

Report to: Leeds City Region Enterprise Partnership Board (LEP Board)

Date: 26 March 2019

Subject: **Green Economy Panel Update**

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1. Purpose of this report

- 1.1 To give an update on the Green Economy Panel's major projects and programmes.

2 Information

Energy Accelerator

- 2.1 The Energy Accelerator is a key programme under priority three of the Strategic Economic Plan (SEP) which aims to create a zero carbon energy economy by 2036. It is a new innovative programme. The Accelerator is a team of expert advisors that are supporting the development of low carbon projects, offering free support to the commercial and public sector on:

- Energy efficiency and renewable energy
- District heat networks
- Street lighting

- 2.2 The programme is now operational and the first projects are beginning to submit applications for support.

Better Homes Yorkshire

- 2.3 This is a City Region wide programme delivering energy efficiency and heating improvements across the City Region's homes. The projects within the programme are progressing well and to date almost 1,250 homes have received measures during 2018/19, against the target of 1,320. This brings the total number of homes improved through the programme to over 4,300.

Warm Homes Fund (WHF) bid Round 2a

- 2.4 The Green Economy Panel endorsed the Combined Authority applying for Warm Homes Round 2a funding in September 2018.

- 2.5 The proposal included plans to install over 1000 first-time, full central heating systems to households in fuel poverty.
- 2.6 Unfortunately the application was not successful. The Combined Authority and partners are now reviewing the application to inform the decision whether to apply for future funding rounds later in 2019.

Resource Efficiency Fund (REF)

- 2.7 The REF offers free expert advice and business support to small and medium sized enterprises (SMEs) to help them to carry out energy and water efficiency and waste reduction measures.
- 2.8 Table 1 summarises key progress indicators for the REF as of 31 January 2019.

Table 1: Progress as at 31 January 2019			
	Last Update (30/11/2018)	Current	Revised Programme Target (31/10/19)
Total Business Contacts	523	554	501
Assessments Commissioned	278	294	321
Businesses Supported	177	213	303
Businesses receiving non-financial support	154	188	200
Businesses receiving information, diagnostic and brokerage support	72	82	75
Grants Completed	95	104	133

Resource Efficiency Fund Phase 2 (REF2)

- 2.9 On 28 November 2018 the Combined Authority submitted a European Regional Development Funding (ERDF) outline application to continue delivery of the REF after November 2019, across the Leeds City Region. The application was made under Priority Axis 4b: Supporting Energy Efficiency and Renewable Energy Use in Enterprise, and includes enhancements to the existing programme and new Circular Economy (CE) support for SMEs. CE is a new approach that challenges inefficient production, returning materials back to the economy. It directly supports the aims of the national Industrial Strategy and new Waste Strategy. If successful, the new programme will run for three years.
- 2.10 The Combined Authority, on behalf of the York, North Yorkshire and East Riding (YNYER) LEP, submitted an outline complementary application to the YNYER LEP area's ERDF PA 4b call to deliver the REF into four new areas of

North Yorkshire - Richmondshire, Ryedale, Hambleton and Scarborough. If successful, the Combined Authority will act as the accountable body and delivery partner for this extended REF programme in North Yorkshire.

District Heat Network Programme

- 2.11 The Programme continues to support the development of a number of heat network projects in the City Region.

Green and Blue Infrastructure (GBI) Strategy and Delivery Plan

- 2.12 The GBI Strategy and Delivery Plan was adopted by this Board on 22 November 2018 and Combined Authority on 13 December 2018.
- 2.13 Since adoption work has started to explore a proposal for a shared regional resource to assist in the delivery of the Delivery Plan.
- 2.14 Work has begun on the development of detailed work plans for actions identified in the Delivery Plan.

Energy Strategy and Delivery Plan (ESDP)

- 2.15 Leeds City Region Energy Strategy and Delivery Plan (ESDP) was adopted by the Combined Authority on 13 December 2018. The ESDP explored setting a science-based carbon reduction target for the City Region in line with the Paris Climate Change Agreement of limiting global temperature rise to less than 2 degree centigrade. Initial modelling has indicated a 53 percent reduction in emissions would be required by 2036 to align with the Agreement.
- 2.16 More work is being carried out to investigate the potential for setting a City Region-wide carbon emissions reduction target that is in line with Paris. It will also look at the recent Intergovernmental Panel on Climate Change (IPCC) report stating global temperature rise should not exceed 1.5°C. The IPCC is the United Nations body for assessing the science related to climate change.
- 2.17 An Energy Summit is planned for summer 2019. The purpose of the Summit is to look at, with stakeholders, a City Region-wide science-based carbon reduction target and the actions that would enable a target to be met. This will be the culmination of a series of stakeholder events to be held in advance of the Summit, including regional workshops covering a range of ESDP priorities.
- 2.18 Some actions identified in the ESDP are already beginning to be delivered through the Energy Accelerator Programme and the North East, Yorkshire and Humber Energy Hub (see updates at paragraphs 2.1 and 2.20-22).

North East, Yorkshire and Humber Energy Hub

- 2.19 A North East, Yorkshire and Humber (NEYH) Energy Hub is operational, set up by BEIS to provide local capacity for the delivery of energy strategies across LEP areas.
- 2.20 An initial pipeline of projects suitable for Hub support is being developed for the Leeds City Region. These have been identified through the City Region's Energy Strategy and Delivery Plan.
- 2.21 The Hub will provide an additional support service to the City Region, complementing the existing Resource Efficiency Fund and Energy Accelerator.

Other Updates

Hydrogen 21 (H21)

- 2.22 At the meeting on 29 January 2019, Green Economy Panel received a presentation from Keith Owen of Northern Gas Networks (NGN).
- 2.23 NGN Hydrogen 21 (H21) Leeds Citygate Project aimed to change homes and businesses from natural gas to hydrogen, to help reduce carbon emissions arising from the heating of homes and businesses.
- 2.24 Over the last two years the Panel have received regular updates on the progress of the programme. Great progress has been made including NGN being awarded £10 million from Ofgem to provide critical evidence to support the viability of converting the UK gas distribution networks to hydrogen. This work is currently ongoing.
- 2.25 Building on the success of the H21 Leeds City Gate programme, a new H21 North of England programme was launched on 23 November 2018. This aims to convert 3.7 million homes and businesses from natural gas to hydrogen, in order to reduce carbon emissions.
- 2.26 The Green Economy Panel will continue to receive updates on this programme as it progresses.

Circular Yorkshire

- 2.27 The Green Economy Panel received a presentation on the YNYER LEP Circular Yorkshire programme.
- 2.28 Looking beyond the current take-make-dispose extractive industrial model, a circular economy aims to redefine growth, focusing on positive society-wide benefits. It entails gradually decoupling economic activity from the consumption of finite resources, and designing waste out of the system.
- 2.29 Applying circular economy principles at scale is expected to contribute to a wide range of benefits, including:

- Increased resource productivity
- Reduced costs and increased competitiveness for resource intensive businesses
- Additional opportunities to generate commercial revenue streams
- Reduced finite resource consumption
- Reduced CO₂ emissions
- Increased export opportunities of circular knowledge and technologies
- Increased inward investment

2.30 Both LEPs will work together to continue to look at circular economy opportunities. These will include:

- YNYER LEP will create a new Circular Economy Action Plan by July 2019.
- Carrying out a Clean Growth Audit across both LEP areas to identify where energy and resource intensive industries exist.
- Expand the REF2 to pilot support on circular economy business models and practices in 66 businesses.
- Based on the results of the Clean Growth Audit and REF2 Pilot, more joint work will be explored.

3. Financial Implications

3.1 There are no implications associated with this paper.

4. Legal Implications

4.1 There are no implications associated with this paper.

5. Staffing Implications

5.1 There are no implications associated with this paper.

6. External Consultees

6.1 No external consultations have been undertaken.

7. Recommendations

7.1 That the Board note the progress against the Panel's major projects and programmes.

8. Background Documents

8.1 None.

9. Appendices

None.