

---

**Report to:** Green Economy Panel

**Date:** 17 April 2018

**Subject:** Major Projects Update

---

**Director(s):** Liz Hunter, Interim Director of Policy and Strategy

**Author(s):** Jacqui Warren

---

## 1 Purpose of this report

- 1.1 To provide an update on progress against the Green Economy Panel's 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 6 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. Data measuring performance against key performance indicators for 2017/18 is being collated and verified. This will be reported to a future meeting of the Panel.
- 2.3 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.

- 2.4 Improvement works have now commenced through the Leeds City Region Warm Homes project, which launched at the end of December 2017. This is a £2.9 million 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. Wakefield, Leeds and Barnsley have now submitted bids for development of partnerships with health partners, softer measures (for example advice) and emergency heating, which lend themselves to a local level approach.
- 2.5 As part of the work on our Energy Strategy and Delivery Plan, the evidence in relation to the scale of the fuel poverty problem in the Leeds City Region will be developed further. This will allow future policy and possible interventions to address the issue to be considered.

### **Resource Efficiency Fund**

- 2.6 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 Leeds City Region Growth Deal and the European Regional Development Fund (ERDF) 2014-2020 programme.
- 2.7 As of 28 February 2018 the REF had engaged with 320 clients. Of these, 172 businesses have had technical assessments by external consultants commissioned and 50 have undergone an in-house review by the Resource Efficiency Managers (REMs). The combined figure of 222 is well ahead of expectations.

**Table 1: Progress of business contacts as at 28 February 2018**

	Actual	Target to March '18
Total Business Contacts	320	
Businesses Visited	311	
Assessments Commissioned	172	
Type I/II <sup>1</sup> Assessments Completed	159	
Type III <sup>2</sup> Reviews Completed	50	
Businesses Completed	117	

<sup>1</sup> A Type I assessment is a one day review of energy, water and waste by an external specialist consultant. A Type II assessment is a more in depth two day review.

<sup>2</sup> A Type III review is one undertaken by the Combined Authority Resource Efficiency Manager, usually based on an existing audit or improvement plan.

12 Hour Assists <sup>3</sup>	90	76
Grants Approved & Pending	83	
Grants Completed	35	58
Grants Rejected	2	

- 2.8 The programme continues to progress. The 12 hour assist output is well ahead of target while the grant output (expected to be 44 by the end of March) is currently behind target. Grant spend is also behind target but rapidly improving having gone from 32% to 58% in the previous two quarters. Based on the approved grants pipeline, it is expected that grant outputs will catch up and spend will be on approximately 85-90% of target by the end of March 2018, and well ahead of target by June 2018. The overall businesses supported output is currently 99, which is below target to the end of March 2018 (134). This is because there are a higher number of businesses which are receiving both 12 hours assistance and a grant than expected.
- 2.9 A project budget review is currently being undertaken which will result in a project change request being submitted to the managing authority for ERDF (the Department for Communities & Local Government). The objective of this will be to roll-over current underspend and re-profile expenditure moving forward. The managing authority Contract Manager has indicated that the project may be able to request additional ERDF grant funding through this process if it can demonstrate sufficient demand from SMEs.

### **District Heat Network (DHN) Programme**

- 2.10 The DHN Programme continues to support 11 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.
- 2.11 Since the last meeting Calderdale Council have been successful in their Heat Network Delivery Unit (HNDU) grant application for funding to develop the outline business case for the Halifax project. WSP have been appointed as the main contractor to deliver the work and a kick-off meeting was held in early March. Both Barnsley and Kirklees Councils are still waiting to see if their HNDU applications have been successful.
- 2.12 In addition work had now commenced on the Leeds PIPES (formerly Leeds District Heat Network led by Leeds City Council). This involves the construction of a 4.5km District Heating Network plus an energy centre and a heat transfer station, to connect the Recycling and Energy Recovery Facility operated by Veolia at Cross Green, to key customers across the city. The network will be wholly owned and operated by Leeds City Council or its

---

<sup>3</sup> 12 hour assists represent 12 hours of business support provided to a client, which could include an assessment and a variety of additional support from the Combined Authority Resource Efficiency Manager.

subsidiaries. The total cost of the Spine project is £21.276 million, which includes a contribution from the Combined Authority of £4 million Growth Deal. Leeds City Council has appointed Vital Energi to deliver both the Design and Build and Operations and Maintenance elements of the project. The Housing project is a £15 million investment and will deliver the infrastructure to homes which will be connected to the network. The beneficiaries of this first phase of development will be West Yorkshire Playhouse, Leeds College of Music and the residents of 1,983 flats in 34 multi-storey blocks owned by the council in the Saxton Gardens, Lincoln Green and Ebor Gardens areas of the city. Modelling suggests that tenants will see fuel bills reduce by around £257 per annum, with a significant impact on reducing fuel poverty and carbon emissions.

### **Green and Blue Infrastructure (GBI) Strategy and Delivery Plan**

- 2.13 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.
- 2.14 Item 7 will provide a full update on the Strategy and Delivery Plan for comment.

### **Zero Carbon Energy Strategy and Delivery Plan**

- 2.15 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

- 2.16 Item 8 will present a full update on the project.

### **H21**

- 2.17 This Northern Gas Network 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.

- 2.18 Since securing £10 million from OFGEM's Gas NIC fund<sup>4</sup>, the Northern Gas Network (NGN) have begun field trials to test the safety case for 100% hydrogen in the gas network.
- 2.19 A new meeting is planned to provide a more detailed update on the H21 project to senior decision makers within Leeds City Council, the West Yorkshire Combined Authority and the Tees Valley Combined Authority. The meeting will also explore priority issues that Leeds and the Combined Authorities could lend their support to. This may include:
- Making the case for other elements of the hydrogen conversion programme to be based within the regions.
  - Leading the development of the associated conversion skills agenda.
  - Research centre.
  - Demonstration centre
- 2.20 NGN have also secured additional funding to identify a field trial site in the City Region and to plan the next phase of safety testing which will be in 'real world' conditions. Additional funding will be required to carry out the field trial testing.

### **BEIS Local Capacity Support**

- 2.21 The Department for Business, Energy and Industrial Strategy (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 a collaborative and coordinated approach across multiple LEP areas.
- 2.22 A North East, Yorkshire and Humber Hub is being established covering the following LEP areas:
- Humber
  - Leeds City Region / West Yorkshire Combined Authority
  - North East
  - Sheffield
  - Tees Valley
  - York, North Yorkshire and East Riding
- 2.23 It is envisaged that the Hub will be established after May 2018. A full paper outlining the Hub and how it will work will be presented to the Panel at its May meeting.

---

<sup>4</sup> 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

**3      Financial Implications**

3.1    There are no implications associated to this paper.

**4      Legal Implications**

4.1    There are no implications associated to this paper.

**5      Staffing Implications**

5.1    There are no implications associated to this paper.

**6      External Consultees**

6.1    No external consultations have been undertaken.

**7      Recommendations**

7.1    That the Panel notes progress against the Green Economy Panel's major projects and programmes.

**8      Background Documents**

Item 9 – Green Economy Panel 20 February 2018.

**9      Appendices**

None.