

Panel Chair: Simon Pringle
Author: Jacqui Warren

Report to: LEP Board
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Subject: Green Economy Panel Projects Update

1 Purpose

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

2 Energy Accelerator

- 2.1 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.
- 2.2 Subject to a successful ELENA application, and to enable the Energy Accelerator (EA) to launch quickly, indicative approval was given by WYCA 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.
- 2.3 The EA's Advisory Board met on 2 November 2017 and reviewed progress and next steps required to implement the EA once ELENA funding is secured.
- 2.4 WYCA hope to be a position to launch the EA in May/June 2018.

3 Better Homes Yorkshire

- 3.1 This is a city region programme delivering energy efficiency and heating Improvements across the City Region's homes.
- 3.2 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.

3.3 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

3.4 National Grid announced a £150m Warm Homes Fund on 18th July, to be managed through National Grid's CIC 'Affordable Warmth Solutions'.

3.5 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).

3.6 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. 200 will be delivered through the Better Homes Yorkshire programme. Housing Leeds (part of Leeds City Council) are a key partner and are providing match funding of £750k (500 systems to be delivered through their existing contracting arrangements).

3.7 According to Government data sources, around 73,000 households, around 6%, in the Leeds City Region are off gas. Many of these properties are located in rural areas of the city region, which are beyond the reach of the gas network, and where pockets of fuel poverty exist, rather than whole communities. The volume of properties included within the Programme is based on Officer knowledge and experience, in addition to available data sources.

3.8 Leeds City Council (LCC) own around 56,000 domestic properties, of these around 45,000 are heated through mains gas. Around 10% of the non-gas properties are high rise properties. The high rises are subject to separate feasibility and options appraisal, in terms of heating and energy efficiency improvements, and therefore did not lend themselves to the tight timeframes of Warm Homes Round 1 funding. The 500 properties which will be improved through LCR Warm Homes represents around 9% of non-high rise, off gas LCC housing stock.

3.9 Through this funding, measures will begin to be installed from January 2018.

General Energy Efficiency

- 3.10 WYCA is currently calculating the total number of homes still in need of energy efficiency improvements. This is complex to calculate due to the limited availability of robust data sets. It is also trying to understand who else is installing measures across the region. This is also complicated as there are many private companies offering a range of measures. Individuals can also install their own measures. As part of its Energy Strategy and Delivery Plan work, WYCA will be collating available data sets to determine the remaining potential for domestic energy efficiency across the region. This will be fed back to the LEP once collated (estimated April 2018).

4 Resource Efficiency Fund (REF)

- 4.1 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.
- 4.2 As of 30th November 2017 the REF has engaged with 249 clients. Of these, 151 businesses have had technical assessments by external consultants commissioned, and 46 have undergone an in-house review by the Resource Efficiency Managers (REMs). The combined figure of 197 compares favourably with the target number of assessments for the 2017 calendar year (112).

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

Total Business Contacts	249
Businesses Visited	243
Businesses Completed	90
Businesses in Progress	153
Number of Assessments Commissioned	151
Assessment Reports Received	137
12 Hour Assists	84
Grants Approved & Pending	53
Grants Completed	15
Grants Rejected	1

- 4.3 The programme continues to progress. The 12 hour assist output (84) is well ahead of target (60 to the end of December 2017) while the grant output (15) and grant spend is currently behind target (46 to end of December). It is expected that grant outputs will be caught up over the next couple of quarters and grant spend is expected to be on target by the end of March 2018. The overall businesses supported output is currently 87, which is broadly on target.

5 District Heat Network (DHN) Programme

- 5.1 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 Green and Blue Infrastructure (GBI) Strategy and Delivery Plan

- 6.1 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.
- 6.2 The programme is still on track to deliver a draft to the Green Economy Panel early in the New Year, and the LEP Board following this.

7 Zero Carbon Energy Strategy and Delivery Plan

- 7.1 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'. 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. 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 Opportunities

Work Package 4: Delivery Plan including scenario modelling

- 7.2 Work packages 1 and 2 are now nearing completion.
- 7.3 Work Package 1 calculates both the current and future energy state of the Leeds City Region (LCR) in terms of demand, supply, energy efficiency, jobs, GVA and skills.
- 7.4 Work Package 2 includes a technology options appraisal which identifies the region's energy strengths and the likely energy technologies and opportunities that could enable the Region to meet the SEP's energy ambition by 2036. It will also form the basis of the Energy Delivery Plan.
- 7.5 Work Package 4 is currently being procured and Work Package 3 will be procured shortly. A draft strategy and delivery plan will be completed by the end of March 2018 and presented to the GEP and LEP.

8 H21

- 8.1 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.
- 8.2 The Northern Gas Network (NGN) applied to OFGEM's Gas NIC fund. 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. The bid was partially successful, and NGN will receive £10m to fund the demonstration of the safety case for 100% hydrogen in the gas network through field trials.

9 BEIS Local Capacity Support

- 9.1 The Department for Business, Energy and Industrial Strategy (BEIS) wrote to all LEPs outlining proposals for local energy capacity support.
- 9.2 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.
- 9.3 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 (e.g. feasibility studies and business cases), up to a point where investment can be secured
 - Take a collaborative and coordinated approach across multiple LEP areas
- 9.4 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.
- 9.5 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	York, North Yorkshire and East Riding
North East	

- 9.6 Based on initial feedback received from a number of LEPs (including LCR) BEIS refined their proposal. BEIS are now offering £4.7m to create 4 energy hubs in England, including one energy hub to serve all 11 LEPs in the North. BEIS have now asked the Yorkshire, Humber and North East LEPs to decide on their preferred model for this hub.
- 9.7 Various discussions have been held with all of the North East, Yorkshire and Humber (NEYH) LEPs to explore the proposals. Once consensus was found, NEYH LEPs discussed their preferred proposal with the North West LEPs.
- 9.8 The preferred proposal for the NEYH LEPs was to create a North East, Yorkshire (including LCR, YNYER and Sheffield) and Humber LEP Energy Hub (not pan-northern). This will include:
- Tees Valley Combined Authority to act as accountable body and manage the total budget of £704k total budget over two years.
 - For the NEYH Hub to contain a core team which consists of
 - one person to manage the programme (Programme Manager)
 - call-off contracts for specific expertise, including but not limited to financial, commercial, legal, and technical support
 - Local Project Managers to work in the LEPs at a local level (for WYCA/LCR this equates to 1 x p/t Project Manager for 2 years)
- 9.9 This proposal is a new way of working across LEP areas and all NEYH LEPs believe keeping the structure to a manageable area has practical benefits over the two year programme. This will allow us to test if this scale is achievable. Following the two year programme we will assess options to take the programme forward, this could include extending the geography to a pan northern approach (subject to finances).
- 9.10 The joint NEYH LEP proposal, which was signoff by all the MDs of the 6 LEP areas, was submitted to BEIS on 30th November. BEIS is currently reviewing the proposal.
- 9.11 In light of the proposal WYCA and GEP have also explored this opportunity and what it could offer LCR if we were to act as the accountable body. Due to the limited amount of funding available to actually delivery projects in the City Region and the need to establish the Energy Accelerator ((EA) once we receive the ELENA grant), it was felt that the City Region’s resources are better spent establishing the EA than trying to also establish this hub at the same time.

10 Northern Energy Strategy

- 10.1 At the last GEP meeting on 21st November the Panel received a presentation on the recently published regional Northern Energy Strategy.
- 10.2 The full Northern Energy Strategy is available from the IPPR's website¹.
- 10.3 It aims to create a northern energy economy. To achieve this it recommends:
- 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.
- 10.4 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);
 - 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.
- 10.5 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

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

- Developing a northern energy skills programme

11 Clean Growth Strategy

11.1 The government has acknowledged that clean growth must play a central part in their Industrial Strategy. The recently published [Clean Growth Strategy](#) (CGS) sets out proposals which will contribute to the UK meeting its ambitions that are set out in the recently published Industrial Strategy White Paper.

11.2 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.

11.3 WYCA and the GEP will now begin to align and explore the opportunities / recommendations and proposals of the IPPR's Northern Energy Strategy and the new CGS within the forthcoming Local Inclusive Industrial Strategy, Energy Strategy and Delivery Plan and other City Region Strategies.

12 Recommendations

12.1 The LEP Board note the work of the Green Economy Panel.