

GREEN GROWTH POLICY & CITIES: A UK PERSPECTIVE

MENA – OECD GOVERNANCE PROGRAMME

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Chris Huhne: *UK Energy and Climate Change Secretary:*

“.... we remain on course to deliver on our promise to be the greenest government ever. We will help create green jobs and green growth – and secure the low carbon investment we need to keep the lights on.”

- Global low-carbon and environmental goods and services sector - £3.2 trillion market (£4 trillion by 2015);
- UK market share worth £112 billion in 2009. 900,000 people in UK employed in low carbon sector. By 2015 over 1 million employed;
- UK policy to secure a larger share of growing market in offshore wind power, carbon capture and storage.

UK COALITION GOVERNMENT POLICIES TO SUPPORT GREEN GROWTH: CSR 2010

- Green Investment Bank - £1 billion investment from 2011;
- 21% increase in environmental spending across government from 2011;
- Up to £1 billion investment to create world's first commercial-scale carbon capture and storage demonstration plant;
- £860 million for Renewable Heat Incentive from 2011-12;
- £200 million for low carbon technology including offshore wind technology and manufacturing infrastructure at port sites. Could create 70,000 jobs by 2020.

- Aims to **improve energy efficiency and reduce greenhouse gas emissions**, and create a whole new industry and jobs in every part of the country;
- **Energy Security and Green Economy Bill** now before Parliament;
- Under the **Green Deal**, consumers and business will be encouraged to make their premises more efficient at no upfront cost. They will pay a charge on their future energy bill that is less than the savings made by the improvements;
- **Numbers employed** in supplying and fitting insulation alone could rise from 27,000 now to 100,000 in 2015, peaking at 250,000 in 10 years;
- To be **piloted by London and 14 local authorities** covering over 3 million homes.

GREEN GROWTH: NEED TO ADDRESS OTHER CHALLENGES

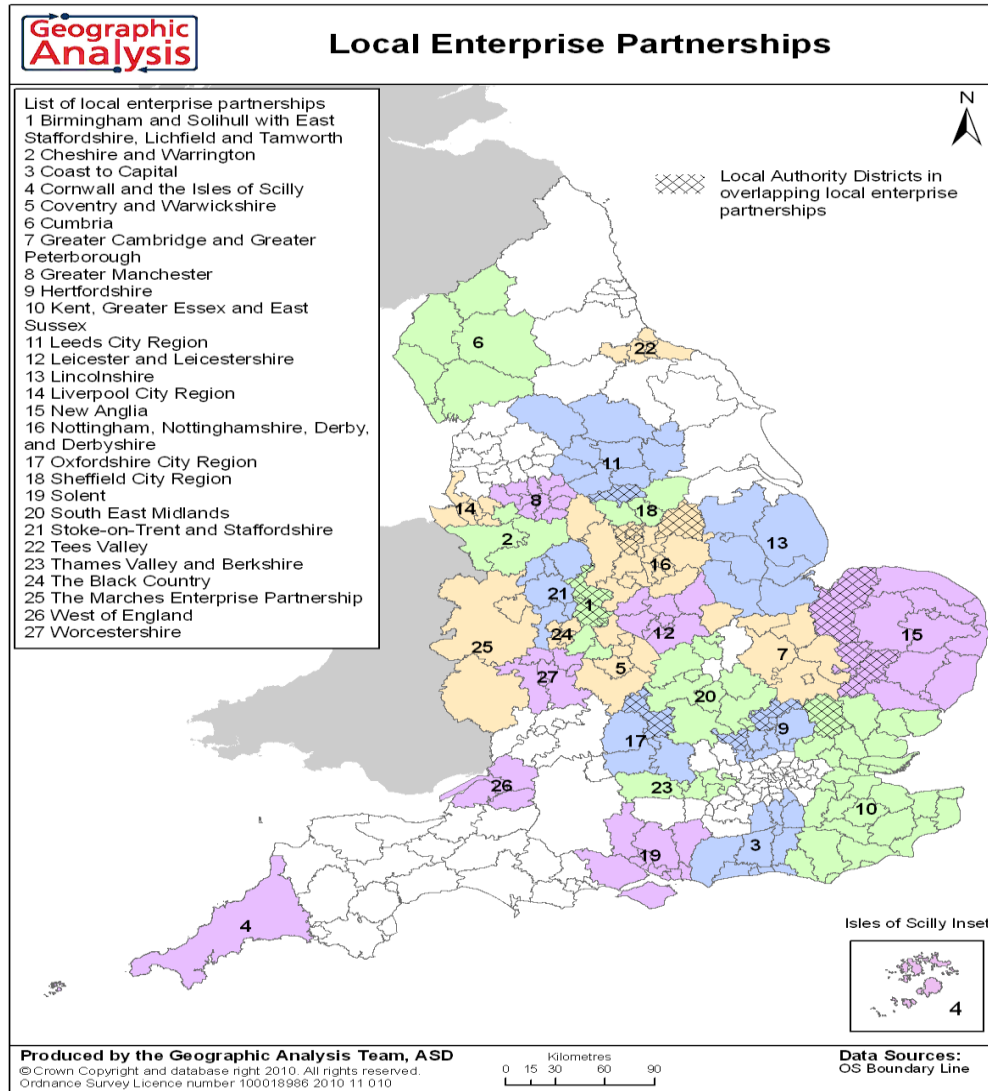
- **Rebalancing the economy** – over 32% of employees in North are in ‘public sector’ jobs, compared to 25% of employees in South East;
- **Closing the gap in regional economic performance** – wider in 2008 than 2007;
- **Deliver value for money** – at least one third of money spent on regional business support goes on administration;
- **Eradicating severe pockets of deprivation** – regions don’t reflect natural economic areas and can mask hidden pockets of deprivation.

- **Local Enterprise Partnerships** – about putting power in the hands of local people and business with incentives to match;
- **Localism and decentralisation** are key drivers with new ‘Duty to co-operate’ at sub national level;
- **Flexible means** of expressing local visions, aspirations, and pride;
- **Driving economic growth and rebalancing the economy;**
- New **permissive approach** to economic development. No prescription, no guidance, no duties with accountability to local people.

LOCAL ENTERPRISE PARTNERSHIPS AND REGIONAL GROWTH FUND

- **Local Enterprise Partnerships** to replace 9 Regional Development Agencies (RDA) from 2012. Many RDAs were instrumental in driving low-carbon technologies;
- New partnerships will be **jointly led by business and local government** covering functional economic areas. 27 approved to date;
- Aim of partnerships **to support economic growth and jobs**, including renewable energy sectors, Green Deal and digital economy;
- **£1.4 billion Regional Growth Fund** to support sustainable economic growth, especially in areas heavily dependent on public sector jobs. Government keen for fund to promote green growth.

MAP OF APPROVED UK LOCAL ENTERPRISE PARTNERSHIPS



GREATER MANCHESTER (GM) LOCAL ENTERPRISE PARTNERSHIP

- Will work more closely with existing **GM Environment Commission** to oversee transition to low carbon economy;
- Key aim to **capture growth potential of low carbon industrial sector** through low carbon investment framework to stimulate new markets;
- Partnership will focus on:
 - A new **Centre of Excellence** to build skills capacity;
 - **Increase local and inward investment** in energy infrastructure/retrofitting;
 - Apply **innovation and skills exchange**;
 - Build **low carbon supply chains** for manufacturing;
 - Work with national partners to **pilot technologies** like smart grids and test innovations to incentivise business investment.

GREATER MANCHESTER LOW CARBON ECONOMIC AREA FOR THE BUILT ENVIRONMENT

- **Low Carbon Economic Growth Sector** industries make up £4.2 billion of GM's market value employing over 34,000 people in 1,900 companies;
- **Low carbon and renewable energy sector** grew by 4% 2007/8-2008/9;
- City region became UK's first **Low Carbon Economic Area** for Built Environment in December 2009;
- Over next 5 years **aims to deliver extra £640 million into economy** and save 6 million tonnes of carbon;
- Growth to be supported by **wide-ranging integrated public procurement strategy**, providing access to low carbon technologies.

SOME POLICY CONCLUSIONS

- Need for a **national policy framework** for green growth that engages and incentivises local and supra-local authorities and the private sector;
- Green growth strategies should be **part of an integrated approach** to address other economic and social challenges in addition to reducing carbon emissions;
- Co-ordination frameworks should be **more bottom up and top down** – reflecting local visions and aspirations rather than simply national targets;
- Need for cities/local authorities to **pass power to local communities and individuals** to help promote and deliver green growth;

- Need for a **single Minister** to work across government departments to develop and deliver green growth approaches;
- Need to use **public procurement strategies** at national, sub national and local level;
- **Higher education institutions (HEIs)** - crucial role to play in promoting research and innovation to support green growth. Should be at the heart of local/ supra-local efforts to promote green economy and jobs (including skills/ capacity building);
- Need new approach to **attract foreign direct investment (FDI)** into green economy at local and national level e.g. through twinning/sister city relationships and infrastructure investment (green transport, renewable energy, etc).