

# Press release: A boost for North East innovation to promote high-quality jobs and growth

- New commitment to offshore and remote island wind to power millions of homes
- Two world-leading North East research centres to benefit from cash boost in the fields of Offshore Renewable Energy and High Value Manufacturing – driving growth and high-quality jobs
- North East and Tees Valley to benefit from Local Industrial Strategies

Two world-leading innovation centres in the North of England will lead the world in developing the technologies needed for future manufacturing, boosting local growth and creating highly-skilled, quality jobs, as part of the government's modern [Industrial Strategy](#), Business and Energy Secretary [Greg Clark](#) will announce today.

On a visit to Newcastle Mr Clark will confirm that the [Onshore Renewable Energy Catapult](#) in Blythe and the [Centre for Process Innovation](#) in Redcar, part of the [High Value Manufacturing Catapult](#), will benefit from a cash injection which will support hundreds more businesses to develop products and services which will be in high demand in the future as part of the modern Industrial Strategy.

During his visit, Business Secretary Greg Clark will say:

The UK has a world beating reputation for innovation and we are building on this strength as part of our Industrial Strategy with the largest investment in R & D in 40 years. This investment will drive local growth and innovation across the country, creating more opportunities for high-skilled, well-paid jobs across the country.

The Catapult network plays a key role in building on UK strengths in sectors and technologies that are going to be in high demand in the years ahead, bringing ideas to products and services on the market. Today's investment builds on the unique strengths the North East has in renewable energy and advanced manufacturing, helping drive the region's future economic growth.

We're working with local leaders and businesses who know their areas and its unique strengths best to develop tailored Local Industrial Strategies to create more opportunities and drive growth across the UK.

The UK is already pioneering the latest innovation through 'Catapults' which bring together the best of UK business, science and engineering to work side by side in research and development to 'catapult' products from ideas to market.

## **Local Industrial Strategies and Review of [Local Enterprise Partnerships](#)**

The Business Secretary will also announce that the North East, Tees Valley, West of England, Leicester & Leicestershire, Cheshire & Warrington and the Heart of the South West will be the second wave of areas to benefit from working with the government to develop their local Industrial Strategies. Putting local people and businesses in the driving seat, allowing local leaders to harness the strengths of their own areas in a targeted approach.

To ensure these local plans are underpinned and supported by robust institutions, the government will also publish the conclusions of a review of Local Enterprise Partnerships (LEPs) today and will announce up to £20m of additional funding – a 50% increase in resource funding for LEPs.

Andrew Hodgson, chair of the [North East LEP](#), said:

This is fantastic news for the North East and testament to the pioneering work being carried out here to embed innovation that drives productivity and growth. We will build on the strong foundations of the North East Strategic Economic Plan to create 100,000 more and better jobs and the world class science and research already happening here in the North East.

The review will also lay out the government's expectation of LEPs to improve their gender balance and representation of those with protected characteristics, with the aim of equal representation of men and women on boards by 2023.

## **Guaranteed clean energy auctions in 2019**

A major support package for UK industry to power millions more homes and businesses over the next decade is also being announced today by Energy & Clean Growth Minister Claire Perry.

Offshore wind and, for the first time, remote island wind providers will be able to bid for contracts to power up to four million homes from Cornwall to the Shetland Isles. These clean electricity auctions will be held in 2019 and every two years from then on, signalling support worth up to £557 million for industry.

The auction will make the UK a beacon for inward investment and provide renewable energy businesses in the North East the certainty to invest and grow. This will encourage long term investment to help reduce the cost of energy.

Announcing the significant package on a visit to the Offshore Renewables Catapult in Newcastle, Energy & Clean Growth Minister [Claire Perry](#) will say:

The UK renewables sector is thriving, with more offshore wind capacity here than anywhere else in the world and 50% of electricity coming from low-carbon sources last year in what was our greenest year ever.

For the last decade the offshore wind industry has been a great British success story: increasing productivity, raising earnings and improving lives in communities across the UK; and today the sector gets the certainty it needs to build on this success through the next 10 years.

With wind turbines already providing 15% of the UK's electricity, today's fresh vote of confidence in the sector will secure its position as a global leader in a thriving industry, enhance confidence and encourage businesses to make long-term investment. The government has already met its ambition set out in the [Clean Growth Strategy](#) to produce 30% of its power from renewable sources by 2020/21 and this fresh support will see the UK secure its position as a world leader in low carbon energy.

Today's announcement also supports supply chains from the south coast to north east. Companies such as Yorkshire-based [Osbit Ltd](#), which specialise in the supply of technical equipment and engineering services to offshore wind projects are now set to benefit from today's boost to the renewables industry to secure their future. It comes ahead of the first ever annual Green Great Britain Week- starting on 15 October – signalling the government's continued commitment to driving clean growth and benefiting from the economic and industrial opportunities it brings.

Benj Sykes, Co-Chair of the Offshore Wind Industry Council and UK Country Manager at [Ørsted](#) said:

As well as cost-effectively reducing carbon emissions to meet our climate change targets, the offshore wind industry is powering the clean economy, bringing investment, skilled jobs and supply chain opportunities to businesses up and down the UK. Our sector has proposed a transformative ambition to deliver at least 30GW by 2030, enough to meet more than a third of the country's electricity needs, which in turn could increase exports five-fold, create thousands of skilled jobs and reduce electricity system costs. Today's announcement is a vote of confidence in our industry, and will directly enable more investment in the UK.

## Notes to Editors

- This funding package for the Catapults comprises five-year funding for Centre for Process Innovation, part of the High Value Manufacturing Catapult (Redcar) and the Offshore Renewable Energy Catapult (Newcastle/Glasgow); Announcements about other centres will be made in due course.
- The LEP Review is published here.
- [Shared Prosperity Funds](#)
- Today's announcement confirms that the next Contracts for Difference allocation round for less established technologies such as offshore wind will open by May 2019. The government will hold another allocation round in 2021 and auctions around every two years. Depending on the price achieved, these auctions will deliver between one to two gigawatts of offshore wind each year in the 2020s.
- The Contracts for Difference scheme is the government's main mechanism for supporting new renewable energy generation projects. Contracts are awarded in a series of competitive auctions, with the lowest price bids being successful – which drives efficiency and cost reduction. The scheme has been a success, delivering substantial new investment and helping deliver significant reductions in the costs of some renewable technologies. The second CFD auction in 2017 saw the clearing price for offshore wind (£57.50/MWh in 2012 prices) halved compared to the first auction (2015) and secured 3.3 GW of renewable electricity capacity.
- At the launch of the Clean Growth Strategy in October 2017 Government confirmed it would be making up to £557 million (2011/12 prices) of annual support available for further Contracts for Difference, providing industry with the certainty they need to invest in bringing forward new projects.
- In Dec 2017 the government consulted on allowing onshore wind projects on remote islands such as Orkney and Shetland to compete alongside other less established technologies. These projects have characteristics that set them apart from projects elsewhere in the UK to the extent that the government believes they should be considered as a separate technology. For example, they have significantly higher transmission costs, there is the potential for large projects, and they will have higher load factors.