

16th January 2020

SCR DRAFT ENERGY STRATEGY

Purpose of Report

This report presents the revised draft SCR Energy Strategy taking into account the steer and comments of the SCR Infrastructure Board.

Thematic Priority

This report relates to the following Strategic Economic Plan priorities:

- Secure investment in infrastructure where it will do most to support growth.
- Facilitate and proactively support growth amongst existing firms.

Freedom of Information

The paper will be available under the Combined Authority Publication Scheme.

Recommendations

The Board is asked to comment on and endorse the draft SCR Energy Strategy.

1. Introduction

- 1.1** The development of the Sheffield City Region (SCR) Energy Strategy is part of a wider strategy for environmental sustainability. Initial work in 2018 involved developing the Economic Base (Phase 1) and an Energy Technology Appraisal (Phase 2) to provide a robust baseline for the Strategy, which was followed by commissioning The Carbon Trust to support preparation of an initial Draft Strategy. Through 2019, work on developing the Draft Strategy has been twin-tracked with the work on the emerging SCR Strategic Economic Plan (SEP) in order to ensure alignment with the SEP and SCR Transport Strategy, and emerging thinking related to the Global Climate Crisis.
- 1.2** The Strategy has therefore evolved significantly over the past 12-18 months, with each stage and draft version of the Strategy being overseen by the SCR Infrastructure Board (and the SCR Housing and Infrastructure Executive Board prior to April 2019). Further, a Stakeholder Group comprising of around 50 organisations and individuals has contributed to each stage of the preparation process, and the University of Sheffield also undertook a 'Provocation' exercise on the draft Strategy which has also informed the revised Draft version.
- 1.3** The Draft SCR Energy Strategy is attached at Appendix 1 for the consideration by the LEP Board, and the presentation (Appendix 2) will be given to highlight the key elements of the Strategy. It will also be reported to the MCA on the 27th January for agreement.

- 1.4 The SCR Infrastructure Board will be considering this latest version of the Draft Strategy at its meeting on the 9th January (after these papers have been circulated), and any comments from the Infrastructure Board will be reported verbally.

2. Proposal and Justification

2.1 Climate Emergency

On 9th November 2019 the MCA declared a 'Climate and Environmental Emergency,' which stated clearly that the effects of anthropogenic climate change have been noted and that the MCA pledges to take immediate and dramatic action to help to mitigate the potential consequences. These consequences include the threat of increased regularity and severity of flooding within South Yorkshire. The SCR Energy Strategy has a significant part to play through its high-level strategy for energy resilience and the move towards a low carbon future, in helping address this climate emergency.

2.2 SCR Energy Strategy

The SCR Energy Strategy will sit within a suite of documents that will provide an overarching strategic framework to both tackle Climate Change and support the transition to a clean energy and low carbon economy. It has been developed with the help of a range of stakeholders across the region and beyond including the Carbon Trust, ITM Power, Liberty Steel, Northern Powergrid, the University of Sheffield, City Region local authorities, and Government amongst others. Through 2019 the preparation process has involved:

- **Strengthening of the evidence base:** A significant review and update of the evidence base, which has both included utilising the latest statistics, and focussing data and analysis on South Yorkshire rather than the wider SCR to reflect both the revised LEP geography from April 2020, and the carbon target and scenarios geography.
- **Clearer approach:** A restructure giving more focus to those areas that SCR have greatest influence over and those that can have the greatest impacts, and amending the policy areas and interventions accordingly. The details of other related areas will be covered in the wider suite of documents providing a holistic approach to addressing the Climate Emergency.
- **Stakeholder Engagement:** In September 2019 a second workshop was held with approximately 45 stakeholders to discuss an early draft of the Strategy, and further discussions on specific issues with specialists such as the local Universities, and the South Yorkshire Hydrogen Network have also taken place.
- **Consistency with the SEP:** Working closely with the SCR policy teams in their development of the SEP to ensure that the evidence base for energy is complete and up-to-date; highlighting areas of opportunity and focussed economic growth links. Sustainability has become one of three key pillars of the emerging new SEP.
- **University of Sheffield 'Provocation Exercise':** Academics and PhD students at the University of Sheffield scrutinised the evidence and assumptions within the Draft SCR Energy Strategy using different sources and methods. This then plugged any gaps in the evidence base or reinforced the evidence already given.
- **Carbon Targets & Future Scenarios:** The consultant 'Ricardo Energy and Environment' was appointed in Summer 2019 to carry out analysis in three phases:
 - **Phase 1:** To produce a top-down science-based carbon budget for South Yorkshire which is aligned to the UNFCCC Paris Agreement target. The SCATTER (Setting City Area Targets and Trajectories for Emissions

Reduction) tool was specified to ensure that the method was the same as that followed by local authority partners.

- **Phase 2:** A bottom-up approach assessing the contribution of a number of 'tangible and measurable targets' to inform possible future scenarios with differing levels of ambition from the minimum to meet any legal requirements, to higher levels of ambition which assume actions to accelerate carbon reduction and stay within the overarching carbon budget to be set.
- **Phase 3:** Each of the future scenarios has been assessed in terms of the likely capital investment required to achieve the target; the expected GVA growth; and the number of jobs and/or total person-years of employment associated.

2.3 The outputs and proposals from the Carbon Targets and Future Scenarios commission are incorporated within the Draft Strategy.

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

3.2 The comments and suggestions on the Draft Strategy by both the University of Sheffield and the Stakeholders have further informed revisions to the content and approaches of the Strategy prior to it being finalised in its current draft form; as well as the Targets and Future Scenarios commission.

4. Implications

4.1 Financial

This work is 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 (£100k) was also secured for additional capacity to lead on Energy and Sustainability activity within the SCR Executive. The post is hosted by SCR and works alongside local authority officers across South Yorkshire as well as regionally through the North East, Yorkshire and Humber Energy Hub.

4.2 Legal

A Memorandum of Understanding has been agreed with BEIS related to their funding contribution to support the preparation of the Strategy.

4.3 Risk Management

Risk assessment has been undertaken for the project and is continually monitored.

4.4 Equality, Diversity and Social Inclusion

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.

5. Communication

5.1 Proactive communications will be delivered across a range of channels, including digital, social and traditional media, once the Energy Strategy is in a position to be published.

6. Appendices/Annexes

Appendix 1 – Final Draft SCR Energy Strategy

Appendix 2 – SCR Energy Strategy Presentation

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Background papers used in the preparation of this report are available for inspection at: 11 Broad Street West, Sheffield S1 2BQ. Other sources and references: N/A.