

Economy Scrutiny Committee

Minutes of the meeting held on Thursday, 7 November 2019

Present:

Councillor H Priest (Chair) – in the Chair

Councillors Abdullatif, Johns, Noor, Raikes, Shilton Godwin and Stanton

Also present: Councillors: Leese and Stogia

Apologies: Councillor Douglas, Green, Hacking and K Simcock

ESC/19/48 Minutes

Decision

To approve the minutes of the meeting held on the 5 September 2019 as a correct record.

ESC/19/49 The Green Economy - Opportunities and Challenges for Manchester

The Committee considered the opportunities and challenges faced by Manchester in delivering a Green Economy for the City's economic growth and development in the context of the Local Industrial Strategy and the ambition as a City and region to be carbon neutral by 2030. In doing so it welcomed the following guests, who had all been invited to contribute to the discussions due to their experience and expertise of working within various aspects of the Green Economy:-

- Jonny Sadler, Programme Director, Manchester Climate Change Agency;
- Robin Phillips, Principal, Siemens IoT Consulting;
- Helen Boyle - Strategic Decarbonisation Manager, Electricity North West;
- Emma Degg – Chief Executive - North West Business Leadership Team;
- Simon Clouston, Technical Director, WSP;
- Amer Gaffar, Director - Manchester Fuel Cell Innovation Centre, Manchester Metropolitan University (MMU); and
- Amanda Reid, Founder - Circular Economy, MMU.

In addressing the Committee, the Programme Director, Manchester Climate Change Agency advised that through the proper integration of the City's zero carbon and economic commitments, there was a real opportunity to not only over achieve targets but do so at a quicker rate. He reported that although there was no city or country in the world that was zero carbon which Manchester could benchmark against, there was real opportunity for Manchester to be at the cutting edge of the carbon reduction agenda. It was also explained there was a need to increase support provided to businesses at a City and Greater Manchester level in tackling carbon reduction and that there was a need to look at how the City used its procurement and spending power to work with suppliers to influence emissions that come from products or services used within the City but were created outside of the City. He also advised

that there was a need to have an honest conversation with central Government and the international community around aviation emissions in the UK and at Manchester Airport.

The Committee then received a short presentation from the Founder of the Circular Economy at MMU, on the Circular Economy and how the adoption of this approach could help Manchester and Greater Manchester achieve its carbon reduction targets. In doing so she advised the Committee of the main principles of the Circular Economy. It was explained that one of the benefits of adopting a Circular Economy approach would result in greater control of resource streams through the value chain which would aid carbon reduction targets

The Committee next heard from the Director of Manchester Fuel Cell Innovation Centre at MMU, who informed the Committee of the work that the Centre was undertaking in working with businesses in developing innovative ways of generating and using hydrogen fuel cells as an alternative, greener fuel source. He reported that the Centre was also working with education providers to embed the understanding of clean energy with young people and developing the appropriate opportunities to deliver the necessary skills that would be required in delivering future hydrogen technologies. He also reported that the Centre had been commissioned by the GMCA to produce a hydrogen and fuel cell strategy for Greater Manchester, with a draft of the strategy being submitted to the GMCA in early December 2019.

The Strategic Decarbonisation Manager, Electricity North West then addressed the Committee, explaining that Electricity North West owned, operated and maintained £12billion worth of electricity infrastructure between Scotland and the Peak District. She explained that electricity demand was expected to double within the next 20 years and as the country moved away from the use of fossil fuels and looked to increase the use of low carbon technologies, her organisation would play a large role in ensuring the electricity network was ready for this shift. As part of her role, the Strategic Decarbonisation Manager had sought to increase business to business engagement with key stakeholders and local authorities across the region to provide appropriate information on how they could achieve their carbon zero targets. In terms of Manchester, it was reported that the City was currently only generating 1% of its own electricity demand within its borders through sustainable means. Consequently, she advised that conversations were taking place with Manchester businesses around steps and opportunities that could be taken to increase the generation of renewable energy. She also highlighted the work Electricity North West was undertaking to decarbonise its own operations.

In relation to the areas covered above, some of the key points that arose from the Committees discussions were:-

- To what extent was MMU collaborating with other organisations and universities in the development of the use of hydrogen as an alternative fuel source;
- Was there any engagement by Electricity North West with Manchester schools and GM local authorities around the installation of solar panels on their buildings?

- There was concern about the ability to successfully balance the economic growth of the City alongside the need to increase the green credentials of the City;
- What was the anticipated reason for the projected increase in electricity use over the next 20 years and what, if anything, could be done to mitigate this?
- It was queried as to what the projected timescales were for hydrogen fuel cell technology and the Circular Economy to start to having meaningful implications to the City's drive to become zero carbon;
- Given the need to reduce carbon emissions from within the aviation industry, what steps could be taken to deliver this whilst protecting and maximising the income generation Manchester Airport provided to the Council; and
- Were there any barriers to developers, and the construction industry in general, for the inclusion of solar panels in new builds.

The Director of the Manchester Fuel Cell Innovation Centre advised that in terms of the research agenda, there was already a document that highlighted the work being done on hydrogen fuel cell innovation by all institutions. MMU had defined its own research specialisms built around its existing academic strengths and was part of a wider group looking at the UK agenda. The Chief Executive - North West Business Leadership explained that there were clear opportunities for greater collaboration across the North and North West, however, she explained that the main challenge facing the sector was that there were six parts of the country within this sector all of which were working towards reducing carbon emissions but all were competing amongst one another for the available funding.

It was reported that there were big opportunities for local authorities to display leadership in relation to the wider adoption of solar power, noting that the City Centre was a prime location for the installation of solar panels on its buildings. By way of an example, it was explained that if half of the roof of Manchester Central Convention Centre (MCCC) had solar panels installed, it would equate to approximately 40% of peak electricity demand for the building and that with other internal measures it would be possible for the building to become carbon neutral.

Further to a question by the Chair, as to whether it was possible to install solar panels at MCCC, the Strategic Decarbonisation Manager, Electricity North West commented that this was possible and suggested that if the Council undertook this step, it could act as catalyst for other businesses to follow suit. The Leader clarified the position of the Council's ownership of MCCC and advised that the energy centre that would be constructed on the footprint of MCCC would provide future power and heating to not only MCCC, but also the Town Hall and Town Hall Extension through a private line, which was more financially viable than using Electricity Northwest's network. He did however clarify that if the Committee was minded to make a recommendation around the proposal of installation of solar panels at MCCC, this could be considered by the City Council's Board Members of MCCC.

In terms of schools, a number had taken an ad hoc approach to the installation of solar panels, however going forward, Electricity North West's plan for leading the North West to zero carbon included a work stream that would look at the work taking place in local communities including schools to decarbonise.

The Strategic Decarbonisation Manager, Electricity North West advised that the expected increase in electricity energy demand was likely to be predominantly attributable to the growth in the use of private electric vehicles over the next 20 years. Whilst there would be some transfer from heat from the gas network, arising from new builds, it was not expected that there would be a wholesale retrofit of gas central heating systems of existing housing stock.

In terms of balancing the economic growth of the City alongside the need to increase the green credentials of the City, it was reported that there were a number of steps that could be taken, including limiting carbon budgets at an organisational and sector level. There would also be a need to develop new business models and business cases, taking into account a wider set of benefits than just economic growth and return on investment, and include environmental and social benefits over a longer time period. It was also reported that some of the main issues facing the hydrogen fuel cell sector was the lack of an appropriate infrastructure across the UK to support hydrogen powered products (such as cars) and as a result of over engineered production costs by manufacturers, products were currently not financially viable.

In relation to the pressures on the aviation industry to take climate action, it was reported that Manchester Airport had taken a very proactive role on this agenda, looking at how it could manage emission levels whilst at the same time continue to realise the economic benefits to the City and Greater Manchester region. The Committee was advised that the Tyndall Centre for Climate Change Research was about to be commissioned, to provide further clarity of what was needed to be achieved with respect to aviation emissions at national and international level. Manchester Airport needed to be considered in this wider context.

The Committee was advised that Electricity North West had commissioned a piece of work to identify what barriers currently existed for businesses, developers and the construction industry, in terms of the installation of solar panels on existing buildings as well as new builds and how these barriers could be overcome. It was also reported that anecdotal information that was already available indicated that developers of new buildings sometimes had concerns about how this technology would be received by tenants and occupiers of the buildings and there was also an issue in terms of the cost of the additional investment required by developers to install this technology in relation to the length of lease by tenants.

The Chair then invited the Technical Director for WSP, to address the Committee. He advised that WSP was a leading, global engineering and professional advisory service firm, concentrating in the planning, design and delivery of infrastructure and built environment and had a large presence in Manchester with offices located at First Street. He advised that buildings and the built environment were of great importance to the zero carbon transition. Within the City, buildings accounted for 50-75% of the total carbon footprint. He advised that although new development needed to be brought forward in a way that was zero carbon in operation, the real challenge and complexity facing the City and wider Greater Manchester region was to have a similar ambition for existing residential and commercial buildings. Putting this into context, this equated to the retrofitting of 60,000 properties a year across Greater Manchester for the next 20 years. The source of this challenge was not the existence of the appropriate technology but rather the return on investment it had for

homeowners/residents and other parts of the economy as well as the cost to implement and the availability of the necessary skills within the building trade to deliver the quality of retrofit required. He also advised that what would be of benefit would be the setting of regional/national policy for developers and investors in property that set out common, consistent standards as to what would be accepted in terms of energy and carbon performance.

The Committee next heard from the Chief Executive - North West Business Leadership Team, who advised that her role was to bring together leaders of large businesses, many of who were located in Manchester, as well as University Vice Chancellors, to see how they could support the economy across the region. She applauded the approach of the GM Local Industrial Strategy in putting the agenda of addressing climate emissions at the heart of future economic growth, and the opportunity to deliver more inclusive growth. She advised that the approach needed was one of adoption and diffusion rather than innovation and was centred around changing behaviours and tackling the difficult issues. It was reported that a driver for large businesses in tackling carbon emissions was the fact that investors were now expecting organisations to be reporting regularly on their carbon and taking this issue seriously, however, there was a challenge in terms of Small and Medium Enterprises, as they did not often have the initial capital outlay required to tackle their carbon emissions. It was suggested that to address this, innovation around funding models was required. She commented that another important aspect that needed to be taken into account when tackling climate change in the City, was to ensure that any new policies developed needed to be tested against social inclusion to ensure no one was left behind and that the transition needed to take account of the need for social equity.

Finally, the Principal for Siemens IoT Consulting, addressed the Committee and advised of the work Siemens had been involved in developing technologies to improving the quality of life within the City. In terms of the Green Economy, this was fundamental to the company's growth and development. As a company, Siemens had declared to become carbon neutral by 2030, which would include establishing an energy efficiency programme, leveraging distributed energy systems, reducing fleet emissions and purchasing green energy from wind farms and other sustainable sources. He went on to highlight the various areas of involvement and work carried out that Siemens had undertaken in contributing to the City's Green Economy and reduce their own carbon footprint.

In relation to the areas covered above, some of the key points that arose from the Committees discussions were:-

- It was suggested that the Council looked to work with partners and businesses and within the City to try and develop an appropriate vehicle for collective investment to deliver the requirements for becoming a carbon neutral City;
- There was a real opportunity within the forthcoming revised Local Plan to ensure that any new development within the City was designed and constructed in a manner to limit their carbon use; and
- Members supported the notion that in tackling climate change in the City, it would be essential to ensure any new policies were tested against social

inclusion to ensure no one was left behind and queried what more could be done in regards to this.

It was commented that as the City and north west region moved more towards distributed energy generation and consumption, and organisations drove to become more energy efficient, it was hoped that through their corporate responsibility agendas, any net gain in terms of unconsumed energy could be utilised in areas of energy poverty within local communities. It was also suggested that a real interventionist approach was needed in order to poverty proof any form of action taken.

The Executive Member for Environment, Planning and Transport advised that the Council would be exploring every opportunity within the Local Plan to bring forward better standards of development as well as increase the Council's ambitions in terms of climate change. In the meanwhile, there was a need to maximise all opportunities via planning frameworks in order to reshape the market and future expectations. She advised that the Council was currently exploring different financial models in order to fund the transition to greener energy usage within the Council's housing stock. In taking account of the comments and views expressed by the Committee and guest speakers, it was noted that the Council could not deliver all of the requirements by itself, and it would be essential to work with all stakeholders on the key infrastructure projects that would help the City achieve its carbon target by 2038 or earlier.

The Committee then focused on the report of the Strategic Director (Growth and Development), which provided an update on the opportunities and challenges faced by Manchester as the City made the transition to a zero carbon future. The report also focused on the implications for the City's economic growth, and development in the context of developing a more inclusive economy. which included:-

- How the Our Manchester Industrial Strategy intended to help the City achieve its ambition of being a zero carbon city by 2038 at the latest.
- The challenges and opportunities in terms of education and skills which would underpin the ability to reach this ambition and how these opportunities could be facilitated through schools, colleges, training providers and universities; and
- The challenges and opportunities in relation to the future provision of clean energy, planning and development, transport and social value.

Some of the key points that arose from the Committees discussions in considering the report were:-

- It was suggested that the proposed action plan in regards to how the transport sector could play its full part and deliver more rapid change be brought to the Committee upon its completion for scrutiny;
- Was it known what the approximate financial cost would be to the City in delivering a Green Economy and meeting the carbon targets;
- It was noted that in order to deliver this agenda, it would be essential that there was the ability for residents to develop the required skills needed;
- There was a real opportunity for increasing the use of carbon capture as part of the City's drive to becoming carbon neutral; and

- It was noted much of the work required in this area would feed through everything that was within the remit of this the Committee and would likely be incorporated into the consideration of future agenda items.

The Head of Local Planning and Infrastructure/City Policy agreed to bring a further report to this Committee at an appropriate time in 2020 which would highlight the progress that was being made in moving towards carbon neutrality within the City. He advised that it would be complicated to determine an approximate cost of delivering a Green Economy and meeting the carbon targets but gave a commitment to look at this.

Decision

The Committee:-

- (1) Thanks all the invited guest for their helpful contributions to the discussions;
- (2) Requests that it receives a future report on the outcome of the findings from the Tyndall Centre for Climate Change Research in regards to what is needed to be achieved at Manchester Airport to address carbon emissions;
- (3) Recommends that the Council representatives on the MCCC Board recommend to the Board, that it considers the feasibility of the installation of solar panels at MCCC;
- (4) Recommends that the Climate Change Sub Group give consideration to the feasibility of the installation of solar panels on Council owned assets if this is not already part of the Council's decarbonisation programme; and
- (5) Recommends that in the development of Strategic Regeneration Frameworks, Officers give strong consideration to the City's carbon budget.

ESC/19/50 Overview Report

The Committee considered a report of the Governance and Scrutiny Support Unit which contained key decisions within the Committee's remit and responses to previous recommendations was submitted for comment. Members were also invited to agree the Committee's future work programme

Decision

The Committee:-

- (1) Notes the report;
- (2) Agrees the Work Programme as submitted