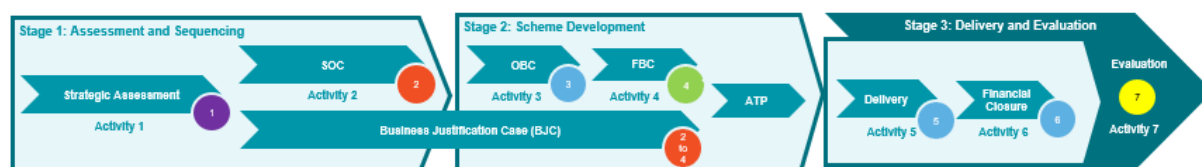


<b>Report to:</b>	Combined Authority
<b>Date:</b>	7 December 2023
<b>Subject:</b>	<b>Project Approvals – LAEP - Investment Priority 4 – Tackling the Climate Emergency and Environmental Sustainability</b>
<b>Director:</b>	Liz Hunter, Director of Policing, Environment & Place
<b>Author:</b>	Craig Taylor, Head of Strategic Portfolio Office

## 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 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 Local Area Energy Plans – Whole Energy System Planning

- 3.1 The West Yorkshire Climate and Environment Plan includes partnerships and programmes that help enable carbon reduction in future years. The plan focuses on enabling actions that maximise emissions reduction and prepare for a changing climate in line with the 2038 target.
- 3.2 Approvals are being sought through this report for the scheme outlined in the table below. Local Area Energy Plans (LAEPs) have been prioritised with other programmes at various stages of development, which will reduce West Yorkshire’s carbon footprint, support climate resilience, and contribute towards a transition to net zero and climate emergencies.
- 3.3 The LAEP framework was commissioned by Ofgem as a way to support the national net zero target through decarbonisation, and LAEPs have been

implemented by a number of Combined Authorities and Local Authorities in England, Wales, and Scotland.

- 3.4 A LAEP is an area-specific, evidence-based future plan for how net zero energy can be achieved. It sets out what actions need to be taken by who, where, when, and how much it will cost. The LAEP scope covers electricity, heat, and gas networks, future potential for hydrogen, the built environment (industrial, domestic, and commercial) and its fabric and systems, flexibility, energy generation and storage, and the decarbonisation of transport e.g. electric vehicle charging infrastructure.
- 3.5 Ofgem (Office of Gas and Electricity Markets) has recently consulted on changes to the way that energy systems are planned and investments are made. The changes proposed aim to establish a more decentralised and decarbonised energy system in Great Britain. The West Yorkshire Combined Authority is engaging with Ofgem on the proposed changes, and the LAEPs will ensure that West Yorkshire has the necessary local evidence and information to maximise the benefits of these new arrangements. The current proposal is for the establishment of Regional Energy Strategic Planners (RESPs). The RESPs will work with organisations at a local level - including local authorities, Combined Authorities, and gas and electricity network providers - to improve understanding of the infrastructure needed in different parts of the country and to attract investment for projects.

## Scheme summaries

<p><b>Local Area Energy Plans</b> West Yorkshire</p>	<p><u>Scheme description</u></p> <p>Local Area Energy Plans (LAEP) were commissioned by Ofgem as a way to support the national net zero target through decarbonisation and have been implemented by a number of Combined Authorities and Local Authorities across the country. A LAEP provides a proposed future plan and spatial mapping for an area, setting out both how net zero energy can be achieved and what actions need to be taken by who, where, when, and how much it will cost.</p> <p>The scheme is to be delivered through the Single Investment Fund (SIF), Investment Priority 4 gainshare allocation.</p> <p><u>Impact</u></p> <p>This scheme will produce four individual LAEPs, covering Bradford, Kirklees, Wakefield, and Leeds by the end of 2024. It will also incorporate a review of Calderdale's existing LAEP, which will be finalised in the coming months.</p> <p>LAEPs provide a net zero action plan and enable a more proactive, whole-system, data-driven approach to energy planning. They aim to deliver cost savings and a more managed energy transition.</p> <p>Due to the nature of the scheme, a benefit cost ratio has not been calculated. Value for money is established through the wider benefits the creation of the LAEP produces and can be better assessed through the projects that follow as a result.</p> <p><u>Decision sought:</u></p> <p>Approval to proceed through decision point 2 to 4 (business justification) and work commences on activity 5 (delivery).</p> <p>Total value of the scheme - £510,000</p> <p>Total value of Combined Authority funding - £510,000</p> <p>Funding recommendation sought - £510,000</p> <p>A decision by the Combined Authority is sought as part of this report</p>
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## **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

<b>Project Title</b>	<b>Local Area Energy Plans</b>
<b>Stage</b>	2 (scheme development)
<b>Decision Point</b>	2 to 4 (business justification)

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

- 4.4 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 (CO<sub>2</sub>) 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.
- 4.5 Local Area Energy Plans (LAEP) framework was commissioned by Ofgem as a way to support the national net zero target through decarbonisation and have been implemented by a number of Combined Authorities and Local Authorities in England, Wales, and Scotland.
- 4.6 This scheme will be primarily funded from the Investment Priority 4 Gainshare Fund. Additional funding is being sought from the North East and Yorkshire Net Zero Hub, the outcome of which is not yet known.
- 4.7 A LAEP is an area-specific, evidence-based, proposed future plan for how net zero energy can be achieved. It sets out what actions need to be taken by who, where, when, and how much it will cost. As an example, a LAEP could identify the most suitable area for the development of a district heat network through the assessment of buildings and their characteristics, density, and existing network infrastructure. For delivery of the interventions identified through the LAEP, further feasibility work will be required.
- 4.8 A LAEP provides the level of detail for an area that is equivalent to an outline design or master plan; additional detailed design work is required for identified projects to progress to implementation. The LAEP defines a long-term vision for an area but should be regularly updated, approximately every 3–5 years, to

reflect the latest data - or when significant technological, policy or local changes occur - to ensure the long-term vision remains relevant.

4.9 The LAEP scope covers electricity, heat, and gas networks, future potential for hydrogen, the built environment (industrial, domestic, and commercial) and its fabric and systems, flexibility, energy generation and storage, and decarbonisation of transport e.g. electric vehicle charging infrastructure.

4.10 The scheme objectives are:

- Consult with partners and stakeholders on spatially driven opportunities and barriers to improve net-zero energy infrastructure until March 2025
- Create a spatial map of existing, potential and required energy infrastructure across West Yorkshire by March 2025
- Embed the use of a LAEP GIS resource within energy infrastructure planning by July 2024

4.11 A summary of the scheme's business case is included in **Appendix 1**.

### **Outputs and Outcomes**

4.12 The scheme outputs include:

- Terms of Reference and Steering Group minutes of active and representative LAEP Project Grouping.
- Database of consulted bodies.
- Detailed, fully costed approach to energy infrastructure delivery across all identified options for all four authority areas by the end of 2024, and overview report for the whole WY region (including Calderdale).
- 1 web-based GIS resource (perhaps in beta) hosting attributes of consulted-on LAEPs for West Yorkshire and seeing 100 test queries.
- Embedded LAEP GIS resource within WYCA Mapping Hub.

4.13 The scheme outcomes are:

- 4 Local Authority LAEP reports.
- Consolidation with Calderdale LAEP.
- West Yorkshire LAEP overview report.
- Identified pipeline of investable projects.
- Improve the efficiency, economy and effectiveness of energy infrastructure planning and implementation actions.
- Enhance the rate of new net-zero energy project completion.

4.14 Due to the nature of the scheme, a benefit cost ratio has not been calculated. Value for money is established through the wider benefits the creation of the LAEP produces.

## **Tackling the Climate Emergency Implications**

- 4.15 Local Area Energy Plans provide a net zero action plan and will enable a more proactive, whole-systems, data-driven approach to energy planning. LAEPs will play a significant role in the region's ambitions and ongoing work to reach net zero whilst also aiming to deliver cost savings and a more managed energy transition.
- 4.16 The LAEPs will cover the region's current energy consumption and associated greenhouse gas emissions. They will primarily focus on the area's built environment, including all categories of domestic, non-domestic, commercial, and industrial buildings, along with decarbonisation of transport e.g. electric vehicle charging infrastructure. Developing a map for current consumption along with identifying measures that could be implemented within the region in the future allows for progress towards a net zero future.
- 4.17 A Carbon Impact Assessment Stage 1 has been completed. The scope of this scheme is limited to investigation and planning, and the benefits in the reduction of carbon will be realised in later programmes and projects that result from the LAEPs. Each resulting scheme will be brought forward through the assurance process from the LAEPs, and the carbon impacts will be assessed and presented at that stage.

## **Inclusive Growth Implications**

- 4.18 The scheme's inclusive growth implications include:
- Local Area Energy plans will support development in the green supply chain and this in turn, will help ensure that the region has the workforce, and result in the creation of the jobs needed to enable the transition to a net zero economy. The LAEPs will address the issue of a lack of contractors by providing a concrete project pipeline and addressing ways to bring investors to the region.
  - Communities will benefit from the implementation of LAEPs including positive impacts to health through cleaner air, and personal finances through cheaper energy. LAEPs will inform residents and communities on which green technologies they can benefit from, for example by, installing solar photovoltaic panels and other renewables which can reduce energy costs, and potentially create income. In addition, LAEPs will boost local employment and growth.

## **Equality and Diversity Implications**

- 4.19 An Equality Impact Assessment (EqIA) has been undertaken for the scheme, and equality and diversity impacts taken account of as part of the development of the scheme and the business case development.
- 4.20 The LAEP's approach to energy in the region will enhance living standards, for example, through lower heating bills and cleaner air. The negative impacts of the current energy situation are felt the most by residents in lower income

areas, who are more likely to be from groups with protected characteristics, including race, disability, sex, gender and sexual orientation. The scheme will engage communities to ensure they benefit from the scheme.

## **Consultation and Engagement**

- 4.21 Extensive consultation is planned as part of the LAEP development. Consultations will be led by the contractor working with each of the local authorities. Work to identify and contact key stakeholder groups will be a key part of the scheme's early work. Consultation of various community groups through stakeholder engagement, including seldom heard groups, will be core to designing the LAEPs.

## **Risks**

- 4.22 The scheme risks and mitigations are:
- Government/Ofgem policy may change to the extent that LAEPs are superseded by a different national approach to energy planning. This is mitigated through active engagement with Ofgem on their proposed reforms to local energy system operation.
  - Potential for significant changes to existing technologies that are addressed in the scheme or introduction of new technologies that are not considered. Mitigation is to keep under review the technologies in scope, and it is acknowledged that completed LAEPs need to be updated regularly.
  - Stakeholders may have different aspirations for specific technology types, for example the use of hydrogen for residential heating. This is mitigated by keeping the national Government policy position and available evidence under review (for example that of the National Infrastructure Commission). In the case of hydrogen, a West Yorkshire Hydrogen Strategy is being developed, which will form part of the LAEP evidence base.
  - Due to scheme design or delay, there is a risk of failure to deliver expected carbon savings. This is mitigated by ensuring delivery of the identified actions from the LAEPs can be prioritised to meet Government policy priorities such as electric vehicle (EV) rollout.
  - Funding of up to £100,000 is being applied for from the North East and Yorkshire Net Zero Hub. There is a risk that this bid will be unsuccessful, or that the amount awarded will be less than the £100,000 applied for. To mitigate against this lack of funding, the works it will fund are able to be separated from the main LAEP development work that has funding, so it will not delay the scheme if it is necessary to seek alternative funding.

## **Costs**

- 4.23 The total scheme costs are £510,000 which is being funded by the Combined Authority from the Single Investment Fund, Investment Priority 4 Gainshare allocation.



- 4.24 Funding of up to £100,000 is being applied for from the North East and Yorkshire Net Zero Hub. This may be unsuccessful, or the amount awarded may be less than the £100,000 applied for. A delegation to the Director of Director of Policing, Environment & Place is requested to accept and spend this funding.

### Assurance Pathway and Approval Route

Assurance pathway	Approval route	Forecast approval date
5 (Delivery Closure)	Recommendation: Combined Authority's Programme Appraisal Team Decision: Combined Authority Director	30/05/2025

### Other Key Timescales

- The scheme will commence in January 2024 and be completed by March 2025.

### Assurance Tolerances

- 4.25 This approval is the first decision point for the scheme at committee. The assurance tolerances for the recommended approval in this report are:

Assurance tolerances
Combined Authority funding remain within +10% of those outlined in this report. Completion/service delivery date remains within +6 months of those outlined in this report. Outputs remain within -10% of those outlined in this report.

### Appraisal Summary

- 4.26 The LAEP framework has been commissioned by Ofgem to support the national net zero target through decarbonisation, focusing on a strategy and spatial maps to pinpoint the location of projects. This is being developed in the broader context of 2023 West Yorkshire Plan, Climate and Environment Plan (CEP), Carbon Emissions Reduction Pathways, Transport Strategy 2040 and Place Narrative. The business case has outlined how the LAEP works with other programmes and projects within this strategic portfolio e.g. Better Homes Hub, Social Housing Decarbonisation Fund (SHDF), CEP Wave 1 schemes, West Yorkshire Zero Emission Bus Regional Area (ZEBRA) and Employment Accelerator.
- 4.27 In addition to the Combined Authority's programmes and projects, the scheme supports the Heat and Buildings Strategy (October 2021) and British Energy Security Strategy (April 2022). The LAEP will build on local, place-based understanding while contributing to national strategies.

- 4.28 There is a clear strategic need for the development of LAEPs. The LAEP scope covers electricity, heat, and gas networks, future potential for hydrogen, the built environment (industrial, domestic and commercial) and its fabric and systems, flexibility, energy generation and storage, and decarbonisation of transport e.g. electric vehicle charging infrastructure.
- 4.29 The Combined Authority is procuring a consultancy to deliver individual LAEPs for the four Local Authority areas (excluding Calderdale). This will be done in consultation with all five of the Local Authorities and will include a review of Calderdale's LAEP along with an "overview document" covering all five districts, as well as modelling and spatial mapping for each of the four LAEPs. The main aim of the contract is to deliver spatial mapping of energy infrastructure across the region, identifying locations for different types of energy infrastructure and opportunities for intervention and energy/carbon savings.

### **Recommendations**

- 4.30 The Combined Authority approves that:
- (i) The Local Area Energy Plans scheme proceeds through decision point 2-4 (business justification) and work commences on activity 5 (delivery).
  - (ii) Approval to the Combined Authority's contribution of up to £510,000 is given. The total scheme value is £510,000.
  - (iii) That delegated authority be granted to the Director of Policing, Environment & Place to accept and spend any funding of up to £100,000 that is currently being applied for from the North East and Yorkshire Net Zero Hub.
  - (iv) Future approvals are made in accordance with the assurance pathway and approval route and tolerances outlined in this report. Where required, any future committee level approvals are delegated to the Climate, Energy and Environment Committee.

### **Projects in Stage 3: Delivery and Evaluation**

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

## **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 schemes in this report.

## **11 External consultees**

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

## **12 Recommendations (Summary)**

### **Local Area Energy Plans**

12.1 The Combined Authority approves that:

- (i) The Local Area Energy Plans scheme proceeds through decision point 2-4 (business justification) and work commences on activity 5 (delivery).
- (ii) Approval to the Combined Authority's contribution of up to £510,000 is given. The total scheme value is £510,000.
- (iii) That delegated authority be granted to the Director of Policing, Environment & Place accept and spend any funding of up to £100,000 that is currently being applied for from the North East and Yorkshire Net Zero Hub.

- (iv) Future approvals are made in accordance with the assurance pathway and approval route and 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**

[Appendix 1 – Local Area Energy Plan \(LAEP\) Business Case Summary](#)