

3 December 2021

REPORT SUMMARY SHEET

GREEN RECOVERY FUND

Purpose

To provide an overview of the Green Recovery Fund, its objectives and suggested funding priority themes and allocate initial £30m seed funding towards it. Full businesses cases will be developed and brought back to committee for agreement to release resources from the Green Recovery Fund.

Summary

COP26 has highlighted the importance and urgent need to mobilise private finance to tackle the climate emergency. Billions of pounds of public funds must be used to leverage the trillions of pounds in private finance needed for a climate resilient, net zero world that keeps the 1.5-degree global temperature rise limit alive.

The Green Recovery Fund proposed in this report will kick-start a wide range of activity within the region to help us advance our journey to achieve our 2030 ambitions and stimulate the market to encourage private investment.

The objectives of the fund will be to:

- * Reduce the region's carbon emissions from buildings and transport, and enhance our natural habitats;
- * Raise employment in businesses providing solutions to climate transition; and
- * Develop viable and sustainable markets for housing and transport transition, by overcoming obstacles or developing innovative solutions.
- * Support the region's economy to decarbonise.
- * Leverage external funding into the region to tackle climate and ecological emergencies.

The fund will operate over a four-year period up to 2025, after which point performance and outputs will be reviewed, and a decision made on further resourcing requirements.

Full business cases will be developed for projects taken forward through the Green Recovery Fund. These business cases will be developed in line with the themes of the Climate Emergency Action Plan and in consultation with the unitary authorities. Funding from the Green Recovery Fund will be targeted at the highest causes of emissions and preserving and enhancing our ecological systems

Recommendations

1. To support the creation of the Green Recovery Fund to leverage £50m through it on priority projects that target the climate and ecological emergencies, including allocating £30m from the existing Combined Authority Investment Fund headroom to contribute to the Green Recovery Fund.
2. To approve an initial award of £300k from the Green Recovery Fund to expand the Innovate Housing Retrofit Scheme, as part of the Low Carbon Challenge Fund project.

Note: Following agreement for the initial allocation of funds to create the Green Recovery Fund, full businesses cases will be developed and brought back to committee for agreement to release specific funding requests.

Contact officer: Jess Lee

Position: Head of Policy & Strategy

Email: strategy@westofengland-ca.gov.uk

**REPORT TO: WEST OF ENGLAND COMBINED AUTHORITY
COMMITTEE**

DATE: 3 DECEMBER 2021

REPORT TITLE: GREEN RECOVERY FUND

DIRECTOR: JESS LEE, HEAD OF POLICY & STRATEGY

**AUTHOR: LIZZY UPTON, SENIOR POLICY OFFICER & HELEN
ILES, SENIOR POLICY MANAGER**

Purpose of Report

1. To provide an overview of the Green Recovery Fund, its objectives and suggested funding priority themes and allocate an initial £30m seed funding towards it. Full businesses cases will be developed and brought back to committee for agreement to release resources from the Green Recovery Fund.

Impact of Covid-19 pandemic

2. The Combined Authority has actively reviewed its key activities and work programme to reflect changing priorities as a result of the Covid-19 pandemic. Specific issues relating to the Covid-19 situation that impact on or are addressed through this report are as follows:
 - Providing investment to support action on climate and biodiversity to ensure a sustainable future for the region, promote economic recovery and help achieve the region's net zero ambitions.

Recommendation

- To support the creation of the Green Recovery Fund to leverage £50m through it on priority projects that target the climate and ecological emergencies, including allocating £30m from the existing Combined Authority Investment Fund headroom to contribute to the Green Recovery Fund.
- To approve an initial award of £300k from the Green Recovery Fund to expand the Innovate Housing Retrofit Scheme, as part of the Low Carbon Challenge Fund project.

Note: Following agreement for the initial allocation of funds to create the Green Recovery Fund, full businesses cases will be developed and brought back to committee for agreement to release specific funding requests.

Background / Issues for Consideration

3. COP26 has highlighted the importance and urgent need to mobilise private finance to tackle the climate emergency. Billions of pounds of public funds must be used to leverage the trillions of pounds in private finance needed for a climate resilient, net zero world that keeps the 1.5-degree global temperature rise limit alive.

3.1. In line with this, Government's recent Spending Review settlement announced future funding opportunities intended to deliver against national objectives including most notably:

- a £450m 'Boiler Upgrade Scheme' to encourage people to move away from gas boilers towards heat pumps.
- additional £620m for zero emission vehicle grants and EV charging infrastructure with a focus on local on-street residential charging.
- Increased funding for green infrastructure and green spaces through a further £625m for the Nature for Climate Fund and £30m Big Nature Impact Fund.

3.2. The detailed guidance and allocation of these funding schemes have yet to be released by government, but they represent opportunities for the Combined Authority or our partners to leverage in additional funds for the region.

Financing Net Zero in the West of England

4. As a combined authority, we want to be more ambitious in the actions that we are taking to reduce emissions and protect the environment.

4.1. To do this, we must also be more ambitious about the amount of funding we dedicate to delivering our net zero ambitions. This will need to be done in a way that unleashes private finance and supports our residents to take advantage of government initiatives (such as those announced in the Spending Review) when they become available.

4.2. We propose to create a £50m Green Recovery Fund with two clear objectives to:

- Protect the environment and reduce carbon
- Create jobs

5. The Green Recovery Fund

5.1. The Green Recovery Fund will act as an investment programme for the region, with the aim of using Combined Authority funding to leverage in external funding to the region. This will consist of:

- £30m seed funding to be allocated from the existing Combined Authority Investment Fund headroom.

- £20m match funding leveraged from other funding sources, including central government and private finance

5.2. The Green Recovery Fund will kick-start a wide range of activity within the region to help us advance our journey to achieve our 2030 ambitions and stimulate the market to encourage private investment.

5.3. The objectives of the fund will be to:

- Reduce the region's carbon emissions from buildings and transport, and enhance our natural habitats;
- Raise employment in businesses providing solutions to climate transition; and
- Develop viable and sustainable markets for housing and transport transition, by overcoming obstacles or developing innovative solutions.
- Support the region's economy to decarbonise.
- Leverage external funding into the region to tackle climate and ecological emergencies.

5.4. The fund will operate over a four-year period up to 2025, after which point performance and outputs will be reviewed, and a decision made on further resourcing requirements.

5.5. Full business cases will be developed for projects taken forward through the Green Recovery Fund. These business cases will be developed in line with the themes of the Climate Emergency Action Plan and in consultation with the Unitary Authorities. Funding from the Green Recovery Fund will be targeted at the highest causes of emissions and preserving and enhancing our ecological systems.

5.6. Appendix 1 sets out the expected priority areas for investment for the Green Recovery Fund. This includes:

£3m ringfenced for Housing retrofit - carbon emissions from domestic buildings remains one of the largest sources of carbon entering the atmosphere. 250,000 homes in the region need to be retrofitted if we are to meet our 2030 zero carbon target. To date government programmes have been ineffective, short term and underfunded. We will develop effective interventions that can provide greater certainty to the industry, build skills for providers, provide clear advice for home owners, complement other interventions and be up and ready when serious investment in retrofitting homes begins to flow.

Electric Vehicle Infrastructure – transport is the other major source of carbon in the region and alongside the creation of a world class public transport system, facilitating the switch to electric vehicles is a major priority. Investment needs to complement and speed up the investment already being done by constituent councils and the private sector. This action is increasingly urgent. Relative to population size, our region is falling behind the rest of the UK in the rollout of Electric Vehicle charging infrastructure.

A minimum of £5m earmarked for Green Infrastructure and biodiversity projects across all 3 constituent Councils – green infrastructure has many purposes and outcomes that both reduce carbon emissions (by encouraging active travel, by planting trees etc) and mitigate for the effects of climate change (providing habitats, green spaces, flood protection etc). We want to see a range of exemplary projects across all three constituent Councils such as the Bath Riverline project that will generate all of the outcomes above. Projects do not necessarily need to be large, landscape scale. The Green Recovery Fund can also support smaller projects e.g. to increase trees and pollinator habitats and engage communities within the region. In line with this, we are exploring holding a ‘pollinator day’ in March which could be used to launch some relevant activity.

Innovation – Our region is famous for innovation and we will launch the Business Innovation Fund Round Two soon after COP26. This existing project was approved by Committee in 2019 to help stimulate business innovation within amongst companies looking to tackle the climate and ecological emergencies. Over £1m in grant funding will be made available to support business-led research, development and innovation, aligned with our climate emergency ambitions, in order to bring new products, processes and services to the market.

Match funding – As we get closer to various climate emergency target dates there are likely to be funding opportunities emerging from Government for carbon and environmental programmes. The Green Recovery Fund will allow us to be prepared for opportunities where rapid match funding is required.

- 5.7. In recognition that action needs to be taken urgently, it is proposed that an award of £300k is made to expand the Low Carbon Challenge Fund’s Innovative Housing Retrofit project, match funded by £200k from the European Regional Development Fund (ERDF). This would enable the delivery of an innovative housing retrofit programme to reduce energy consumption in 25 hard-to-treat homes delivering an estimated 100 tonnes of additional annual greenhouse gas emission savings.

Consultation

6. No statutory consultation is required in relation to this report.

Other Options Considered

7. To not create a Green Recovery Fund i.e. do nothing. This would not support the necessary scale of action required to support net zero ambitions.

Risk Management/Assessment

8. The actions proposed in this report will address the risk that insufficient action will be taken by the region to address the Climate Emergency and make progress towards Zero Carbon in 2030.

Public Sector Equality Duties

9. The public sector equality duty created under the Equality Act 2010 means that public authorities must have due regard to the need to:
- Eliminate unlawful discrimination, harassment and victimization and other conduct prohibited by the Act.
 - Advance equality of opportunity between people who share a protected characteristic and those who do not.
 - Foster good relations between people who share a protected characteristic and those who do not.

The Act explains that having due regard for advancing equality involves:

- Removing or minimising disadvantages suffered by people due to their protected characteristics.
- Taking steps to meet the needs of people from protected groups where these are different from the needs of other people.
- Encouraging people from protected groups to participate in public life or in other activities where their participation is disproportionately low.

10. The general equality duty therefore requires organisations to consider how they could positively contribute to the advancement of equality and good relations. It requires equality considerations to be reflected in the design of policies and the delivery of services, including policies, and for these issues to be kept under review.

11. There are no direct equalities issues resulting from this report.

12. For projects seeking funding through the Green Recovery Fund, promoters will be required to include as part of their Full Business Case, an equality and diversity assessment and plan.

Finance Implications, including economic impact assessment where appropriate:

There is currently £67m of uncommitted Combined Authority Investment Funding up to March 2026 against which the £30m for Green Recovery, as recommended within this report, will be allocated.

The £300k to extend the Low Carbon Challenge Fund project to deliver the Housing Retrofit schemes can be accommodated within the current headroom in the Investment Fund programme. Business Cases for other projects within the Green Recovery Fund, and their fit within the Investment Fund programme, will be considered as these come forward.

Advice given by: Malcolm Coe, Director of Investment and Corporate Services

Legal Implications:

No additional legal implications arising from the report.

Advice given by: Shahzia Daya, Director of Legal Services

Climate Change Implications

On 19 July 2019, the West of England Combined Authority declared a climate emergency, recognising the huge significance of climate change and its impact on the health, safety and wellbeing of the region's residents. The Combined Authority is committed to taking climate change considerations fully into account as an integral part of its governance and decision making process.

Each report/proposal submitted for Combined Authority / Joint Committee approval is assessed in terms of the following:

Will the proposal impact positively or negatively on:

- * The emission of climate changing gases?
- * The region's resilience to the effects of climate change?
- * Consumption of non-renewable resources?
- * Pollution to land, water or air?

Particular projects will also be subject to more detailed environmental assessment/consideration as necessary as part of their detailed project-specific management arrangements

This report will create an investment fund to support action on climate and biodiversity to ensure a sustainable future for the region, promote economic recovery and help achieve the region's net zero ambitions

Business cases will be required for any proposals put forward for consideration for Green Recovery Fund funding. The specifics of the process are yet to be finalised but all projects will be required to demonstrate alignment with the refreshed ambition for tackling the climate and ecological emergencies and delivery against its key principles.

Land/property Implications

There are no direct land and property implications arising from this report.

Advice given by: Malcolm Coe, Director of Investment and Corporate Resources

Human Resources Implications:

There are no direct HR implications arising as a result of this report.

Advice given by: Alex Holly, Head of People and Assets

Appendices:

Appendix 1 – Green Recovery Fund – Overview of suggested themes for funding

Background papers:

None.

West of England Combined Authority Contact:

Any person seeking background information relating to this item should seek the assistance of the contact officer for the meeting who is Ian Hird on 07436 600313; or by writing to West of England Combined Authority, 3 Rivergate, Temple Quay, Bristol BS1 6EW; email: democratic.services@westofengland-ca.gov.uk

Appendix 1

Green Recovery Fund – Suggested Themes and Projects

Theme	Detail	Estimated impact	Link to recovery
Retrofit Accelerator (£3m GRF proposed)	Programme to stimulate retrofit market – skills and demand. First step to commission feasibility study to determine best intervention method e.g. skills provision, providing information and advice to home owners	Increasing capacity for retrofit in the region	Increasing rate of retrofit within likely to create jobs and training opportunities in installation and supply chain. Green skills report – To meet the Combined Authority’s Net zero by 2030 ambition it is projected that the retrofit sector will need to create around 14,000 new green jobs at all skill levels. Stimulating demand within the retrofit sector will help to unlock these opportunities.
Transport - Electric vehicles	Work with UAs and community groups to determine suitable sites and deliver schemes to increase the number of electric vehicles on the road. This will be driven and informed by the developing EV Strategy	Increase in number of EVs in region Facilitating modal shift away from petrol vehicles	Job creation in supply chain and installation/ Green skills report suggests low carbon transport sector will create 2,300 jobs in order to transition to net zero Stimulating demand within the EV sector will help to unlock these opportunities.
Green Infrastructure and biodiversity projects	A variety of large, landscape scale and smaller scale local projects. For example Bath Riverline - a continuous and high quality 5km walking and cycling connection between Bath City Centre and the Western City Limits, together with a series of improved public access points and improved parks, hard landscaped and green spaces.	Protect and enhance natural environments and biodiversity; Adaptation to improve climate resilience;	Nature based recovery. New and improved walking and cycling infrastructure. Health benefits

		Increase active travel, trees, habitats etc	
Habitats & pollinators	Grant funding programme to involve communities and experts in the delivery of multifunctional Green Infrastructure scheme notably to increase pollinator habitat in region. Starting with the commissioning of B-lines evidence base to provide target areas for interventions.	Increase in pollinator habitats	Nature based recovery - pollinator habitat and spaces are reducing, leading to species reduction and irreparable damage to the environment, and putting food chains at risk. Taking action to protect and increase habitat spaces will help nature to recover and add resilience to agriculture and food chains.
Business Support/ Innovation	Supporting key businesses and industry to decarbonise incl. increasing/continuing the LCCF, supporting aviation industry	Decrease in emissions in businesses Increase in green jobs in the region	Helping businesses to transition to net zero and increase the number of green skills and job opportunities within the region.
Renewable and Community energy	Taking action to increase grid capacity, renewable energy generation and stimulating community energy network	Increase in renewable energy generation in region	Building sustainable energy systems and generating jobs
Match funding for green projects	Enabling a rapid response to new opportunities emerging from Government for carbon and environmental programmes where match funding is required.	Increasing ability to bid for new government programmes	Enabling West of England participation in carbon and environmental programmes which link to recovery.