

# Humber Leadership Board

Report to the Humber Leadership Board, 19-Feb-22  
Teresa Chalmers, HEY LEP COO and Chair of the Project Steering Group  
Jonathan Oxley, Humber Cluster Plan Manager

## 1. Summary

The report provides an update on progress with the delivery of the Humber Industrial Cluster Plan (HICP), led by the HEY LEP and adopted by the Humber Leaders as part of the Estuary Plan in January 2021.

## 2. Recommendations

**The Humber Leaders to note the progress outlined below, and to continue agree to receive future reports in order to maintain strategic oversight of the project.**

## 3. History of the Project

Following successful delivery of a phase 1 project by the Humber LEP and CATCH in 2020, a successful bid was made to the UKRI Industrial Strategy Challenge Fund (ISCF) for phase 2 funding. A grant of £1,657,845 (the largest in the competition) was awarded against total project costs of £2,654,521 to deliver a data and modelling driven Cluster Plan (roadmap) for decarbonisation of energy-intensive industries across the Humber area.

From April 2021, the HEY LEP assumed the role of Lead Partner, with Hull City Council continuing to act as Accountable Body.

The Humber Industrial Cluster Plan is now in month 14 of the 27-month project.

Further background to the project and the project governance are outlined in Appendix 1.

## 4. Financial and resource implications

There have been no changes to the overall project costs. The total project cost is £2,654,521, of which £1,657,845 will be supported with a grant from UKRI divided between the three grant funding partners as follows:

- HEY LEP: £796,192, representing 100% LEP delivery contribution.
- CATCH: £833,647
- British Steel: £28,006

The remainder of the project cost (£996,678) will be provided as match funding from the nine private sector partners.

## 5. Progress

The Humber Industrial Cluster Plan is now in month 14 of the 27-month project. After a protracted recruitment phase, the project team is now fully staffed and the procured activity on the project is well underway across all sectors of the project. Procurement was led by Hull City Council procurement and legal teams to ensure rigour and consistency, with the letting of contracts from either HEY LEP (HCC) or CATCH to reflect the funding provision from UKRI and in line with the original project plan. The HEY LEP is leading on £270K of procured activity, and CATCH are procuring £624K. A summary of the procured activity is shown in Appendix 2.

Communications activity has been particularly noteworthy on the project, including the running of a series of network events connecting stakeholders with the activity in the decarbonisation and hydrogen sectors, and the launch of a decarbonisation map of the Humber, produced in conjunction with the Bondholders.

(<https://www.humberindustrialclusterplan.org/the-humber-a-2030-vision-for-industrial-decarbonisation.html>)

Members of Parliament across the Humber have been contacted by the Project Team to make them aware of the role of the Cluster Plan and to offer them a briefing.

The HICP project has featured at the Northern Powerhouse Conference, the Yorkshire and the Humber Climate Summit, referenced at the NP11 Convention of the North, and has been invited to participate at the World Economic Forum's "Energy Transition Innovation Center".

Uniper have joined the HICP as a Strategic Observer, and we continue to receive strong support and engagement from our Partners and Strategic Observers, illustrated by attendance at a "Scenarios Workshop" which will underpin the key drivers in reaching Net Zero from energy-intensive industries.

The first deliverables (outputs) will be delivered in May, with the emergence of reports on both the Skills and Supply Chain considerations that will be needed in order to support the decarbonisation of regional industry.

Arup, the contractor delivering the Humber Cluster Plan (Lot 5), are engaging with other providers across the project and together with them, we are seeing strong signs of the necessary "push-pull" effect to ensure that the ultimate Cluster Plan report will provide an intelligent synthesis of all the component parts of the project, and to provide a strong and supportive narrative for the clean growth transition of Humber industry.

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## **Appendix 1: Project Background and Governance**

### **1. Project Background**

- 1.1. The Humber Industrial Cluster Plan (HICP) will provide the strategy and roadmap to enable the Humber industrial cluster, the UK's largest by carbon emissions, to achieve net zero by 2040 and significant reductions by 2030. The plan will provide a blueprint for clean growth to drive a green recovery in the Humber.
- 1.2. The HICP will be informed by ongoing work on proposed industry-led decarbonisation investments as well as detailed studies, data modelling and stakeholder engagement work to identify and mitigate barriers undertaken as part of the project. A phased approach will identify near-term deliverable investments and also map out how decarbonisation infrastructure (e.g., CCS) and hydrogen infrastructure can be scaled up over time, identifying the full range of interventions required to achieve net zero by 2040.
- 1.3. HICP and the evidence base that will be assembled through its development will provide a clear way forward for local leaders, Government and industry to work together to achieve rapid decarbonisation of the UK's largest cluster, whilst maximising opportunities for local people and businesses to benefit from the transition.

### **2. Governance**

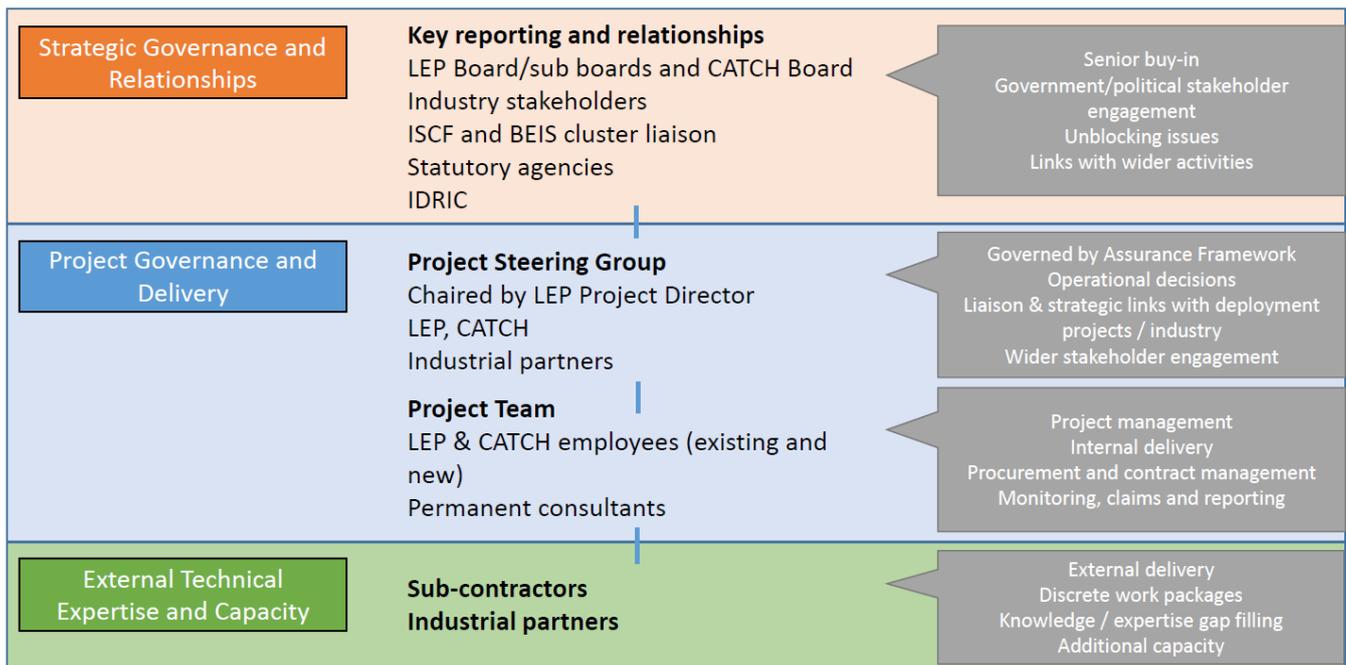
- 2.1. The Lead Partner for the project is the HEY LEP, with Hull City Council as Accountable Body. There are nine other partners to the project as follows:
  - British Steel Ltd
  - Centrica Storage Ltd
  - Drax Power Ltd
  - Equinor New Energy Ltd
  - HCF CATCH Ltd
  - Keadby Generation Ltd (SSE)
  - National Grid Carbon Ltd
  - Phillips 66 Ltd
  - VPI Immingham LLP
- 2.2. The ten partners entered into a formal Collaboration Agreement which was signed 24th December 2020 and sets out partners' responsibilities in relation to the project.
- 2.3. Five Strategic Observers (supporters of the project, but not Collaboration Agreement signatories) have come on board since the project began:
  - EPI UK Ltd
  - Harbour Energy Ltd
  - Prax Group
  - Singleton Birch Ltd
  - Uniper

2.4. HICP is overseen by a Steering Group chaired by the Lead Partner's (HEY LEP) Project Director, and comprises all grant claiming and non-grant claiming partners. There is also representation from the Accountable Body, Humber Leadership Board (North Lincs Decarbonisation Lead), Greater Lincolnshire LEP and UKRI as core funders. Attendance is also open to non-voting Strategic Observers, and to guest presenters by prior agreement. See Annex 1 for detailed Governance and Team structures.

2.5. The Steering Group is responsible for:

- agreeing detailed work package and commission specifications
- monitoring progress against deliverables and reviewing outputs
- maximising partners' in-kind contributions, including access to technical expertise, and identifying synergies with other work
- approving, supporting and monitoring the Stakeholder Engagement Plan
- resolving any issues between partners that cannot otherwise be addressed

### Governance Structure



## Appendix 2: Procurement Summary

Lot	WP	Contracting Party	Value	Due	Item	Main Contractor	Description
1	WP4	CATCH	£450K	Sep-22	Model & Scenarios	Element Energy	Systems model which uses data on GHGs, industry type, energy type, <i>etc.</i> to test scenarios and support development of model for decarbonisation of Humber Industry.
2	WP3	CATCH	£100K	Nov-22	MPR FS/CCS/GGR	Element Energy	Markets, Policies & Regulatory study evaluating how Fuel Switching, Carbon Capture & Storage and other Greenhouse Gas Removal technologies could be brought to life in the Humber to facilitate industrial decarbonisation.
3	WP3	HEY LEP	£40K	Nov-22	MPR Emissions	Element Energy	Markets, Policies & Regulatory study exploring the potential for exporting Emissions Offsets and for importing CO2 from other areas (nationally and internationally) as a commercial opportunity over next 20+ years.
4	WP3	HEY LEP	£60K	Nov-22	Societal/Cultural	ERM (Parent of Element Energy)	Study addressing societal & cultural challenges and social innovations required to enable the interventions and investments needed to implement decarbonisation of the Humber's Industrial Cluster.
5	WP6	HEY LEP	£135K	Mar-23	Cluster Plan	Arup	Detailed, robust and comprehensive strategy for decarbonising the Humber Industrial Cluster, drawing together all other outputs of the HICP project – the <b>Roadmap</b> .
6	WP6	HEY LEP	£35K	Nov-22	Inward Investment	KPMG	Study identifying how Industrial Decarbonisation of Humber Industry (Net Zero) might be exploited to secure inward investment to the Humber.
7	WP5	CATCH	£35K	May-22	Supply Chain Audit	KPMG	Complementary studies to enable development of a strategy within the HICP to understand and address barriers to deployment of decarbonisation infrastructure. Will report capability of Humber in key Supply Chain/Skills sectors to support transition to net zero and highlight areas of both strength and need.
8	WP5	CATCH	£39K	May-22	Skills Audit	KPMG	