

Title: North East Energy Accelerator Programme Delivery
Portfolio: Home of the Green Energy Revolution
Responsible Director: Phil Witcherley, Director of Economic Growth and Regeneration
Report Author: Elizabeth Lunn, Programme Manager

Report Summary

This purpose of this report is to seek approval of £3.14m from the Investment Fund for the North East Energy Accelerator Programme.

The North East Energy Accelerator is a £3.95m flagship programme that will accelerate investment and deployment of local clean energy projects in the North East. Over its three-year duration, the programme will serve as a catalyst for regional economic growth, community-led benefits, and the creation of sustainable green jobs. It will place North East communities at the heart of the energy transition and will ensure that the economic rewards of energy generation – including lower bills, local ownership, and profit reinvestment – stay within the region to drive long-term community resilience.

The total Investment Fund ask is £3.14m, comprising the following key elements:

- £2 million Energy Project Pipeline Fund which will enable access to highly specialist technical, legal or commercial input into project business cases for local clean energy projects.
- £800,000 match-funded capital fund for the installation of clean energy projects which support the local community.
- £200,000 budget for a promotional package and strategic expertise support. This will include stakeholder engagement activities such as events and marketing activity, to support the initiation of projects and promote opportunities to the local supply chain.
- £80,000 for evaluation and consultancy.
- £60,000 to deliver specialised training that empowers community energy groups and public sector partners to lead and execute local clean energy initiatives.

Recommendations

The Chief Executive is recommended to approve £3.14 million from the North East Investment fund allocated for the North East Energy Accelerator programme.

Executive Summary

The North East Energy Accelerator will bridge the gap between public, private and community sectors, the Accelerator will transform early-stage ideas into a pipeline of bankable, large-scale local energy projects. It will provide specialist expertise needed to build robust commercial models, focusing on developments that create high-quality jobs and deliver tangible benefits back to our communities. By creating a pipeline of projects rather than one-off wins, the region can attract long-term institutional investors who want scale. Our collaboration with key partners such as GB Energy and the North East & Yorkshire Net Zero Hub will de-risk and accelerate the delivery of local energy generation at scale. Beneficiaries of the North East Energy Accelerator programme include public sector organisations and community organisations in the North East.

The North East Energy Accelerator seeks £3.14 million from the North East Investment Fund to provide the specialist expertise needed to build robust commercial models, focusing on developments that create high-quality jobs and deliver tangible benefits back to our communities. The Accelerator will also provide capital grants and specialised training for community energy projects, integrating local ownership into the

regional energy mix, and ensuring that the 'green energy revolution' is not something that happens to the North East, but is led by its people.

Context

1. Background

Local energy generation is a vital driver of regional competitiveness by providing cheaper, more reliable energy that attracts inward investment, improves resilience, and bypasses the years-long waiting lists for national grid connections. By keeping energy spending within the local economy and fostering a highly skilled workforce, we can transform our region and achieve our ambition to be 'The home of the green energy revolution'. Beyond driving local economic growth and creating high-value local jobs, local clean energy generation actively contributes to social equality by allowing communities to own, control or directly benefit from energy projects.

The challenge to clean energy deployment isn't a lack of capital, but a shortage of visible, bankable projects. To meet growing investor demand in the North East, we are creating a strategic, unified project pipeline, positioning our region as the premier destination for green energy investment.

The UK's Net Zero and 2030 clean power targets represents a transformative economic opportunity. The North East is uniquely positioned to lead the green industrial revolution. Forecasts indicate the creation of up to 21,400 new green jobs within the next five years, driven by a robust pipeline of low-carbon infrastructure.

Despite the clear opportunities, significant bottlenecks prevent the North East from fully realising this opportunity. Currently, there is a lack of a unified regional strategy to market low carbon projects to the global investment community. Public and community groups are often stalled by limited staff capacity and capability, and a lack of development funding, which is essential for getting projects 'shovel-ready'. As private developers are often reluctant to bear the high risks associated with early-stage uncertainty, and existing grant funding is significantly oversubscribed, many viable projects fail to move past the concept stage. Without the £3.14 million investment in the North East Energy Accelerator Programme there is a high risk that the region will lose out on both public and private capital to better prepared areas.

A core component of the Government's Local Power Plan is the expansion of community-owned energy, which targets 8GWh of generation by 2030. While community energy projects offer an exceptional social return of £9 for every £1 invested, the North East currently has some of the lowest project numbers in the country. Local VCSE organisations are eager to participate but are hindered by a lack of technical expertise and high upfront capital costs required for generation. The North East Energy Accelerator programme is designed to bridge these gaps. By providing the necessary technical support, specialised training, and capital grants, we will de-risk local projects, unlock investment in local clean energy generation, and ensure the North East's path to Net Zero is both economically prosperous and community led.

Cabinet-approved Portfolio Plans (July 2024) highlight the region's potential to attract private investment by leveraging its low carbon assets and focusing on net zero and natural capital growth. The papers outline the North East CA's approach to green finance which will include a focus on the net zero transition. This proposal will raise the profile of the region to private investors by showcasing opportunities for investment in low carbon energy projects.

On 2 March 2026, the North East CA Finance and Investment Board agreed the approach and the scope of activity within the North East Energy Accelerator Programme. The North East Energy Accelerator seeks £3.14 million from the North East Investment Fund. Investment approvals over £1 million and up to and including £5 million are approved by the Chief Executive, in consultation with the Finance and Investment Board, s73 Officer and Monitoring Officer, under the Scheme of Delegations as set out in Part 2.7 of the Constitution.

2. The Investment proposal

The North East Energy Accelerator will boost project development capacity, overcoming barriers that prevent energy projects from becoming investment-ready. It will provide staff support and fund specialist consultancy via an Energy Project Pipeline Fund. The North East Energy Accelerator will build a pipeline of investable projects showcased on the North East Green Investment Map (as per Mayor’s manifesto) and/or on the Carbon and Nature Marketplace. It will drive local energy generation, improve energy resilience and ensure communities see the benefits, and collaborate with partners like the North East and Yorkshire Net Zero Hub and GB Energy to develop projects, attract investment and drive project delivery.

The three-year £3.14m programme will include the following key elements:

- **£2m Energy Project Pipeline Fund** which will enable access to highly specialist technical, legal or commercial input into project business cases for clean energy projects. It addresses a key market failure: limited funding and staff capacity for project development, particularly for public and community groups, and a reluctance from private developers to invest due to risk and uncertainty.
- **£800,000 match-funded capital fund** for the installation of clean energy projects which support the local community. This will follow the similar model as the North East and North Yorkshire Net Zero Hub’s Energy Project Enabling Fund which is now closed. The demand for this fund was high, with several North East organisations missing out. This fund will improve the financial viability of projects.
- **£60,000 to deliver specialised training** that empowers community energy groups and public sector partners to lead and execute local energy initiatives.
- **£200,000 budget for a Promotional Package** and strategic expertise support. This will include stakeholder engagement activities such as events and marketing activity, to support the initiation of projects and promote opportunities to the local supply chain.

The Programme will be delivered by the North East CA’s Clean Energy & Environment team, with support available across all constituent authority areas. An Advisory Board will be formed with representatives from key stakeholders to:

- Provide strategic advice for the Programme to support delivery
- Provide Expertise and experience
- Support collaboration and sharing lessons learned
- Support events and engagement activities.
- Be on a grant approval panel, recommending which projects should receive funding following appraisal.

In line with North East CA’s Single Assurance Framework, the Programme Team will ensure that all funding decisions are evidence-based, legally compliant, and deliver value for money.

The intended impacts are:

- Increased awareness and demand for local clean energy generation amongst community and public sector organisations.
- Greenhouse gas reductions as a result of savings from installation of clean energy technologies.
- Increased social value, including cost savings in energy bills.
- Increase in installed local clean energy generation (MW/kW) and clean energy production (kWh)
- Increased number of projects that can apply to be on the Green Investment Map and Carbon & Nature Market place resulting in increased investment and growth of the local supply chain and job creation.
- Realisation of co-benefits – the project will monitor wider benefits of the project such as fuel poverty reduction, improved clean air, supporting local businesses and skills, including through supply events and engagements.

3. Outputs and Outcomes

Outputs and Outcomes

Outputs	26/27	27/28	28/29	Total
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Number of properties with low or zero carbon energy infrastructure units installed	6	7	7	20
Number of decarbonisation plans developed	15	15	14	44
Number of enterprises receiving non-financial support	20	40	20	80
Creation or safeguarding of space for shared community and/or business activities	1	3	1	5

Publicly owned schools will be eligible for North East Energy Accelerator support; the number of schools receiving non-financial and financial support will be monitored.

The project is expected to achieve the following outcomes:

- Greenhouse gas reductions (% decrease in tonnes of CO2)
- Indirect jobs created/safeguarded
- Increased social value

It is not possible to quantify outcomes at this stage due to the nature of the programme and the range and scale of the projects which may be supported, but these outcomes will be monitored through / after delivery.

4. Milestones

Milestone	Forecast Date
Proposal Start Date	1/4/2026
Financial Completion Date	31/3/2029
Anticipated Proposal Completion Date (date by which all outputs/outcomes will have been achieved)	31/3/2029

B. Impact on North East Combined Authority Objectives

The North East Energy Accelerator will deliver the Mayor's manifesto, the North East CA's local growth plan and the portfolio plans in the July 2024 cabinet papers by creating green jobs and growth opportunities, unlocking investment, engaging communities, reducing energy costs and positioning the region as a national leader in the green energy revolution.

The North East devolution deal highlights the ambition to build world class strength in the region's green manufacturing industries and the opportunity for the North East Combined Authority to work with the Government to create a connected package of investment and incentives across the region. The North East Energy Accelerator will build relationships with investors and explore new financial models for delivery of local energy generation, including the aggregation of projects to help to create an attractive package for investors to the region.

C. Key risks

Risk	Mitigating activity
Grant funding not fully utilised by deadlines – e.g. unable to identify suitable projects and communities/public sector/ partners willing/able to develop projects.	The accelerator team will work with local authorities and stakeholders to map out potential projects at all stages of development. Engagement sessions will be held following the launch of the programme to talk about the programme and how communities/public sector organisations can benefit and apply for support/funding. A call for projects will be made to develop the pipeline.

Funding – Availability of funding to support delivery where projects are developed into business cases, but delivery does not progress	Continue engagement with national stakeholders, the North East and North Yorkshire Net Zero Hub, investors, developers and community groups to explore funding opportunities and finance models to progress projects.
Demand for support/funding is too high	Projects will be placed on a pipeline and triaged based on the kind and level of support they require. The Accelerator Team will work with partners and identify opportunities for collaboration and joint projects and share lessons learnt to make the funding go as far as possible.
Poor quality projects	The Accelerator Team will work with the Project Leads to initially assess the viability of the project. An application, appraisal and governance approach for directing the accelerator resource will be developed. Once awarded support, the project team will meet regularly with the Project Lead to progress the project.
Projects developed but do not progress	The Accelerator will work with the projects to map a route to delivery from the start. The Team will have regular meetings with Project Leads to support progress. When developed to an investible position, the project will be placed on the Green Opportunity Map/Carbon and Nature Market Place until finance is secured. The Accelerator Team will also work with stakeholders to overcome barriers to progress and provide feedback to North East CA, NE&Y NZ Hub and DES NZ on what those barriers are.
Grants being paid in arrears can cause cashflow issues for the Grant Recipient.	The application process will make it clear that grants will be paid in arrears and that if this is an issue to the potential applicant, that they should speak to the Accelerator Team and an initial discussion will look at options to overcome this.
Funding rounds significantly oversubscribed causing risk to sticking to delivery timeframes.	The Accelerator Team will block out time in diaries to accommodate for the appraisal process.

D. Corporate Implications

D1. Financial and other resources implications

The funding will come from the North East CA Investment Fund. A financial profile for the project/programme is included below:

Funding source	2026/27	2027/28	2028/29	Total
North East Combined Authority Investment Fund Revenue	£526,000	£986,000	£834,000	£2,346,000
North East Combined Authority Investment Fund Capital	£200,000	£300,000	£300,000	£800,000
North East Authority Investment Fund Total (Revenue & Capital)	£726,000	£1,286,000	£1,134,000	£3,146,000
Other capital match	£200,000	£300,000	£300,000	£800,000
Proposal Total	£921,340	£1,585,946	£1,338,714	£3,946,000

Status of match funding:

The Capital Grant Fund will operate on a match-funding basis, with successful applicants required to provide the necessary co-investment to secure the award.

D2. Legal implications

The Monitoring Officer has been consulted on this report. Applicants' funding will be required to demonstrate that they are complying with Subsidy Control rules.

D3. Equalities implications

Having reviewed this Initial Equality Impact Assessment and discussed the details of this programme with the Clean Energy and Environment team, the equalities team are satisfied that the initial Equalities Impact Assessment provides sufficient due regard to equalities and inclusion. There is no need for a full Equality Impact Assessment to be completed.

D4. Consultation and engagement

To ensure the proposal is robust and strategically aligned, a comprehensive consultation process was conducted during the business case development. Internally, the Finance, Programme, Legal and Communications teams were engaged. Externally, the seven constituent local authorities, the North East & Yorkshire Net Zero Hub, Northern Powergrid, Borderlands Inclusive Growth Fund and North East VCSE organisations were consulted and their input fed into the design of the Programme to ensure it addresses the specific needs of local stakeholders and aligns with the wider support in the region.

E. Appendices

None

F. Background papers

[Cabinet Report 30 July 2024](#) – The North East Combined Authority's portfolio plans
[Local Growth Plan](#)

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H. Glossary

GB Energy – Great British Energy
North East CA – North East Combined Authority
VCSE – Voluntary, Community and Social Enterprise