

GREEN ECONOMY PANEL

**MEETING TO BE HELD AT 4.00 PM ON TUESDAY, 21 NOVEMBER 2017
IN COMMITTEE ROOM A, WELLINGTON HOUSE,
40-50 WELLINGTON STREET, LEEDS**

A G E N D A

- 1. APOLOGIES FOR ABSENCE**
- 2. DECLARATIONS OF DISCLOSABLE PECUNIARY INTERESTS**
- 3. EXEMPT INFORMATION - POSSIBLE EXCLUSION OF THE PRESS AND PUBLIC**
- 4. MINUTES OF THE MEETING OF THE GREEN ECONOMY PANEL HELD ON 14 SEPTEMBER 2017**
Copy attached.
(Pages 1 - 4)
- 5. A NORTHERN ENERGY STRATEGY**
Presentation by Ed Cox, Director, IPPR North
(Pages 5 - 6)
- 6. RESOURCE EFFICIENCY FUND STEERING GROUP REPRESENTATIVE**
Led by Vincent McCabe
(Pages 7 - 8)
- 7. GREEN ECONOMY PANEL MAJOR PROJECTS UPDATE**
Led by Jacqui Warren
(Pages 9 - 14)
- 8. ENERGY STRATEGY AND DELIVERY PLAN UPDATE**
Led by Noel Collings
(Pages 15 - 20)

9. CLEAN GROWTH STRATEGY

Led by Noel Collings and Jacqui Warren
(Pages 21 - 40)

10. BEIS LOCAL ENERGY CAPACITY SUPPORT

Led by Jacqui Warren
(Pages 41 - 48)

11. ANY OTHER BUSINESS

Signed:

A handwritten signature in black ink, consisting of the letters 'BSM' in a stylized, cursive font, with a horizontal line underneath.

WYCA Managing Director



**MINUTES OF THE MEETING OF THE
GREEN ECONOMY PANEL
HELD ON THURSDAY, 14 SEPTEMBER 2017 AT COMMITTEE ROOM A,
WELLINGTON HOUSE, 40-50 WELLINGTON STREET, LEEDS**

Present:

Councillor Andrew Waller	City of York Council
John Bradley	Crompton
Councillor Jenny Lynn	Calderdale Council
John Williams	S'Investec
Jim Cardwell (Advisory Representative)	Northern Powergrid
David Gill (Advisory Representative)	Northern Gas Networks
Nevil Muncaster (Advisory Representative)	Yorkshire Water

In attendance:

Jon Brigg	Yorkshire Water
Dan Sadler	Northern Gas Networks
Wallace Sampson	Harrogate Borough Council
Martin Farrington	West Yorkshire Local Nature Partnership
Noel Collings	WYCA
Vincent McCabe	WYCA
Dathan Tedesco	WYCA
David Walmsley	WYCA

1. Apologies for absence

In Paul Hamer's absence the chair was taken by Councillor Andrew Waller.

Apologies were received from Councillors Andrew Cooper and Lucinda Yeadon, William Firth, Paul Hamer, Natasha Luther-Jones, Dr Alice Owen and Simon Pringle.

2. Declarations of Disclosable Pecuniary Interests

Advisory representative Jim Cardwell made the meeting aware that in his role at Northern Powergrid he is associated with a group of organisations considering a bid for the ESIF Program: Low Carbon - Priority 4 call in Leeds City Region. He therefore left the meeting before it considered the appointment of an ESIF Sub-Committee Representative at agenda item 10.

3. Exempt information - Possible exclusion of the press and public

There were no exclusions of the press and public at the meeting.

4. Minutes of the meeting of the Green Economy Panel held on 29 June 2017

Resolved: That the minutes of the Green Economy Panel held on 29 June 2017 be approved, subject to the following additional clarification:

Under Governance, minute 4, to note the Panel's desire to add more private and third sector representation to the Panel.

5. Resource Efficiency Fund Update

The panel were provided with a presentation and update on the Resource Efficiency Fund (REF) by Vincent McCabe, WYCA's Programme Manager for Resource Efficiency.

As well as a full update on the performance of the fund since its launch, members were invited to discuss what the future of the programme may look like.

Resolved: That the update on the REF be noted.

6. H21 Update

The panel were provided with a presentation and update on Northern Gas Network's H21 programme by Programme Director Dan Sadler.

Resolved:

- (i) That the update on the H21 project be noted.
- (ii) That the Panel explore how it might continue to be updated on and offer support to this this regionally significant programme.

7. Esholt Circular Economy Demonstration Programme

The panel were provided with a presentation and update on Yorkshire Water's Esholt Circular Economy Demonstration Programme by their Manager of Innovation, Jon Briggs.

Resolved:

- (i) That the update on the Esholt Circular Economy Demonstration Programme be noted.
- (ii) That the Panel explore how it might continue to be updated on and offer support to this innovative programme and that officers consider how this and other innovative schemes might feed in to the City Region's asks to government around the Industrial Strategy and a potential devolution deal.

8. Green Economy Panel Major Projects Update

The Panel considered a report providing an update on the progress of major projects currently being delivered under the Strategic Economic Plan's priority 3 including:

- Energy Accelerator
- Better Homes Programme
- Resource Efficiency Fund
- District Heat Programme
- Green and Blue Infrastructure Strategy and Delivery Plan
- Zero Carbon Energy Strategy and Delivery Plan

Resolved: That the contents of the report be noted.

9. Industrial Strategy and Inclusive Growth

WYCA's Head of Economic Policy gave an update on the city region's developing approach to industrial strategy and inclusive growth.

A presentation was given focusing on the opportunities provided by Government's modern industrial strategy in the context of the prevailing economic conditions, and the challenges to improving competitiveness and productivity while driving inclusive growth outcomes.

A further discussion on the challenge of improving productivity is set to take place at the LEP Board away day on 19 September and panel members were invited to attend.

Resolved:

- (i) That the update on the city region's developing approach to industrial strategy and inclusive growth and the plan to further engage on the productivity challenge be noted.
- (ii) That the work being undertaken to refocus established programmes and projects to drive inclusive growth outcomes be noted.
- (iii) That the plan to propose the continuation of several key Growth Deal programmes to government ahead of the Autumn Budget, in light of their impending expiry, be endorsed.

10. ESIF Sub-Committee Representative

The Panel considered a report outlining the need to nominate a new Green Economy Panel representative to sit on the Leeds City Region's European Structural and Investment Fund (ESIF) Sub-Committee.

Resolved: That Councillor Jenny Lynn be appointed as the new Green Economy Panel representative to sit on the Leeds City Region's European Structural and Investment

Fund (ESIF) Sub-Committee.

Director: Rob Norreys, Director of Policy, Strategy and Communications
Author: Jacqui Warren



Report to: Green Economy Panel

Date: 21 November 2017

Subject: A Northern Energy Strategy

1 Purpose

- 1.1 To outline the recently published Northern Energy Strategy and explore possible opportunities for the Panel.

2 Information

- 2.1 A Northern Energy Taskforce was established in 2016 to oversee and develop an energy strategy for the Northern Powerhouse.
- 2.2 The full Northern Energy Strategy is available from the IPPR's website¹.
- 2.3 The Northern Energy Strategy aims to put the North as the leading low-carbon energy region in the UK. It aims to create a northern energy economy. To achieve this the Taskforce recommend:
- A new Northern Energy Accelerator to identify, co-ordinate and drive northern energy opportunities from early-stage innovation to commercial and social success;
 - Making the north of England the testbed for the smart grid transition and the roll out of new Distribution System Operators (DSOs);
 - Collaboration to support more flexible and permissive approaches to energy pricing and supply to support and transform the North's energy intensive industries.
- 2.4 The Strategy aims to create a local energy revolution, whereby households and businesses will be the driving force in creating a more efficient and intelligent energy system. To achieve this the Taskforce recommend:
- Local energy devolution deals where government devolves the following:
 - the receipts from the Carbon Floor Price (CFP) and Emissions Trading Scheme (ETS) to combined authorities in return for specific commitments to stimulate more decentralised approaches to energy generation and efficiency;
 - a Northern low carbon Homes Commitment for all new build properties;
 - a Northern city – region should work with Ofgem to pilot the UK's first municipally-owned energy services company (MO-ESCo);

¹ <https://www.ippr.org/research/publications/northern-energy-strategy>

- The responsibility and funding for the introduction of energy efficiency measures (ECO) should be switched from energy supply companies to energy distributors (DNOs) as part of the switch to a smarter grid;
- Local energy strategies in every area including a portfolio of investable energy projects to drive the local energy economy and clear guidelines for the integration of planning, transport, air quality, energy supply and demand and smart grid development.

2.5 The Strategy also aims to expand low carbon generation in the following key areas:

- Carbon capture, storage and utilisation
- Hydrogen
- A range of renewable technologies i.e. solar, wind, storage, biofuels
- Export Northern expertise to exploit the burgeoning European market for nuclear decommissioning; and
- Developing a northern energy skills programme

2.6 To deliver the Strategy, the Taskforce recommend that the best way to achieve this is for Northern leaders to work with central government, Ofgem and the Committee on Climate Change to negotiate a long-term Northern Energy Compact. The Compact would have 2 key components:

1. A Northern Carbon Budget binding the region to reducing carbon emissions; and
2. Negotiated freedoms and flexibilities within the national regulatory and policy framework to maximise opportunities in the energy economy

2.7 Ed Cox, Director of IPPR North, will be at the meeting to give a presentation and highlight immediate opportunities and next steps for the Panel to consider.

3 Recommendations

3.1 That the work be noted and feedback given by the Panel.

3.2 The Panel to agree areas of opportunity to pursue at future GEP meetings and through the development of the Leeds City Region Energy Strategy and Delivery Plan.

Director: Sue Cooke, Executive Head of Economic Services
Author: Vincent McCabe



Report to: Green Economy Panel

Date: 21 November 2017

Subject: Resource Efficiency Fund Steering Group Representative

1 Purpose

- 1.1 To request consideration of the nomination of a new Green Economy Panel representative to sit on the Resource Efficiency Fund (REF) Steering Group.

2 Background

- 2.1 The REF Steering Group provides expert advisory support to the REF programme team to advise decisions on the delivery operations of the REF scheme.

- 2.4 Current membership is as follows:

- Henry Rigg, West Yorkshire Combined Authority (Chair)
- Phil Cole, Leeds City Council (Delivery Partner representative)
- Jannik Gieseckam/Jonathan Busch, University of Leeds Sustainability Research Institute (role-share providing specialist sustainability advice)

- 2.5 Up until 28 September 2017, John Bradley of Crompton Mouldings was a member of the Steering Group, representing both the SME client sector and the Green Economy Panel. However, John has tendered his resignation from the Green Economy Panel and the Steering Group. While John has been approached to consider continuing to represent the SME sector on the Steering Group, the Green Economy Panel will no longer have a representative.

- 2.6 According to the agreed Terms of Reference for the Steering Group, the role of the Group is:

- To act as the Steering Group for the REF project by planning and monitoring the delivery of the REF in the City Region to ensure its effective deployment in line with the specific target outputs of the REF Programme.
- To ensure that the Management Procedure is adhered to and continually review its efficacy.
- To review marketing and communications activity for the REF.
- To review monitoring and audit reports.
- To review mitigation proposals for any major programme level risks.

- To review resolution proposals for any major programme level issues
- 2.8 The Steering Group does not have any financial responsibility beyond reviewing spend progress as part of the monitoring reports.
- 2.9 Escalation of any issues identified is through the Economic Services management structure via Henry Rigg and Sue Cooke (the Senior Responsible Officer).
- 2.10 The Steering Group meets on a quarterly basis.

3 Recommendations

- 3.1 The Panel are asked to consider whether it wishes to nominate a new GEP representative to serve on the Steering Group, and the nominate such if required.
- 3.2 It is desirable to further bolster private sector input into the Steering Group, and as such it is suggested that any nomination would ideally be from the private sector and preferably an SME if possible.

Director: Rob Norreys, Director of Policy, Strategy and Communications
Author: Jacqui Warren



Report to: Green Economy Panel
Date: 21 November 2017
Subject: Green Economy Panel Major Projects Update

1 Purpose

- 1.1 To provide an update on progress against the Green Economy Panel’s (GEP) major projects and programmes.

2 Overall Project Delivery

- 2.1 Delivery of the major GEP projects has continued. A summary of the overall delivery is summarised below:

Project	RAG Rating*
Energy Accelerator	Amber
Better Homes Yorkshire	Green
Resource Efficiency Fund	Green
District Heat Network (DHN)	Green
Green and Blue Infrastructure Strategy and Delivery Plan	Green
Zero Carbon Energy Strategy and Delivery Plan	Green
Hydrogen 21	Green

*This is a rating system using Red, Amber, and Green (RAG) to score how well a project’s delivery is progressing. Red = major delays, amber = minor delays and green = good delivery

- 2.2 A full update on each of these projects above is provided below.

3 Energy Accelerator

- 3.1 This is a new innovative project development programme that will offer specialist expertise to local low carbon energy projects. West Yorkshire Combined Authority (WYCA) submitted a revised application for 3.5 million euros to the European Investment Bank’s (EIB) ELENA technical assistance programme (a fund that provides technical assistance for energy efficiency and renewable energy projects). The application has now been submitted for review by the EIB/European Commission. WYCA awaits a decision.
- 3.2 Subject to a successful ELENA application, and to enable the Energy Accelerator (EA) to launch quickly, indicative approval was given by the Combined Authority on 5 October 2017 for WYCA to accept the ELENA funding and proceed to set up and launch the EA. Recruitment of staff and suppliers will also re-commence.

- 3.3 The EA's Advisory Board meet on 2 November 2017 and reviewed progress and next steps required to implement the EA once ELENA funding is secured.
- 3.4 WYCA hope to be a position to launch the EA in April 2018.
- 3.5 In terms of the programme's overall delivery, it remains as an amber rated programme due to the pending ELENA application.

4 Better Homes Yorkshire

- 4.1 This is a city region programme delivering energy efficiency improvements across the City Region's homes.
- 4.2 The Better Homes programme launched in March 2015. At the end of the second year of the Programme, 2,480 homes have received energy efficiency or renewable energy measures (747 in Year 2), with a contract value of £11.2m. Almost 75% of the value has been delivered by Leeds City Region (LCR) supply chain, with a further 20% by contractors just outside (i.e. Doncaster). In total 35 different sub-contractors have been awarded work through the programme and 204 jobs have been sustained.
- 4.3 All Local Growth funding (£6m) has now been secured for the LCR Tackling Fuel Poverty project, fulfilling a key political ambition of a scheme in every district. The Barnsley and Bradford schemes are now complete over the summer, resulting in 180 fuel poor households improved. Work is well underway to improve properties in the Holbeck area of Leeds, this is part of a wider Group Repair scheme. Schemes in Wakefield, Kirklees and Calderdale are progressing well. Projects in York, Selby, Harrogate and Craven are now mobilised, however the rate of take up is slower than expected.

Warm Homes Fund

- 4.4 National Grid announced a £150m Warm Homes Fund on 18th July, to be managed through National Grid's CIC 'Affordable Warmth Solutions'.
- 4.5 Local Authorities, Housing Associations and other organisations are eligible to apply for funding for the installation of affordable heating solutions in fuel poor households, who do not use mains gas as their primary heating fuel. National Grid have now confirmed a funding award of £1.6m to WYCA under Category 1 (urban homes and communities; for example new gas heating systems, it could also include heat network solutions).
- 4.6 The LCR Warm Homes Programme will be led by WYCA, with the LCR Local Authority partners referring / approving fuel poor households and engaging local stakeholders to refer. Over 700 new heating systems are expected to be delivered to fuel poor homes across all tenures, many will also receive a gas connection, supplied by Northern Gas Networks. Housing Leeds (part of Leeds City Council) are a key partner

in the bid and are providing match funding of £750k; this undoubtedly strengthened the bid for funding privately owned and renting households considerably.

- 4.7 Unfortunately the Category 2 bid of £200k for oil fired central heating in rural communities has been unsuccessful. Further rounds of funding are expected during 2018 and 2019.

5 Resource Efficiency Fund (REF)

- 5.1 The Resource Efficiency Fund (REF) offers free expert advice and business support to small and medium sized enterprises (SMEs) to help them to implement energy and water efficiency and waste reduction measures. This is supported by a 50% capital grant of up to £10,000. The REF is funded through the Local Growth Fund (LGF) and European Regional Development Fund (ERDF) 2014-2020 programme.
- 5.2 As of 30th September 2017 the REF has engaged with 226 clients, which is well ahead of projections. Of these, 130 businesses have had technical assessments by external consultants commissioned, and 39 have undergone an in-house review by the Resource Efficiency Managers (REMs). The combined figure of 169 compares favourably with the target number of assessments for the 2017 calendar year (112).

Table1 : Progress of business contacts as at 30th September 2017

Total Business Contacts	226
Businesses Visited	216
Businesses Completed	75
Businesses in Progress	151
Number of Assessments Commissioned	130
Assessment Reports Received	122
12 Hour Assists	16
Grants Approved & Pending	31
Grants Completed	7
Grants Rejected	1

- 5.3 As expected, two thirds of all clients receiving support are from the manufacturing and engineering sectors.
- 5.4 The total value of the approved and pending grants on 30th September was £244,162 (representing 30% of the grant budget for the project).
- 5.6 Spend and outputs have been slower to materialise than expected due to client inertia. Mitigating actions have been taken to encourage a more timely response from clients at key stages of the customer journey.
- 5.7 Given the pipeline of projects currently approved and applications expected, together with the amended guidance on outputs above, confidence is high that the project will be back on track against expectations early in 2018.

5.8 The overall delivery of the programme is ranked as green.

6 District Heat Network (DHN) Programme

6.1 The DHN Programme continues to support 12 active schemes in the LCR. These innovative schemes aim to produce heat (and or use waste heat) to create localised heat networks that heat homes and businesses. They can also help reduce carbon emissions and create fair priced energy locally.

6.2 Since the last update to the GEP, Calderdale Council have submitted an application to Heat Networks Delivery Unit for funding to undertake the next phase of work on the Halifax Town Centre scheme – Detailed Project Development and the development of an Outline Business Case for the scheme. In addition, the feasibility study for Barnsley Town Centre has recently completed and Barnsley Council are now determining their next steps for the scheme. This is likely to be an application to HNDU for funding to undertake Detailed Project Development and the development of an Outline Business Case.

6.3 During November the housing element of the Leeds District Heat Scheme in the Lincoln Green area of the city is due to begin construction work. Leeds are planning some promotion work surrounding this activity and members will be updated on this when details are available.

6.4 The overall delivery of the programme is ranked as green.

7 Green and Blue Infrastructure (GBI) Strategy and Delivery Plan

7.1 This work aims to deliver a new regional strategy and delivery plan that aims to create high quality natural/green infrastructure and environments across the City Region including new woodlands, street trees, and open spaces.

7.2 Work is continuing to progress on developing the Delivery Plan. Convening partners have now been confirmed for six of the seven priorities with conversations progressing with the final potential convening partner (for Priority 4). The convening partners are:-

- **Priority 1 Effective water management:** Environment Agency
- **Priority 2 GI into the physical developments:** Leeds City Council
- **Priority 3 Green and Blue networks:** WYCA
- **Priority 5 Plant and manage more trees and woodlands:** White Rose Forest
- **Priority 6 Restore Uplands:** Natural England
- **Priority 7 Business growth, jobs and skills:** WYCA

7.3 The purpose of the convening partner role is to coordinate the production of the mini-delivery plan for the specific allocated priority. This includes organising priority specific meetings with key stakeholders, reviewing the information that was

generated by partners on current activity in the LCR on GBI, and identification of projects / actions where activity is currently not occurring.

- 7.4 The programme is still on track to deliver a draft to the GEP early in the New Year and as such is classified as a green rating.

8 Zero Carbon Energy Strategy and Delivery Plan

- 8.1 This work aims to create a strategy and delivery plan to help the region create a resilient zero carbon energy economy. A full update will be provided in Item 8. The overall delivery of the programme is ranked as green.

9 H21

- 9.1 This Northern Gas Network innovative programme aims to convert the gas grid from natural gas (methane) to hydrogen, starting with the Leeds city region and then for conversion to take place incrementally across the country.
- 9.2 The Northern Gas Network have applied to OFGEM's Gas NIC fund for £15m. The Gas NIC is an annual opportunity for Gas network companies to compete for funding for the development and demonstration of new technologies, operating and commercial arrangements. If the bid is successful, this will fund the demonstration of the safety case for 100% hydrogen in the gas network through field trials. A decision from OFGEM is expected late November 2017.
- 9.3 The overall delivery of the programme is ranked as green.

10 Recommendations

- 10.1 The Panel is asked to note and comment on the progress made.

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Director: Rob Norreys, Director of Policy, Strategy and Communications
Author: Noel Collings



Report to: Green Economy Panel

Date: 21 November 2017

Subject: Energy Strategy and Delivery Plan Update

1 Purpose

- 1.1 To provide an update on the delivery of the Energy Strategy and Delivery Plan, including the outputs of recently completed commissions.

2 Information

- 2.1 The Strategic Economic Plan (SEP) under Pillar 3 (Energy and Environmental Resilience) sets out the ambition of becoming 'a resilient, zero carbon energy economy by 2036'.
- 2.2 To understand how WYCA and the Leeds City Region (LCR) could achieve the ambition an Energy Strategy and Delivery Plan (ESDP) has been commissioned with support from the Department for Business, Energy and Industrial Strategy (DBEIS). The ESDP is a named delivery plan of the SEP.
- 2.3. The ESDP has been split into four discrete work packages:-
- **Work Package 1:** Energy State of the Leeds City Region
 - **Work Package 2:** Technology Options Appraisal
 - **Work Package 3:** Energy Opportunity Areas
 - **Work Package 4:** Delivery Plan including scenario modelling
- 2.4 **Appendix 1** provides a brief summary of the scope of each work package.
- 2.5 The ESDP, in accordance with the requirements of the funding provided by DBEIS, is to be completed by the end of March 2018.
- 2.6 The presentation, to be delivered at the meeting, will update the Panel on progress to develop the ESDP with a specific focus on the outputs of recently completed commissions for Work Packages 1 and 2 and the next steps with regard to Work Packages 3 and 4. Jacqui Warren and Noel Collings from the Economic Policy Team will give the presentation and take questions from members.

3 Recommendations

- 3.1 The Panel are recommended to note and provide comments on the emerging outputs of the ESDP.

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ESDP Work Packages Summary

<p>Work Package 1: Energy State of the LCR</p>
<p>Purpose:</p> <p>To calculate both the current and future energy state of the Leeds City Region (LCR) in terms of demand, supply, energy efficiency, jobs, GVA and skills.</p>
<p>Composition:</p> <ul style="list-style-type: none"> • Current and future energy demand in the LCR, split according to defined categories (TBC) in megawatt hours per annum (MWh / yr). • Current and future energy generation capacity in the LCR, split according to capacity provided via fossil fuel sources e.g. coal, and renewables e.g. wind. • Energy efficiency measures implemented to date in the LCR including their respective demand reductions in MWh / yr. • Energy efficiency measures and their respective demand reductions in MWh / yr likely to be implemented as part of business as usual over the timeframe of the Strategic Economic Plan (SEP). • Current and future (taking account of growth predictions) to 2036 jobs within the LCR energy sector • Current and future (taking account of growth predictions) to 2036 GVA associated with the LCR energy sector. • Current and likely future (taking account of growth predictions and evidence developed through this product) skills gaps in the LCR energy sector. • CO₂ equivalent (CO₂e) emissions associated with demand, supply and energy efficiency outputs.
<p>Work Package 2: Technology Options Appraisal</p>
<p>Purpose:</p> <p>To procure an external supplier to undertake a technology options appraisal which identifies the likely energy technologies which could enable WYCA to meet its SEP energy ambition by 2036 and form the basis of the Energy Delivery Plan.</p>
<p>Composition:</p> <ul style="list-style-type: none"> • Literature review, utilising relevant studies and reports, setting out the appropriate energy technologies that will enable WYCA and its partners to meet the SEP energy ambition. Technology choices should be categorised under the following headings:- <ul style="list-style-type: none"> ○ Energy generation and supply; ○ Demand-side management / energy efficiency; ○ Smart grids and transmission networks; ○ Carbon capture, storage and utilisation; and ○ Transport • Analysis of the identified energy technologies with regard to their potential contribution to meeting the SEP energy ambition, maximising economic growth

and reducing emissions. Each technology identified should be assessed and ranked according to its performance in the following categories:-

- Current maturity;
- Roll-out potential, including opportunities, barriers and constraints;
- Value for money and affordability to end users; and
- Implementation benefits from an economic, environmental and social perspective.

Work Package 3: Energy Opportunity Areas

Purpose:

To spatially represent the locations in the LCR which are most suitable for specific energy technologies and to make this information available online.

Composition:

- Mapping of current energy assets in the LCR split into the following categories:-
 - Fossil fuel assets;
 - Low carbon / renewable assets (split into those assets greater than 5 MW and those lower than 5 MW);
 - Gas distribution network;
 - Electricity distribution network; and
 - Relevant transport infrastructure e.g. EV charging points, CNG fuelling stations, major routes network.
- Mapping of current resources in the LCR split into the following categories:-
 - Coal resources;
 - Natural gas resources;
 - Oil resources;
 - Non-conventional fossil fuel resources;
 - Geological formations of significance to the energy industry e.g. salt caverns;
 - Geothermal resources;
 - Biomass resources, both forestry and agricultural;
 - Solar resources;
 - Hydro resources;
 - Wind resources; and
 - Heat density.
- Mapping of current energy related constraints, including but not limited to:-
 - Gas distribution network;
 - Electricity distribution network; and
 - Air Quality Management Areas (AQMAs) and Clean Air Zones (CAZ).
- Methodology for selecting locations for specific technology choices.

Work Package 4: Energy Delivery Plan

Purpose:

To utilise the outputs of products 1 to 3 to develop the scenarios, projects and actions which allow WYCA to meet its SEP energy ambition.

Composition:

- Strategic context setting out the vision, benefits, aims, objectives and priorities of the Delivery Plan.
- Scenario modelling demonstrating the various pathways to achieving the SEP energy ambition.
- Delivery plan utilising the evidence developed in products 1 to 3 setting out tangible, resourced projects / actions, including:-
 - Identification of projects / actions;
 - Delivery mechanisms;
 - Organisation roles; and
 - Sector specific delivery plans.
- Monitoring framework demonstrating how progress against the Delivery Plan will be monitored.

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Director: Rob Norreys, Director of Policy, Strategy and Communications
Author: Jacqui Warren



Report to: Green Economy Panel

Date: 21 November 2017

Subject: Clean Growth Strategy

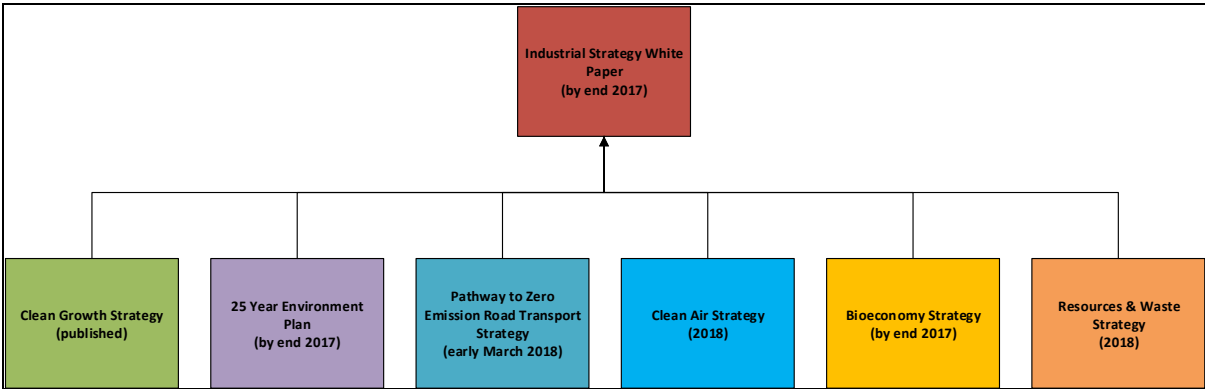
1 Purpose

- 1.1 To outline and inform the Panel of the opportunities presented by the government's new Clean Growth Strategy and seek views on the priority areas for action.

2 Information

- 2.1 The commitments made by governments when signing up to the Paris Climate Agreement present a huge potential economic opportunity. It has been estimated that £13.5 trillion of investment in the global energy sector alone will be required if all national targets are to be met.
- 2.2 The UK government recognises the opportunities that accessing a proportion of the global value which the Paris Climate Agreement will present and how this could provide a real national economic boost. For example estimates suggest that the UK low carbon economy could grow by an estimated 11% per year between 2015 and 2030 and deliver between £60 billion and £170 billion of export sales of goods and services by 2030.
- 2.3 The UK is well placed to take advantage of the opportunities that will be presented through this transition to clean growth having demonstrated over the last 25 years an ability to reduce emissions while continuing to grow the economy. Between 1990 and 2016 the UK economy grew by 67% with emissions reducing by 42% over the same time period.
- 2.4 Given the immense value accessing the opportunities presented by the Paris Climate Agreement could bring to the UK, the government has acknowledged that clean growth must play a central part in their Industrial Strategy. As a result the Clean Growth Strategy (CGS), for which this briefing relates, sets out proposals which will contribute to the UK meeting its ambitions that will be set out in the forthcoming Industrial Strategy White Paper.
- 2.5 The CGS is one of a number of documents that provide further details on the implementation of the Industrial Strategy White Paper in relation to achieving clean growth. The other documents are set out in Figure 1 below.

Figure 1: Clean growth documents that feed into the Industrial Strategy White Paper



2.6 The CGS sets out the interventions that will be implemented to meet the fourth and fifth carbon budgets of the Climate Change Act spanning 2023-2027 and 2028-2032, which equates to a 57% reduction in greenhouse gas emissions below 1990 levels.

2.7 Policies and proposals in the CGS have been set in eight key areas reflecting the areas where the government considers the greatest progress is needed. These are:-

- Accelerating clean growth;
- Improving business and industry efficiency;
- Improving our homes;
- Accelerating the shift to low carbon transport;
- Delivering clean, smart and flexible power;
- Enhancing the benefits and value of our natural resources;
- Leading in the public sector; and
- Government leadership in driving clean growth.

2.8 A summary of the key benefits / opportunities and implications for WYCA and the wider LCR LEP is set out below. For an initial assessment of the opportunities / implications to WYCA / wider LEP of all the policies and proposals set out in the CGS please see Appendix 1 (please note this is an initial assessments only. It requires in-depth analysis to determine the full benefits / implications).

3 Accelerating Clean Growth

3.1 This area focuses on developing the expertise and exploiting the opportunity from new green finance solutions. The key proposal for WYCA / LEP under this strand is the provision of ‘up to’ £20m to support a new clean technology early stage investment fund. At publication limited details were provided on the proposal and further announcements will need to be monitored to determine how the fund aligns with other WYCA projects and programmes.

4 Improving business and industry energy efficiency

4.1 The focus here is in assisting businesses improve their productivity and competitiveness through lower energy bills. The CGS sets out an ambition for

businesses and industry to have improved energy efficiency by at least 20% by 2030. A package of measures to enable businesses to reach this target will be consulted on in 2018 and WYCA should be prepared to respond to this consultation to ensure it is appropriate, sufficiently challenging and not overly burdensome for LCR businesses.

- 4.2 The key proposals for WYCA / LEP under the strand is the plans to simplify the requirements for businesses to report on energy use and the implementation of the industrial decarbonisation and energy efficiency action plans. Information on these proposals was published alongside the CGS. These proposals are significant to WYCA due to the impact they could have on the organisation itself and more widely businesses in the LCR, and WYCA should look to scrutinise the details of each document to ensure they will not have a significant impact on businesses in the LCR.
- 4.3 The government expects to invest around £162m of innovation funding out to 2021 in research, development and demonstration of energy, resource and process efficiency, alongside better low carbon fuels and carbon capture utilisation and storage (CCUS). The largest proportion of this funding is earmarked for CCUS with 'up to' £100m to support industry and CCUS innovation and deployment in the UK. This includes £20m to invest in new innovative technologies that capture and utilise carbon dioxide. This could help support the decarbonisation of heat networks including the Northern Gas Network's H21 Leeds City Gate programme.

5 Improving our homes

- 5.1 Improving our homes focusses on reducing emissions while ensuring everyone has a home that is comfortable, healthy and affordable. Headline ambitions set out within this area include for all fuel poor homes to have an EPC rating of C by 2030 with as many homes as practicable following in 2035, and for all new homes off the gas grid being heated by low carbon technologies by the mid-2020s.
- 5.2 A number of policies and proposals are directly relevant to WYCA's Better Homes Yorkshire programme. These include:-
- An additional £3.6 billion of investment through the Energy Company Obligation (ECO).
 - All fuel poor homes by 2030, as many homes as possible by 2035, to be upgraded to Energy Performance Certificate (EPC) Band C.
 - Phasing out the installation of high carbon fossil fuel heating in new and existing homes off the gas grid.
- 5.3 There is a lack of detail within the CGS on how the policies and proposals outlined above will be delivered, however it will be important for WYCA to monitor announcements related to these areas and be able to respond at speed to ensure Better Homes Yorkshire is at the forefront of delivery in the LCR.
- 5.4 The CGS reiterates the governments' commitment to district heat networks through the funding allocated as part of the autumn 2015 spending review. WYCA, through its District Heat Programme, is overseeing the development of a pipeline of 11 unique

heat network opportunities in the LCR. This support should be continued in light of the announcement in the CGS and WYCA / GEP should consider the ways it can assist in increasing the likelihood of schemes in the LCR from being able to access the capital support on offer for heat networks.

- 5.5 Around £184m is allocated in the CGS for research, development and deployment of innovative energy efficiency and heating technologies, and the gas network. The funding represents an opportunity for businesses and universities in the LCR to collaborate on new products and technologies, this is especially true in relation to the H21 project. WYCA should monitor further announcements related to the fund to ensure it is well placed to react and coordinate any applications for funding support.

6 Accelerating the shift to low carbon transport

- 6.1 This area focuses on the transition to a more modern transport system that is clean, affordable and easy to use.
- 6.2 Significant amounts of funding (in excess of £2 billion) are announced or reiterated in the CGS, including:-
- £80m to support charging infrastructure.
 - £50m for the Plug-in Taxi programme.
 - £100m for retrofitting and new low emission buses.
 - £1.2 billion for cycling and walking.
- 6.3. Given WYCA's position as the passenger transport executive for West Yorkshire it should look to secure a proportion of the funding on offer, building on the existing projects and programmes it is delivering e.g. West Yorkshire Transport Plus Fund, EV Strategy. WYCA should also look to secure a proportion of the funding given the issues experienced in the LCR in relation to air quality.

7 Delivering clean, smart, flexible power

- 7.1 The focus here is on delivering a diverse electricity system that supplies our homes and businesses with secure, affordable and clean power.
- 7.2 The CGS announces a government expectation to invest around £900m in research and innovation in the power sector between 2015 and 2021. Of specific interest to WYCA / LEP is the funding allocated for smart systems. It will be important for WYCA to monitor further announcements in these areas to understand how the businesses and universities in the LCR with specialisms in this field could be assisted in accessing the funding.

8 Enhancing the benefits and value of our natural resources

- 8.1 The aspiration for this area of the CGS is for low emission, highly productive land while ensuring the environment is passed on to the next generation in a better state than currently.

- 8.2 There are clear synergies with the policies and proposals set out in the CGS around this strand and the City Region’s Green and Blue Infrastructure (GBI) Refresh being developed by WYCA for the LCR, including:-
- Designing a new system of future agricultural support.
 - Establishing a new network of forests in England.
 - £10m fund for peatland restoration.
- 8.3 WYCA will need to ensure alignment with the policies and proposals set out in the CGS and include where possible in the GBI Refresh Delivery Plan. Further announcements should be monitored to ensure the LCR, both WYCA and its partners, can respond to opportunities that arise as a result of the proposals documented. It is likely that more details will be forthcoming when the government publishes the 25 Year Environment Plan (a sister document to the CGS).
- 8.4 The CGS sets out the intention to publish a new Resources and Waste Strategy. WYCA should monitor the publication of this document closely and when published look to understand how the existing Resource Efficiency Fund (REF) can be broadened to respond to the opportunities and / or new schemes developed.
- 8.5 There is also a proposal to explore how data can support the development of a network of resource efficiency clusters led by LEPs. Given the experience in delivering the REF and links to LCR universities e.g. University of Bradford and its circular economy work, WYCA / LEP could look to position itself as lead for one of the clusters when more detail is available.

9 Leading in the public sector

- 9.1 This area focusses on the governments’ ambition for the public sector to be a leader in reducing carbon emissions. For WYCA this means potentially needing to establish a programme dedicated to reducing and reporting on the emissions of its activities, with a voluntary target to reduce carbon emissions by 30% set out in the CGS. Funding of £225m is announced in the CGS to assist public sector bodies to make the emission savings and is a potential source to access when delivering WYCA’s accommodation review project and other major projects.

10 Government leadership in driving clean growth

- 10.1 The focus for this strand is the monitoring of progress against the CGS and to show leadership both nationally and internationally. The policies and proposals are primarily for central government to advance, however there is a commitment to establish a Green Great Britain week and WYCA should look to take part in this week when dates and more information are announced.
- 10.2 Furthermore, given the links between the CGS and forthcoming Industrial Strategy White Paper, WYCA and the wider LEP should look to embed clean growth and the

proposals within the CGS into the Region’s Strategic Economic Plan (SEP) and emerging work to develop a local Industrial Strategy (including inclusive growth).

11 Devolution

- 11.1 The CGS reiterates and announces a wide number of funding opportunities of which these can roughly be split between energy and the natural environment.
- 11.2 To support devolution discussions, WYCA has been developing its devolution ask to central government on energy. The funding streams outlined in the CGS provide WYCA with potential opportunities in which it could ask for devolution funding and these could be worked into any future work to develop an ask of government.
- 11.3 In addition the funding announced both in the CGS and are likely to arise in the future e.g. agricultural subsidy regime post Brexit, could form part of an additional devolution ask to government. No timescales are set out within the CGS relating to proposals for a new regime, however it will be important for WYCA / LEP and its partners to develop its own thinking on the issue if it wants to take the lead in the LCR
- 11.4 Please note the views on devolution are that of the Economic Policy Team and are not reflective of the views of BEIS and / or as a result of conversations that have been had with BEIS or any other government department

12 Immediate benefits / implications

- 12.1 Based on the initial key benefits / implications highlighted in the CGS and summarised above (and in **Appendix 1**) the following are suggested areas for the GEP to initially explore with WYCA in more detail in the short - medium term. Some might be re-announcements of existing funding streams so this will also need to be worked through:

Policy / proposal	Priority Rating
1c. Provide up to £20 million to support a new clean technology early stage investment fund.	TBC
2d. Simplify the requirements for businesses to measure and report on energy use, to help them identify where they can cut bills.	2019
4. Publish joint industrial decarbonisation and energy efficiency action plans with seven of the most energy intensive industrial sectors.	Live
11. Support around £3.6 billion of investment to upgrade around a million homes through the Energy Company Obligation (ECO), and extend support for home energy efficiency improvements until 2028 at the current level of ECO funding.	Up to 2028
17. Build and extend heat networks across the country, underpinned with public funding (allocated in the Spending Review 2015) out to 2021	Up to 2021
21. Invest around £184 million of public funds, including two new £10 million innovation programmes to develop new energy efficiency and heating technologies to enable lower cost low carbon homes.	Up to 2021

24a. Invest an additional £80 million, alongside £15 million from Highways England, to support charging infrastructure deployment	2017-2021
25a. Provide £50 million for the Plug-in Taxi programme, which gives taxi drivers up to £7,500 off the purchase price of a new ULEV taxi, alongside £14 million to support 10 local areas to deliver dedicated charge points for taxis.	High
25b. Provide £100 million for a national programme of support for retrofitting and new low emission buses in England and Wales.	High
28. Invest £1.2 billion to make cycling and walking the natural choice for shorter journeys.	2020
37a. £265 million in smart systems to reduce the cost of electricity storage, advance innovative demand response technologies and develop new ways of balancing the grid.	Up to 2021
38. Design a new system of future agricultural support to focus on delivering better environmental outcomes, including addressing climate change more directly	Up to 2021
39. Establish a new network of forests in England including new woodland on farmland, and fund larger-scale woodland and forest creation, in support of our commitment to plant 11 million trees, and increase the amount of UK timber used in construction.	2017 onwards
41. Publish a new Resources and Waste Strategy to make the UK a world leader in terms of competitiveness, resource productivity and resource efficiency.	2018
43. Support peatland through a £10 million capital grant scheme for peat restoration.	2018
46. Introduce a voluntary public sector target of a 30 per cent reduction in carbon emissions by 2020-21 for the wider public sector.	2018
47. Provide £255 million of funding for energy efficiency improvements in England and help public bodies' access sources of funding.	On going

12.2 In addition to the above, various innovation related proposals and existing funding opportunities within the CGS need to be fully explored in the short – medium term.

13 Recommendations

3.1 The Panel are recommended to:-

- Provide comments on which of the proposals outlined in the CGS should be an immediate priority for the GEP and WYCA to explore further.
- Advise WYCA to develop a proposal to embed core elements of the CGS within the organisation's work, including the Local Inclusive Industrial Strategy, Innovation Strategy and Energy Strategy and Delivery Plan / others where appropriate.
- Provide comments on the proposals within the CGS that could form part of a devolution ask to government, and advise WYCA that these should be developed sufficiently, and where appropriate, incorporated into the overall devolution ask.

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Benefits / opportunities and implications for WYCA of CGS policies and proposals

Policy / Proposal	Benefits / Implications for WYCA	Priority	Timing
<i>Accelerating Clean Growth</i>			
1a. Set up a Green Finance Taskforce to provide recommendations for delivery of the public and private investment we need to meet our carbon budgets and maximise the UK's share of the global green finance market.	Purpose of taskforce is to develop policy proposals which could further accelerate private sector investments to deliver the Strategy. Made up of representatives from the finance sector and government. WYCA should monitor the outputs of the taskforce to understand how it can assist in delivering the policy proposals that are developed.	Low	Done
1b. Work with the British Standards Institution to develop a set of voluntary green and sustainable finance management standards.	None.		
1c. Provide up to £20 million to support a new clean technology early stage investment fund.	A lack of detail is provided on this fund in the Strategy. WYCA should monitor further announcements related to this fund to ensure it has an understanding on how it can promote to businesses in the LCR. Depending on the nature of the fund, this could also be an opportunity for the Energy Accelerator and could form part of a devolution ask on energy.	Medium	TBC
1d. Work with mortgage lenders to develop green mortgage products that take account of the lower lending risk and enhanced repayment associated with more energy efficient properties.	No implications at this stage. Possible links into the Better Homes Yorkshire programme when final products are produced i.e. can the products be marketed to households which have had works undertaken as part of Better Homes Yorkshire or associated projects.	Low	2017
<i>Improving business and industry efficiency</i>			
2a. Following the outcome of the independent review of Building Regulations and fire safety, and subject to its	WYCA should look to respond to the consultation when it is published to ensure the proposals strike a balance between ambition and realism to ensure businesses are not impacted	Low	2018

29

Policy / Proposal	Benefits / Implications for WYCA	Priority	Timing
conclusions, consult on improving the energy efficiency of new and existing commercial buildings.	significantly by the changes. There is also a possible link to the REF, with regard to existing buildings, when the changes come into effect to assist businesses to make the transition to the new standards.		
2b. Consult on raising minimum standards of energy efficiency for rented commercial buildings.	See 2a.	Low	2018
2c. Explore how voluntary building standards can support improvements in the energy efficiency performance of business buildings, and how we can improve the provision of information and advice on energy efficiency to SMEs.	A lack of detail is provided on how voluntary business standards can be explored. WYCA should monitor further announcements related to these standards. Opportunity to feed learning from the REF on providing information and advice on energy efficiency to SMEs.	Low	2018
2d. Simplify the requirements for businesses to measure and report on energy use, to help them identify where they can cut bills.	These requirements are proposed to replace the Carbon Reduction Commitment. The replacement for this scheme may make it mandatory for WYCA to measure and report on energy use, something that it currently doesn't undertake. Proposals are currently out to consultation.	Medium	2019
3. Establish an Industrial Energy Efficiency scheme to help large companies install measures to cut their energy use and bills	A lack of detail is provided on the scheme in the Strategy. WYCA should monitor further announcements related to this scheme to ensure it has an understanding of how it can promote to the businesses which are targeted through the scheme. Depending on the nature of the fund, it could complement existing WYCA / LEP programmes including the Growth Service and REF. Potential to form part a devolution ask on energy.	Low	From 2017
4. Publish joint industrial decarbonisation and energy efficiency action plans with seven of the most energy intensive industrial sectors.	Action plans published. Of relevance to specific sectors within LCR e.g. glass, food and drink. WYCA should develop its understanding of how it can assist in delivering the action set	Medium	Done

Policy / Proposal	Benefits / Implications for WYCA	Priority	Timing
	out in these plans. Potential to complement existing WYCA / LEP programmes including the Growth Service and REF.		
5. Demonstrate international leadership in carbon capture usage and storage (CCUS), by collaborating with our global partners and investing up to £100 million in leading edge CCUS and industrial innovation to drive down costs.	Support includes funding for a carbon capture and utilisation demonstration programme to invest in new innovative technologies that capture and utilise carbon dioxide. Possible opportunities for collaboration between the LCRs universities e.g. Energy at Leeds and industry. Possible facilitation role for WYCA with links to H21 Leeds City Gate programme.	Low	2018
6. Work in partnership with industry, through a new CCUS Council, to put us on a path to meet our ambition of having the option of deploying CCUS at scale in the UK, and to maximise its industrial opportunity	None.		
7. Develop the strategic approach to greenhouse gas removal technologies, building on the Government's programme of research and development and addressing the barriers to their long term deployment.	None.		
8. Phase out the installation of high carbon forms of fossil fuel heating in new and existing businesses off the gas grid during the 2020s, starting with new build.	The LCR has significant rural areas which are off the gas grid. This proposal will have an effect on those businesses operating in those areas. There will be a role for WYCA to play in assisting those businesses affected by the proposal to transition to different forms of heating. In the first instance WYCA should monitor further announcements in relation to this proposal.	Low	2020s
9. Support the recycling of heat produced in industrial processes, to reduce business energy bills and benefit local communities.	Further details set out in the Strategy include the announcement of a consultation relating to an £18m industrial heat recovery fund. The focus here is manufacturers. The LCR has a significant manufacturing base and the fund could assist those eligible to utilise their waste heat resource. There could	Low	TBC

Policy / Proposal	Benefits / Implications for WYCA	Priority	Timing
	be a possible opportunity for the REF to assist those SMEs with waste heat to access the fund. There is also the possibility for the fund to be included in any devolution ask on energy.		
10a. Invest around £162 million of public funds in research and innovation in Energy, Resource and Process efficiency, including up to £20 million to encourage switching to lower carbon fuels.	Proposal includes a £9.2m Industrial Energy Efficiency Accelerator (to be run by the Carbon Trust) to help reduce emissions from UK industry by increasing the commercially viable options available, and up to £20m for competitions and demonstrations of firing industrial processes with low carbon fuels. WYCA will need to understand how it can promote and access these funds / link to Growth Hub, REF and innovation programmes /Energy Accelerator. A possible opportunity to form part of a devolution ask on energy.	Low	Up to 2021
10b. Support innovative energy technologies and processes with £14 million of further investment through the Energy Entrepreneurs Fund.	The EEF is a competitive funding scheme to support the development and demonstration of state of the art technologies, products and processes. There is a possible promotion exercise for WYCA to make those businesses in the LCR who might be interested in the EEF aware of it/ link to Growth Hub / REF and Innovation programmes / strategies.	Low	2017
<i>Improving our homes</i>			
11. Support around £3.6 billion of investment to upgrade around a million homes through the Energy Company Obligation (ECO), and extend support for home energy efficiency improvements until 2028 at the current level of ECO funding.	Scheme has been changed to focus on those households with low incomes. Better Homes Yorkshire scheme should look to access a portion of the funding available to allow the continuation of the excellent progress made to date. Possible opportunity to include as part of a devolution ask on energy.	High	To 2028
12. All fuel poor homes to be upgraded to Energy Performance Certificate (EPC) Band C by 2030 with the aspiration for as many	Government intends to consult on options in 2018. Depending on the detail Better Homes Yorkshire could potentially assist in meeting the target in the LCR. WYCA should monitor	Low	To 2035

Policy / Proposal	Benefits / Implications for WYCA	Priority	Timing
homes as possible to be EPC Band C by 2035 where practical, cost-effective and affordable.	announcements related to the proposal and be prepared to respond to any consultation that is undertaken.		
13. Develop a long term trajectory to improve the energy performance standards of privately rented homes, with the aim of upgrading as many as possible to EPC Band C by 2030 where practical, cost-effective and affordable.	See 13.	Low	2018
14. Consult on how social housing can meet similar standards to 13 over this period.	See 13.	Low	2018
15. Following the outcome of the independent review of Building Regulations and fire safety, and subject to its conclusions, we intend to consult on strengthening energy performance standards for new and existing homes under Building Regulations, including futureproofing new homes for low carbon heating systems.	WYCA should look to respond to the consultation when it comes out to ensure the proposals are realistic, deliverable and sufficiently ambitious to meet the LCR ambitions on energy.	Low	By 2019
16. Offer all households the opportunity to have a smart meter to help them save energy by the end of 2020.	Opportunity through the existing Better Homes Yorkshire programme to assist energy companies with the provision of smart metres to households.	Low	2020
17. Build and extend heat networks across the country, underpinned with public funding (allocated in the Spending Review 2015) out to 2021	The District Heat Programme oversees the development of a pipeline of 11 district heat network schemes in the LCR. Given the continued support from government for the development of heat networks, WYCA should continue to support the development of schemes in the LCR. WYCA should also look to investigate ways in which it can increase the likelihood of schemes in the LCR being able to access the £320m of capital support allocated for heat networks by the government.	High	On going to 2021

Policy / Proposal	Benefits / Implications for WYCA	Priority	Timing
18. Phase out the installation of high carbon fossil fuel heating in new and existing homes currently off the gas grid during the 2020s, starting with new homes.	There are significant rural areas in the LCR that are off the gas grid. There will be a role for WYCA to play, possibly through the Better Homes Yorkshire programme, to assist the transition to lower carbon forms of heating in off gas grid areas.	Low	2020s
19. Improve standards on the 1.2 million new boilers installed every year in England and require installations of control devices to help people save energy.	WYCA will need to ensure control devices are installed where boilers are replaced as part of the Better Homes Yorkshire programme.	Low	Spring 2018
20. Invest in low carbon heating by reforming the Renewable Heat Incentive, spending £4.5 billion to support innovative low carbon heat technologies in homes and businesses between 2016 and 2021.	WYCA should look at opportunities to access the RHI as part of the Energy Accelerator, Better Homes Yorkshire and accommodation review project/ major projects.	Low	2017
21. Invest around £184 million of public funds, including two new £10 million innovation programmes to develop new energy efficiency and heating technologies to enable lower cost low carbon homes.	Two £10m innovation programmes will focus on new insulation materials, installation methods and business models for existing buildings and on making low carbon heating systems more affordable, better performing and attractive to the consumer. WYCA should look to promote the programmes to those businesses in the LCR who may be interested. Research, development and deployment is also focussed on the gas grid, and this presents opportunities to link in the H21 project. WYCA should monitor announcements related to the £184m and ensure partners involved in the H21 project are aware of the opportunities. In addition a possible opportunity to form part of a devolution ask on energy.	Medium	Up to 2021
<i>Accelerating the shift to low carbon transport</i>			
22. End the sale of new conventional petrol and diesel cars and vans by 2040.	Refresh various Transport strategies where necessary	Low	2017

Policy / Proposal	Benefits / Implications for WYCA	Priority	Timing
23. Spend £1 billion supporting the take-up of ultra-low emission vehicles (ULEV), including helping consumers to overcome the upfront cost of an electric car.	Promotional opportunity for WYCA to make consumers including businesses aware of the support available for purchasing ULEVs. Opportunity for WYCA to access funding support when, and if, it decides to replace its existing pool cars.	Low	On going
24a. Invest an additional £80 million, alongside £15 million from Highways England, to support charging infrastructure deployment.	WYCA should look to access this fund when more information becomes available, using the EV Strategy as the basis for determining locations for deployment. Possible opportunity to form part of a devolution ask on energy.	Medium	2017 - 2021
24b. Take new powers under the Automated and Electric Vehicles Bill, allowing the Government to set requirements for the provision of charging points.	Powers included in the Bill will need to be taken into account by WYCA when it is installing EV infrastructure.	Low	2017
25a. Provide £50 million for the Plug-in Taxi programme, which gives taxi drivers up to £7,500 off the purchase price of a new ULEV taxi, alongside £14 million to support 10 local areas to deliver dedicated charge points for taxis.	WYCA should look to secure a proportion of the £50m on offer to assist taxi drivers in the LCR to upgrade to a ULEV taxi, this is especially important in areas with poor air quality. Possible opportunity to form part of a devolution ask on energy. WYCA are one of the 10 areas selected to deliver dedicated charge points for taxis, securing £1.98m, the second highest grant award after Birmingham.	High	On going
25b. Provide £100 million for a national programme of support for retrofitting and new low emission buses in England and Wales.	Announced in the autumn 2016 budget. WYCA should look to access the funding in partnership with the bus operators in the LCR. Possible opportunity to form part of a devolution ask on energy.	High	TBC
26. Work with industry as they develop an Automotive Sector Deal to accelerate the transition to zero emission vehicles.	Unlikely role. Explore with partners	Low	TBC

Policy / Proposal	Benefits / Implications for WYCA	Priority	Timing
27. Announce plans for the public sector to lead the way in transitioning to zero emissions vehicles	Monitor announcements related to this proposal as may have implications for WYCA.	Low	TBC
28. Invest £1.2 billion to make cycling and walking the natural choice for shorter journeys.	Links to various transport and low emission strategies and the GBI Refresh and specifically priorities on green / blue networks and health. Need to ensure delivery plans for these priorities reflect the funding that may be on offer.	Medium	2020
29. Work to enable cost-effective options for shifting more freight from road to rail, including using low emission rail freight for deliveries into urban areas, with zero emission last mile deliveries.	Detail is lacking on this proposal within the Strategy. WYCA should monitor further announcements related to this proposal.	Low	2019
30. Position the UK at the forefront of research, development and demonstration of Connected and Autonomous Vehicle technologies, including through the establishment of the Centre for Connected and Autonomous Vehicles and investment of over £250 million, matched by industry.	WYCA should maintain an understanding of the potential future changes to technologies and the implications and opportunities for the LCR.		
31a. Ensure the UK builds on its strengths and leads the world in the design, development and manufacture of electric batteries through investment of up to £246 million in the Faraday Challenge.			
31b. Deliver trials of Heavy Goods Vehicle (HGV) platoons, which could deliver significant fuel and emissions savings.			
<i>Delivering clean, smart, flexible power</i>			
32a. Implement the smart systems plan, which will help consumers to use energy more flexibly and could unlock savings of up to £40 billion to 2050.	Unlikely role		

Policy / Proposal	Benefits / Implications for WYCA	Priority	Timing
32b. Work with Ofgem and National Grid to create a more independent system operator to keep bills low through greater competition, coordination and innovation across the system.	Adopt a watching brief		
32c. Respond to the forthcoming independent review into the cost of energy led by Professor Dieter Helm CBE.	Adopt a watching brief		
32d. Publish a draft bill to require Ofgem to impose a cap on standard variable and default tariffs across the whole market.	Adopt a watching brief		
33. Phase out the use of unabated coal to produce electricity by 2025.	Adopt a watching brief		
34. Deliver new nuclear power through Hinkley Point C and progress discussions with developers to secure a competitive price for future projects in the pipeline.	Adopt a watching brief		
35a. Up to £557 million for further Pot 2 Contract for Difference auctions, with the next one planned for spring 2019.	Opportunities for the Energy Accelerator.		
35b. Work with industry as they develop an ambitious Sector Deal for offshore wind, which could result in 10 gigawatts of new capacity, with the opportunity for additional deployment if this is cost effective, built in the 2020s.	Unlikely role		
36. Target a total carbon price in the power sector which will give businesses greater clarity on the total price they will pay for each tonne of emissions.	Limited detail included in the Strategy. Further details to be published in the autumn budget.	Low	Autumn 2017
37a. £265 million in smart systems to reduce the cost of electricity storage, advance innovative demand response technologies and develop new ways of balancing the grid.	WYCA should monitor further announcements in relation to this fund. Will be important to understand the number of businesses	Medium	Up to 2021

Policy / Proposal	Benefits / Implications for WYCA	Priority	Timing
	in the LCR which this fund could apply to. Links to universities especially University of Leeds and their work on smart systems.		
37b. £460 million in nuclear to support work in areas including future nuclear fuels, new nuclear manufacturing techniques, recycling and reprocessing, and advanced reactor design.	WYCA should monitor further announcements in relation to this fund. Will be important to understand the number of businesses in the LCR which this fund could apply to. Not a large nuclear sector in LCR so might be no benefits.	Low	Up to 2021
37c. £177 million to further reduce the cost of renewables, including innovation in offshore wind turbine blade technology and foundations.	WYCA should monitor future announcements in relation to this fund. Will be important to understand the number of businesses in the LCR which this fund could apply to.	Low	Up to 2021
<i>Enhancing the benefits and value of our natural resources</i>			
38. Design a new system of future agricultural support to focus on delivering better environmental outcomes, including addressing climate change more directly	WYCA should monitor this proposal closely given the clear links to the GBI Refresh and especially priority on upland management and sustainable agriculture. Possible opportunity for a devolution ask with regard to future agricultural subsidy.	High	Up to 2021
39. Establish a new network of forests in England including new woodland on farmland, and fund larger-scale woodland and forest creation, in support of our commitment to plant 11 million trees, and increase the amount of UK timber used in construction.	WYCA should work with the White Rose Forest on its new Delivery Plan to help deliver the proposal. The outputs of the Delivery Plan should be reflected in the GBI Refresh Delivery Plan. Additional proposals include establishing a stronger and more attractive carbon offset market including tree planting. WYCA should monitor announcements on this proposal and should look to position itself as the recipient of any offset payments through its projects and programmes.	Medium	2017 onwards
40. Work towards an ambition for zero avoidable waste by 2050, maximising the value extracted from resources, and minimising the negative environmental and carbon impacts associated with extraction, use and disposal.	Includes a proposal to explore how data can support the development of a network of resource efficiency clusters led by LEPs. Focus would be the development of local level strategies to drive resource efficiency. WYCA should monitor this proposal	Medium	Up to 2050

Policy / Proposal	Benefits / Implications for WYCA	Priority	Timing
	given the excellent work done to date on resource efficiency through the REF.		
41. Publish a new Resources and Waste Strategy to make the UK a world leader in terms of competitiveness, resource productivity and resource efficiency.	Monitor announcements in relation to the new Strategy and be prepared to respond to the opportunities that it provides, especially where these link to the REF and its future form.	Medium	2018
42. Explore new and innovative ways to manage emissions from landfill.	None.		
43. Support peatland through a £10 million capital grant scheme for peat restoration.	There are significant areas of peatland in the LCR, some of which is in a degraded state. WYCA, through the GBI Refresh, should look to work with partners to identify areas which could be applicable for the grant and apply when the fund becomes available. Could also form part of a devolution ask?	Medium	April 2018
44. Invest £99 million in innovative technology and research for agri-tech, land use, greenhouse gas removal technologies, waste and resource efficiency.	Limited information provided in the Strategy. WYCA should monitor announcements related to the proposal to ensure opportunities for LCR businesses and universities are not missed. Opportunity to work closely with YNYER LEP who identify the bioeconomy as a priority.	Low	Up to 2021
<i>Leading in the public sector</i>			
45. Agree tighter targets for 2020 for central government and actions to further reduce greenhouse gas emissions beyond this date.	None.		
46. Introduce a voluntary public sector target of a 30 per cent reduction in carbon emissions by 2020-21 for the wider public sector.	WYCA will need to decide whether it wishes to meet the voluntary target. Given the lack of progress in this area in the past meeting any target is likely to be a significant task. Findings from the voluntary scheme are likely to influence a mandatory	High	2018

Policy / Proposal	Benefits / Implications for WYCA	Priority	Timing
	public sector scheme. As a result WYCA will at some point be required to report on its emissions. Opportunities to support local partners.		
47. Provide £255 million of funding for energy efficiency improvements in England and help public bodies access sources of funding.	WYCA should look to access this fund to make energy efficiency improvements to its estate. Especially important to take into consideration for the accommodation review project / other major schemes. Opportunities to support local partners.	High	On going
<i>Government leadership in driving clean growth</i>			
48. Work with businesses and civil society to introduce a “Green Great Britain” week to promote clean growth.	Working with local authority partners, WYCA should look to promote Green Great Britain week when it is announced.	Low	2018
49. Reinstate a regular Clean Growth Inter-Ministerial Group responsible for monitoring the implementation of this Strategy and driving ambitious clean growth policies.	None.		
50. Report annually on our performance in delivering GDP growth and reduced emissions through an “Emissions Intensity Ratio”.	None.		

Director: Rob Norreys, Director of Policy, Strategy and Communications
Author: Jacqui Warren



Report to: Green Economy Panel
Date: 21 November 2017
Subject: BEIS Local Energy Capacity Support

1 Purpose

- 1.1 To outline a new offer of support from BEIS relating to the development of new energy hubs to accelerate clean energy generation across England.

2 Information

- 2.1 Following a Local Enterprise Partnership's (LEP) Chief Executives meeting in London on 22 August, the Department for Business, Energy and Industrial Strategy (BEIS) wrote to all LEPs outlining proposals for local energy capacity support.
- 2.2 The purpose of this letter was to share BEIS' outline proposals for how this support in the form of additional resources could be used, and as a starting point for discussion.
- 2.3 The proposal is summarised below:
- As part of the BEIS Local Energy programme, BEIS has allocated £2.7m in this financial year to support the capacity of LEPs and local authorities to:
- Identify and prioritise local energy projects
 - Undertake the initial stages of development for priority projects and programmes (eg feasibility studies and business cases), up to a point where investment can be secured
 - Take a collaborative and coordinated approach across multiple LEP areas
- 2.4 BEIS suggest that the most effective use of the available funds is to establish five local energy hubs to support the capacity of LEPs and local authorities to deliver energy projects. There will be some flexibility in how each hub operates in order to meet local needs, but BEIS are keen to ensure a coherent programme of support across England and clear lines of communication between local areas and central government. The resources available are estimated to be sufficient to fund around four full time equivalent posts per hub for an initial two years of operation.
- 2.5 Each hub would serve a number of LEP areas, and together they would cover the whole of England. A Yorkshire, Humber and North East Hub is proposed covering the following LEP areas:

Humber	Sheffield
Leeds City Region West	Tees Valley
Yorkshire Combined Authority North East	York, North Yorkshire and East Riding

2.6 **Appendix 1** outlines the full details of the letter and proposals.

2.7 Leeds City Region responded to BEIS initially on the proposal and based on conversations with neighbouring LEPs and local authority partners. A range of views were received including:

- Some local authorities welcomed this support and additional capacity, however, they raised concerns over the amount of money that would be available for each hub.
- The geographical area for the hub is very large for the amount of money available.
- Concern as to how the hub would be governed and how projects within the hubs could be prioritised whilst ensuring that support is given fairly across all 6 LEP areas.
- The hub could complement our region’s Energy Accelerator Programme (due to launch 2018, subject to a successful ELENA application).
- The proposal is slightly premature and should wait till the results of the BEIS funded Energy Strategy and Delivery Plan is complete.
- Could the money available simply be devolved directly to each LEP, this could potential allow LEPs and Local Authorities to quickly assess and prioritise local projects leading to shorter timescales to implementation.
- If BEIS did consider a more flexible approach to the Hubs and devolve the funding to each LEP, we would propose to still work closely with neighbouring LEPs on a range of projects that come out of our energy strategies and plans.
- If BEIS are set on the local hub idea, any new energy hub in our region could potentially be hosted by the LCR and within the LCR’s Energy Accelerator.

2.8 BEIS held a Yorkshire, Humber and North East LEP meeting on 9 November to discuss the feedback from their proposals and to agree next steps for the support available in our regions. A verbal update will be given at the meeting outlining the preferred support and next steps.

3 Recommendations

3.1 Panel members are recommended to note and provide comments on the proposal.



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Dear Sir/Madam

Local Energy capacity support for LEPs and local authorities

Following the announcement at the LEP Chief Executives meeting in London on 22nd August, I am writing to confirm that BEIS is proposing to support the capacity of LEPs and local authorities to play a leading role in delivering low-carbon economic growth.

Our aim is to work with the LEPs and your local authority members over the coming months to achieve a broad consensus as to how this capacity support will be provided. The purpose of this letter is to share our outline proposal for how these resources could be used, as a starting point for discussion.

Funding and aims for capacity support

As part of the BEIS Local Energy programme, BEIS has allocated £2.7m in this financial year to support the capacity of LEPs and local authorities to:

- Identify and prioritise local energy projects
- Undertake the initial stages of development for priority projects and programmes (eg feasibility studies and business cases), up to a point where investment can be secured
- Take a collaborative and coordinated approach across multiple LEP areas

The funds will be transferred by BEIS in this financial year, but funding agreements will allow local spending to take place across multiple years.

Further information on the rest of the BEIS Local Energy programme is provided in Appendix 1.

Outline proposal for capacity support

We consider that the most effective use of the available funds is to establish five local energy hubs, to support the capacity of LEPs and local authorities to deliver

energy projects. The role of the hubs would be as outlined in the section above on *Funding and aims for capacity support*. There will be some flexibility in how each hub operates in order to meet local needs, but we are keen to ensure a coherent programme of support across England and clear lines of communication between local areas and central government.

Each hub would serve a number of LEP areas, and together they would cover the whole of England. Suggested LEP areas which would be covered by each hub are provided in Appendix 2, as a starting point for discussion. You have the option to propose alternative geographies at an early stage, provided you are able to achieve agreement for that proposal from the other LEP areas affected by those changes.

The resources available are estimated to be sufficient to fund around four full time equivalent posts per hub for an initial two years of operation. Each hub would be required to liaise with the BEIS Local Energy team and the other hubs, to share experience and best practice.

LEPs will be expected to work closely with their local authorities in the process of setting up and working with the hubs. Each hub would be hosted by a lead local authority, by mutual agreement of the LEP areas served. Funding would be allocated to the nominated lead local authority, which must be a legal entity able to receive funds under Section 31 of the Local Government Act. The hub would be expected to work on behalf of all of the LEP areas served, and of their member local authorities, and governance arrangements would need to be agreed in support of this.

We would welcome proposals to supplement or match the available funding with other resources, although this will not be a condition of BEIS funding. Each local energy hub would be expected to work towards achieving financial sustainability after the initial period of central government funding, for example through ring fencing a percentage of capital investment or revenue from projects or contributions from the LEPs and local authorities served.

Our aim is for the local energy hubs to complement and build on existing activity, rather than duplicating or replacing other resources. It is not our intention for the local energy hubs to limit in any way your ability to work with others outside of your region on projects or matters of mutual interest. We would welcome your views on this.

Key decisions

A number of decisions need to be made as part of the design and delivery of this capacity support. In particular, we are keen to:

- Confirm which LEPs are included in each region
- Agree a host LEP or local authority for each hub

- Agree the number of people in each hub, job descriptions and required expertise
- Confirm the amount of funding for each hub
- Agree an outline work programme and way of working for the hubs
- Agree governance arrangements within each region and nationally

Process and next steps

I would like to take this opportunity to invite all LEPs across England to work with us to shape and implement these proposals over the coming months. If preferred, please feel free to nominate a lead local authority to engage in this process on behalf of your LEP area.

As a first step, I would be grateful if you could:

- Share and discuss these outline proposals with your local authority members
- Discuss these proposals with other LEPs in your region
- Consider how you and your local authority members might benefit from the capacity support outlined above and what specific support and expertise you would find most useful, bearing in mind the limitations on available budget and BEIS aims for the funding
- Consider what role you might be able to play in delivering this support, and whether your organisation would be willing and suitable to host one of the hubs

I would welcome your **feedback on the outline proposals by 7th October**. Please send your feedback to Helen Pearce (helen.pearce@beis.gov.uk; 0300 068 5350), who is leading this work on behalf of my team. If you have any questions on the proposals for capacity support, Helen will be happy to discuss them with you.

My team will collate all the feedback we receive in response to this letter and develop more detailed proposals. Our aim is to present and discuss these detailed proposals in a series of five regional workshops in the last week of October and the first week of November. We will be in touch to confirm dates and locations for these workshops as soon as possible.

I look forward to hearing from you.

Yours faithfully

Sam Kennedy

Deputy Director, Home and Local Energy, BEIS

Appendix 1

BEIS Local Energy programme

BEIS has allocated £1.6m for energy strategy development by LEPs, with the first tranche of 13 LEPs receiving a total of £600k in March 2017 and the remaining 25 LEPs in England offered funding totalling £1m in September 2017. One of the main outcomes of these energy strategies will be the identification of a pipeline of energy investment opportunities for each LEP area.

BEIS has also funded six other projects which will enhance the capability of LEPs and local authorities, including:

- Development of a carbon monitoring and reporting tool, led by Greater Manchester Combined Authority
- Development of a cost benefit analysis methodology to assess the economic case for local energy projects, led by Greater Manchester Combined Authority
- A review of health and fuel poverty schemes, led by Liverpool City Council, and development of good practice resources and tools, led by Cornwall County Council
- A review of progress with ERDF low carbon funding to date, and support for future delivery of the programme, led by Wolverhampton City Council
- National benchmarking of low carbon and energy activity by LEPs and city regions, led by Wolverhampton City Council

These projects are due to be completed by the end of March 2018. The outputs of these projects will be made available to all LEPs and local authorities in England and other relevant organisations.

An important aspect of the Local Energy programme is the facilitation of peer-to-peer collaboration and learning between LEPs and local authorities, and contact between local areas and central government on relevant issues. To this end, a Huddle space for online communication and co-working is being launched in September 2017.

The new £2.7m funding for capacity support is intended to complement this existing activity, by providing LEPs and local authorities with additional resources and expertise to undertake the initial stages of energy project development, up to a point where they are able to attract capital investment.

Appendix 2

LEPs areas suggested for inclusion in each hub

Local energy hub	LEP areas included	
North West	<ul style="list-style-type: none"> • Cheshire & Warrington • Cumbria • Lancashire 	<ul style="list-style-type: none"> • Greater Manchester • Liverpool City Region
Yorkshire, Humber and North East	<ul style="list-style-type: none"> • Humber • Leeds City Region / West Yorkshire Combined Authority • North East 	<ul style="list-style-type: none"> • Sheffield • Tees Valley • York, North Yorkshire and East Riding
Midlands	<ul style="list-style-type: none"> • Black Country • Coventry & Warwickshire • Derby, Derbyshire, Nottingham & Nottinghamshire (D2N2) • Greater Birmingham & Solihull • Greater Lincolnshire 	<ul style="list-style-type: none"> • Leicester & Leicestershire • The Marches • Stoke-on-Trent & Staffordshire • Worcestershire
South East	<ul style="list-style-type: none"> • Buckinghamshire Thames Valley • Coast to Capital • Greater Cambridge & Greater Peterborough • Hertfordshire • London 	<ul style="list-style-type: none"> • New Anglia • Oxfordshire • South East • South East Midlands • Thames Valley Berkshire
South West	<ul style="list-style-type: none"> • Cornwall & the Isles of Scilly • Dorset • Enterprise M3 • Gloucestershire 	<ul style="list-style-type: none"> • Heart of the South West • Solent • Swindon & Wiltshire • West of England

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