

Industrial Decarbonisation – North West Programme

January 2024

Introduction

1. This paper outlines the steps that Cheshire and Warrington LEP is taking, working in partnership with Net Zero North West, an industry consortium, DESNZ, IDRIC, the North West Net Zero Hub, LAs and other stakeholders, to support the North West industrial cluster to put in place the organisational arrangements required to successfully achieve its objective of becoming the first decarbonised industrial cluster in the world by 2040.

Background

2. The North West hosts one of the UK's major industrial clusters based around Ellesmere Port. The plan to decarbonise this cluster sets out a £30 billion pipeline of investment projects, with 22k construction jobs, and 12k ongoing jobs, with the potential to establish this part of the North West as a leader in low and zero carbon energy technology. The plan relies on a broad mix of energy vectors, including hydrogen and carbon capture and storage, nuclear SMR, renewables as well as energy efficiency.
3. Funded by Innovate UK/UKRI the LEP has been working with industry via Net Zero North West, the North West Net Zero Hub to develop the cluster plan since phase 1 of the project in 2020. During the period from 2021 to 2023 the focus was on the development of the investment case which, *inter alia*, recommended that a coordinating body would be required to co-ordinate and oversee the plan, noting that all global industrial clusters examined have established such a body.

Opergy Study

4. Given the cost and other implications of this recommendation, the LEP commissioned a further piece of work from Opergy (an experienced energy consultancy) and Metro Dynamics to examine the case for a new body in more depth and to outline its role and structure. Funding for this piece of work was secured from the North West Net Zero Hub, and it was steered by a group drawn from companies with significant roles in the decarbonisation programme. It also included representatives from DESNZ and the Industrial Decarbonisation Research and Innovation Centre (IDRIC).
5. The first phase of Opergy's work agreed with the recommendation in the business case that a body would be needed to facilitate and coordinate the decarbonisation if it was to be successfully delivered, whilst the second phase recommended that it should take responsibility for cluster coordination, portfolio management, attracting investment, policy/lobbying government on regulation, planning (including grid), regional/national coordination, skills and workforce development and communication and community engagement. These recommendations were all endorsed by industry colleagues on the study steering group and we have been asked to provide an overview of it at a best practice session at the UK national industrial decarbonisation stakeholder interest group.

Next steps

6. Working closely with Net Zero North West, and using funding provided by the North West Net Zero Hub, the LEP is proposing to move this work onto the next stage by letting a contract to a consultant to develop a strategy for getting the new body off the ground. The successful consultant will be responsible for fleshing out in more detail the roles that Opergy recommended the body should play, and the resources it will need. The consultant will also be responsible for building further support from the business community, industry and wider stakeholders for Opergy's recommendation that the new body should be grown from Net Zero North West and for persuading more companies to contribute to its running costs by becoming members. A draft of the ITT is attached at appendix A.
7. The budget for the study will be £90,000, with £60,000 coming from the LEP (using NZ Hub funding) and £30,000 from Net Zero North West. The work should be completed in time to launch the new organisation in early Autumn 2024.

Improving Communications with Local Stakeholders

8. Opergy recommended that the new body should also be responsible for co-ordinating and improving communication and engagement with local stakeholders who may be affected by the decarbonisation programme. To accelerate this work the LEP also proposes to let another smaller (around £10k) contract to establish a set of focus groups in communities affected by the proposals and to use the results to develop a set of core messages that will be made available to all industry partners to help them improve the way they engage with local stakeholders/communities.

Recommendation

9. The LEP Board is invited to note the work proposed and offer any comments or observations. The objective is to launch the competition to find a consultant in w/b 22nd January and to have them appointed by mid February.

APPENDIX A

DRAFT Consultancy Brief North West Cluster Plan Delivery

Overview

Cheshire & Warrington Local Enterprise Partnership (C&WLEP), on behalf of key North West and North Wales stakeholders including Net Zero North West and the North West Net Zero Hub, are looking to appoint a suitably qualified consultant to begin the process of building support for and establishing a co-ordination vehicle to facilitate the delivery of the North West Industrial Cluster Decarbonisation plan, taking forward the conclusions of the Opergy industrial cluster plan study, develop the business case and work programme for the new body, assess the status of the projects in the pipeline and build support and engagement amongst stakeholders for the new organisation.

The North West Industrial Decarbonisation cluster plan, which was funded by Innovate UK, has the overall aim of decarbonising the NW industrial cluster by 2040, with two decarbonisation routes identified, both of which offer good value for money. The preferred route relies on a broad mix of energy vectors, including hydrogen and carbon capture and storage, nuclear SMR, renewables as well as energy efficiency etc.

A recent study by Opergy and Metro Dynamics concluded that successful delivery of the plan requires a new industry body to be established to facilitate it and outlines the key functions of that body including aspects of: cluster coordination, portfolio management, attracting investment, policy/lobbying government on regulation, planning (including grid), regional/national coordination, skills and workforce development and communication and community engagement.

The assignment will require a consultant who can become part of the wider North West industrial decarbonisation team. The consultant should ensure a consistent representative/s will be available for an agreed number of days per week throughout the assignment.

Scope of work

This commission involves building on the work outlined above to identify the most efficient and effective design for the future North West industrial decarbonisation cluster coordination body, to gain stakeholder buy-in to its establishment, and then to oversee its establishment/launch.

This will include:

- defining the scope of the organisation's mission.
- developing a detailed understanding of overall requirements.
- identifying and overseeing at a high-level the projects in scope within the pipeline, and their status/requirements.
- managing a wide degree of engagement to gain stakeholder buy-in to its establishment.
- clarifying and identifying the right balance of functions that deliver value to stakeholders.
- identifying the budget/resources and staffing required, including the initial CEO/Senior Leader role, to deliver these functions, or agreed initial functions, within an overall business plan.
- negotiating agreements for funding/resourcing with industry partners.
- managing match funding with identified public funding and identifying the gap and potential bids/business cases required for longer term sustainability and development.
- working with appropriate company Directors and taking papers to/through relevant boards.

- upon consensus agreement with core parties, managing the processes required to set up the new organisation.
- overseeing communications for the organisation's new/future role.

Alongside this, the consultant will oversee a separate but related piece of work to design a public communications and engagement campaign and will have access to a budget for additional work.

Budget and timescales

The initial budget will be £90k, to be delivered over a period of c.9 months to Autumn 2024.