

Green Economy Policy Work Update

Date: 13th July 2022

Report of: Director of City Development

Report to: Scrutiny Board (Infrastructure, Investment and Inclusive Growth)

Will the decision be open for call in? Yes No

Does the report contain confidential or exempt information? Yes No

What is this report about?

Including how it contributes to the city's and council's ambitions

- Leeds declared a Climate Emergency in March 2019 and has a target of becoming a carbon neutral city by 2030. We want to explore this transition through an inclusive economic growth lens, exploring what addressing the Climate Emergency could mean for the Leeds economy.
- As part of our membership of the national Inclusive Growth Network, earlier this year we engaged the Centre for Progressive Policy to undertake some initial work looking at the areas of risk within the Leeds economy as a result of the transition to Net Zero. This has highlighted a number of key takeaways, but we would like to know more – in particular about how to capitalise on existing opportunities and on opportunities that could arise in the future. Therefore, Leeds City Council will be commissioning a partner to help us explore what the transition to Net Zero means for the Leeds economy, including what it means for specific sectors; how we understand the risks and opportunities associated with this; and what can be done practically to support businesses and employers make the transition and become climate resilient.
- Although there is already work underway to support businesses with the transition to Net Zero, from the work outlined in this report we want practical recommendations to help us address the opportunities and challenges our economy will face through the transition to Net Zero and to becoming climate resilient, including actions that businesses and employers could take. Case studies illustrating some of the actions being taken currently by businesses, employers and sector bodies to aid the transition to Net Zero for them and their workforce will also be highlighted.
- This work will be part of a suite of policy work that will inform the refresh of the Leeds Inclusive Growth Strategy 2018 - 2023, which will be available next year. It will also be used by the wider Economic Development teams within the Council to influence their practice.
- This work also aligns with work being undertaken by the West Yorkshire Combined Authority, which is aiming to gain a clear picture of West Yorkshire's Green economy, including its jobs, skills requirements and relevant supply chains. The Leeds City Council work outlined in this report will therefore complement the regional work by specifically focusing upon the Leeds economy, as well as providing further insight into the practical actions that can be taken to support Leeds businesses and employers in particular, with less specific focus on the Skills agenda alone.

Recommendations

- a) Members are asked to note the approach being taken to explore what the transition to Net Zero means for the Leeds economy, including what it means for specific sectors, and what can be done practically to help businesses and employers make the transition and become climate resilient.
- b) Members are also asked to agree any specific Scrutiny actions that may be appropriate.

Why is the proposal being put forward?

- 1 Leeds declared a Climate Emergency in March 2019 and agreed to work towards making the city carbon neutral by 2030. Understanding that we are part of the global effort, urgent transformative action is required for Leeds to make its contribution to preventing the worst impact of climate change. We need everyone to play their part, with local and national government, business, communities and individuals all able to make a difference through their actions. There is already work ongoing to help Leeds become more resilient as a city to live with the changes resulting from the Climate Emergency, such as flooding events, about which the Scrutiny Board has been receiving regular updates about (including at the meetings of the Board on 15th June 2022 and 17th February 2022).
- 2 The drive towards a low carbon, sustainable and nature-friendly future offers huge possibilities for a city like Leeds, placing ourselves ahead of the curve for new market opportunities and acting as a test bed for Innovation and new Green technologies. We can make it easier and more affordable for people to connect with each other and move around the city, reclaiming public spaces for leisure and play. Better access to nature and green space, cleaner air, locally grown fresh produce and well-paid jobs in emerging green industries can improve wellbeing and make environmentally conscious lifestyles easier to follow.
- 3 We know that there are significant opportunities across the economy as well as in emerging Green sectors; modelling from the Local Government Association in June 2020 shows that Leeds will generate the highest estimated number of jobs in the low-carbon and renewable energy sector of all the English Core Cities, with the city expected to see almost 34,000 jobs by 2050. We also know that the Green economy in Leeds will be essential to our recovery from the Covid-19 pandemic and to building resilience into our economy for the future.
- 4 Work is already underway to support businesses with the transition to Net Zero across the city and whilst more can certainly be done, it is important to highlight some of the actions and interventions that have been and are in place. For example, on a regional level, there are two schemes available: Resource Efficient Business (REBiz), which provides funded support for free resource efficiency audits, grant contributions for carbon reduction projects and fully funded circular economy consultancy support; and Travel Plan Network, which supports West Yorkshire employers by assisting them to reduce single occupancy car use by promoting and advising on active and sustainable travel options. Furthermore, Leeds City Council has also run a successful Electric Vehicle Trials scheme with local businesses. This saw 203 trials across 192 businesses and it is estimated that businesses saved almost £30,000 in total and 29 tonnes of CO₂, for the mileage completed in the trial vehicles by participants. Following the completion of the trial scheme, 52% of businesses have plans to lease or buy an electric vehicle.
- 5 Actions are also being taken city-wide by institutions making up the Leeds Anchors Network, demonstrating a strong awareness of the need to take action. Case studies include Yorkshire Water having a climate resilience plan and multiple programmes to deal with adaptation, including a water resources plan. Leeds Beckett University have created a Sustainability Advisory Group with representation from every department across the University and to which the Sustainability team reports, helping to achieve buy-in, creating joined-up thinking and building ambition into strengthening existing carbon reduction commitments. Leeds Teaching Hospitals NHS Trust have also embedded biodiversity, climate adaptation and wellbeing into plans for their estate. The British Library have taken a 'spend to save' whole-life costing approach to new buildings and refurbishments at Boston Spa and Temple Works, such as having an energy saving action plan in place, and have the aim of increasing awareness of sustainability across their networks, including demonstrating and celebrating the highest possible standards of sustainability in their new developments.

- 6 This being said, we want to review the local Green transition through an inclusive economic growth lens, exploring what addressing the Climate Emergency could mean for the Leeds economy. Through this work we want to look at what the Just Transition (which ensures that moving to an environmentally sustainable economy is as inclusive as possible) could mean for businesses in Leeds; how we understand the risks and opportunities associated with this; and what can be done practically to help our economy make the transition.
- 7 The Council will therefore be commissioning a partner to help us explore what the transition to Net Zero means for the Leeds economy, including what it means for specific sectors, and what can be done practically to help businesses and employers make the transition. This work will also be part of a suite of policy work (which includes work looking at the future of our city and local centres; our Future Talent plan for the city; and our Innovation Prospectus, which was published in May 2022) that will inform the refresh of the Leeds Inclusive Growth Strategy 2018 - 2023, which will be available next year. It will also be used by the wider Economic Development teams within the Council to influence their practice. We are expecting this work to explore the following headline areas:
- a) The risks to the Leeds economy, including:
 - An acknowledgement of the work carried out thus far identifying the risks to our economy resulting from the transition to Net Zero (which is outlined in paragraph 6 below), including potentially expanding on this if this would add value.
 - b) The opportunities to the Leeds economy, including:
 - Where our economy, businesses and employers could benefit from the transition to Net Zero;
 - How this involves growing new sectors, but also acting within the mainstream economy too;
 - Which sectors could pivot their business models to make the most of opportunities and how they could pivot them;
 - How Innovation could help bring opportunities into reality; and
 - What workforce skills are needed to make the transition and what skills we already have that could be used differently.
 - c) The role of the Council, including:
 - What the Council can do practically to help businesses and employers, eg. what tangible, realistic and achievable suggestions could be made;
 - How business support services could change to support businesses and employers to pivot/diversify their business model to focus on new products or markets and to support businesses and employers in retraining and reskilling their staff;
 - Which industries should be prioritised for support and why, eg. high-carbon sectors, sectors with high-carbon supply chains, or perhaps low-carbon activities with rapid job creation potential in areas of risk; and
 - The Council's convenor role regarding Green Finance in the city.
 - d) The role of businesses and employers, including:
 - How businesses and employers could pivot or diversify their business models (this may include business premises);
 - How businesses and employers could prioritise reskilling or upskilling their staff;

- What businesses and employers could do in relation to their properties in response to the challenge of Net Zero; and
- Exploring whether businesses and employers could/should create Just Transition Plans that would seek to protect employees during the transition to Net Zero, complementing general Net Zero plans.

e) Leeds' role in the West Yorkshire region, including:

- Looking to confirm the importance of the city in driving change, given that Leeds is a major centre of employment and business within the region.

f) Best practice case studies, including:

- What best practice there is from Leeds or elsewhere in the form of case studies of what action can be taken by businesses, employers and local authorities in addressing the transition to Net Zero; and
- What examples there are of support that is already in place for businesses, employers and sectors to help them with the transition.

8 As part of our membership of the national Inclusive Growth Network, earlier this year we engaged the Centre for Progressive Policy to look at the areas of risk within the Leeds economy as a result of the transition to Net Zero. This work has identified a number of key takeaways, including the following (further details on these aspects can be found in Appendix 1):

a) Employment in 'at risk' industries:

- There are c. 31,000 jobs held by employees in Leeds in high-emitting industries. The broad Manufacturing and Transport sectors account for c. 11,000 jobs each.
- There is a substantial geographical concentration of this employment. Out of 482 Lower Super Output Areas (LSOA) in Leeds, 20 account for two-thirds of all high-emitting employment.
- The areas with higher employment in high-emitting industries tend to be, on average, more deprived.
- 'Greening' Transport will not be enough in response to the Climate Emergency. A fair transition to Net Zero will need to consider how to support both those working across a number of sectors, including Manufacturing and Energy as well as Transport, to ensure no one is left behind.
- Failure to support these individuals could lead to greater deprivation in already deprived neighbourhoods if their jobs cease to exist or they are unable to adapt to new job roles, thereby rising an intensification of existing economic inequalities in the city.

b) However, Leeds has economic resilience:

- Leeds' economic profile is strong relative to other UK cities and the rest of the Yorkshire and the Humber region. Earnings, employment rate, qualifications and GVA (Gross Value Added) per head are comparatively high.
- However, there is substantial socioeconomic diversity across the city. Analysis of deprivation data shows that some neighbourhoods – particularly those concentrated in the centre of the city – experience significant levels of deprivation.

- Leeds is an economically successful city; ensuring that economic opportunity is evenly shared throughout the city is a critical ongoing challenge for the Council and its partners.

c) Overall emissions within Leeds:

- When looking at CO2 emissions in Leeds there is a higher level of pollution per capita than other UK cities. This is mainly driven by road transport emissions which are significantly higher than in other cities, although Leeds also has somewhat higher household emissions too.

- 9 Alongside the Centre for Progressive Policy's work looking at risks, we also know from conversations with businesses that some companies are experiencing difficulty in sourcing products through local supply chains, meaning there is a risk to our local economy from outsourcing.
- 10 We would like to know more about the opportunities for the Leeds economy that could arise from the transition to Net Zero and what can be done to help our businesses make the most of them, helping our economy to be more resilient, including becoming climate resilient too. The work undertaken by the Centre for Progressive Policy touched lightly upon potential opportunities for Leeds, including features of the city that could be particularly important, such as having a world-class university, Leeds as a national Cultural and Creative Industries Hub and the potential to create a Green Finance Hub in Leeds. The presence of the UK Centre for Greening Finance and Investment in Leeds, along with the UK Infrastructure Bank, the Bank of England and our established financial services sector, presents a significant opportunity to drive our own progress towards Net Zero, but also to support the transition across the UK and international transition too. Further work will be undertaken in relation to this specific opportunity alongside the research referenced in this report.
- 11 The Council will be seeking a partner who can bring local and national knowledge to work with us, advise us and help us assimilate a wide range of information so we can understand what opportunities the transition to Net Zero can bring to the Leeds economy. We also want to know what the Council and businesses and employers can do to take advantage of these and to make it as fair a transition as possible.
- 12 We anticipate that this work will involve looking at a range of evidence and will involve collating case studies of what businesses, employers and sector bodies are currently doing; making practical recommendations for businesses, employers and the Council regarding what could be done to aid the transition to Net Zero within the Leeds economy and to help our economy become climate resilient; and testing and exploring recommendations with business, employer and Council representatives.
- 13 The West Yorkshire Combined Authority (WYCA) have also recently commissioned work aiming to gain a clear picture of West Yorkshire's Green economy, including its jobs, skills requirements and relevant supply chains. WYCA would like clear recommendations for Green economy activity to support its plan to deliver on its Net Zero and broad sustainability ambitions and have underlined the importance of aligning this activity with a Just Transition. It is anticipated that their work will:
 - Provide a definition of the Green economy for the region;
 - Quantify the number and type of Green jobs in West Yorkshire, with data related to key policy areas;
 - Map Green jobs described by sector, including the most common occupations and most common hard skills;

- Identify apprenticeships and Further Education qualifications important to enter most concentrated occupations;
- Give access to lists of companies active in the Green economy in West Yorkshire;
- Supply projections of growth in different Green sectors;
- Include qualitative work to get knowledge and data to understand key issues and trends, eg. interviews with stakeholders, education and training providers and employers; and
- Establish a demographic profile of the region's current Green economy and the jobs/sectors at risk by the transition, assessing implications and developing recommendations to address barriers to participation in the Green economy.

14 The Leeds City Council work outlined in this report will therefore complement the regional work outlined in paragraph 13 by specifically focusing upon the Leeds economy, as well as providing further insight into the practical actions that can be taken to support Leeds businesses and employers in particular, with less specific focus on the Skills agenda alone.

What impact will this proposal have?

Wards Affected: All

Have ward members been consulted? Yes No

- 15 The work outlined in this report will allow us to explore what the transition to Net Zero means for the Leeds economy, including what it means for specific sectors, and what can be done practically to help businesses and employers make the transition. This will include practical recommendations for businesses, employers and the Council too. We want to ensure that as a city we do all we can to take advantage of the many opportunities in emerging Green industries and, for example, by pivoting current business models to be 'greener', and to look at the support we can provide to businesses which will need to change due to the Climate Emergency. This work will equip us further to deliver a just transition to an environmentally sustainable and inclusive economy, as well as help our economy to continue to recover from the Covid-19 pandemic.
- 16 This work will also be part of a suite of policy work (including work looking at the future of our city and local centres; our Future Talent plan for the city; and our Innovation Prospectus, which was published in May 2022) that will inform the refresh of the Leeds Inclusive Growth Strategy 2018 - 2023, which will be available next year. It will also be used by the wider Economic Development teams within the Council to influence their practice.

What consultation and engagement has taken place?

- 17 The Executive Member for Economy, Culture and Education has been fully engaged with the work set out in this report.
- 18 The Scrutiny Board (Infrastructure, Investment and Inclusive Growth) has also been informed that this work is intended to go ahead via the Inclusive Growth Update [report](#) that went to the Board Meeting in February 2022.
- 19 A number of business representative groups, including the Confederation of British Industry (CBI), the Federation of Small Businesses (FSB) and the Chamber of Commerce have already undertaken research and work looking at the Green economy and what it could mean for businesses. This includes, for example, the FSB's small business sustainability [hub](#) and the CBI's "Be More Green" [initiative](#). This illustrates that businesses are already engaged and interested in growing their business and at the same time shrinking their

carbon footprint. We will endeavour to include these representative groups in the Leeds City Council work outlined in this report.

What are the resource implications?

20 The cost of the commissioned work will be up to £25k.

What are the legal implications?

21 This is an information rather than decision-making report and therefore there are no legal implications arising from it.

What are the key risks and how are they being managed?

22 The report has no specific risk management implications.

23 There is always a risk to the Leeds economy through both policies and external pressures. The Council recognises that growing the economy has positive benefits to the city and that our work looking at our Green economy is a crucial component of delivering our Best City Ambition and the three pillars which provide the framework within it.

Does this proposal support the council's 3 Key Pillars?

Inclusive Growth

Health and Wellbeing

Climate Emergency

24 The Council's three pillars provide a framework for everything we do as a Council. The work outlined in this report contributes directly to our ambition for all of our residents to benefit from a strong economy in a compassionate city, supported by work under each of the three pillars. In particular, the actions contribute towards the delivery of Inclusive Growth by helping us to identify how best to support local businesses and employers and the economy as a whole make the transition to Net Zero, including supporting growth and investment; supporting the improvement of skills; and helping to ensure that the benefits of our Green economy are shared. This in turn helps to address our Zero Carbon ambitions by enabling a fair transition to a Green economy while improving quality of life for residents. The three pillars are related and interdependent and therefore our work on Inclusive Growth influences Health and Wellbeing and the Climate Emergency helps to bring them together further to achieve our shared goals.

Options, timescales and measuring success

a) What other options were considered?

25 An alternative option was to not commission the work outlined in this report. However, this would mean that we would not gain the insight deemed necessary into the risks and opportunities surrounding Leeds' Green economy moving forwards which is vital to our ongoing work to deliver Inclusive Growth and towards economic recovery from the Covid-19 pandemic.

b) How will success be measured?

26 We are yet to bring together the totality of this work, given that we have only recently commissioned further work looking into the issues raised in this report, and are yet to consider any potential actions that could be taken in response to recommendations coming from the work. This will be done following the completion of the work outlined in this report.

c) What is the timetable for implementation?

27 We will shortly be commissioning the work outlined in this report. We anticipate starting work with our partner from August 2022, with the aim of having recommendations and the final report from them by October 2022.

Appendices

28 Appendix 1 – The Centre for Progressive Policy’s analysis: Leeds’ story for a just transition.

Background papers

29 None.