

# Humber Energy Board – Humber Industrial Cluster Plan Proposal

## Introduction

The Humber Industrial Cluster Plan Project (phase two,) will conclude in March 2023 with the production and publication of a unique plan to decarbonise the major industrial emitters in the Humber. Funded jointly by UKRI with match provided by industry partners, the Plan will demonstrate at both a national and global level how decarbonisation can be achieved by adoption of key actions. Supported by seven key pieces of research and an interactive modelling tool, the Plan can be used to develop and monitor the emerging delivery plan that will take forward the recommendations and also act as a catalyst in confirming the Humber as the UK's major international centre for decarbonisation and clean energy production.

The Plan will be publicly launched in March 2023 at Docks Beers in Grimsby. This will then be followed by a national launch of all the six Cluster plans led by UKRI later in the year. The delivery team, who are co-funded by the project are due to cease work on 31 March 2023, so it is important to agree any legacy arrangements as soon as possible.

## Current governance and operational arrangements

Recent conversations at both the Humber Energy Board and with the HICP Steering Group have resulted in the Model access 'in the Cloud environment' being extended up to March 2023 by use of one of the key partners match funding contributions. The Model IP remains with Element Energy, who have developed the framework and are currently hosting the model on their Cloud platform. It is available for all Humber partners to use with the approval of the Steering Group.

The Plan's activities are discussed and agreed within the HICP Steering Group, which consists of the following members:

- **HEY LEP (Chair)**
- **CATCH (Deputy Chair)**
- **British Steel**
- **Centrica Storage**
- **Drax**
- **Equinor**
- **National Grid Ventures**
- **Phillips 66**
- **SSE Thermal**
- **VPI**

In addition, the following organisations have been voted onto the Steering Group as Strategic Observers:

- **EP SHB**
- **Harbour Energy**
- **PRAX**
- **Singleton Birch**
- **Uniper**
- **North Lincolnshire Council**
- **Greater Lincolnshire LEP**

The current Accountable Body for the HICP is Hull City Council.

### **Issues to be considered for any legacy arrangements**

Consideration of the future/legacy HICP activity must take account of several factors:

- The regional leadership and guardianship/governance of the Mandates.
- The regional guardianship of the database of actions/recommendations.
- The regional guardianship and operation of the Model.
- The funding mechanisms required (Public/Private/Model/Team).
- The need to continue some of the work of the Team/Steering Group (marketing/networking/influencing etc).
- The structure of any people resource required, including the potential need for future additional people resources needed and their accountability.

Once the Plan has been launched, the basic cost of maintaining the model for future use will be around £21,000 to £25,000 per annum (excluding VAT). This would provide the evidence behind the evolution of the Plan and enable further scenarios to be developed, depending on activity, such as inward investment and new technology. This would inform future strategy at project and regional levels, whilst supporting the monitoring of impact.

The arising Delivery Plan will need to be developed following the launch and it is the leadership and guardianship of this activity and the reporting of outcomes and outputs that ideally needs an impartial and independent organisation to lead. Several conversations with potential partners have been held but this has yet to be decided and the views of the HEB and HICP Steering Group will need to be further considered to agree this next step.

The role and support of the Accountable Body also needs to be confirmed. UKRI has confirmed there are no additional funds from their resources, however there may be more opportunity to bid for and manage public and private funds in the future. People and financial capacity are therefore needed, with the appropriate democratic governance in place, to ensure requirements of the Local Assurance Framework are delivered (this is the governance document that any public funds adhere to).

In an ideal situation, a dedicated resource of circa 1 FTE would be appointed to ensure the monitoring and reporting of the Plan is delivered. This is important as there are several audiences that will need to be kept informed of progress, including the Humber Leadership Board, the HEB and any new HICP Steering Group that would need to be administered appropriately.

Resources required to maintain a legacy function could, for example, include:

- Leadership, guardianship, and reporting responsibilities
- Maintaining and operation of the arising Delivery Plan
- Ensuring the maintenance of the Model
- Facilitating the networks that have evolved from HICP activity, such as those focussing on decarbonisation, hydrogen, CCS and EDI.
- Continuing marketing and communications work to promote the Model and the stakeholder relationships which have proved so successful.
- Liaising with other regional organisations on such enabling issues as skills, business support, finance availability and Government departments. (The new Department of Energy Security and Net Zero for example)

## **Guardianship of the HICP and the Production of the Delivery Plan**

As outlined above there is a need for an impartial, independent body/ies to take the Plan forward and ensure openness and transparency of reporting is in place. The HEY LEP working in partnership with CATCH leads on this currently. However, this was a legacy from the former Humber LEP and therefore is in need of review. Options suggested to date include:

### **1. Cease activity**

Launch the Plan and leave the industrial partners to continue their individual routes to decarbonisation. This would lose the opportunity to promote the Humber to national and global audiences and is likely to negatively impact on inward investment

### **2. HEB**

Whilst the HEB is not a legal entity, it does have key strategic representation from across the Humber region, including Public, Private and Academic partners. Its role would be at a strategic level and providing sector buy-in, guardianship and oversight of any ongoing delivery.

### **3. Formation of a new Partnership of Membership Bodies**

The Humber has several well-established membership bodies that could take on responsibility for the continuation of activity, such as CATCH, CBI, or the Chamber of Commerce. It also has an emerging Freeport Board structure and the mooted Opportunity Humber possibility. However, these last two are in their infancy or not yet established, so would probably not be appropriate vehicles to ensure the HICP legacy is realised at this time. Also, it is important any organisation adopting the HICP should be able to provide the governance and delivery requirements as well as established regional credibility.

### **4. A Humber Local Authority**

Would provide leadership and oversight and would have a direct reporting route to the Humber Leadership Board. Potential issues could be around the capacity to deliver the function and any political changes/divides could potential disrupt what is a legacy primarily for private sector use.

### **5. Industry**

Industry could provide the resource and/or funding for the delivery but would not be seen as an independent body and may lack the ability to fully provide the pan-regional perspective.

## **Next Steps**

In order to capitalise on the momentum gained from the delivery of the HICP, it is critical that the Humber region adopts this HICP legacy to ensure the lessons, actions and recommendations of the Plan are monitored and progressed. These recommendations will be at both regional and national levels and will require the support of many organisations working together to ensure they are worked through thoroughly. This is a time for the region to come together to deliver on the opportunity the HICP has given us.

To deliver on the opportunity arising from the HICP, it is recommended that, as a next step, this paper should be debated in full at the next HEB by those closest to the sector and those with the ability to utilise the Plan and deliver on it.

Contributions to this paper were received by:

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## **Appendix One**

### **Potential Costs\***

#### **Maintenance of the Model** for one year:

Hosting and basic software service - £ 21,000 per annum

Data refresh and software administrative service - £750 per request

Development of two further scenarios - £5,000c

After this year, partners will be asked to contribute to the maintenance and development of the model if agreed and required.

**Marketing and Communications:** This could be carried out by partnership agreements of the current Steering Group and the CBI who continue to use the HICP logo etc. to develop key messages and events to promote the plan. The HEB and HICP Steering Group may agree to contribute a small amount to a central fund to help with any arising costs for events/admin.

#### **Appointment of an HICP Lead Coordinator**

Approximate annual cost of grade 9 with oncosts - £47,930 (based on local authority values), but of course can vary enormously depending on scale etc. This person would also manage the Steering Group meetings and help produce reports to external boards such as the HLB and the HEB.

#### **Accountable Body**

Given that North Lincolnshire is the Humber Leadership Board's local authority lead on decarbonisation and clean energy it can be considered to take over the current AB role that is delivered by Hull City Council. The HEB and current Steering Group would need to propose this to the LA after further discussion.