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Report to OVERVIEW AND SCRUTINY BOARD

# Oldham Green New Deal Delivery Partnership

**Portfolio Holder:**

Cllr Abdul Jabbar, Cabinet Member for Finance & Low Carbon,  
Deputy Leader

**Officer Contact:** Emma Barton, Executive Director for Place and  
Economic Growth

**Report Author:** Andrew Hunt, Green Energy & Sustainability  
Manager

**Ext.** 6587

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## **Purpose of the Report**

To provide an update on work to develop an Oldham Green New Deal Delivery Partnership with the objective of securing investment in, and delivery of, low carbon infrastructure across Oldham borough as set out in Oldham's Local Area Energy Plan.

## **Executive Summary**

An Oldham Green New Deal Delivery Partnership has the potential to cut carbon emissions in the borough, working towards the 2030 carbon neutrality target set out in the Oldham Green New Deal Strategy, and additionally to bring co-benefits such as jobs, training opportunities, lower energy bills and other environmental and economic outcomes in the medium term, which are objectives of the Oldham Green New Deal Strategy.

## **Recommendations**

That the Committee:-

1. Notes the progress on five key complementary strategic initiatives:-
  - Growing the green economy and Oldham Green Business Network
  - Oldham Energy Futures and Community Led Energy Plans
  - Oldham Green New Deal Delivery Partnership – stage 2 market engagement
  - GM Strategic Outline Business Case development & BEIS Heat Network Zoning pilots
  - Innovate UK Net Zero Living Pioneer Places

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2. Provides a view on how an Oldham Green New Deal Delivery Partnership can support delivery of the wider Greater Manchester 5-Year Environment Plan, whilst providing local value for Oldham residents and businesses.

Overview and Scrutiny Board

21 March 2023

## Oldham Green New Deal Delivery Partnership

### 1. Background

- 1.1 The Oldham Green New Deal (OGND) Strategy was adopted by the Council in March 2020. The Strategy set a number of objectives and pledges for delivery on environmental issues in a range of work areas, which broadly fit into three over-arching 'pillars':-
  - Growing the green economy
  - Low carbon infrastructure and a Local Energy Market
  - Northern Roots
- 1.2 The OGND Strategy also set two carbon neutrality targets:-
  - For Council Buildings and Street Lighting by 2025
  - For the borough by 2030
- 1.3 The most recent data available shows that in 2020, overall emissions for the borough fell by 9% on the previous year to 708 ktCO<sub>2</sub>. The publication of the figures for 2020 also show that Oldham achieved the target of a 48% reduction in carbon emissions by 2020 on a 1990 baseline set out in the Oldham Climate Change Strategy 2013-2020 – in fact, a reduction of 51% on the 1990 baseline was achieved. Oldham retains its position within Greater Manchester as the borough with both the lowest total carbon footprint and also lowest per capita emissions at 3.0 tCO<sub>2</sub> per Oldham resident. Emissions for Council Buildings and Street Lighting fell to 7,445 tCO<sub>2</sub> in 2021/22, which is a reduction of 8% on the figure for 2020/21 and of 11% on the baseline of 8,395 tCO<sub>2</sub> in the Oldham Green New Deal Strategy.
- 1.4 Of the 7,445 tCO<sub>2</sub> Council carbon footprint for 21/22, 4,039 tCO<sub>2</sub> were from electricity. This means that if the Council were to switch to a zero carbon electricity tariff (such as nuclear or renewable energy), our remaining carbon footprint would be 3,406 tCO<sub>2</sub>, mainly from gas with 17 tCO<sub>2</sub> from water use. This residual carbon footprint will need to be offset by 2025 in order to meet the carbon neutrality target for Council Buildings and Street Lighting set out in the Oldham Green New Deal Strategy. The Council is currently exploring the most appropriate options for its overall energy purchasing, purchasing of a zero carbon electricity tariff, and offsetting of its residual carbon footprint. The full Greenhouse Gas Emissions Report for 2021/22 can be found in **Appendix A** of this report.
- 1.5 The most recent update report on the Oldham Green New Deal programme was presented to the Policy Overview and Scrutiny Committee in February 2022, providing an update on the approach to achieving the 2030 carbon neutrality target for the borough, as set out in the Oldham Green New Deal Strategy.
- 1.6 The Committee requested that a further update report be presented once further work had been done to develop the concept of a public-private sector partnership to deliver low carbon infrastructure in the borough.
- 1.7 Since the last report, the Council has carried out a further market testing exercise, gathering information which could be used in the first stage of procurement for an Oldham Green New

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Deal Delivery Partnership. Work on other elements of the Oldham Green New Deal programme which would support a delivery partnership has also progressed significantly.

1.8 Alongside the work in Oldham to develop an Oldham Green New Deal Delivery Partnership, further work has been initiated at GM Level, focused on developing a Strategic Outline Business Case for investment in low carbon infrastructure in GM. This work will complement the local work here in Oldham to develop a delivery partnership.

1.9 This report provides an update on the following key Oldham Green New Deal initiatives:-

- Growing the green economy and Oldham Green Business Network
- Oldham Energy Futures and Community Led Energy Plans
- Oldham Green New Deal Delivery Partnership – stage 2 market engagement
- GM Strategic Outline Business Case development and BEIS Heat Network Zoning pilots
- Innovate UK Net Zero Living Pioneer Places

and sets out how these initiatives will work together towards achieving the 2030 carbon neutrality target for Oldham borough whilst boosting jobs and training opportunities in Oldham's green economy. The report also sets out potential next steps for establishing an Oldham Green New Deal Delivery Partnership, moving towards implementation.

## 2. **Growing the green economy and Oldham Green Business Network**

### Background: green economy study and action plan

2.1 In October 2021, the Council commissioned Aleron social impact consultants to prepare a SWOT analysis and Regional Action Plan looking at how the Council and other key stakeholders can support growth in Oldham's Green Technology and Services sector. This piece of work was supported by the Interreg Europe FOUNDATION project in which Oldham Council is a partner.

2.2 For the study, Aleron carried out both a desktop analysis and interviews with a wide range of stakeholders including green businesses in Oldham. The study showed significant potential for Oldham's Green Technology and Services (GTS) sector to play a key role in delivery of the 2030 carbon neutrality target whilst creating jobs and training opportunities for Oldham residents.

2.3 A summary of the recommendations from the 2021 report is as follows:-

- Create a Stakeholder Group / Network and build the Oldham green business sector value proposition
- Develop a Green Technology Cluster
- Engage with residents and businesses on sustainability
- Promote the retrofitting and installations sector
- Continue to support community energy projects

### Oldham Green Business Network

2.4 In September 2022, the Council supported an externally led "Sustainability Business Breakfast". The event included presentations from the Council's Chief Executive, the GM Growth Hub and a number of private companies including Enerlytic, Solutions Company and Ultimate Products. The event attracted 140 attendees including 119 businesses.

2.5 It was announced at the event that the Council will be setting up a Green Business Network. The initial membership of the GBN will be selected by the Council from companies attending

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the business breakfast and also from the database of Oldham Green Technology & Services companies which was compiled by Aleron consultants when they prepared the green sector report in 2021.

- 2.6 The Council will work with “Green Economy”, a subdivision of the GM Growth Hub, to support Oldham’s Green Business Network to both decarbonise their own businesses and to sell green goods and services to other Oldham businesses and residents. Green Economy provide a ‘match making’ service which can match up companies wanting to ‘go green’ with local green supply chain companies to support a community wealth building / circular economy approach to decarbonisation. The Council is currently working with the Growth Hub to put together an action plan to boost take-up of the “Green Economy” offer in Oldham. The role of partners such as Oldham Enterprise Trust, Oldham Chamber of Commerce and others will also be key in building the Green Business Network.
- 2.7 The Council is also looking at other ways that local businesses can be supported to decarbonise and to grow the green aspects of their business. One key way that the Council can do this is by linking in the new Green Business Network with the emerging plans around an Oldham Green New Deal Delivery Partnership. The participation of the local green supply chain in any investment and delivery partnership will be key to securing the benefits of the investment for Oldham businesses and residents, creating jobs and training opportunities.
- 2.8 The Oldham Green Business Network would therefore be a key element in an Oldham Green New Deal Delivery Partnership. It will also fulfil the first action in *paragraph 2.3* of this report, i.e. it will create a stakeholder group with a view to building the Oldham green business sector value proposition.

Green Shoots Business Centre / Stakehill

- 2.9 The second action in the 2021 green economy report is to develop a green technology cluster, and the Council has taken steps toward this.
- 2.10 The Council has developed a concept for a new Green Technology and Services (GTS) business incubator facility in Oldham Town Centre, to be called the Green Shoots Business Centre. This facility will be a state-of-the-art zero carbon building providing a home to GTS sector businesses including those wishing to relocate to Oldham. The project has secured £9m of grant funding in the second round of the Levelling Up Fund as part of a wider application, and will be funded along with the new town centre Jubilee Park and a new educational centre at Northern Roots. The facility will be located on the same site as, and adjacent to, the energy centre for the proposed minewater district heat network which is one of the key Oldham Green New Deal infrastructure projects.
- 2.11 The Council is also exploring the potential for the Stakehill area of the borough to become a GTS cluster, and Innovate UK funding is being sought to support this ambition. Stakehill is part of a wider area shared with Rochdale to be known as “Atom Valley”, which could play a significant part in GM as a technology hub.

**3. Oldham Energy Futures and Community Led Energy Plans**

- 3.1 The Oldham Energy Futures project is a £260K initiative funded by Google Foundation via ICLEI (a global network of local authorities for sustainability) and delivered by Carbon Co-op, a Manchester-based community energy organisation. The aim of the project has been to deeply engage residents in the low carbon agenda and equip them with knowledge and expertise to be able to have their say on how they want to see their own neighbourhoods develop through the low carbon transition.

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- 3.2 The project focused on two wards – Sholver and Westwood – and Carbon Co-op held a series of workshops with the community covering a wide range of energy issues. Participants received presentations from experts and discussed how the low carbon transition can support delivery of local priorities and address local challenges.
- 3.3 A key output from the project is two comprehensive Community Led Energy Plans (CLEPs) – one for each of the two wards. The CLEPs are ‘deep dives’ into all of the energy issues affecting the two wards and propose actions for key stakeholders including the community themselves, the Council, First Choice Homes Oldham and Transport for Greater Manchester amongst others.
- 3.4 The Council is currently reviewing the CLEPs against the existing Oldham Green New Deal delivery programme to see how best the Council can support the ambition in the CLEPs, working together with the community and the other key stakeholders. The CLEPs contain ambitions to improve the energy efficiency of housing, improve transport provision and active travel infrastructure such as green walking loops, provision of more local green spaces, more support for community-owned renewable energy and other community aspirations.
- 3.5 The CLEPs are the first of their kind in the UK and reinforce Oldham’s status and reputation as being at the forefront of community-level engagement on the climate change agenda, as well as being an excellent example of how the Council is “working with a resident focus” – the over-riding priority behaviour set out in the Corporate Plan. The two community groups involved will be key stakeholders in a future Oldham Green New Deal Delivery Partnership, and further funding opportunities are currently being explored to expand the CLEP approach to the rest of Oldham borough, such as the Innovate UK Net Zero Living Pioneer Places Fund (see **Section 6** of this report). The CLEP approach is resource intensive but yields an extremely high-quality result in terms of the depth of community engagement and the empowerment of communities to have a say in the destiny of their own neighbourhoods. If external grant funding cannot be secured to roll out the CLEP approach to the whole borough in one go, the Council may consider working with Carbon Co-op to expand the approach in a phased manner, one or two wards at a time, achieving economies through assimilation of the learning from the Sholver and Westwood pilots to build a more streamlined programme.
- 3.6 Potential exists through the CLEP approach for communities to work with low carbon infrastructure providers to co-produce decarbonisation schemes tailored to the needs of local neighbourhoods. This approach could:-
- Ensure buy-in and take-up of infrastructure schemes by residents, removing risk and adding confidence to an infrastructure provider’s investments in feasibility and project development
  - Enable local green sector companies to be involved in delivering schemes for the communities within which they are based
  - Bring opportunities for community ownership of low carbon infrastructure
  - Secure funding for local green and active travel infrastructure as part of the development of low carbon energy infrastructure

#### **4. Oldham Green New Deal Delivery Partnership – stage 2 market engagement**

- 4.1 The findings of the first stage of market engagement looking at the potential for a Strategic Low Carbon Investment and Delivery Partnership for the borough were set out in the Overview and Scrutiny Policy Committee report of February 2022. The first stage of market engagement tested a potential partnership structure which included an Independent Assurance Provider function as well as a main investment and delivery partner, and also set out a potential contract structure to include a pilot phase leading on to a long-term delivery

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phase. The feedback from the first stage of market engagement was very valuable and confirmed the interest of a wide range of private sector organisations in a Strategic Low Carbon Investment and Delivery Partnership for Oldham, to deliver the infrastructure for the borough set out in Oldham's Local Area Energy Plan, which was developed as part of the GM Local Energy Market project.

- 4.2 The Council has now completed a second market engagement exercise, further testing the proposed partnership model and exploring more deeply the roles of the proposed Independent Assurance Provider and main investment and delivery partner. The intention of the second stage of market engagement was to take the initiative to the point where if it so chooses the Council can start to prepare procurement documents with a view to commissioning an Independent Assurance Provider, which would be the first appointment in an overall Oldham Green New Deal Delivery Partnership structure. The second stage of market testing was supported by a new document – the Oldham Green New Deal Delivery Partnership Investment Prospectus (**Appendix B** of this report).
- 4.3 Four organisations responded to the Delivery Partner market engagement call, and two organisations responded to the Independent Assurance Provider call. This was about half the number responding to the original market engagement exercise. However, of these six respondents, two responses were of very high quality and the remaining responses were also very valuable.
- 4.4 It is possible that organisations which responded to the original market engagement exercise but did not respond to the most recent one simply did not feel that they had anything additional to add – many of the responses to the original market engagement were very substantial and high quality responses, and it could reasonably be expected that these organisations would be interested in a formal tender exercise, even though they did not respond to the more recent market engagement.
- 4.5 Highlights from the Delivery Partner respondents include:-
- The procurement exercise for an Investment and Delivery Partner should aim to avoid being too onerous, as bidders need to invest substantial resources in applying and may be disincentivised from bidding by an onerous procurement process
  - The tender should include as many 'anchor' low carbon energy infrastructure projects as possible to enable bidders to assess the scale of the opportunity
  - Respondents understood Oldham's requirements around community engagement, social value and utilisation of the local GTS supply chain
  - The partnership contract should provide sufficient exclusivity to give the delivery partner confidence to invest in feasibility and project and programme development
  - The Independent Assurance Provider function should not be too onerous in terms of scrutiny to avoid delaying delivery of schemes and the programme as a whole
  - 'Open book accounting' would be possible to provide assurance to the Council of the value for money being offered to Oldham residents and businesses by low carbon schemes and projects
  - The Council would not be required to provide any capital funding towards low carbon infrastructure schemes, as this would be the role of the Investment and Delivery partner - but would be offered the opportunity to invest in some of the schemes as and when appropriate.
- 4.6 Feedback from the Independent Assurance Provider respondents was very valuable in terms of design of this function and identification of resource requirement for the next steps in establishing an Oldham Green New Deal Delivery Partnership. The IAP contract would be split into two sections:

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- A specific commission around assisting the Council to design and procure the main Delivery Partner contract
  - An ongoing commission around providing assurance and governance for the delivery programme.

4.7 The first IAP commission would cover the following areas:-

- Design of the OGNDDP commercial and operating model
- Design and structure of the procurement exercise for the main delivery partner(s)
- Delivery of the procurement of the main delivery partner(s)

4.8 It is estimated that the first IAP commission would cost in the region of £250K - £300K. As set out above, this commission would take the Oldham Green New Deal Delivery Partnership to the appointment of the main investment and delivery partner(s). The ongoing IAP assurance function could be funded via a model whereby the infrastructure schemes developed by the main delivery partner would provide a revenue return to the Council which would aim to cover the cost of the IAP function going forward.

4.9 Feedback from the IAP engagement was overall very positive in terms of Oldham's ambition and respondents felt that the Prospectus document set out a very attractive offer in terms of the business opportunity in Oldham for a Delivery Partner. Other feedback includes:-

- Coventry City Council are currently setting up a delivery partnership which bears many similarities to that being explored by Oldham
- An "anchor" project for the Delivery Partner (such as the proposed Oldham Town Centre Minewater District Heat Network) can be beneficial in terms of grounding the partnership in a project that the Council is in control of - but is not essential
- The term "Independent Assurance Provider" is not a term which was easily recognisable to one of the respondents – they would see the function as an active strategic partner in the delivery partnership
- The future IAP will need a clear brief that although the OGNDDP is Oldham's local delivery partnership, it will operate within the context of the GM city region and will need to interact efficiently and positively with the wider GM decarbonisation programme
- Delivery Partners will not prioritise local authorities with complex and lengthy procurement processes. Oldham council could / should complete the procurement of its Delivery Partner within 12 months from start to finish
- The minimum term for a Delivery Partner contract to enable the DP to commit the investment in feasibility and project development should be 15 years, with no-fault exclusivity break clauses included in the contract

#### Partnership structure

4.10 A number of potential partnership model structures were included in the market engagement documentation, and respondents were invited to comment on these. This exercise aimed to test the partnership model proposed in the first round of market engagement, which envisaged a main Delivery Partner and an Independent Assurance Provider. In this round, further potential models were included under which the Council would engage a range of delivery partners for different technologies and delivery areas, along with additional functions such as a Programme Management function to manage this range of delivery partners.

4.11 Although some of the Delivery Partner responses were from organisations interested in delivering a single technology or infrastructure type, in general the Stage 1 and Stage 2 market engagement responses from the Delivery Partner engagement and the Independent

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Assurance Provider engagement favoured the approach of engaging a single Delivery Partner, who could then sub-contract individual technologies / infrastructure types where necessary.

Advantages of the proposed single provider model

4.12 Some advantages of the proposed delivery partnership model with a single Delivery Partner could include:-

- The Council would only have to commit resources to procuring and managing a single investment and delivery partner contract, as opposed to multiple separate contracts covering all areas of delivery
- This would also remove the need to appoint a programme management resource to co-ordinate the multiple separate delivery contracts, as programme management across all workstreams would be carried out by a single delivery partner – with scrutiny provided by the Independent Assurance Provider and the Council
- The delivery partner would be able to spread its risk / reward profile across multiple areas of activity. This means that the partnership could be more likely to achieve delivery in all areas as the more profitable infrastructure areas (including ‘anchor’ projects such as the proposed Oldham Town Centre Minewater District Heat Network) could to an extent cross-subsidise the less profitable / more risky areas
- A single investment and delivery partner would likely result in more efficient / rapid delivery, which will be essential to achieving the Oldham 2030 and GM 2038 carbon neutrality targets
- The independent Local Energy Market / flexibility services provider would only need to engage with a single delivery organisation to co-ordinate activities within the LEM – although independent generators outside of the delivery partnership would also be able to engage with the Oldham LEM
- Both respondents to the Independent Assurance Provider engagement recommended the single Delivery Partner model

4.13 There would still be flexibility within a single main provider model to include GM-level schemes where appropriate, for example the “Your Home, Better” retrofit offer for ‘able to pay’ households which is being developed at GM level could be integrated into Oldham’s overall Green New Deal offer and streamlined with existing retrofit programmes such as Warm Homes Oldham to create a comprehensive decarbonisation offer across the borough under a single Oldham brand. Similarly, existing co-operation programmes with GMCA around social housing retrofit and decarbonisation of the public estate could continue and be integrated with OGNDDP activities where appropriate.

4.14 A key stakeholder for an Oldham Green New Deal Delivery Partnership would be Electricity North West (ENWL), the Distribution Network Operator for the region. An initial discussion has taken place with Electricity North West around the proposed OGNDDP model and approach, and ENWL are broadly supportive of these. ENWL have staff who specialise in individual technical areas (such as Local Energy Market peer-to-peer energy trading platforms) which will be key to an OGNDDP and have recently appointed to a new technical role which will support the ten GM local authorities (including Oldham) as they move to implement their Local Area Energy Plans. ENWL have also suggested that they could accommodate bespoke support for Oldham in any areas where Oldham might have potential to be an exemplar in GM, i.e. where work in Oldham is more advanced than in the rest of GM and where focused and specialist support from ENWL is required to accelerate progress in decarbonisation for the benefit of both Oldham residents and businesses and also for the benefit of the rest of GM in terms of learning and dissemination of best practice.



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#### Electric Vehicle Charging Infrastructure (EVCI)

- 4.15 TfGM have led on the delivery of EVCI publicly owned infrastructure across Greater Manchester as part of the BE-EV Network. However, a funding bid for on-street charging infrastructure to the Office for Zero Emission Vehicles (OZEV) was withdrawn in 2022 due to the financial case not being viable and relying on ongoing support from the Transport Levy. Following this, TfGM commissioned an independent study to establish how the public sector can best influence and optimise the future rollout of public EVCI. The review involved all 10 Local Authorities including Oldham and other interested stakeholders.
- 4.16 The review identified that the scale of EVCI investment required going forward cannot be met by public sector budgets, and central government grant funding is expected to begin tapering off over the coming years. Therefore, the recommended strategic direction is that there should be a move away from direct ownership of EVCI, towards working with private sector partners who will fund and own chargepoints on public land. Local Authorities should set out clear plans for delivery and establish the necessary cross-departmental governance structures. It concludes that as public sector funding falls away, a long-term concession model with the private sector is likely to become the national preferred model. In Greater Manchester there will be support provided, in the form of resource, to local authorities from GMCA and TfGM in relation to EVCI delivery. In addition, through the City Region Sustainable Transport Settlement (CRSTS) there is likely to be a limited amount of funding available to help deliver EVCI in underserved or otherwise uncommercial areas as part of a commercial deal with a ChargePoint operator partner.
- 4.17 Therefore the inclusion of EVCI in an OGNDDP model could be an ideal way of meeting this recommendation here in Oldham, and in fact Oldham is home to at least one 'turnkey' EVCI provider, bringing an opportunity to secure the local economic co-benefits set out in the Oldham Green New Deal approach.

#### Contract structure and pilot phase / scheme

- 4.18 The contract structure proposed in the September 2021 Overview and Scrutiny Policy Committee report suggested a three-phase approach. After feedback from the soft market test, that was revised to a two-phase approach.
- 4.19 Findings from the latest round of market engagement suggest that the partnership contract could be structured around exclusivity on a project-by-project basis. The hope and expectation would be that the chosen investment and delivery partner would be the preferred partner for the development of all low carbon infrastructure in the borough, sub-contracting where possible and appropriate, including to local Oldham GTS companies.
- 4.20 The partnership contract would grant exclusivity to the delivery partner subject to each project passing a number of gateway reviews. Should a particular project fail to pass one of the gateway reviews, exclusivity would lapse and the Council would then be free to pursue a different approach to delivery of the project. In this way, each project could be held up to the standards required by the Council, and if the delivery partner could not meet these standards, the Council could pursue other solutions (for example other providers available at GM level).
- 4.21 The above approach is being adopted by Coventry City Council in their own low carbon infrastructure delivery partnership arrangement.
- 4.22 It is expected that the first projects to be delivered by an OGNDDP model would be those identified as 'anchor' projects in any procurement exercise (e.g. Oldham Town Centre minewater district heat network)

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### Next steps

- 4.23 An internal consultation process is currently underway as to how an Oldham Green New Deal Delivery Partnership could work, including discussions with GMCA to ensure that Oldham both supports the GM-level decarbonisation programme and leads in specific areas where appropriate. The further development of the Oldham Green New Deal Delivery Partnership model will be done as part of the feasibility work to be funded by the Innovate UK Net Zero Living Pioneer Places programme (see **Section 6** of this report)
- 5 GM Strategic Outline Business Case (SOBC) development and BEIS Heat Network Zoning pilot**
- 5.1 Oldham's Local Area Energy Plan, the basis for the Oldham Green New Deal Delivery Partnership Investment Prospectus, is one of the LAEPs developed for the ten GM local authority areas plus an over-arching one for GM as a whole. The LAEPs have been developed as part of the GM Local Energy Market project.
- 5.2 In September 2022, the GM Combined Authority approved a next stage of work, which is to develop a Strategic Outline Business Case for investment in low carbon infrastructure across the city region. The work will look at quantifying the investment opportunities coming out of the LAEPs plus potential delivery models and will include a market engagement exercise as well as engagement with key stakeholders such as the ten local authorities.
- 5.3 The GM Strategic Outline Business Case work is broadly complementary to the work already carried out in Oldham to develop an Oldham Green New Deal Delivery Partnership. The GM work however will seek to identify one or more delivery models appropriate for the city region as a whole – although it is not yet clear how this will be applied at a local authority level. The work is due to complete in spring 2023 and will also identify any additional resource which will be needed at GM level to manage the proposed delivery model.
- 5.4 Another key strategic piece of work is the BEIS (now the Department for Energy Security and Net Zero) or DESNZ Heat Network Zoning pilot, which is being implemented in collaboration with GMCA. BEIS / DESNZ is working to bring in new primary legislation which will mandate large energy users and new developments to connect into district heat networks in designated 'zones', and will give statutory development rights to selected heat network developers after an appropriate procurement process.
- 5.5 The Heat Network Zoning work will change the way local authorities procure heat network developers. Where a council may previously have procured a contractor to construct and possibly operate a heat network, now the procurement process will much more closely resemble a 'concession' model where a heat network developer has rights to fund, develop and operate its own heat networks in a legally designated heat network zone. Oldham's proposed new town centre minewater district heat network is one of the pilot schemes under the BEIS / DESNZ / GMCA programme, and the work currently underway to produce an Outline Business Case for the scheme will take into account the forthcoming legislation in its procurement and delivery options.
- 5.6 As it happens, the Council's work so far to develop an approach for an Oldham Green New Deal Delivery Partnership may also take a 'concession' type approach to procurement. This means that the future procurement of a delivery partner for the proposed new town centre heat network and the OGND Delivery Partnership as a whole could be relatively easily integrated with each other, and the heat network zoning piece will in effect support the development of the approach to procuring a delivery partnership.
- 5.7 It is therefore hoped and expected that Oldham's developing approach to the implementation of low carbon infrastructure across the borough will sit harmoniously with

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both the GMCA SOBC and the BEIS / DESNZ / GMCA heat network zoning pilot work, being a complementary approach to all of this strategic work at GM and national levels.

## **6 Innovate UK Net Zero Living Pioneer Places Fund**

- 6.1 In 2022, Innovate UK, part of UK Research and Innovation, launched a funding competition that will invest £2 million in innovation projects. These will be for local authorities and businesses to develop detailed local plans for innovative approaches to unlock non-technical systemic barriers to the delivery of net zero targets.
- 6.2 Both Oldham and GMCA applied to Phase 1 of the 2 phase competition. Successful projects from Phase 1 are invited to apply to a Phase 2 competition, for further funding to deliver their phase 1 proposals. Phase 1 provides grants of between £50,000 and £75,000, Phase 2 will fund up to 6 Pioneer places, with up to £8 million per project.
- 6.3 Oldham's application proposed the further development of the Oldham Green New Deal Delivery Partnership model, with a focus on creating an integrated, cross-sector governance structure to ensure co-production of low carbon infrastructure delivery plans, and the rolling out of the Community Led Energy Planning approach to the whole of Oldham borough.
- 6.4 The GMCA application focused on work to resolve a number of non-technical barriers to achievement of Net Zero in the GM city region by 2038.
- 6.5 Additionally in GM, Manchester City Council applied, focusing on the decarbonisation of a single ward where the Council owns most of the land (Wythenshawe).
- 6.6 On 12<sup>th</sup> January Oldham Council was notified that our Phase 1 application to the Innovate UK Net Zero Living Pioneer Places Fund has been successful. The Council will receive a grant of around £75K to deliver a feasibility study over the 3 months from 1 April 2023. Carbon Co-op will deliver the majority of the feasibility work, with the Council and CLES also contributing.
- 6.7 Both the GMCA and MCC applications were also successful, and discussions are underway to establish whether a joint Phase 2 bid for £8 million in revenue funding is possible. Such a joint bid would look at testing different models at different scales – city regional (GMCA), borough (Oldham) and ward (MCC). The £8m in revenue funding would have to be spend over a period of 12-18 months, so sharing the full £8m between three partners could make for a much more effective project.
- 6.8 It is hoped / expected that if Oldham were successful in securing Phase 2 funding, possibly as part of a consortium bid with GMCA and MCC, then the revenue funding secured would cover the cost not only of rolling out the CLEP approach to the whole borough and also the cost of setting up the delivery partnership governance structure, but additionally would also cover the estimated cost of £250K - £300K associated with procuring the main investment and delivery partner.

## **7 Key Issues for Overview and Scrutiny to Discuss**

- 7.1 The large-scale deployment of low carbon infrastructure at pace requires a structured and co-ordinated approach. The proposals for an Oldham Green New Deal Delivery Partnership aim to put in place a structure capable of delivering the required scale of change whilst providing enough scrutiny to ensure good value for Oldham residents and businesses. A long-term programme of investment and delivery of infrastructure requires that the Council

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would need to enter into a long-term contract with its provider (a minimum of 15 years) in order to give the infrastructure provider the confidence to invest in feasibility and delivery of projects.

- 7.2 Oldham is one of only a few UK local authorities to have developed an approach which would address this challenge – other notable councils include Bristol and Coventry. The GMCA is working to develop delivery models for low carbon infrastructure across the city region as a whole, but these are likely to be more generic in nature than an Oldham-focused approach and are likely to take longer to put in place. The joint success of the Innovate UK funding bids means that Oldham can develop its own model within the overall GM context – something which the majority of the other GM councils will not do.
- 7.3 Through the Oldham Green New Deal Strategy, the Council seeks to place Oldham in a leading position on the low carbon agenda, in order to attract and support Green Technology and Services businesses to set up and thrive in the borough, creating jobs and training opportunities for residents in this key growth sector. There are obvious benefits here to having a ‘first mover advantage’. However, being a ‘first mover’ also involves a degree of risk in that some of the benefits of learning from the process are likely to be felt by those following rather than those leading.
- 7.4 In being a ‘first mover’, Oldham will be committing to a long-term commercial relationship which needs to be set up in such a way as to continue to delivery good value for Oldham residents and businesses even as other local authority areas who are not acting as quickly will have the opportunity to learn from councils such as Oldham, Bristol and Coventry who are leading the way. Oldham will need to accept that innovations and learning may arise which will need to be incorporated into an OGNDDP as time goes on, to ensure that it continues to offer good value.
- 7.5 There is however also a risk associated with the ‘do nothing’ option, which is that for Oldham to follow the development of other, more generic delivery models and approaches may result in Oldham not securing the local co-benefits set out as objectives in the Oldham Green New Deal Strategy.

## 8 **Key Questions for Overview and Scrutiny to Consider**

- 8.1 What is the best balance of risk and reward for Oldham borough, in terms of securing a leading position as a local authority area accelerating delivery of low carbon infrastructure vs the benefits of taking more of a following position and learning from the initiatives of other leading councils who are more prepared to lead and take the associated risks?
- 8.2 The Council’s recently adopted Corporate Plan sets out that the core behaviour of the Council should be to ‘work with a resident focus’. For the Oldham Green New Deal programme, this means deep engagement with residents and communities to establish what residents actually want and need in terms of low carbon, green and active travel infrastructure for their neighbourhoods. The Oldham Energy Futures project has delivered two Community Led Energy Plans which set out what the residents of Sholver and Westwood see as these requirements, but the process has been resource intensive in terms of time and money, taking around two years overall from inception to delivery of the CLEPs. Does the Committee feel that this depth of engagement is appropriate, or should a more ‘light touch’ approach be adopted?

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## 9 Links to Corporate Outcomes

### 9.1 Corporate Plan:-

#### Healthy, safe and well supported residents:-

- A main objective of an Oldham Green New Deal Delivery Partnership would be to create large-scale renewable energy generation in the borough to supply residents and businesses with affordable energy, to help tackle the Cost of Living Crisis.
- An OGNDDP could also provide funding for local green spaces (including community food growing) and active travel infrastructure
- Oldham Plan aim:- *A local area that meets people's need and makes them proud*

#### A great start and skills for life:-

- The provision of training opportunities in the Green Technology and Services sector for residents and local young people, as part of social value secured through the delivery partnership contract, would be a key aim of an OGNDDP
- Oldham Plan aim:- *A well-rounded, enriching, life-long education*

#### Better jobs and dynamic businesses:-

- An OGNDDP could leverage the partnership contract to ensure that local GTS supply chain businesses are involved in the delivery of infrastructure in the borough as much as possible, creating jobs and helping Oldham businesses to grow and become more competitive and efficient
- Oldham Plan aim:- *The opportunity to get a decent job that pays well and offers security and flexibility*

#### Quality homes for everyone:-

- An OGNDDP could supplement the Warm Homes Oldham programme with new offers, including GM-level offers such as "Your Home, Better", to help residents switch to low carbon forms of heating, make their homes more comfortable and healthy, and reduce their energy bills
- Oldham Plan aim:- *A home that is affordable, well-maintained and appropriate*

#### A clean and green future:-

- An Oldham Green New Deal Delivery Partnership could provide the acceleration in the deployment of low carbon energy infrastructure required to meet the borough 2030 carbon neutrality target as set out in the Oldham Green New Deal Strategy, as well as helping to achieve co-benefits such as improved air quality
- Oldham Plan aim:- *A clean, green and healthy environment*

## 10 Additional Supporting Information

### 10.1 None.

## 11 Consultation

### 11.1 Initial consultation has taken place with senior officers and the Leader of the Council. The potential revenue cost to the Council of circa £250K - £300K to set up an Oldham Green New Deal Delivery Partnership has been noted.

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12     **Appendices**

12.1    Appendix A: Oldham Council Greenhouse Gas Emissions report 2021/22 (separate document)

12.2    Appendix B: Oldham Green New Deal Delivery Partnership Investment Prospectus

