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

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Subject: **Green Economy Panel update**

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1 Purpose of this report

- 1.1 To provide the LEP Board with a report on progress against the Green Economy Panel's (GEP) major projects and programmes.

2 Information

Energy Accelerator

- 2.1 This is a new innovative project development programme that will offer specialist expertise to local low carbon energy projects. The West Yorkshire Combined Authority (the Combined Authority) has recently been awarded 3.5 million euros from the European Investment Bank's (EIB) ELENA technical assistance programme (a fund that provides technical assistance for energy efficiency and renewable energy projects) to establish the Energy Accelerator. Item 8 of this meeting will provide a full update on this programme.

Better Homes Yorkshire

- 2.2 This is a City Region wide programme delivering energy efficiency and heating improvements across the City Region's homes. The programme launched in March 2015, and at the end of the second year, 2,480 homes had received energy efficiency or renewable energy measures, with a contract value of £11.2m.
- 2.3 Over 88% of the contract value has been delivered by Leeds City Region supply chain, with the remaining 12% by contractors just outside (i.e. Doncaster and Sheffield). In total 35 different sub-contractors have been awarded work through the programme and 204 jobs have been sustained.
- 2.4 The Leeds City Region Tackling Fuel Poverty project, delivered through the Better Homes programme, is now in delivery. The schemes are delivering measures in areas at high risk of fuel poverty, in every district. Barnsley and Bradford schemes are both complete, and schemes in Leeds, Wakefield and

Calderdale are progressing well. Take up of the offer in the four North Yorkshire authorities has picked up in response to a sustained marketing campaign by those authorities, however further actions are to be implemented to ensure the scheme is delivered.

- 2.5 The Kirklees Council hard to treat cavity wall scheme in the Riddings area of Huddersfield has now started on site, this is a cross tenure scheme, delivered in partnership with Kirklees Council Building Services. 290 households are expected to receive measures and benefit from warmer, healthier homes over the long term.
- 2.6 The Wakefield Council hard to treat external wall insulation scheme in the Castleford area has also started on site. Around 80 households are expected to receive measures, and the long term benefits of a more energy efficient home.
- 2.7 The Leeds City Region Warm Homes project launched at the end of December 2017. This is a £2.9m scheme delivering efficient central heating systems, and often a gas connection, to fuel poor households, who do not use mains gas as their primary heating fuel. The project was set up in response to a National Grid funding opportunity.
- 2.8 According to Government data sources, around 73,000 households, around 6%, in the Leeds City Region are off gas. Data indicating how many off gas properties are also fuel poor is incomplete; however the best available data shows that around 10% of those households who are off gas, are also fuel poor. This evidence base will be further developed through the Energy Strategy and Delivery Plan.
- 2.9 Many off gas properties are located in rural areas of the City Region, which are beyond the reach of the gas network. A bid was submitted to National Grid to deliver measures to benefit properties of this nature, however it was unsuccessful, one of the reasons for this was the absence of any match funding to support the bid.
- 2.10 The successful bid to National Grid Warm Homes Fund was focused on properties within reach of the gas main, where a gas central heating system could be fitted. As the data sources are incomplete, the scale of the Programme has been determined largely by the lessons learned from similar projects, and the work completed to date to extend the gas network in many areas of the City Region.
- 2.11 Over 700 new heating systems are expected to be delivered across all tenures, and many households will also receive a gas connection, supplied by Northern Gas Networks. Over 200 will be delivered through the Better Homes Yorkshire contracts, and 500 through Housing Leeds (part of Leeds City Council) contract arrangements to Housing Leeds homes.
- 2.12 Leeds City Council 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 Leeds City Region Warm Homes represents around 9% of non-high rise, off gas Leeds City Council housing stock.

- 2.13 As part of its Energy Strategy and Delivery Plan work, the Combined Authority will be collating available data sets to try and determine the remaining potential for domestic energy efficiency across the region. This will be fed back to the Panel once collated.

Resource Efficiency Fund

- 2.14 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.
- 2.15 As of 31 December 2017 the REF had engaged with 280 clients. Of these, 157 businesses have had technical assessments by external consultants commissioned, and 48 have undergone an in-house review by the Resource Efficiency Managers (REMs). The combined figure of 205 compares favourably with the target number of assessments for the 2017 calendar year (112).

Table 1. Progress of business contacts as at 31 December 2017

Total Business Contacts	280
Businesses Visited	266
Assessments Commissioned	157
Type I/II Assessments Completed	146
Type III Reviews Completed	48
Businesses Completed	104
12 Hour Assists	89
Grants Approved & Pending	60
Grants Completed	22
Grants Rejected	1

- 2.16 The programme continues to progress. The 12 hour assist output (89) is well ahead of target (60 to the end of December 2017) while the grant output (22) 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 90%+ of target by the end of March 2018 and well ahead of target by June 2018. The overall businesses supported output is currently 96, which is slightly below target (104).

District Heat Network Programme

- 2.17 The District Heat Network (DHN) Programme continues to support 12 active schemes in the Leeds City Region. 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.
- 2.18 A number of Heat Network Delivery Unit (HNDU) Round 7 applications have recently been submitted to BEIS to support further project development activities for DHNs in Barnsley and Huddersfield. Both schemes have previously received support from HNDU in earlier funding rounds.
- 2.19 The Leeds DHN was launched on the 1 March with a ceremony to name the DHN network held at Bridge Community Centre. The ceremony was to mark the beginning of the construction work to build the DHN. The Leeds scheme is the first of the DHNs under the City Region programme to begin construction.

Green and Blue Infrastructure Strategy and Delivery Plan

- 2.20 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.
- 2.21 Mini-delivery plans are currently being collated and the programme is still on track to deliver a draft delivery plan to the GEP in April 2018, and the Leeds City Region Enterprise Partnership Board (LEP) Board and the Combined Authority following this.

Energy Strategy and Delivery Plan

- 2.22 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 the Combined Authority and the Leeds City Region 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

- 2.23 Work Package 1 is nearing completion with quality assurance work being undertaken on the future energy forecasts for the City Region. Work Package 2 has now been completed, identifying 18 energy technologies that will make a significant contribution to enabling the City Region to achieve its energy ambitions. A consultant has recently been procured to deliver Work Package 3, the spatial identification of energy opportunities areas (linked to the 18 technologies identified in Work Package 2) in the City Region.
- 2.24 Work Package 4 has recently commenced with a range of stakeholder meetings being held to inform the strategic priorities and action areas of the ESDP. A draft ESDP will be presented to the April meeting of the GEP for approval, with the LEP Board and Combined Authority following in June.

H21

- 2.25 This Northern Gas Network (NGN) 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.
- 2.26 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.

BEIS Local Capacity Support

- 2.27 BEIS, as part of the BEIS Local Energy programme, is funding 5 new energy hubs. The hubs will:
- 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 collaborative and coordinated approach across multiple LEP areas
- 2.28 A North East, Yorkshire and Humber (NEYH) Hub is being established covering the following LEP areas:
- Humber
 - Leeds City Region
 - North East
 - Sheffield City Region
 - Tees Valley
 - York, North Yorkshire and East Riding

2.29 This will include:

- Tees Valley Combined Authority to act as accountable body and manage the total budget of circa £740k 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 in the LEPs at a local level (for the City Region this equates to one part-time project manager for two years)

2.30 The joint LEPs above are awaiting a Memorandum of Understanding from BEIS. Once this is received, recruitment of the regional and local posts will commence. It is envisaged that the Hub will be established by May 2018.

2.31 The NEYH Hub will complement the work of the Energy Accelerator. It will potentially enable a wider range of low carbon projects to gain project development support. ELENA has specific criteria that has to be met. It is unlikely that the BEIS hub will have such stringent requirements.

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. The Energy Accelerator and BEIS Energy Hub (once approved) will create additional posts to deliver these new work programmes.

6 External Consultees

6.1 No external consultations have been undertaken.

7 Recommendations

7.1 The LEP Board note the progress against the GEP's major projects and programmes.

8 Background Documents

8.1 None

9 Appendices

9.1 None