

Report to Sheffield City Region Overview and Scrutiny Committee

Date of Meeting:	23 July 2020
Subject:	SCR Energy Strategy Implementation
Purpose of the Report:	To provide an update on the implementation of the SCR Energy Strategy, providing responses to specific questions raised by the OSC Board.
Recommendation(s):	That the update on the next steps in delivering the SCR Energy Strategy be noted; and the comments of the Board are invited on the issues raised in this report.
Category of Report: Open	
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Summary:

The purpose of the report is to provide an update on the implementation of the SCR Energy Strategy, providing responses to the following specific questions raised by the Scrutiny Board:

- What are the resources required and external influences which could affect activity within different stakeholder groups?
- What are the timescales for outcomes?
- Are the finances to support these proposals within the existing budget framework or “will we need to go back to central government?” (sic)
- How are you going to ensure that all the components are brought together to achieve the outcomes within the action plan?

1 Introduction/Context

- 1.1** The Sheffield City Region (SCR) Energy Strategy is part of a wider strategy for environmental sustainability and response to the Climate and Environmental Emergency declared by the Mayoral Combined Authority in November 2019.
- 1.2** The SCR Energy Strategy has been prepared over the past 18 months and sets out the ambition and direction of travel for supporting a low carbon growth economy, building energy resilience, and supporting measures to tackle both the Climate Emergency within the SCR and the transition to a low carbon economy. The SCR Infrastructure Board has overseen its preparation.
- 1.3** It has been developed alongside the preparation of the new draft SCR Strategic Economic Plan (SEP) to ensure alignment and complementarity with the broader economic and social inclusion ambitions of the Region. The opportunities provided by the high-growth low carbon sector will be particularly important in supporting economic recovery post Covid-19, so the Strategy will play a significant role in providing a coordinated response to the recovery.

- 1.4 The SCR LEP Board endorsed the Strategy at its meeting on the 21st May 2020 and that MCA Board will be similar considering the final Strategy for approval on the 27th July 2020. A copy of the final SCR Energy Strategy is attached at Annex 1. The next stage will now focus on implementing the Strategy.

2 Matters for Consideration

2.1 Next Steps in Implementing the Energy Strategy

Work with partners and key stakeholders has already begun on developing the next steps to implement the Strategy as part of a wider strategy for environmental sustainability and response to the Climate and Environmental Emergency which will include:

- Embedding the energy related ambitions into wider Net Zero Framework activities;
- Preparing an Implementation Plan(s) as part of the Net Zero Framework setting out the measures, timelines and costings for implementation;
- Developing the energy and low carbon pipeline of capital projects that will support businesses and households to decarbonise and improve their energy efficiency to reduce both their carbon emissions and fuel bills;
- Supporting the preparation of business cases for accelerating the roll-out of key energy related infrastructure and innovation to support the Covid-19 recovery and help reset the economy on a more sustainable and environmentally friendly growth pathway;
- Working with neighbouring LEP areas through both the North East, Yorkshire and Humber Energy Hub and the Northern Powerhouse on strategic joint projects and programmes which cross LEP boundaries; and
- Working with local authority partners and other stakeholders to embed the Strategy's ambitions, vision and objectives within local plans and strategies.

- 2.2 Effective implementation of the Strategy will therefore rely on a whole range of partners and stakeholders to deliver the proposed activities across the various thematic areas set out in the Strategy.

2.3 Responses to Specific Questions by the OSC

Members have raised several issues they wished to explore in further detail. The responses to each of these is set out below.

2.4 Q1. What are the resources required and external influences which could affect activity within different stakeholder groups?

As set out in 2.1 above, the next steps will involve further work to better understand how each of the activities in the four Goals in the Energy Strategy (pages 50-55) will be delivered, by whom and the costs, resource requirements and timescales for each. The Climate Emergency and ambitions of the MCA and Mayor to address it, will be fundamental to influencing not only the activities led by the MCA but also the activities led by our partners and stakeholders. There is broad agreement that we need to collectively be more proactive in tackling the Climate Emergency and the combination of activities set out in the Energy Strategy are fundamental to achieving this aim in the SCR.

- 2.5 The economic and social impacts of Covid-19 will similarly have a major influence, but in a less positive way. Private companies may reduce their investment plans in the short to medium term in response to the economic downturn, which could reduce innovation and new products and services.

- 2.6 The availability of public investment for low carbon measures and schemes may be reduced as the 'public purse' is tightened and funding is focussed more directly on traditional economic relief measures to protect jobs and businesses; and, residents' priorities may be more focussed on maintaining their health and jobs over the coming years rather than investing themselves in, for example, new electric vehicles and more

energy efficient homes with non-fossil fuelled heating. Yet, government are keen to stress that their commitment to Net Zero is unwavering.

2.7 Q2. What are the timescales for outcomes?

The overarching target date influencing much of the activities in the SCR Energy Strategy is the MCA's Net Zero target for the SCR by 2040. This target has been derived from both a top-down approach (based on the SCR's contribution to achieve this 2015 Paris Accord) as well as a bottom-up approach which sets out individual targets for the various activities within the four goals of the Strategy. These are summarised on Page 11 of the Strategy with further details provided on pages 59-61.

2.8 Q3. Are the finances to support these proposals within the existing budget framework or "will we need to go back to central government?"

Funding and finance to deliver all the activities set out in the Strategy will come from a range of public, private and third sector resources. The further work set out in para 2.1 above will provide further details of how delivery will be achieved and by whom, and where the funding and finance will be sought / provided.

2.9 Government funding will be required, and it will be important for the MCA with our partners to seek to maximise the available funding opportunities that arise over the coming years. The Energy Strategy and Strategic Economic Plan provide a strong strategic basis, along with the MCAs Climate Response Framework, for securing such funding opportunities. Examples of live or upcoming funding opportunities are: £2.5bn for domestic energy efficiency improvements; £500m for the roll-out of electric vehicle charge points; £250m for clean steel; and £90m+ for hydrogen schemes.

2.10 Q4. How are you going to ensure that all the components are brought together to achieve the outcomes within the action plan?

A key output of the next stages of work will be to prepare a SCR Energy Strategy Implementation Plan, which will set out how the goals and ambitions of the whole strategy will be delivered in a coordinated way. This will also help monitor progress in delivering the wider Climate Emergency ambitions.

a. Financial

The preparation of the SCR Energy Strategy has been supported by £40k from BEIS with a further £30k allocated from SCR funds. This budget was sufficient to complete the Strategy and undertake the Carbon Targets and Scenarios work. Further support from BEIS was secured to fund additional capacity to progress the energy and sustainability activity within the SCR Executive, as part of the North East, Yorkshire and Humber Energy Hub.

The further work set out as the next steps will be primarily funded through the MCA/Mayor's Net Zero budget. Funding and financing for any future capital schemes will need to be identified as part of the further work.

b. Legal

There are no specific legal issues arising from this report.

c. Risk Management

Risk assessments will be embedded within the SCR Energy Strategy Implementation Plan once prepared, and will be undertaken for individual projects as these develop.

d. Environmental

Environmental protection, mitigation and adaption are embedded through the whole of the SCR Energy Strategy, with a key overarching aim to positively contribute to the ambition of effectively tackling the Climate Emergency and achieving a net zero city region by

2040. All the actions and activities that will be delivered as part of implementing the Strategy will seek to achieve positive environmental outputs and outcomes.

e. Equality Impact Assessment

None arising from this report. The SCR Energy Strategy will help to address fuel poverty and the health and wellbeing of the local populations and therefore, will contribute to improving social inclusion.

f. Performance Management/Measuring Outcomes

The SCR Energy Strategy Implementation Plan will set out how the goals and ambitions of the whole Strategy will be delivered in a coordinated way. This will also help monitor progress in delivering the wider Climate Emergency ambitions. Delivery progress will be reported to both the SCR Infrastructure Board and the SCR Net Zero Partnership Board (Chaired by the Mayor) as appropriate.

3 Consideration of alternative approaches

3.1 The preparation of the Strategy involved several consultants at different stages, and a range of evidence and different options, approaches, objectives, vision etc which have been informed through consultation with key stakeholders over the past 18 months. This included the check and challenge 'Provocation Exercise' by the University of Sheffield.

3.2 At every stage the evidence base, draft proposals and different versions of the strategy have been considered and guided by the SCR Infrastructure Board, and previously the SCR Housing and Infrastructure Board.

3.3 The further work being undertaken as the next steps will explore different options for delivery, culminating in the preparation of the SCR Energy Strategy Implementation Plan

4 Issues the Overview and Scrutiny Committee may wish to consider ...

4.1 Answers to the issues raised by the Committee are set out in paras 2.4 – 2.11

5 Recommendations

5.1 That the update on the next steps in delivering the SCR Energy Strategy be noted; and the comments of the Board are invited on the issues raised in this report.

6 Appendices/Annexes

6.1 Annex 1 - Draft Final SCR Energy Strategy

The following section is a legal requirement

Report Authors:	Colin Blackburn / Karl Sample
Job Title:	Assistant Director Housing, Infrastructure & Planning / Senior Programme Manager
Director responsible:	Mark Lynam
Organisation:	SCR MCA Executive
Email:	Mark.lynam@sheffieldcityregion.org.uk
Telephone:	0114 2203445
Background papers used in the preparation of this report are available for inspection at: 11 Broad Street West, Sheffield	
Other sources and references: N/A	