

# GREEN GROWTH POLICY & CITIES: A UK PERSPECTIVE

**MENA – OECD GOVERNANCE PROGRAMME**

**RABAT 17 DECEMBER 2010**

Keith Thorpe  
Department for Communities & Local Government  
United Kingdom

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**

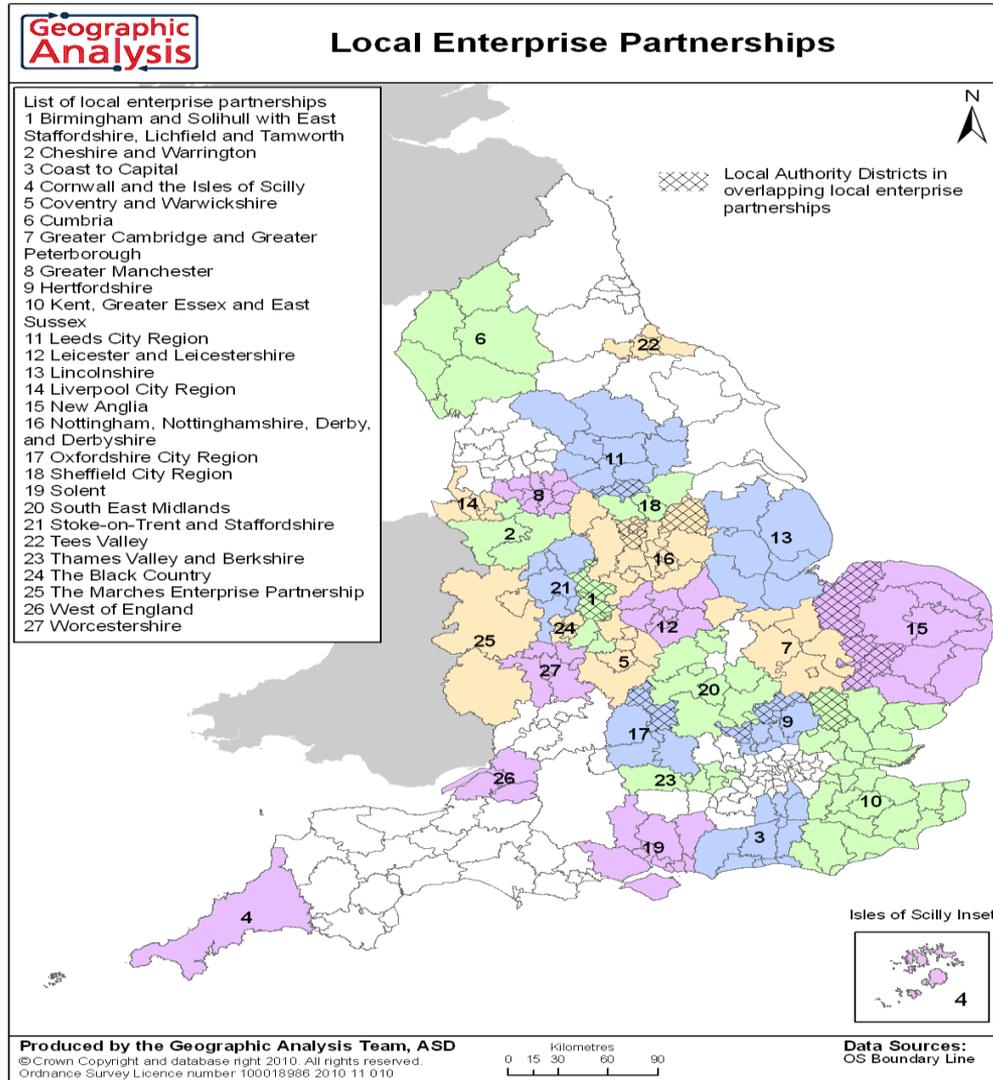
- **Rebalancing the economy** – over 32% of employees in North are in ‘public sector’ jobs, compared to 25% of employees in South East;
- **Closing the gap in regional economic performance** – wider in 2008 than 2007;
- **Deliver value for money** – at least one third of money spent on regional business 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).