
Report to: Green Economy Panel

Date: 9 April 2019

Subject: **Clean Growth Funding Review**

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1. Purpose of this report

1.1. To give an overview of the existing and forthcoming funding opportunities relating to the Green Economy Panel's areas of interest. The Panel is also asked to:

- Promote the BEIS Industrial Energy Efficiency Accelerator (IEEA) opportunities across their networks.
- Consider the new forthcoming Detailed Designs of Smart, Local Energy Systems (DDSLES) competition.
- Highlight other funding opportunities they may wish to consider.

2. Information

2.1. This paper outlines existing and forthcoming funding opportunities relating to the transition to a zero carbon economy and the protection and enhancement of the natural environment. This paper is not a full assessment. It is meant to highlight a few forthcoming opportunities for the Green Economy Panel (Panel) to consider.

Current GEP major projects

2.2 The following table highlights the currently funded Panel projects and their funding streams and funding timescales. It also identifies where new funding is planned to support these projects post 2019.

Major Projects	Funder	Funding timescales	New funding being explored
REF I	ERDF PA3 ¹ Local Growth Deal	October 2019	ERDF PA4 ² – November 2018
Better Homes / Warm Homes	ECO3 ³ , Warm Homes, Local Authorities	December 2019	Energy Hub
Energy Accelerator	EIB- ELENA ⁴ Local Growth Deal	August 2021	
District Heat Networks	HNDU ⁵ – various rounds 1 - 7	Various	Energy Accelerator
Energy Hub	BEIS	Sept 2018 – Sept 2020	n/a

New funding opportunities

BEIS Industrial Energy Efficiency Accelerator

- 2.2. The BEIS (The Department for Business, Energy and Industrial Strategy) IEEA provides funding for innovative energy efficiency technology demonstrator projects in UK industry.
- 2.3. The key objectives of the programme are:
- Strengthen the global competitiveness of UK industry while simultaneously delivering decarbonisation targets.

¹ European Regional Development Funding – Priority Axis 3: Enhancing the competitiveness of small and medium sized enterprises.

² European Regional Development Funding – Priority Axis 4: Supporting the shift towards a low carbon economy

³ Energy Companies Obligation (ECO)

⁴ European Investment Bank (EIB) European Local ENergy Assistance (ELENA)

⁵ Heat Networks Delivery Unit (HNDU)

- Deploy industrial energy efficiency technology demonstration projects by working with project partners to mitigate risks.
 - Commercialise innovative industrial energy efficiency technologies (and processes) through incubation support.
 - Unlock large scale private sector investment in energy efficiency technologies.
- 2.4. The key focus of the programme are innovations with large cross-sector energy and carbon reduction impact, from novel technologies or known technologies in new sectors.
- 2.5. Through the programme a total of £9.2 million is available over four years and is allocated on a competitive basis. BEIS expect funding awards of up to £1 million for 10-15 projects and will typically provide 40-60% of eligible costs.
- 2.6. The themes that are within scope are process heating, process control, automation and optimisation, process equipment, alternative materials and energy sources.
- 2.7. The programme is open to private sector companies and universities / research organisations. Other public sector bodies are not eligible.
- 2.8. Phase 2 is open until 30 April 2019 for the remaining funding (approximately £5 million). The Panel are asked to promote the BEIS IEEA opportunities across their networks.

Heat Networks Investment Project

- 2.9. The BEIS Heat Networks Investment Project (HNIP) will invest up to £320 million of capital funding into district heat network projects. HNIP compliments the long-standing project development funding and support provided by BEIS through the Heat Networks Delivery Unit (HNDU).
- 2.10. HNIP provides gap funding support for district heat network projects. Funding will be provided in the form of grants and loans from April 2019 for a period of up to three years. BEIS hopes that the funding will leverage around £1 billion of private sector and other investment support for the commercialisation and construction of district heat networks.
- 2.11. The objectives of HNIP are:
- Increasing the volume of strategic, optimised and low-carbon heat networks built through provision of central Government funding which will draw in significant additional investment.
 - Improving the quality of heat networks that meet local infrastructure and consumer needs.
 - Building the capability of project sponsors and the supply chain to develop heat networks of the right type and quality.

- 2.12. HNIP is a competitive process and applications will be invited through quarterly funding rounds.
- 2.13. HNIP will provide grants of between £0 and £5 million and loans between £25,000 and £10 million. Funding awarded through HNIP must not exceed 50% of the construction capital expenditure of a heat network project.
- 2.14. A number of the City Region's district heat network projects are expected to apply for HNIP funding over the coming year. Including some that are also considering support through the Energy Accelerator (See item 12).

Zero emissions transport

- 2.15. The Government's long term ambition is to become a global leader in design and manufacture of zero emission vehicles and infrastructure. It has set an interim target of 50 percent of new cars, and 40 percent of new vans to be zero emissions by 2030.
- 2.16. Direct government subsidies for vehicles and electric vehicle charging infrastructure is being scaled back, with grants for plug in cars, vans, taxis and motorcycles due to end by 2020. The home-charging scheme closed in March 2019, while the Workplace Charging scheme is set to continue along with the residential on-street charging scheme. Both are due to close in 2020.
- 2.17. The Future of Mobility Challenge set out in the UK Industrial Strategy will be supported through the 246 million pound Faraday Battery Challenge fund⁶. 40 million pound in Government funding will support trials for innovative low cost wireless charging and public on-street charging solutions that can be deployed in residential streets.
- 2.18. The Government aims to develop the electric vehicle charging network, launching a £400 million charging infrastructure investment fund. The fund will be managed by Zouk Capital, with the intention to raise half the fund from private investors. The fund is expected to be launched in spring 2019.
- 2.19. The West Yorkshire Bus Alliance is working to a short term goal to ensure buses are compliant with clean air zone standards with a long term aim to transition to zero emissions. In February 2019 the Combined Authority were awarded funds to invest in five electric buses to operate at the Stourton Park and Ride sites, while First Bus West Yorkshire were awarded 1.77 million pounds to introduce nine electric buses. The learning from these schemes will influence the current development of Low Emissions Bus Roadmap. This will set out options and recommendations to enable the region's bus fleet to transition to zero emissions.

Transforming Cities Fund

- 2.20. The Transforming Cities Fund (TCF) was announced in the Budget of November 2017 as a fund to support within city transport. It will target projects

⁶ Government's programme to develop cost-effective, high-performance, durable, safe, low-weight and recyclable batteries.

to drive productivity by improving how well connected places are, reducing congestion and using new services that will allow people to move freely and technology. Over £1 billion pounds of funding is available for non-mayoral authorities in England to bid for. It is subject to a two stage application process.

- 2.21. Following a successful Stage 1 Leeds City Region submission in June 2018, the City Region was selected to take part in the Stage 2 'co-development' phase with the Department for Transport (DfT). As part of this the Combined Authority was eligible to submit a 'small bid' for up to £10 million (submitted 4 January 2019) in addition to a Stage 2 'big bid' which will be submitted in June 2019.
- 2.22. On 13 March 2019, as part of the Spring Statement, the Combined Authority was notified that two of its 'small bid' projects – Kirklees Cycling and Walking Early Gateway Transformation Package and York Station Gateway Cycle Route Enhancements – were successful. These packages amount to £2.2 million.
- 2.23. The Stage 1 bid outlined three key themes for the City Region TCF bid submission and Stage 2 will build on these themes. The three themes are:
 - Strand 1: Transforming connectivity on four transport corridors in greatest need.
 - Strand 2: Creating transformed 21st Century Transport Gateways.
 - Strand 3: Transforming mobility for future generations.
- 2.24. Combined Authority officers are currently working with district partners, stakeholders and DfT to pull together the Stage 2 submission.
- 2.25. In addition, the Combined Authority can bid for a share of a £90 million fund for Future Mobility pilots. The Future Mobility pilots will trail new transport modes, services, and digital payments and ticketing as part of TCF. This is subject to a separate bidding process and guidance is yet to be issued by DfT.
- 2.26. The City Region's Stage 1 submission is published on the website [here](#).
[Detailed Designs of Smart, Local Energy Systems competition](#)
- 2.25. The United Kingdom Research and Innovation (UKRI) will be launching a 28 million pound detailed designs of smart, local energy systems competition this summer as part of the Industrial Strategy Challenge Fund, Prospering from the Energy Revolution Programme.
- 2.26. The Prospering from the Energy Revolution Challenge Fund will support industry, academia, public bodies, and local communities to develop a world-leading, smart local energy systems industry in the UK.
- 2.27. This competition will fund the development of detailed designs for smart, local energy systems which integrate heat, power and transport in an intelligent

way. Projects will be eligible to apply for up to 2 million pound grant, with matched funding. More details are yet to be published. The competition is expected to open in summer 2019. The Combined Authority is keen to explore this opportunities with Partners across the Panel.

3. Financial Implications

3.1. There are no financial implications directly arising from this report

4. Legal Implications

4.1 There are no legal implications directly arising from this report.

5. Staffing Implications

5.1 There are no staffing implications directly arising from this report. Should the Panel want to explore new funding opportunities then this will be subject to a review of available resources to carry out this additional work.

6. External Consultees

6.1 No external consultations have been undertaken.

7. Recommendations

7.1 That the Panel note the contents of the report.

7.2 That the Panel promote the BEIS IEEA opportunities across their networks.

7.3 The Panel consider the new forthcoming DDSLES funding opportunity.

7.4 The Panel highlight other funding opportunities they may wish to consider.

8. Background Documents

8.1 None.

9. Appendices

9.1 None.