

Subject: NTCA Offshore & Subsea Infrastructure Programme – Howdon Yard and Quay

Report of: Principal Economy and Strategy Manager

Portfolio: Clean Energy and Connectivity

Report Summary

This report provides an overview of the Howdon Yard & Quay project and includes a recommendation for a funding award of £2,829,439 of North of Tyne Investment Fund to the Port of Tyne.

Recommendations

The Chief Executive is recommended to

- i. approve £2,829,439 for the Howdon Yard and Quay project, subject to the funding conditions set out in paragraph 1.6.

1. Background Information, Proposals and Timetable for Implementation

- 1.1 The offshore wind sector provides a game-changing economic opportunity for the area. Given the scale of opportunity but also the scale of investment needed to realise it, NTCA agreed, in April 2020 a headline investment fund allocation of £25 million up to 2028 for the entire programme (including the innovation and infrastructure components), approving £16m till 2022/23, with the remaining £9m for 2023 to 2028.
- 1.2 Following the approval of the Delegated Decision Report – Investment Fund Update, Part B – Energy, Green Growth and Climate Change – a north of Tyne Blueprint on the 1st April 2020 under delegated HPS11 in Part 2.9 of the Consultation, the Head of Paid Service, in consultation with Investment Panel and Portfolio Holder, can approve the relevant call documentation and business case applications for the Offshore Wind Infrastructure and Innovation Programme.

Proposal

Proposal Name	Howdon Yard and Quay Project
Lead Organisation	Port of Tyne
Delivery Areas	Howdon -North Tyneside
Timescales	July 2022 – March 2024
Project Value	£5,658,880
Grant / Loan amount requested	£2,829,439

- 1.3 Howdon Yard and Quay is part of the Port of Tyne's Tyne Clean Energy Park and is strategically significant as it lies adjacent to deep water. The total redevelopment of the Howdon Quay and Yard site (approximately 7.9 hectares) will be undertaken in four phases of activity and will establish a heavy-duty deep-water berth. The redevelopment will accelerate and increase the certainty of delivering the Howdon Yard site for the offshore sector. This proposal relates to **Phase 1** of the development and will involve getting the quayside berth, pavements and site security fit for purpose..

- 1.4 The funding will enable Howdon Quay to be made ready for and attract investment related to Offshore Wind Projects that will come along in the next few years as part of the UK Government's target to achieve 40GW of offshore wind by 2030. The Port intends to take the site through the full four stages and create a site with 350 indirect jobs in the short to medium term, which is in line with the level of jobs created by Equinor.
- 1.5 A full external green book appraisal has been undertaken which identified that the project has a strong fit with the Combined Authority's Vision and key priorities and also has a strategic fit with wider regional and national policy. The overall risk rating of the business case is green with the outstanding issues dealt with through the conditions of funding set out below.
- 1.6 NTCA Investment Panel considered the proposal on the 14th September 2022 and recommended to the Chief Executive that funding of £2,829,439 million is agreed subject to the following conditions:
 - 1) Further due diligence to be carried out to finalise specification and costs and these to be reported back to NTCA.
 - 2) Funding subject to securing all statutory consents necessary for the works as outlined in the business case.
 - 3) The applicant to bear the risk of any cost overruns.

2 Potential Impact on Objectives

- 2.1 Programme delivery as described in the report is consistent with the priorities set out in NTCA's vision and in line with Offshore Wind Sector Development Narrative agreed in April 2020.

3 Key Risks

- 3.1 The risks associated with this application have been mitigated through funding conditions set out in paragraph 1.7.

4 Financial and Other Resources Implications

- 4.1 £2,829,439 is allocated to this proposal from the Offshore Infrastructure Programme for spend in 2022-23 and 2023/24. All funding provided will be capital. In line with our agreed claim process, grants will be paid at the agreed intervention rate quarterly in arrears and upon verification of costs.

5 Legal Implications

- 5.1 The comments of the Monitoring Officer are included in the report. The subsidy control position has been assessed and confirmed.

6 Equalities Implications

- 6.1 NTCA is committed to driving equality and diversity. The delivery of this proposal which will support the creation of jobs in the Offshore Wind sector and associated supply chain will help NTCA meet its duties under the Equality Act 2010, particularly around advancing equality of opportunity for those with protected characteristics.

7 Inclusive Economy Implications

- 7.1 The Inclusive Economy impact of the proposal was considered as part of the appraisal and NTCA are working with the project sponsor to strengthen the project ambition and active engagement with the target groups.

8 Climate Change Implications

- 8.1 This proposal will support the growing offshore wind sector and will also support opportunities for low carbon focused investment and innovation.

9 Consultation and Engagement

9.1 The project has been discussed at Technical Officers Group meeting, Investment Panel, at Officer level in NTCA. In addition, the project sponsor has undertaken engagement with relevant stakeholders.

10 **Appendices**

10.1 None

11 **Background Papers**

11.1 NTCA Delegated Decision Report 1st April 2020, Investment Fund Update, Part B: Energy, Green Growth and Climate Change – a North of Tyne Blueprint
<https://www.northoftyne-ca.gov.uk/wp-content/uploads/2020/09/20200401-InvestmentB-report.pdf>

12 **Contact Officers**

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11. **Sign-off**

Portfolio holder Yes	Director/SMT Yes	Chief Finance Officer: Yes	Monitoring Officer: Yes
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