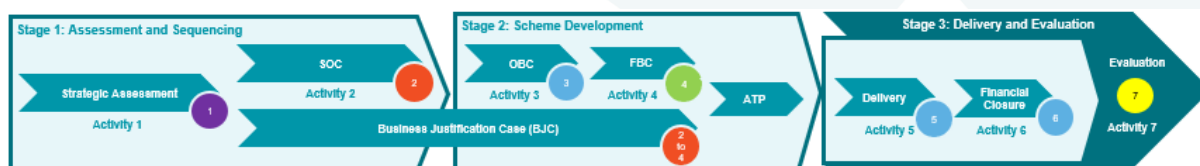


Report to:	Climate, Energy and Environment Committee
Date:	24 October 2023
Subject:	Project Approvals
Director:	Liz Hunter, Director of Policing, Environment & Place
Author:	Craig Taylor, Head of Portfolio Management and Appraisal

1 Purpose of this report

- 1.1 To report on proposals for the progression of, and funding for projects under Investment Priority 4 – Tackling the Climate Emergency and Environmental Sustainability Investment within the West Yorkshire Investment Strategy (WYIS), that have been considered at stages 1, 2 and 3 of the Combined Authority’s assurance process.



- 1.2 The Climate, Energy and Environment Committee has delegated decision making authority approved by the Combined Authority on 23 June 2022. Where the Climate, Energy and Environment Committee is asked to make an approval decision this will be highlighted in the summary table and made clear in the recommendations.
- 1.3 The recommendations can be found in Section 12 of this report.

2 Report

- 2.1 This report presents proposals for the progression of schemes through the Combined Authority’s assurance process in line with the Combined Authority’s Assurance Framework. Further details on the schemes summarised below can be found as part of this report.

3 Investment Priority 4 (IP4) - Tackling the Climate Emergency and Environmental Sustainability

- 3.1 The West Yorkshire Investment Strategy (WYIS) sets out the Investment Priorities for the period 1 April 2021 to 31 March 2024 across six areas. In each, a number of priority project / programme areas have been identified that are the focus for intervention.

3.2 West Yorkshire declared a climate emergency in 2019 and has a target to be net zero carbon by 2038. Investment Priority 4 will deliver a range of programmes under Wave 1 of the Climate and Environment Plan, which will contribute to the achievement of the net zero carbon target, with the following programmes:

- Better Homes Hub
- Better neighbourhoods
- Business sustainability
- Flooding and drainage
- Green skills and training
- Solar panels and battery storage.

Scheme summaries

<p>Net Zero Region Accelerator West Yorkshire</p>	<p><u>Scheme description</u></p> <p>The Net Zero Accelerator Programme seeks to ensure delivery of the region’s commitments to net zero by developing and delivering a pipeline of high impact projects that aim to boost green jobs, restore nature, tackle air pollution, and tackle the climate emergency.</p> <p>The programme is currently due to be completed March 2024 and this Change Request seeks further funding to enable the 3 years extension and evolution of the programme using learning from what has been achieved so far.</p> <p><u>Impact</u></p> <p>The scheme will position and promote the region as leading the climate and environment emergency response, creating a place where businesses want to move to and invest, and where people want to live and work.</p> <p><u>Decision sought</u></p> <p>The change request to extend the scope of the scheme, to change the total scheme costs from £960,000 to £3,020,000, and to extend the schemes delivery timeframe from March 2024 to March 2027.</p> <p>Total value of the scheme - £3,020,000</p> <p>Total value of Combined Authority funding - £3,020,000</p> <p>Funding recommendation sought - £2,060,000</p> <p>A decision by the Climate, Energy and Environment Committee using the delegated authority from the Combined Authority is sought as part of this report</p>
--	---

Other decisions relevant to the Climate, Energy and Environment Committee

- 3.3 Since the Climate, Energy and Environment Committee meeting on 07 July 2023, no decision points or change requests have been assessed in line with the Combined Authority's assurance process and approved through another agreed delegation.

4 Information

- 4.1 The Combined Authority's assurance framework requires that formal approval is given to the following elements of a scheme as part of its development:

- The progression of a scheme through a decision point to the next activity.
- Indicative or full approval to the total value of the scheme funding requested.
- The Combined Authority's entry into a funding agreement with the scheme's promoter.
- The assurance pathway and approval route for future decision points.
- The scheme's approval tolerances.

- 4.2 This report provides information required to enable the Combined Authority to approve each of the above elements.

Projects in Stage 1: Assessment and Sequencing

- 4.3 There are no schemes to review at this stage.

Projects in Stage 2: Scheme development

- 4.4 There are no schemes to review at this stage.

Projects in Stage 3: Delivery and Evaluation

Project Title	Net Zero Region Accelerator
Stage	3 (delivery and evaluation)
Decision Point	Change request (activity 5)

Is this a key decision?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Is the decision eligible for call-in by Scrutiny?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Does the report contain confidential or exempt information or appendices?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
If relevant, state paragraph number of Schedule 12A, Local Government Act 1972, Part 1:		
Are there implications for equality and diversity?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No

Background

- 4.5 The West Yorkshire Combined Authority declared a climate emergency in July 2019 and has strengthened its ambition to be net-zero carbon by 2038, with significant progress by 2030. Net-zero carbon refers to the balance between the amount of carbon dioxide (CO₂) produced and the amount removed from the atmosphere. The region reaches net-zero carbon when the amount added to the atmosphere is no more than the amount taken away. The Net Zero Region Accelerator scheme will influence achieving a net-zero carbon West Yorkshire by 2038
- 4.6 The Combined Authority has published a series of West Yorkshire Carbon Emission Reduction Pathways (CERP) demonstrating how the net-zero target could be achieved. This work illustrates a significant increase in a wide range of measures that will be required to effectively reduce carbon emissions.
- 4.7 A sustainable environment was one of the two central goals of the West Yorkshire Economic Recovery Plan. This scheme was one of three schemes, in the West Yorkshire Economic Recovery Plan, which was aimed at creating jobs and supporting a more inclusive, resilient, and sustainable economy. The schemes outlined in this plan were put forward to enable the region to build on its strengths and make the most of the opportunities following the covid pandemic.
- 4.8 This Programme aligns with the Mayoral Pledges and particularly the Pledge to Tackle the Climate Emergency; it has strong policy linkages to the strategic West Yorkshire Investment strategy, overarching Strategic Economic Framework (SEF) Priority 3 among other key strategic policy documents of the Combined Authority.

- 4.9 On the 08 June 2021 the Combined Authority's Investment Committee approved £960,000 to support the delivery of a pipeline of funding and investment ready projects that seek to target a net zero ambition by March 2024. This approval was to enable:
- Up to four new posts in the Combined Authority to deliver the programme
 - Provide a revenue budget for research enabling evidence gathering
 - Specialist external services that support programme delivery and help develop a list of projects to a point where they can be delivered
 - Development of an investment prospectus to showcase the region's investment ready projects.
- 4.10 Phase one of the programme has focused on developing projects related to the decarbonisation of energy and buildings as two sectors with the highest carbon emissions in the region.
- 4.11 Since approval of the Net Zero Region Accelerator there has been engagement with fifteen projects; seven of which have received support. The seven Projects are as follows:
- Calderdale Garden Communities Heat Network Study and Support;
 - Victoria Theatre, Heath Campus and Halifax Borough Market Public Sector Decarbonisation Scheme;
 - Calderdale Blanket Bog Restoration Project;
 - Kirklees Renewable Energy Feasibility Study & Options Appraisal;
 - Odsall Development Area – Feasibility;
 - West Yorkshire Collective Solar Buying Scheme;
 - West Yorkshire Net Zero Prospectus.
- 4.12 All available funding allocated to the programme has been utilised. The scheme is still on track to achieve its original ambition by March 2024.
- 4.13 This Change Request seeks a further £2,060,000 to enable the existing programme to evolve and to extend delivery by 3 years, taking the programme end date to March 2027.
- 4.14 The evolution of the programme will take learnings from the existing programme and expand its scope to include non-local authority projects, nature recovery projects, and larger scale projects. The management of this scheme will be delivered in-house by the Combined Authority, this will enable the Combined Authority to have greater engagement and involvement with the projects.
- 4.15 There is a continued strategic need for this programme, and this has been confirmed through consultation and engagement with local authorities and other stakeholders. If the regions net zero by 2038 target is to be met a pipeline of net zero projects need to be developed that deliver significant emission savings. These types of projects are still not forthcoming, and

sponsors continue to require support to be able to bring schemes forward for investment. This is the market failure being addressed by the NZRA.

- 4.16 The development and publication of the NZRA Investment Prospectus, ensures there is a 'shop window' for those projects supported by the programme, and allows them to seek investment in a coordinated way.
- 4.17 Due to the success of the original scheme and the development of Local Area Energy Plans (LAEPs)¹, a proposal outlined in the Climate and Environment Plan (CEP), a pipeline of potential schemes is expected to emerge in the next three years that will require project development support via the NZRA. This will be an additional demand for the programme.
- 4.18 Huddersfield District Energy Network (HDEN) will be supported through its development to the point of delivery with an active request of support of £500,000. This scheme will further develop through its commercialisation phase the use of low carbon heat from and Energy from Waste plant in Huddersfield Town Centre.
- 4.19 The Combined Authority at their meeting on 12 October 2023 approved the delegation of authority to the Climate, Energy and Environment Committee for this scheme, in order to maintain programme delivery and spend targets.

Outputs and Benefits

- 4.20 The scheme outputs and benefits include:
 - The delivery of a pipeline of up to 28 investment and funding ready projects that seek to target net zero emissions.
 - The Programme would increase job retention by up to 25 Full Time Employees over two years; with the HDEN project increasing the job creation by two and job retention by a minimum of 5.
 - Supporting the design and delivery of the LAEPs to produce tangible projects that can be developed further for inclusion in the Net Zero Prospectus.
 - To increase investments in net zero projects across the region, supporting a green and inclusive economic recovery from 2022 to 2038.
 - To build economic and industrial collaborations that grow the region's green economy and deliver emissions reductions in line with the Climate and Environment Plan between 2022 and 2038.
 - To position and promote the region as leading the climate and environment emergency response, creating a place where businesses want to move to and invest, and people want to live and work.

¹ The development of a LAEP is currently being progressed in Calderdale and should be completed in 2024. A business case is currently being undertaken for LAEPs for the remaining four districts, with a funding decision expected from the Combined Authority in December 2023 with development occurring from January 2024.

- 4.21 Whilst it is not possible to forecast a BCR for the scheme the value for money in this programme is in its strategic purpose and its impact in reducing West Yorkshire's climate changing emissions. This contributes to the global effort of reducing climate impacts on human health and the environment. Several projects in the pipeline have a Very High Value for money potential should they enter into deliver on a leverage basis alone.

Tackling the Climate Emergency Implications

- 4.22 To ensure delivery of the region's commitments to net zero emissions, it is critical that the Net Zero Acceleration Programme is established and funded as a multi-year programme, developing and delivering, in collaboration with partners, a sustainable pipeline of high impact projects that boost green jobs, restore nature, tackle air pollution and tackle the climate emergency.
- 4.23 Further funding into the programme will enable the programme to expand on scope and increase the impacts of the programme. It will mean that the programme can meet the demands of project proposals, and support project development so that they are investment and delivery ready.
- 4.24 Demand for project development support is expected to increase as the Local Area Energy Plans are developed in support of the Climate and Environment Plan.
- 4.25 One of the projects supported through the scheme will be the Huddersfield District Energy Network project. If delivered, the project would provide low cost and decarbonised energy to existing and new buildings in Huddersfield town centre. It is anticipated that the scheme will save over 110,000 tCO₂ over 40 years, representing a 70% savings over traditional individual gas boilers.
- 4.26 A Carbon Impact Assessment has not been undertaken by the scheme but all applicants are required to estimate carbon saved value as part of the Net Zero Region Accelerator application process.

Inclusive Growth Implications

- 4.27 The scheme inclusive growth implications include:
- An increase in investments into net zero carbon projects across the region, supporting a green and inclusive economic recovery from 2022 to 2038.
 - All applications into the Net Zero Region Accelerator programme and associated funding are expected to address Inclusive Growth.
 - By positioning the region as a leader in the climate and environment emergency response, West Yorkshire becomes a place where businesses want to move to and invest in, and a place where people want to live and work.
 - The creation of good, green energy jobs across the region.
 - By enabling the delivery of net zero projects, inclusive growth implications relating to fuel poverty, energy efficiency, and access to green space are being addressed and barriers tackled.

- An example of a project supported through the existing programme and enabling inclusive growth is a 25Ha bog restoration project that will deliver improved disabled access at sites through footpath restoration and gated access.
- The programme is open to the entire region and all projects that seek to support the reduction of climate impacts and create benefits for all areas of society through air quality improvements.

Equality and Diversity Implications

- 4.28 Equality and Diversity Impacts are addressed within the application form and scoring criteria for applicants/projects looking for support from the Net Zero Accelerator Programme.
- 4.29 All projects applying to the programme must consider how they support equality objectives, for example, the impact of fuel poverty on different communities, access to greenspace, and the communities being affected and supported.

Consultation and Engagement

- 4.30 Engagement activity has and continues to increase the awareness of the programme and its services. This has been demonstrated through promotional activity undertaken as part of the Yorkshire Sustainability Week and the UK Real Estate, Investment and Infrastructure Forum.
- 4.31 The online prospectus outlines the position of projects that are being supported through the programme and that are seeking investors. Access to the online prospectus can be found here: [West Yorkshire Net Zero Investment Prospectus](#).
- 4.32 Consultation with West Yorkshire Local Authorities has informed the development of the programme so far and has highlighted the level of demand for further project development support through the programme and its extension/expansion.

Risks

- 4.33 The scheme risks include:
- That the programme is unable to become self-sustaining due to a lack of income generating projects. This is being mitigated through the exploration of larger scale projects that may develop a profit, and by developing robust business cases for these projects to sell to investors.
 - A lack of concrete investment-ready projects that investors are confident in and wish to invest in. This is being mitigated by consultation with private sector investors and the districts regarding the prospectus of projects, to develop an action plan that makes the prospectus as investable as possible.
 - Failure to support the development of a District Heat Network, meaning ambitions for carbon savings are unable to be achieved. This is being

mitigated by engagement with several Local Authorities and private sector companies about how the programme can assist in Network development.

Costs

- 4.34 On the 08 June 2021 the Combined Authority's Investment Committee approved £960,000 to support the delivery of a pipeline of funding and investment ready projects that seek to target a net zero ambition by March 2024.
- 4.35 Since approval of the Net Zero Region Accelerator there has been engagement with fifteen projects; seven of which have received support. All available funding allocated to the programme has been utilised and the scheme is still on track to achieve its original ambition by March 2024.
- 4.36 This Change Request seeks a further £2,060,000 to enable the existing programme to evolve and to extend delivery by 3 years, taking the programme end date to March 2027. The total scheme costs are now £3,020,000.
- 4.37 The Combined Authority's contribution is £3,020,000 from the Single Investment Fund (SIF).
- 4.38 £500,000 of the newly requested funds will be utilised by the Huddersfield District Energy Network scheme, taking the scheme to full business case approval and delivery.

Assurance Pathway and Approval Route

Assurance pathway	Approval route	Forecast approval date
Change request (activity 5)	Recommendation: Combined Authority's Programme Appraisal Team Decision: Climate, Energy and Environment Committee	24/10/2023
5 (delivery)	Recommendation: Combined Authority's Programme Appraisal Team Decision: Combined Authority's Chief Operating Officer	31/03/2027

Other Key Timescales

- The programme commenced December 2021.
- The current prospectus of projects was published May 2023.
- The existing programme is due to complete March 2024.
- This Change Request seeks an extension of the programme to March 2027.
- Evaluation of the programme will commence March 2027.

Assurance Tolerances

Assurance tolerances
Combined Authority costs remain within those outlined in this report.
Delivery (DP5) timescales remain within +6 months of those outlined in this report.
Outputs remain within -10% of those outlined in this report.

Appraisal Summary

- 4.39 The Change Request is seeking approval of additional funding to enable work to continue on the development of a sustainable pipeline of investment and funding ready projects that aim to tackle the climate emergency.
- 4.40 The programme will increase investments across the region that support a green and inclusive economic recovery and grow the green economy, thus supporting the Mayor's net zero carbon target.
- 4.41 The Change Request, if approved, will extend delivery timeframes by 3 years and increase the Combined Authority's funding allocation by £2,060,000, taking total scheme costs from £960,000 to £3,020,000. £500,000 of the additional funding will be allocated to the Huddersfield District Energy Network project.
- 4.42 The request for additional funding has been developed through consultation with Local Authorities to understand the level of demand for support from the Net Zero Accelerator programme.
- 4.43 Approval of the Change Request will support expected increase in demand for access to the service.
- 4.44 The Change Request will bring delivery of the programme in-house, meaning the Combined Authority have a greater level of involvement in the development of projects. This will also enable the scope of the programme to expand to include non-local authority projects and nature recovery projects.

Recommendations

- 4.45 The Climate, Energy and Environment Committee approves that, subject to conditions:
- (i) The change request to extend the scope of the Net Zero Region Accelerator scheme, to change the total scheme costs from £960,000 to £3,020,000 and to extend the schemes delivery timeframe from March 2024 to March 2027.
 - (ii) An approval to the Combined Authority's contribution of £3,020,000 is given. The total scheme value is £3,020,000.
 - (iii) Delegation for the approval for any future grant funding agreements and associated development funding required, in relation to the £3,020,000, is given to the Director of Policing, Environment and Place.
 - (iv) Future approvals are made in accordance with the assurance pathway and approval route outlined in this report. This will be subject to the scheme remaining within the tolerances outlined in this report. Where required, any future committee level approvals are delegated to the Climate Energy and Environment Committee.

5 Tackling the Climate Emergency implications

- 5.1 The Climate Emergency implications have been considered on all projects included in this report as part of their business case development.

6 Inclusive Growth implications

- 6.1 The inclusive growth implications have been considered on all projects included in this report as part of their business case development.

7 Equality and Diversity implications

- 7.1 Equality Impact Assessments (EqIA) have been undertaken on all projects included in this report as part of their business case development.

8 Financial implications

- 8.1 The report seeks endorsement to expenditure from the available Combined Authority funding as set out in this report.

9 Legal implications

- 9.1 The payment of funding to any recipient will be subject to a funding agreement being in place between the Combined Authority and the organisation in question.

10 Staffing implications

- 10.1 A combination of Combined Authority and local partner council project, programme and portfolio management resources are, or are in the process of, being identified and costed for within the scheme in this report.

11 External consultees

11.1 Where applicable scheme promoters have been consulted on the content of this report.

12 Recommendations (Summary)

Net Zero Region Accelerator

12.1 The Climate, Energy and Environment Committee approves that, subject to conditions:

- (i) The change request to extend the scope of the Net Zero Region Accelerator scheme, to change the total scheme costs from £960,000 to £3,020,000 and to extend the schemes delivery timeframe from March 2024 to March 2027.
- (ii) An approval to the Combined Authority's contribution of £3,020,000 is given. The total scheme value is £3,020,000.
- (iii) Delegation for the approval for any future grant funding agreements and associated development funding required, in relation to the £3,020,000, is given to the Director of Policing, Environment and Place.
- (iv) Future approvals are made in accordance with the assurance pathway and approval route outlined in this report. This will be subject to the scheme remaining within the tolerances outlined in this report. Where required, any future committee level approvals are delegated to the Climate Energy and Environment Committee.

13 Background Documents

13.1 None as part of this report.

14 Appendices

14.1 None.