

# Delegated Decision Report

1 April 2020

**Subject: Investment Fund Update, Part B: Energy, Green Growth and Climate Change – a North of Tyne Blueprint**

**Report of: Director of Economic Growth**

**Portfolio: Economic Growth**

## Introduction

A decision on this matter was expected to be made at the Cabinet meeting to be held on 24 March 2020. In response to the Coronavirus pandemic, central government announced on the evening of 23 March 2020 further restrictions on when and how people could meet and leave their homes. In response to this announcement the Cabinet meeting was cancelled.

Standing delegation HPS11 in Part 2.9 of the Constitution allows the Head of Paid Service:

*To take an urgent decision where a decision needs to be made urgently and it is not practical to convene a quorate meeting of the Cabinet or relevant committee or subcommittee of the Authority, in consultation with the Chair (or in their absence a Vice Chair) of the Cabinet or relevant committee or subcommittee, the Chief Finance Officer and the Monitoring Officer.*

It has been agreed with Mayor Driscoll, as Chair of Cabinet, the Chief Finance Officer and the Monitoring Officer that all the decisions expected to be made at Cabinet on 24 March 2020 will now be made by the Head of Paid Service as Delegated Decisions in accordance with HPS11 to ensure the efficient conduct of the Authority's business.

## Report summary

This report brings forward proposals for a bold programme of investment, collaboration and change in clean energy, green growth, and adaptation to climate change. It sets out an underlying evidence base, then signals the intent of North of Tyne authorities to play a clear national leadership role: working together on tangible investments that create jobs and growth through actively decarbonising our economy. It outlines how we will:

- a. Unlock the potential for accelerated growth in our clean energy sector – building on already world-class assets in offshore wind, subsea technology and the associated supply chain as part of a North-East-wide sector strategy.
- b. Create the conditions for radical innovation across our industries and public services – supporting collaborative, market-led interventions that create new jobs and demonstrates bold ambition around carbon reduction.
- c. Grow our capacity as a region to build the skills base to support new jobs and transition to cleaner ways of working – through an ambitious green growth skills partnership that draws on the best innovation from other places.
- d. Invest in the capacity of citizens, communities, businesses and public services to inspire changes to the way we live, work, travel and communicate – supplementing the existing bold plans led by our local authorities and other stakeholders in the region.

The ways in which we propose to translate these ambitions into practice are outlined in the three appendices to this cover report. This includes a breakdown of each element of an indicative £24 million package of investment (up to 2023) that shows how, in partnership, we can create exemplar progress towards our regional, national and international climate goals. In sum:

- An in-principle £12m ‘match and multiply’ **Offshore Fund** – focused on vital infrastructure support, supply chain innovation and support for cluster growth. The region has a clear pipeline of investable propositions and a good understanding of where NTCA investment would add value. We are in a position to begin bringing forward proposals within this Fund (such as investment outlined in appendix 4). The Fund proposition is outlined in Appendix 1.
- An in-principle £10m ‘match and multiply’ **Green New Deal Fund** – designed to stimulate innovative models of good and sustainable job creation in areas where carbon reduction is needed most. We set out the framework in the attached appendix, and propose that NTCA commission specific, rapid work (from within the existing commissioning budget) to develop the Fund delivery mechanism and a clearer pipeline of early investments. This proposition is outlined in Appendix 2.
- An in-principle £2m **Green Growth Skills** programme – targeted at upskilling, re-skilling and transition from traditional to ‘green growth’ industries. It is vital that our interventions add value within a complex landscape, so we will bring forward proposed mechanisms for delivery as part of our overall approach to ‘skills for growth’ – intended for June Cabinet.
- A commitment of £100k for further development work to establish an NTCA revolving **Carbon Reduction Fund**, and to set an ambition that this Fund will leverage over £10m of projects. The development work will include proposals for funding and delivery mechanisms to support bottom-up energy generation. The Fund would support zero carbon projects with a long-term return. Details are outlined in Appendix 3.
- Allocation of £100k to develop a pipeline of future interventions to support citizen, community and public sector engagement, which would be brought back to Cabinet in due course. This would enable NTCA to work with Local Authorities and other stakeholders to ensure it is adding value on issues relating to citizens and climate change. It would also be used to support additional work to develop further investment propositions with Government. This proposition is outlined in Appendix 3.

Climate change is a system wide challenge that will require funding and policy change that goes way beyond our current capabilities. But we can and should provide leadership now. We will use the investment potential and convening power of the Combined Authority to stimulate new markets, encourage business-led innovation, and leverage significant additional funding from the private sector and Government. We want to make things happen faster, at a bigger scale, and in a way that maximises local impact.

## Recommendations

The Head of Paid Service is recommended to:

- i. Note and endorse the ‘North of Tyne Blueprint’ for energy, green growth and climate change outlined in this report and its appendices;
- ii. Agree the recommendations itemised in Appendix 1, 2 and 3 which include headline Investment Fund commitments and proceed with delivery arrangements;
- iii. Agree the recommendations itemised in Appendix 4 relating to investment in North Bank of the Tyne. This Appendix is confidential by virtue of paragraph 3 of schedule 12A of the local Government Act 1972, information relating to the financial or business affairs of any particular person (including the authority holding that information).

## 1. Content and Background

- 1.1 The case for investment to address climate change is global, urgent and now very much part of the political and media mainstream.
- 1.2 At a **global level**, there is wide acceptance as to the scale of the climate challenge – and the need for a radical reduction in greenhouse gas emissions in order to mitigate its effects. The International Panel on Climate Change (IPCC) has evidenced a 1% global temperature rise above pre-industrial levels caused within the past 50 years; and estimates that global warming is likely to reach 1.5°C between 2030 and 2050 at the current rate. The Paris Agreement (2016) commits signatories to policies that keep warming well below 2°C and pursue efforts to limit temperature increase to 1.5°C - this is the global framework within which national governments and bodies like the EU are developing their own policy frameworks.
- 1.3 At a **national level**, we have seen carbon reduction passed into law, with the UK Government committing to net-zero carbon emissions by 2050. This builds on the 2008 Climate Change Act and puts the UK in a strong global leadership position with regard to its regulatory and policy framework. Meeting this target requires emissions from homes, transport, farming and industry to be reduced completely or – where this is impossible – offset by removing CO<sub>2</sub> from the atmosphere (eg through tree planting or carbon capture technologies). We are in the early stages of translating this commitment into the scale of investment that will be needed to affect this transition country-wide.
- 1.4 At a **local level**, we are seeing responses from communities, cities, local authorities and regions – in the shape of firm net-zero targets which typically range from 2030 to 2050, and in emerging investment and delivery plans. Several local authorities have brought forward operational plans to decarbonise their operations within a short timeframe, and we are seeing new approaches to sustainable energy, waste disposal and transport (in particular) emerge in response to the evidence base on emissions (which we outline for the region below).
- 1.5 The extent to which we can meet the climate challenge at each of the levels above will depend on a mix of **state, market and society** action – and a range of levers for change that go way beyond the ability of governments to ‘deliver’ on their own. The behavioural changes that will be required (from changing travel patterns to household energy use, for example) are daunting. But there are also opportunities to frame these changes as part of a positive transition to an economy that creates opportunity through green jobs, and which unlocks the potential of new forms of growth for those places that can be bold.

### The Role of the Combined Authority

- 1.6 Our response to climate change as a region must be system-wide – spanning the public, private and social sectors, and using all of the levers we have to generate the scale of investment and collaboration that is needed.
- 1.7 Local Authorities are already responding – with initiatives ranging from bottom-up citizen engagement to waste reduction, transport planning innovation, energy generation and investment in the region’s considerable natural assets. For example:
  - North Tyneside is investing in CO<sub>2</sub> and NOX reduction across its bus fleet – securing funding to retrofit 69 buses as part of a wider investment plan in climate emergency
  - Newcastle has launched a high-profile Taskforce and has led the way on bold measures to improve air quality in the city centre.
  - Northumberland has published plans for a 2030 net zero transition, and is investing in clean energy generation and planning substantial tree planting for sequestration.

1.8 Each Local Authority has also made carbon reduction commitments as per the table below:

| <b>Local Authority</b>               | <b>Target (s)</b>  |
|--------------------------------------|--|
| <b>Northumberland County Council</b> | <ul style="list-style-type: none"> <li>• Half Northumberland County Council carbon emissions from 2010 baseline by 2025. This is equivalent to 26,971 tCO<sub>2</sub>e (latest 2017/18 figures tCO<sub>2</sub>e 36,347).</li> <li>• Northumberland county carbon neutral or net zero by 2030.</li> </ul>                                   |
| <b>Newcastle City Council</b>        | <ul style="list-style-type: none"> <li>• Carbon neutral by 2030, taking into account both production and consumption emissions.</li> <li>• Power city with 100% clean energy by 2050.</li> </ul>   |
| <b>North Tyneside Council</b>        | <ul style="list-style-type: none"> <li>• Half Authority (2010/11 baseline) and Borough's (2005 baseline) carbon footprint by 2023, four years ahead of the current target. This is equivalent to Authority emissions of 14,977 tCO<sub>2</sub> and Borough emissions of 709ktCO<sub>2</sub>.</li> <li>• Carbon neutral by 2050.</li> </ul> |

1.9 The Combined Authority can add real value to local authority efforts to address climate change. Not over-laying or duplicating local action, but functioning as an investor, partner, convening authority and a means of collaborating more effectively to add value and secure the additional investment and powers that the region needs. The mechanisms proposed in this paper would help accelerate changes already being led by local authorities and partners.

1.10 The North of Tyne Devolution Deal itself identifies energy as a sectoral strength for the North of Tyne area, with significant energy technology and low-carbon expertise centred around the Tyne North Bank and Blyth sites. In the North of Tyne Vision Statement, sustainable and low carbon futures is identified as an important priority in ensuring pride of place, ensuring the region is an environment where people want to live, work and visit. The Mayor's Manifesto has likewise made clean growth and climate change a high priority – citing both the economic and wider societal benefits of acting early and at scale.

1.11 We are also part of a wider network of institutions, systems and partnerships in the region. So, the NTCA will actively look for ways to collaborate with our LEP, our partners within NECA, across key public service institutions (such as the NHS) and with our partners in business, universities and civil society. We will work with Government through sector-specific partnerships (such as via the Industrial Strategy), and to develop collaborative plans for wider investment in those areas not provided for through the Devolution Deal.

## **2. The Evidence Base at a North of Tyne Level**

2.1 Cabinet has called for an evidence-based approach to its investment in relation to climate change. In this section we outline the available data from the Department of Business, Energy and Industrial Strategy (BEIS), which shows where the major emissions come from, and thus where the biggest carbon reduction gains are to be made.

2.2 Figure 1 (overleaf) shows the CO<sub>2</sub> emissions (within the influence of local authorities)<sup>1</sup> for the North of Tyne from 2005 to 2017. The data shows that emissions have significantly decreased over the last 12 years, with a decrease over the North of Tyne area of 38.5% (Northumberland 40.5%; North Tyneside 38.9%; Newcastle 35.0%). Despite this, there is still a long way to go to reach net zero targets.

<sup>1</sup> BEIS provided a 'subset dataset' which represents the carbon emissions within the scope of influence of LAs. It excludes emissions LAs's don't have direct influence over such as aviation and emissions belonging to the LULUCF net emissions.

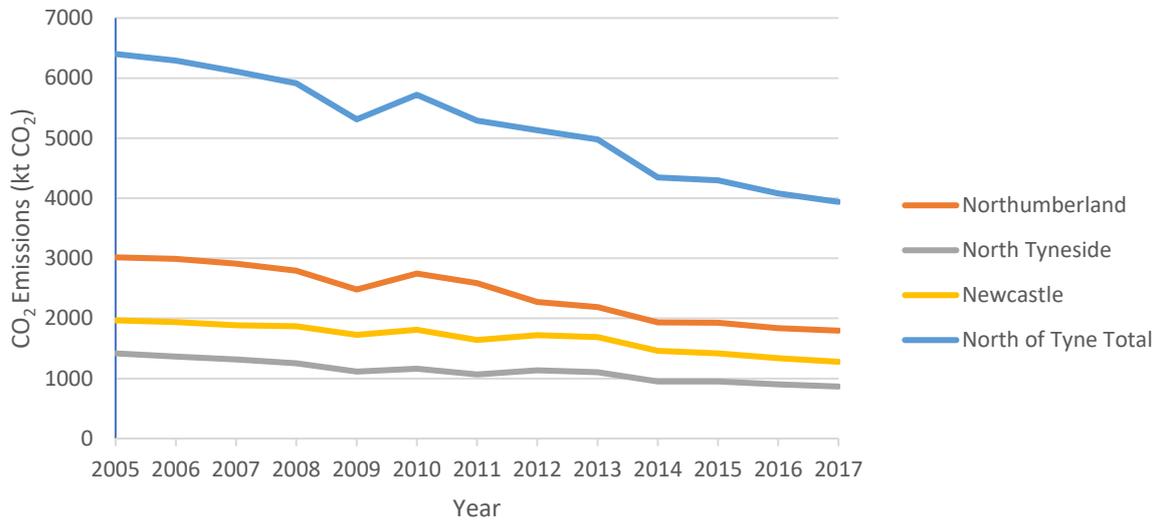


Figure 1 CO2 emissions for North of Tyne from 2005 to 2017

2.3 Figure 2 below shows the current source of carbon emissions – showing that in the North of Tyne area (as in other parts of the country), major emissions are split between transport, domestic and industrial/commercial settings (although it is worth noting that due to national data collection methods, the ‘domestic gas’ category also includes emissions from some SMEs).

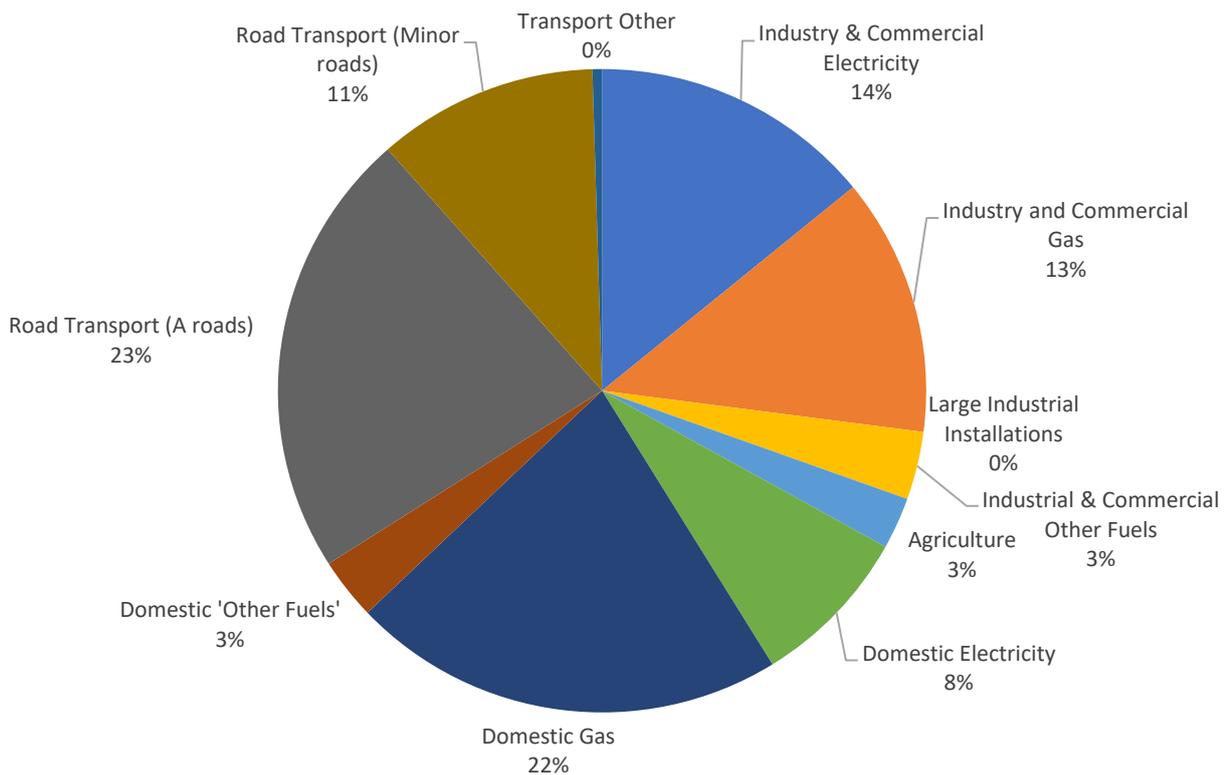


Figure 2 CO2 emissions by source for North of Tyne

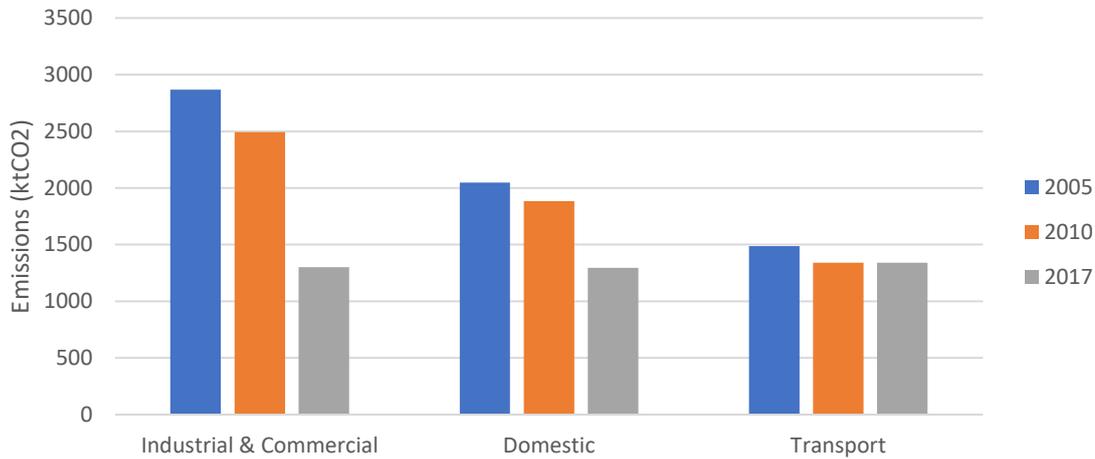


Figure 3 CO2 emissions across the North of Tyne

2.4 BEIS data shows in Figure 3 (above), in 2017, emissions are roughly even across all three categories. The graph shows that the biggest reduction in emissions has been from industrial and commercial (55% reduction since 2005). This is due to a combination of large industry (and public sector) taking steps to be more energy efficient, the electricity grid being nearly twice as 'clean' now compared to 2005 and some plant closures. There has also been a decrease in emissions for the domestic sector, with emission reductions of over a third since 2005 (36.6%). There has been very little progress in emission reductions for the transport sector (9.7% reduction over last 12 years and less than 1% since 2010). Figure 4 below sets this out in terms of real-term emissions, which illustrates in turn the areas where priority investments in carbon reduction will need to be made.

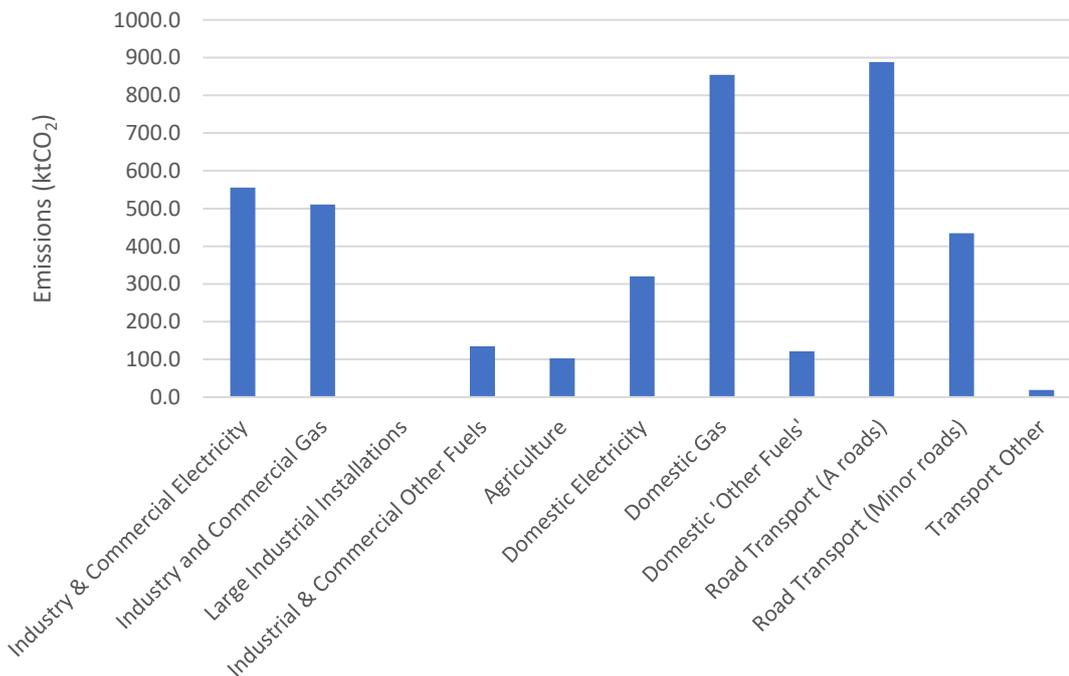


Figure 4 North of Tyne emissions by sector

## The Opportunity

2.5 The carbon reduction challenge for the region is clear, but considerable economic modelling work has also been done on the scale of the 'clean growth' opportunity. The costs of transition (in industry, public services and for society) will be huge but are less than the costs of inaction. The payoff could be the generation of more sustainable jobs, energy, services and the development of innovative models of finance, investment and collaboration to facilitate them. Government estimates that the low-carbon economy could grow by 11% per year between 2015 and 2030. To help unlock this potential, it has allocated over £3bn for 2015-21, covering investments in transport, energy, innovation, homes, businesses, industry, land use and waste. In addition:

- The Government's Clean Growth Strategy (2017) sets out a range of policies and interventions up to 2032 (including exploring 'green financing') which are designed to support zero carbon legislation. Local Industrial Strategies (LIS) – including the North East LIS which is under development – are prioritising clean growth as one of four 'grand challenges designed to incentivise future productivity.
- The 2019 Autumn Spending Review announced £30m to accelerate progress on decarbonisation schemes, and over £200m of investment on decarbonising bus services. This is likely to be substantially increased in the forthcoming Budget and Spending Reviews. The forthcoming National Infrastructure Strategy has signalled £100bn of future investment, including in clean energy, transport, industrial decarbonisation and carbon capture and storage. The NTCA will make the case to Government to devolve funding, to ensure that funding is deployed to the projects of greatest impact and to ensure that different projects – from infrastructure to transport to skills – are joined up.

2.6 The opportunity for the North East – and indeed the North of England as a whole – is also substantial. Green growth can provide high value, sustainable jobs across broad parts of the economy. These range from work in highly technical, specialist R&D fields, through to modern professional jobs providing engineering, economic and legal support to project developers; to construction and maintenance jobs as large assets are built and operated, as well as a significant installations sector driving the energy transition at a household and business level.

2.7 The Energise the North report identifies the potential for energy to increase GVA growth by up to £2.3 billion by 2050 and the 2019 Northern Powerhouse Energy and Clean Growth report signals the energy economy in the North to be worth £15 billion per year by 2050, supporting 100,000 green jobs.

2.8 There are also clear and proven co-benefits to health and wellbeing from a cleaner economy – with studies ranging from the Marmot Review 10 Years On, to work by the Kings Fund and Health Foundation, which highlight for example that the NHS saves an estimated 0.42p for every £1 spent on retrofitting fuel poor homes. The return on investment in terms of better individual and population health, reduced downstream spending on public services and a more productive, healthy workforce are dramatic.

2.9 In the appendices we offer further details of the specific evidence base underpinning our proposed approach across offshore, green growth and climate change.

### **3. Our Approach**

3.1 This report (and appendices) bring forward an approach to clean energy, green growth and climate change engagement that spans the portfolios of the Combined Authority. What is needed are system-wide changes: as relevant to skills, inclusion and public service reform as they are to growth, housing and infrastructure investment. For the purposes of this report we are focusing on three areas in particular, which are:

- Green Growth – with Councillor Nick Forbes leading as the relevant portfolio holder
- Offshore Wind – with Councillor Peter Jackson leading as the relevant portfolio holder
- Climate Emergency and Supporting Communities to Reduce Carbon Emissions – with Mayor Driscoll as lead.

3.2 As the appendices will make clear, there are strong links with the Housing and Land portfolio, led by Mayor Norma Redfearn; the Employability & Inclusion portfolio, led by Councillor Joyce McCarty; the Economic Growth portfolio, led by Councillor Bruce Pickard; and the Education Improvement portfolio, led by Councillor Wayne Daley. We will endeavour to strengthen the cross-portfolio links, and ensure that we are responding to the climate imperative across the NTCA work programme.

3.3 It is intended that a separate report on Housing and Land will be brought forward shortly, including plans for sustainable housing which is climate ready 'by design', and further development work on the proposed funding mechanisms for retrofit developed in partnership with Homes England.

#### 4. Impact on Objectives

4.1 The Energy, Green Growth and Climate Change work programme directly contributes towards all of the pillars of the North of Tyne Economic Vision. The vision highlights the commitment to create innovative, long-term opportunities for growth that reflect a transforming economy and emphasises the intention to invest in key sectors and support assets, including those that are world leading or have the potential for global impact. The green growth and offshore wind opportunities are key to increasing wider regional productivity with significant opportunity to create high value, green and decent jobs. The Combined Authority will work with employers, universities, the North East LEP and other partners to increase the rate of innovation, entrepreneurialism and business growth, and invest in skills which are key to long-term success, increased competitiveness and higher wages.

#### 5. Key Risks

5.1 Risks associated with each funding application will be considered as part of the application and appraisal process. The conditions associated with funding approvals relate to the mitigation of risks.

#### 6. Financial and Other Resources Implications

6.1 The financial Implications associated with the programme allocation and budget approvals proposed in this Report are as follows:

|   | 2019/20 | 2020/21  | 2021/22 | 2022/23 | Total              |
|---|---------|----------|---------|---------|--------------------|
| Offshore Fund   | 0       | TBC      | TBC     | TBC     | £12,000,000        |
| Green New Deal Challenge Fund                             | 0       | TBC      | TBC     | TBC     | £10,000,000        |
| Green Growth Skills                                       | 0       | TBC      | TBC     | TBC     | £2,000,000         |
| Development work for Carbon Reduction Fund                | 0       | £100,000 | 0       | 0       | £100,000           |
| Citizen, community, business and public sector engagement |         | £100,000 | 0       | 0       | £100,000           |
| <b>Total</b>  |         |          |         |         | <b>£24,200,000</b> |

6.2 Resources are available in the NTCA budget to cover the proposed expenditure.

#### 7. Legal Implications

7.1 The Interim Monitoring Officer's comments have been included in this report.

#### 8. Consultation and Engagement

8.1 Proposals set out in this report are consistent with the Economic Vision and Investment Plan previously set out by the Combined Authority following considerable consultation and engagement.

8.2 Sector stakeholders have been engaged in the development of the priorities and these reports build on extensive consultation with the constituent local authorities and the substantial work already underway relating to Climate Change and achieving net zero.

**9. Appendices**

9.1 Appendix 1: Offshore Wind

9.2 Appendix 2: Green Growth

9.3 Appendix 3: Climate Emergency and Supporting Communities to Reduce Emissions

**10. Background Papers - none**

**11. Contact Officers**

11.1 Henry Kippin, Director of Economic Growth, [henry.kippin@northoftyne-ca.gov.uk](mailto:henry.kippin@northoftyne-ca.gov.uk)

**Subject: Appendix 1 - Offshore Wind – Sector Development Update**  
**Report of: Director of Economic Growth**  
**Portfolio: Economic Growth and Place and Productivity**

## Report Summary

Energy is a major sectoral strength of the North of Tyne Combined Authority (NTCA), with the existing offshore energy, subsea & marine technologies supporting thousands of jobs in the North of Tyne area. The majority of these companies are located in an 'arc' stretching from Newcastle along the Tyne and up the coast to Blyth. The strength of this cluster has been built on nationally significant quayside and port infrastructure, complemented by a deep skills base together with increasingly strong R&D and innovation capabilities. As energy supply becomes increasingly decarbonised, these assets will be further utilised by the offshore wind sector.

The offshore wind sector provides a game-changing economic opportunity for the area. It could support up to 3,250 additional jobs, with similar numbers in the supply chain. Given the scale of opportunity, this report proposes that NTCA sets a headline investment fund allocation of £25 million up to 2028 for this programme, approving the initial £12m till 2022/23, with the remaining of the allocation to be confirmed following a review at the end of this programme period.

The Combined Authority will seek to match these resources with investment from national Government and leverage significant private sector investment on individual projects. Working in partnership, we will unlock further development sites, strengthen specialist quayside infrastructure and further develop the area's global reputation for offshore and sub-sea innovation.

## Recommendations

The Head of Paid Service is recommended to:

- i. Note the content of this report and endorse the sector narrative which sets out the vision for growing the sector;
- ii. Agree an indicative overall investment fund allocation for an Offshore Wind Infrastructure and Innovation Programme of £25m for the period up to 2028, approving an initial £12m to 2022/23. This will include funding for business case development for projects which will seek Government investment;
- iii. Approve, in consultation with the Investment Panel and Portfolio Holder, relevant call documentation and business case applications for the Offshore Wind Infrastructure and Innovation Programmes.
- iv. Agree to receive a further report in due course with further detail on the pipeline of investments proposed within the programme.

## 1. Background Information, Proposals and Timetable for Implementation

- 1.1 Energy is a key sectoral strength for North of Tyne, with offshore and subsea activity a particular speciality. This includes professional services expertise in Newcastle (e.g. WSP, Arup and Cundalls), manufacturing facilities on the North Bank of the River Tyne (including GE Baker Hughes, TechnipFMC Umbilicals, Shepherd Offshore, SMD, Smulders), and the rapidly growing centre of excellence in offshore wind R&D and engineering offshore support base centred around Blyth in Northumberland (including the ORE and Osbit). Together, the industry supporting thousands of jobs.
- 1.2 The North East has been active in offshore wind since the inception of the sector. The UK's first offshore wind farm was constructed off the coast of Blyth in 2000 and the region is a national centre for offshore renewable energy technology and innovation. The region benefits from a rich mix of local enterprises and global organisations across many stages of the supply chain. The cluster is further bolstered by nationally-significant quayside and port infrastructure, a long-established skills base and world class R&D and testing facilities – such as the Offshore Renewable Energy Catapult and the National Centre for Offshore and Subsea Engineering.
- 1.3 The global offshore wind sector has expanded significantly in recent years, with installed capacity more than tripling globally between 2011 and 2017. North East assets and offshore capability are central to supporting the growth of the UK offshore wind sector, set to both decarbonise energy supply and build our readiness to expand export-driven growth beyond the EU. In this context, the Offshore Wind Sector Deal, announced by BEIS in March 2019, offers a major opportunity for the region as one of the key regional clusters identified in the sector deal.
- 1.4 The Offshore Wind Sector Deal between Government and industry sets out ambitious plans to put offshore wind at the centre of the nation's clean, affordable and reliable energy system. The deal proposed increasing UK offshore wind capacity from 7.5GW to 30GW by 2030, which would mean it would generate one-third of the UK's electricity, creating 27,000 jobs and boosting exports to £2.6 billion a year. But there are reasons to think this is a lower bound: the recent Queen's speech set out plans to increase capacity to 40GW by 2030 while the Committee on Climate Change's scenario for reaching net zero by 2050 sets out a path for capacity to grow to 75GW. As well as high growth in UK-based offshore wind projects, high growth is expected globally, creating significant increased export opportunities for firms based in the North East.
- 1.5 As outlined in the North of Tyne Devolution Deal, the Combined Authority is committed to developing energy and low carbon projects and services which align to national and local policy. Through the Devolution Deal, Government has also committed to review business cases brought forward for further investment in areas where the North of Tyne hosts nationally or regionally significant innovation assets and science and research strengths – including in offshore.

## 2. Realising the NTCA potential

- 2.1 As one of eight offshore wind clusters in the country, the North East as a whole will be a major beneficiary from growth of the sector. The North of Tyne area is strategically located to benefit from rounds of offshore wind turbine installation at Dogger Bank. An independent report, commissioned by the North East LEP and NTCA, estimated that jobs would increase by *an additional* 2000 to 3250 direct jobs in the North East, with similar numbers in the associated supply chain. With the right investment, the cluster will be able to deliver the upper end of this range of jobs.
- 2.2 One of the distinctive features of the North East cluster is a focus on quality and innovation. Engineering skills, coupled with advancements in technology (e.g. AI, big data and robotics), could become the unique selling point of the North East, representing significant comparative advantage vis a vis foreign competitors, with particular expertise around innovation for offshore energy technology in hazardous environments.
- 2.3 Strengths in the area include:
  - Existing quayside and port facilities;
  - Opportunities for expansion of activity, including at Energy Central at Blyth and a number of sites along the Tyne;

- Existing expertise in offshore and subsea technologies, which can adapt to opportunities from offshore wind;
- Different elements of offshore wind turbine activity are well represented – manufacturing, installation, commissioning;
- Reliable supply of skills;
- Existing clusters of businesses;
- World-leading test, validation and demonstration facilities at Blyth;
- Tyne Subsea - purpose built hyperbaric testing, certification and research facility, a partnership between British Engines and Newcastle University;
- Newcastle University leads the National Centre for Energy Systems Integration and the National Centre for Subsea and Offshore Engineering;
- Both Northumbria and Newcastle universities offer a suite of undergraduate and postgraduate courses and apprenticeships in collaboration with industry;
- Skills – including at Newcastle College’s Energy Academy, Northumberland College’s Wind Turbine Technical Training Centre and the Port of Blyth Training Services;
- Strong collaboration between businesses, training providers, ports, universities and the public sector – including through Energi Coast (which has a NE focus) and Sub-sea UK.

2.4 The study also identified a range of issues which can be addressed to improve competitiveness, including:

- More projects are needed, to reach ‘critical mass’ and help make the cluster more dense;
- No wind turbine manufacturer in the North East;
- The scale of investment needed might hinder new entrants;
- Availability of funding for SMEs can be a barrier to entry;
- Challenges in hosting large vessels needed for the sector – due to water depths and size of channels;
- Mixed land ownership and opportunities for greater collaboration amongst stakeholders and firms.

### **3. Proposed NTCA Offshore Wind Programme**

3.1 We have identified key elements for investment which are outlined below. It is important to note that the Combined Authority fully recognises that the offshore wind sector operates at a scale bigger than North of Tyne, with supply chains and collaborations stretching across the North East, Tees Valley and beyond. This report does not suggest redefining the cluster at a North of Tyne scale but recognises the strong assets and capability that exist in the North of Tyne area, and seeks to strengthen the sector for the benefit of the wider cluster. NTCA works closely with the North East LEP to deliver the Energy for Growth strategy which aims to drive growth in the North East while delivering on national energy objectives at scale.

3.2 NTCA will continue to work with partners across the North East in both the public and private sector, to ensure there is a compelling narrative to maximise investment into the area. Utilising local, regional and national inward investment provision to attract more businesses to the region is already a key component of the offer for the sector. We will also continue to work with key industry players and partners to ensure businesses have the support needed, to maximise the impact of NTCA investment and to encourage development of the local supply chain. In addition to co-investment in projects alongside Government and the private sector, it is expected that NTCA resources will also be utilised to develop business cases to attract further national funding.

### **Innovation programme**

3.3 This programme will support the wider ecosystem of firms surrounding the core offshore wind supply chain. Coordination of innovation occurring throughout the supply chain is important, to ensure that valuable technologies make it to the marketplace. High-value, bespoke engineering – including in sectors such as sub-sea, robotics and artificial intelligence – is expected to play an important future role in applying new technologies to reduce the costs of inspecting and maintaining offshore wind farms – supported by innovations in big data and AI.

## **Infrastructure programme**

- 3.4 The infrastructure programme will ensure that the ports/quaysides located within the region are capable of hosting increasingly large-scale manufacturing and installation. Improvements that would strengthen existing capabilities include ensuring ports offer sufficient depths of water, land remediation and improving quayside infrastructure. There are co-investment opportunities, with North of Tyne funding likely to be focussed on projects with significant involvement with the existing cluster or attraction of new businesses.
- 3.5 The scale of individual projects means that they will require substantial private and/or other Government support, with potential opportunities including:
- Site development and infrastructure improvements along the Tyne and at Blyth;
  - Dredging the Tyne – removal of sediment to introduce new berths, or to substantially increase the depth of existing berths;
  - Overcome restrictions caused by height of cables over the Tyne, which stymie future investment opportunities as their height restricts the size of vessels / cargo which can pass underneath.

## **Skills and training**

- 3.6 NTCA will invest in a skills and training which build on existing education and training assets and which meet the anticipated needs of offshore wind firms. We will build on the offshore sector skills needs assessment commissioned by the North East Skills Advisory Panel and work in collaboration with project developers, existing local firms operating in the offshore wind sector and local universities and educational institutions to develop a suitable approach to investment. The offshore skills and training component will form part of a wider green growth skills approach with an emphasis on transferable skills across sectors. Cabinet are asked to note that a full report on the skills requirement for all our key sectors will follow in June.

## **Collaboration with national Government**

- 3.7 In implementing this programme, NTCA will work closely with national Government to maximise the position of the wider North East Offshore Wind cluster. This includes:
- Making the case for further Government investment in infrastructure of national importance. NTCA will work with partners to develop bold propositions for the Comprehensive Spending Review.
  - Working with Government on delivering the commitments for much greater UK content in projects. In exceptional circumstances, it may also be necessary for Government to provide support to OEMs (e.g. through exceptional Regional Growth Fund), to improve the viability of early investment in the UK.
  - Supporting emerging NE Free Trade Zone proposals, which will provide opportunities to grow the sector further.

## **4. Next steps**

- 4.1 NTCA has already invested in key projects including business case development fund applications for Energy Central Learning Hub, Northumberland Energy Park Phase 3, and Robotics Cluster for Offshore Energy. An accompanying agenda item also asks Cabinet to consider investment in the North Bank of the Tyne.
- 4.2 Officers will work with the Portfolio Holder and the Investment Panel to develop and launch targeted calls around both infrastructure and innovation, with the NTCA Business Case Development Fund already in place to support the development of robust business cases as necessary.
- 4.3 A full report on the skills requirement for all our key sectors will follow in the near future, this includes the proposed green growth skills approach, where skills and training for Offshore Wind are key.
- 4.4 NTCA will continue to work closely with local businesses, the North East LEP and other partners to align investment to wider development priorities and opportunities. NTCA is already using its position

as a Mayoral Combined Authority to highlight to Government the importance of meeting its target for much greater local content and will seek to build a broader coalition in support of making this change.

- 4.5 Cabinet will be kept fully up to date with progress on the development and delivery of the programme with a full review undertaken in 2022/23 to inform financial allocation in the 2023-28 programme period.

## **5. Impact on Objectives**

- 5.1 The key sectors work which the NTCA has commissioned directly contributes towards the Champion of Enterprise, Spark of Innovation and Pride of Place pillars of the North of Tyne Economic Vision. The vision highlights the commitment to create innovative, long-term opportunities for growth that reflect a transforming economy and emphasises the intention to invest in key sectors and support assets, including those that are world leading or have the potential for global impact. The offshore wind sector is key to increasing wider regional productivity with significant opportunity to create high value, green and decent jobs. The Combined Authority will work with employers, universities, the North East LEP and other partners to increase the rate of innovation, entrepreneurialism and business growth, which are key to long-term success, increased competitiveness and higher wages. Growth in this sector will create jobs and investment opportunities in communities across the North of Tyne, especially coastal communities.

## **6. Key Risks**

- 6.1 Risks associated with each funding application will be considered as part of the application and appraisal process. The conditions associated with funding approvals relate to the mitigation of risks.

## **7. Financial and Other Resources Implications**

- 7.1 Financial Implications Associated with the programme allocation and budget approvals proposed in this Report are for a budget allocation of £12m for this theme to 2022/23, and an indicative £25m to the period 2028. Resources are available in the NTCA budget to cover the proposed expenditure, while the value for money assumptions – in terms of cost per expected job – would be good compared with the devolution deal targets. We will seek to maximise collaboration with other funders and agencies supporting the sector wherever possible.

## **8. Legal Implications**

- 8.1 The Interim Monitoring Officer's comments have been included in this report.

## **9. Consultation and Engagement**

- 9.1 Stakeholder engagement has taken place through North East LEP's Offshore Wind and Subsea Stakeholder Group.

## **10. Appendices - none**

## **11. Background Papers**

- 11.1 This report is based on a number of background papers including the Offshore Wind Supply Chain study jointly commissioned with the North East LEP.

## **12. Contact Officers**

- 12.1 Janice Rose, Interim Head of Rural Growth, [Janice.rose@northumberland.gov.uk](mailto:Janice.rose@northumberland.gov.uk)  
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**Subject: Appendix 2 - Green Growth**  
**Report of: Director of Economic Growth**  
**Portfolio: Business Competitiveness**

## Report Summary

This report sets out our proposed approach to the Green Growth workstream of the North of Tyne Combined Authority's (NTCA's) 'energy, green growth and climate change' work programme. The report sets out an ambitious approach to delivering green growth supporting carbon reduction interventions at scale and inclusive economic growth. It sets out proposals for a £10m Green New Deal Fund, to stimulate innovation and business growth in the areas of energy efficiency, renewables and low carbon transport.

Our proposed approach creates the conditions for radical innovation across our industries and public services – supporting collaborative interventions that stimulate the market to create new jobs and growth, demonstrating bold ambition around carbon reduction. This will allow us to grow our capacity as a region to build the skills base to support new jobs and transition to cleaner ways of working.

This complements proposals to create a Carbon Reduction Fund, outlined in an accompanying report, which will support interventions that reduce carbon emissions but may not lead to significant economic growth or job outcomes.

This fund will dovetail with other work by the NTCA and all three constituent Local Authorities (LAs) to decarbonise their own operations and enable change across the entire area. Through a green growth approach, the NTCA and its constituent LAs will reduce emissions whilst putting in place the right mix of policies, investment and incentives to stimulate inclusive economic growth and provide the headroom for the North of Tyne economy to grow sustainably.

## Recommendations

The Head of Paid Service is recommended to:

- v. Note the content of this report and endorse the proposed Green Growth approach for North of Tyne;
- vi. Agree an allocation of £10m for a Green New Deal Fund and agree to develop the Fund delivery mechanism;
- vii. Approve, in consultation with the Investment Panel and Portfolio Holder, the Fund delivery mechanism, relevant call documentation and business case applications for the Green New Deal Fund;
- viii. Agree an indicative allocation of £2m for a consolidated Green Growth Skills programme. This will be part of the wider Skills for Growth Programme which incorporates the proposals emerging from all key sector development proposals and which will be presented to Cabinet in June 2020.

## **1. Background**

- 1.1 All three constituent Local Authorities and NTCA have declared a climate emergency and recognise the scale of the challenge to reduce carbon emissions. There is recognition of the opportunity that the shift to green growth presents for the North of Tyne area, as whole new industries are created and existing industries transformed as the economy transitions towards a low carbon, more resource-efficient economy.
- 1.2 To put the growth opportunity into context, the Government estimates that the UK low carbon economy will grow at 11% per annum between 2015 and 2030 – four times faster than the rest of the economy. The Northern Powerhouse (2019) estimates that across the North as a whole, this will translate into an additional 100,000 new jobs by 2050. The NTCA's role is to maximise these benefits for North of Tyne residents, and the wider North East region.
- 1.3 Several major North East energy assets are located within the North of Tyne, including but not limited to, the Offshore Renewable Energy Catapult, Tyne Subsea; National Centre for Energy Systems Integration, Newcastle University; Supergen Energy Networks Hub, Newcastle University; Smart Grid Lab, Newcastle Helix; and North Sea Link Interconnector along with significant natural capital assets. NTCA is also a member of the North East Energy Catalyst, which seeks to drive growth by showcasing scalable solutions to global energy challenges, coordinating engagement with industry.
- 1.4 The North of Tyne is well placed to capitalise on the economic opportunities arising from green growth and the role of the Combined Authority is to ensure that opportunities and benefits are maximised for North of Tyne residents, businesses and for the North East as a whole. The Combined Authority has already made a clear commitment through the devolution deal to develop low carbon projects and services which align to national and local policy, building on our significant assets, capabilities and leadership. The report sets out the Combined Authority's approach to delivering green growth and sets out proposals for £12m of investment to stimulate innovation and business growth in the areas of energy efficiency, renewables, low carbon transport and skills development. This demonstrates bold ambition that will target deep and rapid carbon reduction whilst supporting the broader green growth agenda. The Green Growth work programme is aligned with the North East LEP's Energy for Growth Strategy.

## **2. North of Tyne Green New Deal Fund**

- 2.1 To deliver on the opportunities arising from the shift to green growth, NTCA is proposing a place-based approach which utilises local assets to build on opportunities and address the particular challenges of the area. At the heart of this approach, is a Green New Deal Fund to accelerate low carbon economic growth and create green and decent jobs. We know that the scale of the transition is vast, and that NTCA does not have all the answers, but we recognise the opportunity to build upon the area's existing asset base and capabilities across the public and the private sector to stimulate the market.
- 2.2 NTCA proposes to establish a Green New Deal Fund to catalyse investment in green growth. Committing £10m over the next three years, this will form a mechanism to stimulate innovation and business growth in the areas of energy efficiency, renewables, and low carbon transport. In parallel, NTCA will negotiate with Government and the private sector to match and multiply this commitment with additional funds. We will seek alignment of regional spend from national and regional stakeholders to deliver a place-based approach to tackle emissions whilst delivering inclusive economic growth, building on the leading role LAs play in their areas and aligned with the North East LEP's Energy for Growth Strategy.
- 2.3 Key features of the Green New Deal Fund include:
  - Using the Fund to support the 'green growth economy', prioritising projects which can deliver significant carbon reductions as well as economic growth and job creation.
  - Supporting a range of interventions, which could include revenue and capital components in areas including infrastructure, innovation and business support.
  - Leveraging significant match funding, including from Government and the private sector.

- Innovative financial models will also be explored, building on lessons learned from previous interventions such as the Green Deal<sup>2</sup>, to drive green growth in the North of Tyne region, ensuring we get the greatest possible value for money.

- 2.4 The NTCA and LAs cannot deliver a green growth agenda in isolation. In order to accelerate green growth across the North of Tyne, there is a need for expert input to target and deliver our Green Growth investments. An appropriate mechanism to feed in this expertise would be to establish an independent Green Growth Advisory Group, aligned with both the Energy Catalyst and North East Yorkshire and Humber Energy Hub, and which would include local, regional and national stakeholders. The purpose of this advisory group would be to provide expertise to inform and guide the approach to carbon emission reduction whilst promoting a productive, competitive and sustainable economy. The advisory group would also be able to shape propositions at scale and advise on the prioritisation of projects for the Green New Deal Fund, ensuring value for money on our investments and maximising opportunities to leverage funds and rapidly decarbonise our economy. The Green Growth Advisory Group would also provide a vehicle for NTCA to ensure opportunities for Green Growth skills development and job creation are fully exploited.
- 2.5 This Green Growth approach will enable implementation of radical innovation and wider system changes, leveraging additional public and private investment. Building on the work the LAs and other partners are already delivering, this approach will ensure strategic links are made between the regional pipeline of projects. The Green New Deal Fund will enable the implementation of solutions developed through existing partnerships such as the Energy Catalyst. Recognising green growth as a cross cutting theme which links to all of the Combined Authority's portfolios of work, we will also explore options to secure carbon reductions and wider sustainability impacts as part of the wider NTCA Investment Fund.

### **3. Green Growth Programme**

- 3.1 NTCA is keen to explore the challenges and opportunities for interventions through a placed based approach. There is no recognised off the shelf blueprint on delivering green growth, but NTCA recognises the potential to build on and connect innovative approaches across the area. The financial allocation for a Green New Deal Fund is a bold statement by the Combined Authority and provides the framework to develop the more specific components and delivery mechanisms of the Fund that reflect the need to rapidly decarbonise while growing our economy. As a first step it is proposed that additional work is commissioned to develop the specific Fund delivery mechanism and further develop potential areas of intervention into a strong pipeline of investable propositions.
- 3.2 Carbon emissions in the North of Tyne are equally spread across domestic heat, industry and transport sectors as highlighted in the covering report. The Green New Deal Fund will look to support innovation and business growth in all of these areas, as well as in natural capital. Some of the initial thinking on potential areas of intervention are highlighted below, these are aligned with the North East Energy for Growth Strategy.

#### **Decarbonising Heat**

- 3.3 Improving the energy efficiency of buildings is vital to meeting climate change obligations, eradicating fuel poverty and lowering energy bills. In the North of Tyne area, over 40% of domestic properties do not meet the standard of energy efficiency recommended for all homes by 2030, less than 1% of homes have installed low carbon heating systems and fewer than 4% of homes have installed solar PV.
- 3.4 There are significant economic benefits associated with investing in energy efficiency of both domestic and non-domestic buildings in the UK, including an estimated 25 per cent reduction in total energy demand by 2035, potential to create between 66,000-86,000 jobs nationally, and an annual saving to the NHS of £1.4 billion. In the North of Tyne area, over 11% of households live in fuel poverty, and between August 2013 and July 2016 there were 1,294 excess winter deaths across the region. In the

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<sup>2</sup> The former Green Deal scheme in the UK was established in 2013 to encourage householders to invest in home energy efficiency with little to no upfront cost as the initial investment was to be paid back from energy bill savings.

North of Tyne region, 14% of properties are not connected to the gas network and there are over 350 properties without a connection to the electricity network.

- 3.5 Reducing domestic carbon emissions provides a major opportunity for green growth and job creation. Potential target areas which could be supported by the Green New Deal Fund include:
- Establishing a domestic retrofit programme linked to supply chain capability, focusing on SMEs in the supply chain, creating the opportunity for skills development through either academy or apprenticeship schemes for the more technical and labour-intensive aspects of the retrofitting process e.g. solid wall insulation and deep retrofit. To implement a programme like this at scale will require working with central government and local stakeholders to ensure existing and future policy and funding mechanisms are able to deliver a large scale retrofit programme that maximises local skills and supply chain opportunities, as well as fuel poverty and carbon reductions. The Housing and Land Board, chaired by Mayor Redfern, is developing the approach for a domestic retrofit programme as part of the wider approach to housing and will be reporting to Cabinet in due course, including to highlight the scale of required public and private sector investment.
  - Decarbonising off-gas grid homes – one of the challenges for decarbonising heat is the conversion of older properties off the gas grid, which are typically poorly insulated and/or difficult to insulate, and may even have no existing central heating system. There are an estimated 48,980 domestic properties not connected to the gas network, with less than 0.5% of North of Tyne households claiming the Renewable Heat Incentive payments for low carbon heating systems. Having energy efficient homes is a prerequisite for householders to benefit from cost effective low carbon heating, such as heat pumps.
  - Renewables deployment – including the expansion of district heat networks, onshore wind, at scale heat pump deployment and mine water heat for both domestic and commercial buildings.
  - Economic growth opportunities associated with decarbonising the public sector and anchor institutions.
- 3.6 In addition to actions to retrofit existing homes, the NTCA and its constituent authorities are discussing with Government how to rapidly introduce zero carbon standards for new build homes. Given the NTCA's unique urban and rural mix, there is an opportunity to pilot initiatives at scale - including zero carbon neighbourhoods that are low carbon, energy and water efficient, and climate resilient.

## **Decarbonising Transport**

- 3.7 Transport is now the largest source of UK greenhouse gas emissions (23% of the total) and saw emissions rise from 2013 to 2017. Reaching net-zero emissions will require development or enhancement of shared infrastructure such as electricity networks, hydrogen production and distribution. The supportive infrastructure for all cars and vans to be electric by 2050 will require 3,500 rapid and ultra-rapid chargers near motorways to enable long journeys and 210,000 public chargers in towns and cities. Today, there are 21,000 public chargers of all speeds in the UK and 313 within North of Tyne.
- 3.8 Reducing carbon emissions in the transport network provides significant opportunities for jobs growth – with opportunities for associated business expansion and innovation development supported through the Green New Deal Fund. For example, this could include supporting the growth of electric vehicles (EV) manufacturing, including components and batteries. There are already significant EV capabilities in the North of Tyne and a strong supply chain linked to wider North East capabilities. For example, Northumberland based AVID design and manufacture electrified powertrain components and systems for heavy duty and high performance EVs and hybrids. Last mile delivery centres, as a complementary intervention to the 'in progress' Clean Air Zone in Newcastle City Centre, can reduce emissions where final journeys are made via ultra-low emission vehicles.
- 3.9 In addition to actions supported through the Green New Deal Fund, as a member of the North East Joint Transport Committee, the NTCA already works closely with partners to directly facilitate active

and low carbon travel through additional infrastructure and behaviour change. Some of the areas of focus include:

- EV infrastructure - the North East was a forerunner in developing a regional EV charging network. However, this is ageing and has been delivered in an ad-hoc way based on previous government funding competitions. NTCA will work with partners to explore suitable business models to strategically expand EV charging infrastructure across the North of Tyne area for both personal vehicles and commercial fleets. This will include opportunities for future Vehicle to Grid mechanisms and linking EV charging infrastructure to renewable generation and storage.
- Continue to encourage walking, cycling and the use of public transport wherever possible to maximise opportunities for emissions reductions and achieving health co-benefits from active travel and improved air quality. Projects to further encourage these changes could be supported through the initiatives outlined in the accompanying paper around “climate emergency and supporting communities to reduce carbon emissions”.

### **Decarbonising Industry and Commercial Emissions**

3.10 Investing in decarbonisation improves the bottom line and protects companies from rising energy costs, including carbon taxes. Companies across all sectors that demonstrate leadership by committing to 100% renewable energy consistently perform better than their competitors in terms of net profit and earnings before interests and taxes. Decarbonising heat and transport will support the wider decarbonisation of the Industrial and Commercial sectors across North of Tyne.

3.11 NTCA will work with partners to explore:

- Opportunities to support the decarbonisation of major employers and employment sites.
- How major employers can enhance awareness of, and access to, low carbon skills through avenues including apprenticeships and STEM outreach.
- Opportunities to support local SMEs to improve their resource and energy efficiency while promoting sustainable travel and resilience to climate impacts.
- Opportunities to enhance increase market penetration of local SMEs in supply chains, for example retrofitting buildings and renewables deployment.

### **Natural Capital**

3.12 Afforestation, reforestation and other land-management practices such as peatland restoration, absorb carbon from the atmosphere and are therefore critical in the scenario to reaching net zero by 2050. The forestry sector is also a regional asset that can deliver not only substantial carbon reductions but also sustainable economic development. Northumberland’s leadership through the Borderlands Inclusive Growth Deal provides commitment and resources to establish a Natural Capital Innovation Zone. This will fuse together the best practice from both environmental stewardship initiatives and economic and social growth initiatives to maximise the full benefit from the countryside within the context of responding to climate change. We will explore opportunities to use the Green New Deal Fund to support jobs growth associated with investment in green and blue infrastructure.

### **Skills for Green Growth**

3.13 There is recognition of the economic growth opportunity arising from the transition away from carbon intensive industries, the need for a just transition, and the focus needed on skills to support green and decent jobs. There is an existing skills gap emerging from an ageing workforce. Nationally, the energy and utility sectors employ 500,000 people, with 20% of the workforce due to retire within 10 years. Across North of Tyne, there are currently 8,100 people employed in the energy and water sector, of which more than 35% (2,835 people) are 50 or older, indicating potential future workforce and skills gaps. There is opportunity for the NTCA to work with the North East LEP and BEIS to assess the implications associated with the transition from carbon intensive industries to green growth and develop the appropriate solutions.

3.14 North of Tyne is well placed to capitalise on the green growth skills agenda regionally with assets including strong energy research capabilities at both Newcastle and Northumbria Universities,

Advanced Industrial Solutions in North Shields, Port Training Services in Blyth, and the Newcastle College Energy Academy. In addition, the devolved Adult Education Budget provides the Combined Authority with the opportunity to deliver a more responsive, accessible adult skills offer for residents and employers.

- 3.15 NTCA will support green growth-related skills development with an emphasis on transferable skills across sectors, working in partnership with businesses and education institutions, to utilise our key assets. Diversity and economic inclusion issues need to be addressed as part of our green growth agenda, including through offshore wind sector deal commitments. We will also create additional training opportunities through the Adult Education Budget and through our forthcoming 'skills for growth programme', which will encompass skills requirements for all our key sectors. This work will complement the existing Skills portfolio and devolution agenda, focusing specifically on new and transitional skills requirements for the low carbon economy, for example training programmes on installation of heat pumps for CORGI registered gas engineers.

#### **4. Funding and next steps**

- 4.1 As a first phase, it is recommended that NTCA sets aside £10m over the next three years from the Investment Fund to establish a Green New Deal Fund to deliver decarbonisation schemes at scale whilst stimulating innovation and business growth in the areas of energy efficiency, renewables, and low carbon transport. This will significantly add value to the existing activities and investment in the pipeline of low carbon projects in the region, creating a mechanism to address market failures and stimulate radical innovation and economic growth as we transition to a low carbon economy. It is proposed that additional rapid work is commissioned to further develop the specific Fund mechanism and a clearer pipeline of investable propositions. The NTCA Business Case Development Fund is already in place to support the development of robust business cases where necessary.
- 4.2 It is also recommended to agree a £2m allocation for Green Growth Skills. A full report on the skills requirement for all key sectors will follow in June, including the green growth skills component.
- 4.3 In line with the devolution deal, NTCA will engage with Government to identify options to align existing and new national funding to the Green New Deal Fund. NTCA will also seek alignment of relevant regional spend.
- 4.4 NTCA will develop the appropriate mechanisms required to support the delivery of the Green New Deal Fund, for example, establishing a North of Tyne Green Growth Advisory Group to shape the approach to decarbonisation, develop the pipeline and advise on the allocation of Green New Deal Fund resources. NTCA will continue to work through strategic regional networks such as the Energy Catalyst to identify potential collaborations.
- 4.5 A challenge to quantifying the scale of green growth job opportunities at the local level is a lack of comparable local level data on green jobs to baseline and monitor progress. NTCA will undertake further work in conjunction with partners to develop the evidence base around the scale of the growth and skills opportunities associated with decarbonising the North of Tyne economy. The Combined Authority will also make the case to Government for nationally replicable methodologies and data.
- 4.6 Cabinet will be kept fully up to date with progress on the development and delivery of the programme.

#### **5. Impact on Objectives**

- 5.1 The activity and recommendations detailed in this paper directly contribute towards the Champion of Enterprise, Leaders of Tomorrow, Spark of Innovation and Pride of Place pillars of the North of Tyne Economic Vision.

#### **6. Key Risks**

- 6.1 Risks associated with each funding application will be considered as part of the application and appraisal process. The conditions associated with funding approvals relate to the mitigation of risks.

## **7. Financial and Other Resources Implications**

- 7.1 Financial implications associated with the programme allocation and budget approvals proposed in this Report are for a budget allocation of £10m over the next three years for the Green New Deal Fund and £2m allocation for the Green Growth component of the Skills for Growth Programme. Resources are available in the NTCA budget to cover the proposed expenditure. We will seek to maximise collaboration with other funders and agencies supporting the sector wherever possible.

## **8. Legal Implications**

- 8.1 The Interim Monitoring Officer's comments have been included in this report.

## **9. Consultation and Engagement**

- 9.1 Key stakeholders have been engaged in the development of the strategic approach set out in this report. This builds on the substantial work already underway by local authorities relating to climate change and reaching net zero which has also been subject to extensive consultation.

## **10. Appendices - none**

## **11. Background Papers - none**

## **12. Contact Officers**

- 12.1 Janice Rose, Interim Head of Rural Growth, [Janice.rose@northumberland.gov.uk](mailto:Janice.rose@northumberland.gov.uk)  
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**Subject: Appendix 3 - Climate Emergency and Supporting  
Communities to Reduce Carbon Emissions**  
**Report of: Director of Economic Growth**  
**Portfolio: The Mayor**

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## Report Summary

Climate change is threatening our planet and living standards around the world, and the window of opportunity for containing it to manageable levels is rapidly closing. Part of the challenge of tackling climate change is ensuring that the public are engaged and contribute to achieving net zero emissions. We need compelling narratives for residents, backed up by evidence, to inspire and galvanise public participation in solutions, adoption of technologies and behavioural change. We must ensure no one is left behind as we transition to a low carbon economy, and that benefits are realised for all residents.

This report sets out our proposed approach to addressing the climate emergency and supporting communities to reduce their carbon emissions. As part of this work we are proposing to undertake further development work to establish an NTCA Carbon Reduction Fund and a pipeline of future interventions to support citizen, community and public sector engagement.

## Recommendations

The Head of Paid Service is recommended to:

- i. Note the content of this report and endorse the proposed approach to Climate Emergency and Supporting Communities to Reduce Carbon Emissions which adds value to the work of constituent local authorities;
- ii. Approve a budget of £100k for further development work to establish an NTCA revolving Carbon Reduction Fund, and to set an ambition that this Fund will leverage over £10m of projects. The development work will include establishing proposals for funding and delivery mechanisms to support bottom-up community energy generation proposals;
- iii. Approve funding of £100k to develop a pipeline of future interventions to support citizen, community and public sector engagement; and to commission this work; and agree to receive a report on this in the autumn which will also include feedback from the Citizens' Assembly.

## 1. **Background Information and Executive Summary**

1.1 The United Nations (UN) describes climate change as the biggest threat to life, security and prosperity on earth. To make the transformational changes required, everyone has a role to play, from changing individual behaviour, to public and private sector policy and practices. Collaboration is key to tackling climate change, and NTCA can play a convening role in bringing people and organisations together – whilst also directly supporting the development of project proposals.

1.2 As well as reducing emissions by mitigating climate change, it is equally important that we are ready for the effect it has on us and that we are fully prepared for future changes. Some of our communities are already all too aware of the devastating consequences of flooding. The North East Adaptation Study (2008) showed the main impacts likely to affect the area are sea level rise and increased frequency and/or intensity of extreme weather events; we call upon national Government and the Environment Agency to continue to invest in schemes within the region.

## 2. **Approach**

2.1 This workstream aims to address the climate emergency through implementing effective climate mitigation and adaptation policies developed through extensive stakeholder engagement and based on solid evidence. NTCA's intention is that we develop a mix of policies, interventions and opportunities that inspire and facilitate wider participation in tackling climate change.

2.2 We propose aligning this work around four key themes:

1. Policy, evidence and performance
2. Leading by example
3. Championing, influencing and awareness raising
4. Supporting community energy projects and other carbon reducing initiatives

## 3. **Policy, Evidence and Performance**

3.1 For NTCA's climate mitigation and adaptation policies to be effective, we need to have a strong evidence base and public support. We need North of Tyne residents to be more engaged with climate change and contribute to achieving net-zero. NTCA can create mechanisms to ensure our work is inclusive and that our citizens have a voice. Examples of actions under this theme include:

3.2 

- *Climate Adaptation Research*

Detailed information on the impacts of climate change in the North East, and more specifically in the North of Tyne area, are not well understood, with the last publicly available study being over a decade old. Preparing for climate change now and in the future is imperative. Local Authorities (LAs) and other major organisations have robust resilience plans in place, for example, to deal with flooding or extreme weather events. There is an opportunity for the North of Tyne to provide added value to the existing LA work by working with partners to develop the wider evidence base for climate adaptation in the region.

3.3 

- *Citizens' Assembly*

A Citizens' Assembly is one tool for gathering evidence and advice. It is designed to bring real, deliberative engagement with our citizens that is robust enough to reflect the complexity of the issues at hand. Citizens' Assemblies generate deliberative citizen insight into complex problems facing societies and governments. They actively seek sceptical and opposing views in order to engage a broadly representative sample of the population. A paper on the proposal for a North of Tyne Citizens' Assembly on climate change was approved by Cabinet on the 25th February. The Citizens Assembly, building on

engagement with North of Tyne residents, will provide part of the evidence base to develop a pipeline of propositions which add value to the ongoing work of Local Authorities.

- 3.4
- *Continuously monitor and assess Combined Authority progress in addressing the climate emergency*

NTCA will continuously review and monitor the progress of the Combined Authority in addressing the climate emergency and ensure that it continues to complement and add value to the work of the Local Authorities. NTCA will also consider opportunities to showcase the achievements and best practice of the NTCA and its constituent authorities. NTCA will also consider appropriate mechanisms to monitor and review carbon emissions.

#### **4. Leading by Example**

- 4.1
- It is important that NTCA, along with the constituent LAs, plays a leading role in reducing carbon emissions and preparing for climate change. We will publicly share information on how we achieve our goals and the lessons learned along the way. As a new organisation, NTCA can start from scratch and ensure our policies and decision-making embed climate change. Examples of potential activities include:

- 4.2
- *Combined Authority to work to become a net zero organisation*

We are currently undertaking research into NTCA's emissions (from building, staff, travel etc), establishing where and how we can reduce or eliminate those emissions and where we cannot, consider quantifiable and verified offsetting options e.g. tree planting accredited under the Government's Woodland Carbon Code.

- 4.3
- *Incorporating climate change and other environmental considerations into NTCA decision making*

This involves making sure that climate change and other environmental impacts are properly considered in the decisions the NTCA makes e.g. investment decisions, campaign support etc. This will require a review of how NTCA decisions are currently made and what options exist to incorporate environmental sustainability into NTCA processes.

- 4.4
- *Training for staff*

NTCA will look to provide training for staff to understand their own carbon footprint and the actions they can take to reduce it. The training will help staff understand what climate change is, the science behind it and national and local policy.

#### **5. Championing, Influencing and Awareness Raising**

- 5.1
- NTCA will use its influencing position to champion climate change action and green growth, both in the North of Tyne region and beyond. It is recommended that the NTCA sets a budget of £100k to develop the propositions which will support this work, with a focus on NTCA activities supporting key collaborations across sectors and awareness raising activities. A report will be prepared in due course on the specific proposals for investment.

- 5.2
- NTCA can supplement the work of LAs to provide residents with accurate and regionally relevant information about the climate emergency, the benefits of taking action, both for individuals and the wider community, and where residents can access help and support. This may be through specific NTCA campaigns and projects, or through supporting external campaigns. For example, this could include projects which provide information about opportunities to buy local (reducing carbon emissions from transport costs and supporting local firms to create jobs) or to support urban gardening projects.

- 5.3
- The Mayor's manifesto highlights the importance of environmental education in tackling climate change and protecting the environment. Environmental education is about encouraging a considered respect for nature and how people can live sustainably. NTCA will explore initiatives which encourage critical awareness and promote the individual and collective development of creative solutions to environmental problems.

- 5.4 The Combined Authority is keen to support work in schools to support reducing carbon emissions and will look to achieve this through initiatives such as:
- World-class environmental education - the Cabinet approved the pledge made by the Mayor in August 2019 for every school in NTCA region to have a United Nations accredited climate change teacher. NTCA is working with EduCCate Global to promote and deliver the programme for the benefit of North of Tyne schools.
  - Linking with STEM outreach initiatives – work with organisations like the Institute of Civil Engineers to develop projects in schools which encourage climate-proof design and sustainability e.g. building wind turbines from recycled materials.
  - Working with schools and communities alongside constituent authorities to enhance public spaces and green travel routes in a way that captures carbon,
  - Developing different engagement methods using our digital strengths and gaming capability to create new and innovative ways to reach residents of all ages.

5.5 The Combined Authority will continue to work with constituent LAs, the North East LEP and the wider North East region to develop asks from Central Government in line with regional ambitions. Potential areas of opportunity are outlined in the accompanying papers and will be developed in the NTCA's submission to the Comprehensive Spending Review. Where appropriate, the NTCA will work with constituent LAs to respond to consultations on environmental issues.

5.6 The Combined Authority will use its convening power to influence others, for example, to work with our NHS partners in the Integrated Care Partnership to develop joint work on tackling the climate emergency and promoting local sustainability.

## **6. Supporting community energy projects and other carbon-reducing initiatives**

6.1 Energy and low carbon are key areas of the devolution deal, as well as a key sectoral strength for the North of Tyne. The Mayor's manifesto prioritises the development of community energy schemes, which can provide economic, social and environmental benefits. Community energy schemes can include renewable electricity and heat generation; energy efficiency; awareness/education schemes; smart technologies; electric vehicles or lower carbon transport activities; and collective purchasing or switching.

6.2 The North East has the lowest number of community energy schemes in the UK. The Rural Community Energy Fund is delivered by the Local Energy Hubs across England and provides feasibility and project development funding for rural community groups. This fund has outreach officers, including one based at the North East LEP who is working with rural communities across the North East and Tees Valley, including the North of Tyne area. There are number of emerging schemes in the region, and support available from partners, including Northern Powergrid. NTCA can add value to this activity by working in collaboration with the North East, Yorkshire and Humber Energy Hub and the North East LEP to explore models for funding and delivering bottom up energy generation projects. This will build on the project development support available through the Rural Community Energy Fund and forms part of the wider approach to develop a Carbon Reduction Fund.

6.3 NTCA will explore proposals to create a revolving Carbon Reduction Fund which would support zero carbon projects with a long-term return. Such a fund could support the delivery of projects focusing on energy generation or reduction in carbon emissions. The fund could be targeted at projects that require a flexible approach to finance, due to the nature of the lead organisation (e.g. a community organisation unable to secure the necessary level of funding from commercial sources); the nature of the technology involved (e.g. new innovative approaches); or if NTCA involvement would significantly speed up delivery. NTCA will work with LAs, the North East LEP and the North East, Yorkshire and Humber

Energy Hub to develop a proposal which builds on best practise, looking at other possibilities, including Green Bonds.

## **7. Next steps**

7.1 Officers will develop proposals for the Carbon Reduction Fund. This will include working in collaboration with partners to develop a funding and delivery mechanism to support renewable energy generation, including community energy projects. Following the development work, full proposals for a Fund will be presented to Cabinet for discussion – with an ambition that the Fund would support over £10m of projects.

7.2 It is recommended that an allocation of £100K is agreed to develop the interventions to support citizen, community, business and public sector engagement. This will enable the NTCA to work with Local Authorities and other stakeholders to play a convening role and support collaboration across sectors on issues relating to climate change. A report will be prepared for in due course on the specific proposals for investment.

7.3 NTCA will work with partners to examine the evidence base for climate adaptation in the North of Tyne region. This will help to establish what evidence may be needed to inform investment decisions and whether there would be value in commissioning further work to establish a NTCA approach to climate adaptation.

7.4 NTCA will start work to assess the carbon emissions of the Combined Authority and work towards becoming a net zero organisation. This will include a review of options to incorporate climate change and environment into NTCA decision making. NTCA will also develop a climate change awareness training programme for NTCA staff.

7.5 Cabinet will be kept fully up to date with the progress on the development and delivery of the programme.

## **8. Potential Impact on Objectives**

8.1 The activity and recommendations detailed in this paper directly contribute towards the Champion of Enterprise, Leaders of Tomorrow, Spark of Innovation and Pride of Place pillars of the North of Tyne Economic Vision.

## **9. Key Risks**

9.1 Any risks relating to the development work will be considered and managed through each commission.

## **10. Financial and Other Resources Implications**

10.1 Resources are available in the NTCA budget to cover the proposed expenditure.

## **11. Legal Implications**

11.1 The Interim Monitoring Officer's comments have been included in this report.

## **12. Consultation/Engagement**

12.1 The three portfolio leads have been consulted for this paper.

## **13. Appendices – none.**

## **14. Background Papers**

14.1 Climate Change – a suggested North of Tyne approach on Engagement with Citizens – Citizens' Assembly

## **15. Contact Officers**

15.1 NTCA Officers: Lizzie Lunn and Leanne Wilson

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**Subject: Appendix 4 - North Bank of the Tyne**  
**Report of: Director of Economic Growth**  
**Portfolio: Economic Growth and Place & Productivity**

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