

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

DATE: 28 JANUARY 2022

REPORT TITLE: GREEN RECOVERY FUND

DIRECTOR: JESS LEE, HEAD OF STRATEGY & INNOVATION

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Purpose of Report

1. To provide an update on the Green Recovery Fund, including indicative allocations by priority theme, and to outline the process for developing and assessing proposals.

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 agree the indicative initial allocations for the £50m Green Recovery Fund and the outlined approach for assessing proposals and awarding funding for priority projects that target the climate and ecological emergencies across the region.

Note: Following agreement for initial allocation of Green Recovery Fund funds, full businesses cases will be developed in collaboration with Unitary Authorities member unitary authorities and brought back to committee for agreement to release specific funding requests as applicable

3. Background / Issues for Consideration

- 3.1. Following WECA Committee approval to create a £50m Green Recovery Fund, including the allocation of £30m of Investment Fund headroom, agreement is needed on the priority areas for investment as well as the process for considering future funding proposal brought forward to the Fund.
- 3.2. 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. It provides one route to funding the proposals that will be set out in the regional Climate and Ecology Strategy & Action Plan.

4. The Green Recovery Fund

4.1. Proposals brought to the Green Recovery Fund will be required to align with the themes of the Climate Emergency Action Plan and support delivery of the revised Climate and Ecology Strategy & Action Plan. As initially outlined in the December 2021 Committee, the objectives of the fund will be to:

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

4.2. The key outcomes of the fund will be to:

- Protect the environment and reduce emissions
- Create jobs and increase green skills provision

4.3. Funding from the Green Recovery Fund will be targeted at the highest causes of emissions and preserving and enhancing our ecological systems. However, in order to meet our ambitions, we will not only need to fund programmes that will offer direct delivery but also those that will equip the region going into the future. The pathways to nature recovery and a transition to net zero are not yet fully known and will require innovation and green skills development. Where possible, initiatives funded by the Green Recovery Fund will seek to stimulate these areas across the region.

4.4. Wherever possible, the Green Recovery Fund will be used to enhance existing best practice within the region and identify and fill in any gaps in provision across the region. The Combined Authority recognizes that we do not have all

the levers of power required to achieve our climate and ecological ambitions on our own.

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

5. Priority areas for investment and indicative allocations

5.1. The following minimum allocations for the Green Recovery Fund are outlined below. These allocations should not be considered a ‘cap’ on investment in any one area but rather a proposed minimum commitment.

Priority area	Proposed allocation	GRF	Rationale	Total value incl. match
Low carbon buildings and places	£10m to retrofit homes and commercial spaces within the region (inclusive of £3.5m ringfenced as part of December committee to improve rate and pace of retrofit in the region.)		Buildings are one the highest sources of emissions in the regions, due to poor energy efficiency and fossil fuel reliant heating systems.	£10m (investment fund)
Green Environment	£10m ringfenced for Green Infrastructure and biodiversity projects at all scales across all 3 unitary authorities including delivery of projects that align to the region’s Local Nature Recovery Strategy, Green Infrastructure Strategy, Tree & Woodland Strategy and a Community Pollinator Fund. A number of projects within the current Investment Fund programme align with objectives of the Green Recovery Fund and will fall within it. These are Common Connections and the funds awarded to develop Green Infrastructure projects including Bath River Line. Together these total £1.53m.		In order to tackle the ecological emergency. Green infrastructure and enhanced biodiversity can reduce carbon emissions. and support pollinator and other wildlife habitats and adapt to climate change, while offering wider benefits to residents including improving wellbeing.	£10m (investment fund)

Low carbon transport system – incl. Electric Vehicle (EV) Infrastructure	£5m ringfenced to support transport decarbonisation and innovation incl. the rollout of Electric Vehicle charging infrastructure across the region and possible innovative hydrogen technology.	Transport is a 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. Relative to population size, our region is falling behind the rest of the UK in the rollout of Electric Vehicle charging infrastructure. Further investment needs to complement and speed up the work already undertaken by Unitary Authorities and the private sector.	£5m (investment fund)
Renewable Energy & Energy Capacity	£5m for supporting renewable energy generation, supporting grid capacity and enabling new forms of energy systems, e.g. hydrogen	Taking action to increase grid capacity, renewable energy generation and stimulating community energy network or innovative energy systems (e.g. hydrogen) to ensure that the region has the right energy systems in place to meet increased demand for sustainable energy (incl. through increased EV use)	£5m (investment fund)

5.2. Taken together, proposed funding allocations for the Green Recovery Fund total £30m. Projects developed under the Green Recovery Fund will be required to evidence match funding or the ability to leverage external resources. This will need to be achieved at a rate of 2/3rds of grant value, to increase the overall funding programme to £50m (in line with the decision at December 2021 Committee).

5.3. A total allocation of £3.5m from the Green Recovery has already been made at December WECA Committee for retrofit. This will be considered as part of the initial £10m allocation for retrofit outlined above. The allocation includes:

- £200k for a Retrofit Step-Up programme;

- £3m ringfenced for longer term Retrofit Accelerator programme, subject to business case approval;
- £300k to offer 100% grant funding through the Low Carbon Challenge Fund's Innovative Housing Retrofit project.

5.4. The initial allocation for retrofit falls within the themes of the Climate Emergency Action Plan and within the objectives for the Green Recovery Fund outlined above. This allocation has been expedited in order to maximize the uptake of current funding schemes (e.g. Green Homes Grant) and ensure that we are taking swift action on priority areas.

6. Process for developing future proposals for Green Recovery Fund investment

6.1. It is proposed that the revision of the Climate and Ecology Strategy and Action Plan, which will be co-produced with the Unitary Authorities, is used to develop a coherent Green Recovery Fund programme in line with the indicative allocations outlined above.

6.2. The Strategy will provide long-term direction to achieve our 2030 goal. The Action Plan will then provide specific proposals to be developed for funding through the Green Recovery Fund (as well as other sources). The Strategy and Action Plan, and the resulting Green Recovery Fund Programme, will be developed in partnership with the Unitary Authorities and key stakeholders including the Climate Action Panel.

6.3. The Combined Authority plans to hold a series of discussions with the Unitary Authorities from January to April 2022 to help inform this process with the ambition to bring the revised Strategy and Action Plan to Committee in April 2022.

6.4. All funding awards from the Green Recovery Fund will operate in the same way as the WECA Investment Fund. All proposals will be subject to Full Business Case approval where applicable. A business case for retrofit is already in development in partnership with the Unitary Authorities.

6.5. All business cases submitted to the Green Recovery Fund, will need to meet the overarching objectives and outcomes for the fund as outlined in paragraphs 4.1 and 4.2.

6.6. In order to help manage and prioritize the development of business cases, it is envisioned that the fund be structured into specific calls spanning the three years of its operation. This will ensure longevity of the fund and ensure that proposals can be considered alongside each other, allowing officers and politicians to better understand the relative merits of each application and overarching impact of the programme.

6.7. Individual assessment criteria for each priority theme and funding call will be developed as part of the process to revise the Strategy and Action Plan and brought back to committee in April for agreement. This will include a detailed timetable for when different funding calls will be open to applications, that will span the three year period of the Green Recovery Fund up to 2025. Applications for the Green Recovery Fund will not be open until this point.

6.8. Officers will also develop a funding ask for April committee to ensure that the Combined Authority, Unitary Authority and other stakeholders have sufficient resources to develop the management of business cases to the Green Recovery Fund.

Consultation

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

Other Options Considered

7 Not establishing initial investment allocations and objectives – rejected – not establishing these would mean the Green Recovery Fund is not invested in a strategic and targeted manner.

Risk Management/Assessment

8 The processes set out in will help to manage and guide the development of business cases for the Green Recovery Fund. Full risk assessments will be undertaken for each project as part of the business case development proposals.

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.

9.1 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.

- 9.2 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.
- 9.3 Full equality assessments will be included as part of individual business cases

Finance Implications, including economic impact assessment where appropriate:

- 10 The Combined Authority approved a £30m allocation, in December 2021, from the Investment Fund to the Green Recovery Fund as part of an overall anticipated investment programme of £50m. Drawdown against CA funding will be dependent on viable business cases that deliver clear outcomes against the priority areas for investment as detailed within this report

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

Legal Implications:

- 11 The business case process will provide the necessary assurances in terms of governance and the green recovery fund will enable the Authority to meet its commitment under the climate emergency declaration agreed in July 2019.

Advice given by: Shahzia Daya, Director of Legal Services

Climate Change Implications

- 12 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

- 12.1 The Green Recovery Fund will boost the level of investment within the region to tackle climate and ecology emergencies.

Human Resources Implications:

- 14 Any additional resources required to deliver programmes of work funded from the Green Recovery Fund will be articulated in the individual business cases and managed in accordance with Combined Authority policies and best practice

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

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