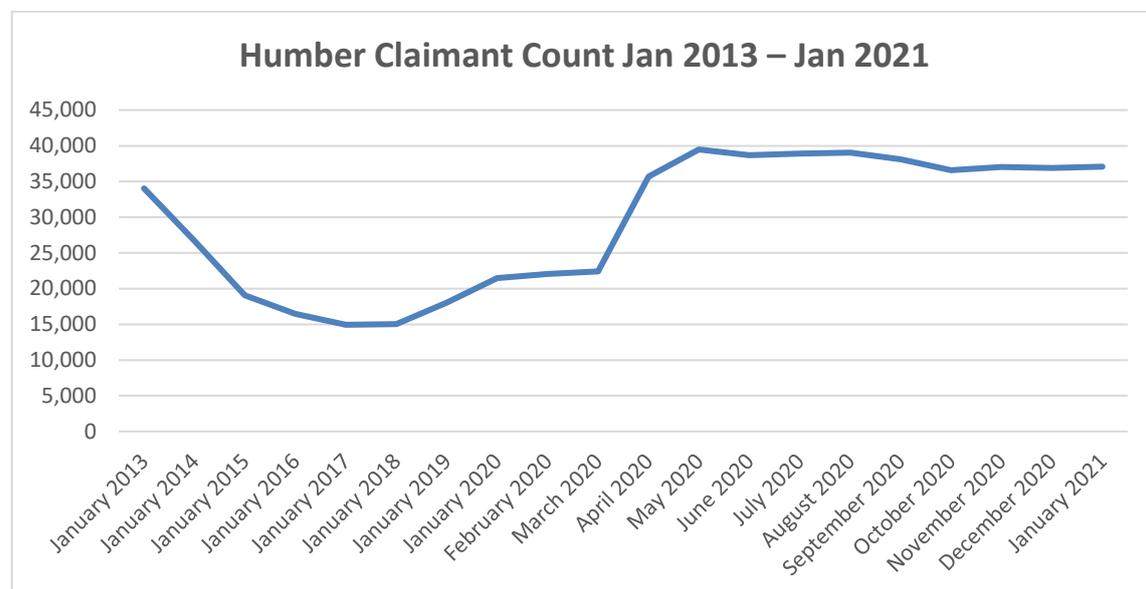
- 85% of businesses who commented on the UK leaving the EU could not identify any opportunities created by leaving. 12% are hopeful of opportunities in the future.
- Amongst businesses that trade with the EU, the issues arising continue to be dominated by two areas. First, the delays at ports and increased time (paperwork) associated within import/exports. Second, the pricing changes (tariffs, charges) and uncertainty (unsure what the final cost of imports will be)
- The collection of VAT from EU customers/recipients of UK exports is an issue of increasing concern, and accountants/consultants who can

provide relevant advice on this issue are in short supply. Some businesses are either ceasing to export to the EU at all, or are setting up subsidiary businesses in the EU to circumvent this issues altogether.

- It is becoming increasingly apparent that there is a shortage of vets to approve live animal or animal-based foodstuffs for export, to satisfy the new customs checks. This is causing severe exporting delays, particularly for the region's seafish/shellfish industry centred around Grimsby and Bridlington.

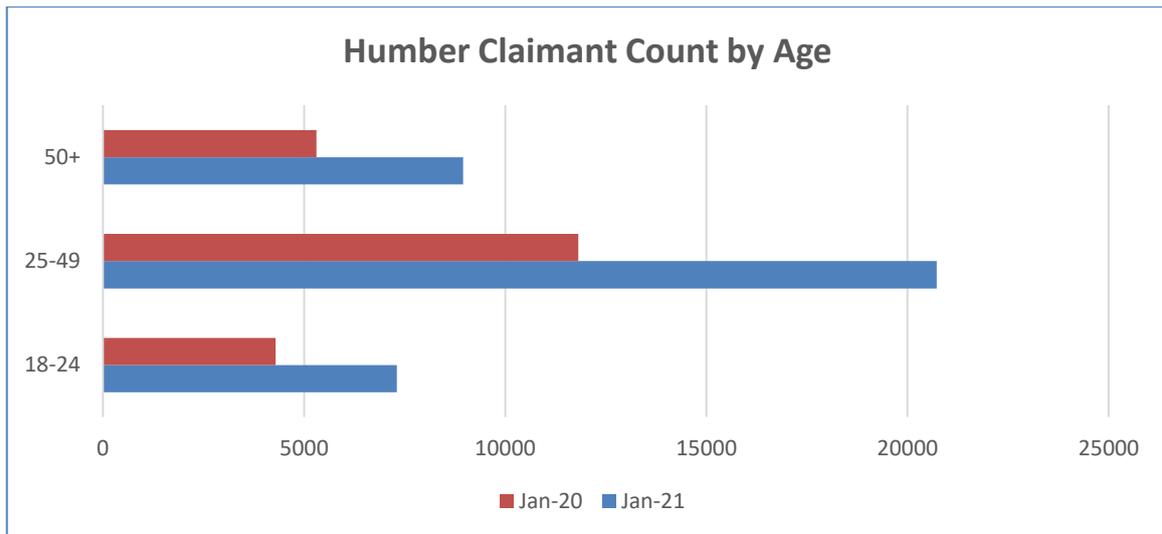
8. Labour market information

8.1. The latest Claimant Count Data was published on 23/2/21 for the period up to 14/1/21. There were **37,095** people claiming Universal Credit and/or Jobseeker's Allowance in the Humber. An increase of +215 on the previous month. Compared to the same period last year (January 2020) there was an increase of 15,610 claimants (+73%).



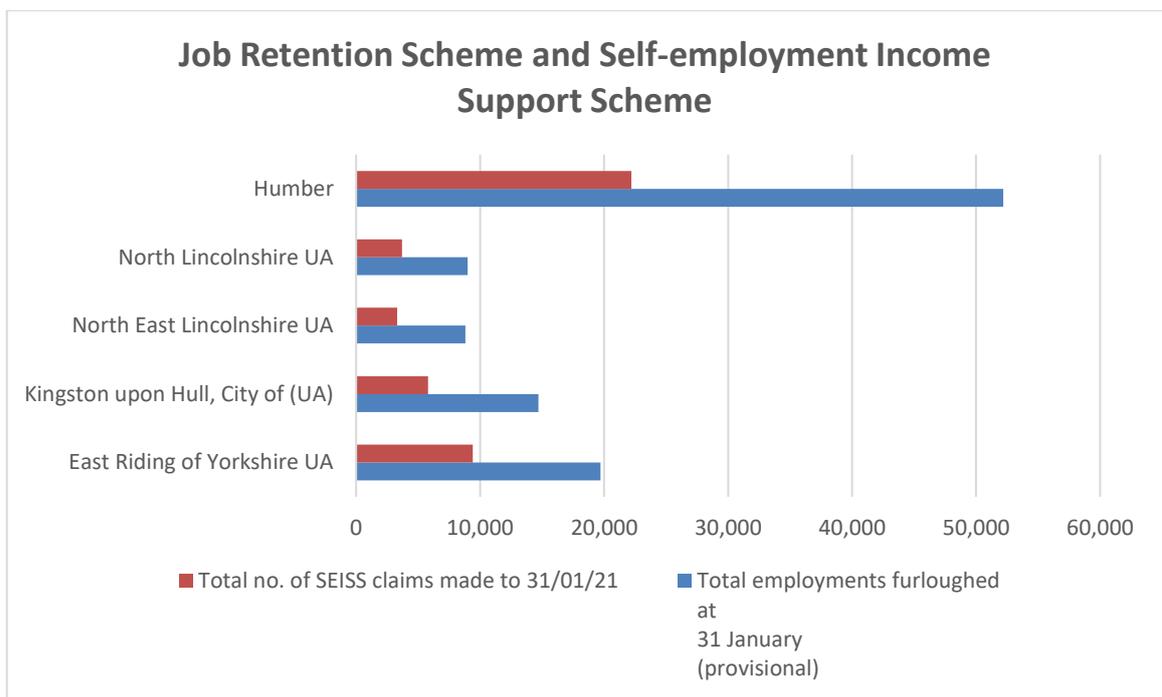
8.2. The proportion of claimants by age of the total claimant count remains at similar levels as pre-pandemic with 18-24 year olds making up 20% of the total claimant count, 25-49 year olds 56% and those aged 50+ 24%.

8.3. The increase by age when compared to January 2020 is as follows:
18-24's + 70%, 25-49 + 75% and those aged over 50 + 69%.



8.4. The latest Coronavirus Job Retention Scheme (CJRS) and Self-Employment Income Support Scheme (SEISS) data was published on 25/2/21 for claims to 31/01/21 and shows the significant level of support in place across the Humber with 52,200 employments furloughed and 22,200 SEISS Claims.

8.5. A breakdown by sector, employee age and employer size is only available at national level.



9. Communications

9.1. The latest Communications report is appended.