

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

**DATE: 23 SEPTEMBER 2022**

**REPORT TITLE: GREEN RECOVERY FUND UPDATE**

**DIRECTOR: ROGER HOARE, HEAD OF ENVIRONMENT**

**AUTHOR: ROGER HOARE, HEAD OF ENVIRONMENT**

### **Purpose of Report**

The committee paper will provide an update on the Green Recovery Fund, including:

- recommendations for funding under the first round of Green Recovery Fund
- Provide updates and seek approvals on previously allocated Green Recovery Fund schemes, including:
  - the Regional Low Carbon Delivery Scheme
  - plans to develop the Local Nature Recovery Strategy
  - a request to delegate grant approvals for the community pollinator fund to the Head of Environment in the Combined Authority, in consultation with the Directors of Infrastructure
- Provide an update on the overall Green Recovery Fund including total spent and remaining unallocated fund.

### **Recommendation**

#### **Committee are asked to**

- Approve the funding recommendations for round 1 of the Green Recovery Fund as set out in section 2
- Approve the £4.995m investment in Regional Low Carbon Delivery Scheme – to be funded through £4m GRF and an additional £995,000 from the Investment Fund headroom as set out in section 5
- Approve the feasibility & development form to spend £330k local nature recovery strategy from GRF allocations (pending government funds) as set out in section 6
- Delegate approval to the West of England Combined Authority Head of Environment in consultation with the Directors of Infrastructure for approval of grant funds for community pollinator fund, as set out in section 7

- Delegate the approval of remaining Green Recovery Fund to the Chief Executive, in consultation with the Chief Executives of the Unitary Authorities

### **Reasons for recommendation**

- A £50m Green Recovery Fund was created to support the delivery of the climate & ecology strategy & action plan
- Indicative allocations and a forward plan of business case proposals were agreed at April committee, including creating several funding calls
- The first funding call was opened in July. Officers have assessed the applications and committee are now asked to approve these recommendations as the decision-making body for the Green Recovery Fund.

### **Voting arrangements**

- ***Decision requires majority agreement of Committee Members in attendance, or their substitutes (one vote representing each Authority) and including the West of England Combined Authority Mayor***

### **Background / Issues for Consideration**

#### **1. The Green Recovery Fund**

1.1. The £50m Green Recovery Fund was created as an initial investment to help achieve the region's investment towards our 2030 ambitions. The objectives of the fund are 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.

1.2. Of the total funds available, Committee have so far indicatively allocated as follows:

- £10m for Low carbon buildings and places;
- £10m for Green environment (green infrastructure and biodiversity projects);
- £5m for Low carbon transport system, including EV infrastructure; and
- £5m for Renewable Energy & Energy capacity.

#### **2. Green Recovery Fund: Open Calls Round 1**

2.1. As per the agreement at April committee, the outstanding Green Recovery Funds will be administered through separate open calls and the submission of business cases. The first open call closed in July 2022.

2.2. For the first round of Green Recovery Fund, the Combined Authority created an open call for applications to allocate an indicative total of up to:

- £4m for nature recovery
- £3m for renewable energy & energy capacity

2.3. The funding call was advertised amongst our partners and key stakeholders and on the combined authority website.

2.4. Eligible applicants were asked to complete an application form and provide evidence of the match funding requirements. We received the following applications:

	Number of applications	Totals
Nature Recovery	5	£ 4,415,098
Renewable Energy	5	£ 5,496,312

2.5. If we were to fund all applications, this would mean that first round of Green Recovery Fund would be oversubscribed by £400k for nature recovery and £2.5m for renewable energy.

2.6. A panel of officers from across the combined authority reviewed the applications in line with the scoring methodology set out in the guidance issued to all applicants. The Unitary Authorities were asked to provide representatives to join the scoring panel, with an officer from Bristol joining the review of the Energy applications and an officer from Bath and Northeast Somerset joining the Nature Recovery Assessments.

2.7. A summary of the projects that this paper seeks approval for are provided in the tables below:

## Energy Projects

<b>Name of Energy project</b>	<b>Organisation</b>	<b>Grant funding</b>	<b>Geographic coverage</b>	<b>Project Summary</b>	<b>Recommendation</b>
Sustainable Innovative Finance Foundations For Wind Turbines	Bristol energy network	£1,192,000	Regional	SIFFFT will leverage external funding into the region by creating a pipeline of ready-to-invest wind turbine projects. It will engage communities, identify suitable sites for onshore wind within the West of England Combined Authority boundary, and develop sites to pre-planning and ecological screening stage. Once the feasibility, pre-planning and ecological screening has been undertaken, these projects will be attractive to companies for their capital investment. It will create the capacity for ~70 MW of green, renewable energy.	Conditional Funding – dependent on having a guarantor in place, or other appropriate controls agreed by CEOs
Solar Roof installation	Bristol Energy Co-op	£569,312	Regional	The project comprises the development and installation of over 2MW of solar photovoltaic (PV) systems on rooftops across the Greater Bristol region, specifically targeting small to medium businesses and community focussed buildings such as schools. It is our approach to install the largest system that will fit on the roof (even for buildings with relatively low consumption) as this gives the largest carbon saving.	Conditional Funding – dependent on having a guarantor in place, or other appropriate controls agreed by CEOs

## Nature Projects

Name of Nature project	Organisation	Grant funding	Geographic coverage	Project Summary	Recommendation
Somerset Valley	BANES	£923,246	BANES	Delivering nature recovery in 5 key greenspaces in Radstock, Westfield and Midsomer Norton. Somerset Valley Rediscovered (SVR) will work with three town and parish councils to explore and address both the opportunities and challenges for delivering sustainable and transformative change to the way public greenspaces are developed and managed, such that they can make genuine contributions to nature recovery whilst providing and enabling better access to nature for people.	Fully fund the project
Capricorn Quay	Bristol Council	£480,000	Bristol	The project will create a floating ecosystem to deliver approximately 700-1000 sq metres of habitat that will improve water quality, support stronger fish stocks and provide haven for birds within Bristol Harbour. The provision of the Capricorn Quay floating ecosystem will provide ecological network connectivity as well as new habitat that provides multiple functions including water filtration, visual public amenity, access to nature resource for study and enjoyment. BCC are funding the creation of 35 moorings as part of the project.	Conditional fund - Funding only to be released upon securing planning permission
Frome Valley River Reserve	S. Glos council	£1,106,377	S. Glos	Provide funds to secure the purchase of land to create of a new Frome Valley River Reserve will deliver wetland Nature Recovery Network (NRN) habitat improvements on the ground and an NRN	Conditional Funding Recommendation to committee - subject to

				<p>exemplar site for the Bristol Frome catchment and beyond. The nature reserve is anticipated to:</p> <ul style="list-style-type: none"> <li>• approximately triple the annual value of ecosystem services from £400k to £1.2m.</li> <li>• increase the 100-year Present Value (PV) to £42m, which is a &gt;300% increase from the 100-year PV of continued management of £13m.</li> <li>• deliver a predicted 115% increase in biodiversity units (DEFRA Biodiversity Metric) from 277 to 596, with increase in the asset value of biodiversity on the site from £3-6mn to £7-15mn. This increase in the asset value of biodiversity is in addition to the substantial increase in the flow of Natural Capital benefits described above.</li> </ul>	<p>agreement of sale of land from landowners</p>
<p>Forest of Avon</p>	<p>Avon Needs Trees</p>	<p>£732,429</p>		<p>Supporting the woodland creation of up to 113 acres in Publow; planting up to 50,000 native broadleaf trees in diverse habitats in a strategically vital location for nature connectivity. Multiple benefits from the project will include carbon sequestration to tackle the climate emergency, biodiversity net gain to tackle the ecological emergency, natural flood management and public access. Health, wellbeing and skills outcomes will be supported by engaging 1,000 local volunteers in tree planting –with opportunities to specialise and enter the green economy –and the creation of public amenity space. The trail will include interpretation of woodland creation, biodiversity and local heritage features</p>	<p>A further condition would need to be placed on the funding subject to guarantee and successful completion of the purchase of the land.</p>

				<p>including the Wansdyke, old railway line and scheduled ancient monuments.</p> <p>The original funding application included a £42,000 for scoping of a wider area project to design and update a plan of nature recovery intervention in the wider area. The assessment panel did not feel this aligned with the objectives of the fund so are recommending funding the main woodland creation project only.</p>	
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### 3. Total Allocations from Green Recovery Fund Round One

3.1. In total through round one of the Green Recovery Fund, we are seeking to allocate £2.69m to energy projects and £3.24m through the Nature Recovery projects.

3.2. There are a few other potential projects in addition to those listed in this paper that we are not ready to propose for funding at this stage but hope to bring these back to October Committee following Due Diligence and further clarifications with applicants.

#### Energy Projects:

<b>Name of project</b>	<b>Organisation</b>	<b>Grant</b>	<b>Applicant match</b>
SIFFFT	Bristol energy network	£1,500,000	£1,300,000
Solar Roof installation	Bristol Energy Co-op	£569,312	£ 2,101,968
	<b>Total</b>	<b>£2,069,312</b>	<b>£3,401,968</b>

#### Nature Projects:

<b>Name of project</b>	<b>Organisation</b>	<b>Grant</b>	<b>Applicant Match</b>
Capricorn Quay	Bristol Council	£480,000	£ 503,000
Somer Valley	BANES	£ 923,246	£1,318,923
Frome Valley River Reserve	S Glos	£1,106,377	£ 624,000
Forest of Avon	Avon Needs Trees	£732,429	£ 1,556,736
	<b>Total</b>	<b>£3,242,232</b>	<b>£ 4,002,659</b>

### 4. Biodiversity Net Gain – Grant Conditions

4.1. From November 2023 (expected), construction developers will need to demonstrate a 10% biodiversity net gain associated with their development, either on site or offsite. Biodiversity Net Gain (BNG) Credits offer a way of offsetting habitat losses on development sites with gains elsewhere. It enables developers to pay for improvements elsewhere. A credit therefore represents a swap of habitat from the site of the development (where it is being removed) to the site generating the credit (where is being created).



The Net Gain element requires that the developer purchases 10% more units of biodiversity than are lost in the development.

- 4.2. The sale of credits covering 110 BNG units from a habitat site is therefore matched with a loss of 100 biodiversity units at the development site owned by the purchaser.
- 4.3. GRF-funded projects are intended to generate habitat improvements. If the associated BNG credits are sold, that will enable developers to remove an almost-equivalent amount of habitat elsewhere. This would almost entirely remove the value of the public funding provided through GRF
- 4.4. The overarching principle is that GRF funding must be used to generate net-additional biodiversity gains and must not enable habitat loss elsewhere.
- 4.5. The Combined Authority will set a condition of funding that any BNG credits generated using GRF funding including match, cannot be sold to enable offsetting developments. There may be projects that use GRF funding to take the first steps on a journey of habitat improvement. For example, GRF funding allows the purchase of a field and initial improvements (phase 1), and subsequent funding is required to plant trees (phase 2). Provided that the biodiversity gains from phase 1 are high enough to be fundable, there is no objection to additional gains produced in phase 2 being sold as credits for offsetting. But the gains from phase 1 must not be included in that sale.

## **5. Wider Development of the Green Recovery Fund Pipeline: Regional Low Carbon Delivery**

- 5.1. The April Committee paper set out a pipeline of future projects and business cases that would be brought forward as part of the overall Green Recovery Fund investment portfolio and separate to the open funding round schemes.
- 5.2. This included a total of:
  - £2m for continuation of Low Carbon Challenge Fund Energy scheme
  - £2m for Business grants continuation (low carbon challenge fund)
- 5.3. The Regional Low Carbon Delivery (RLCD) program will use this funding to build upon the established successes of the Low Carbon Challenge Fund. It also seeks an additional £995,000 to deliver an additional two projects designed to showcase innovative methods to retrofit hard to retrofit properties in the region. This builds on the original project to retrofit 25 properties, initially funded through European funding. On the basis of not drawing on other allocations within the GRF at this time, which themselves are expected to be fully subscribed, it is rather proposed to accommodate this £995, 000 increase from the Investment Fund headroom adding to the GRF overall.
- 5.4. The full business case for the RLCD is included in the background documents to this paper but the program will seek to deliver:

<b>GRF Theme</b>	<b>Scheme</b>	<b>GRF Amount</b>	<b>Applicant Match</b>	<b>Outputs</b>
Low carbon buildings & place	Carbon Surveys	£416k	£0	330-400 surveys
Low carbon buildings & place	Green Business Grants <ul style="list-style-type: none"> <li>• up to £15k grants</li> </ul>	£2.424m	£2.5m	200-250 businesses supported
Low carbon buildings & place	Innovative Housing Retrofit <ul style="list-style-type: none"> <li>• pipeline projects</li> </ul>	£995k	£889k	2 projects funded
Renewable energy & energy capacity	Rooftop Generation Grants <ul style="list-style-type: none"> <li>• £15k-£50k grants</li> </ul>	£500k	£750k	10-33 businesses supported
Renewable energy & energy capacity	Local Energy Scheme <ul style="list-style-type: none"> <li>• £100k-£250k grants</li> </ul>	£660k	£750k	1-2 projects funded
<b>Total</b>		<b>£4.995m</b>	<b>£4.889m</b>	<b>£9.884m</b>

5.5. In line with the principles of the Green Recovery Fund, the RLCD will seek to secure match contributions of £2m through the Green Business Grants. Committee are asked to improve the investment for the Regional Low Carbon Delivery program in line with the business case appended.

## **6. Wider Development of the Green Recovery Fund Pipeline: local nature recovery strategy**

6.1. Local Nature Recovery Strategies (LNRS) are laid out in the Environment Act 2021 as an approach for delivering national environmental objectives on local and regional scales. The LNRS will mainly cover the geography of the 50 Local Nature Partnerships relevant to the West of England Combined Authority area.

6.2. The LNRS is needed within the region to draw together existing data and present the information in a way that will enable future investment to be done in the right place and in the right way. Without this document, there is a risk that the region misses out on the best opportunities to invest in Nature Recovery.

6.3. Government have confirmed that they will provide capacity funding for the development of the LNRS but have not yet confirmed when this will be released or how much. In order to progress this work and fill a gap within the region, it is recommended that committee approve an additional £330,000 (over 18 months) from the Green Recovery Fund.

6.4. As set out within the feasibility & development form in the background documents, approximately half of the funding will go to B&NES and half to the Combined Authority to cover oversight of the LNRS work and the formation of the Environment Data Hub. It is expected that the majority of this funding will be repaid to the GRF in Q4 2022/23.

## 7. Wider Development of the Green Recovery Fund – Pollinator Fund delegations

7.1. In April 2022, Committee approved a business case to deliver a £1m Pollinator fund to help improve existing and create new biodiverse spaces across the region. Officers have since launched the first round of funding, in line with the proposals outlined in the original business case.

7.2. Over three years, the Community Pollinator Fund will provide small, medium and large grant funding to a range of regional organisations. The grant sizes are defined as:

- Small £1,000 to £9,999
- Med £10,000 to £49,999
- Large £50,000 to £100,000

7.3. It is recommended that the authority to approve the applications to the Pollinator Fund is delegated to the Head of Environment, in consultation with the Directors of Infrastructure within the Unitary Authorities.

## 8. Green Recovery Fund – Status update and future funding rounds

8.1. The table below provides a summary of the Green Recovery Fund to date. Funds that have already been allocated have been greyed out for ease of reference.

<b>GRF theme</b>	<b>Outline Proposal</b>	<b>Indicative funding request</b>	<b>Status</b>	<b>Business case anticipated</b>
<b>Low carbon buildings &amp; places</b>	Retrofit Accelerator	£3,000,000	OBC in submitted to April 22 committee, delegated approval for FBC to CEOS.	
	Retrofit Step-up	£250,000	Funding allocated at Dec 21 committee.	

	Retrofit supply chain	£5,000,000	Building on retrofit accelerator to look at supply chain generation/stimulus and economic stimulus (grant/loans).	Business Case being developed for next phase of retrofit delivery
	Regional Low Carbon Delivery - business assessment	£2,000,000	Continuation of existing scheme, replacing ERDF funding.	FBC Sept 22
	Additional Investment Fund for innovative retrofit	£995,000	Part of the Regional Low Carbon Delivery	Seeking Approval at Sept 22 Committee
<b>Sub Totals</b>		<b>£10.995m</b>		
<i>Low carbon transport system, including EV infrastructure</i>	Trials of innovative low cost on-street residential charging infrastructure	Schemes will total £5m but further feasibility required to determine exact costs		FBC Dec 2022
	Trial residential charging hubs			FBC April 2023
	Install destination chargers in public car parks			FBC April 2023
	Support EV Car Clubs			FBC April 2023
<b>Sub Totals</b>		<b>£5m</b>		
<b>Green Environment/ Nature Recovery</b>	GI projects (incl Bath RiverLine)	£1,450,000	Agreed at Jan 2022 committee	

	Community Pollinator Fund	£1,450,000	Agreed at April 2022 committee	FBC April 22 committee
	Round 1 Green Recovery Fund Nature projects	£3,242,232	4 projects seeking approval at Sept 2022 committee	
	Local Nature Recovery Strategy Funding	£330,000	Seeking Approval at Sept 2022 Committee	
	Unallocated nature recovery	£3.53m		
<b>Sub Totals</b>		£10m		
<b>Renewable Energy &amp; Energy Capacity</b>	Regional Low Carbon Delivery – Community Energy Scheme (local energy scheme continuation)	£2,000,000	Capital grant support for community energy groups to deliver renewable energy and smart grid schemes up to 5MW.	Business Case seeking agreement Sept 2022
	Round 1 Green Recovery Fund Energy projects	£2,069,312	2 projects seeking approval at Sept 2022 Committee	
	Unallocated energy projects	£0.93m		
<b>Sub Totals</b>		<b>£5m</b>		
<b>Grand total</b>		<b>£30.995m Green Recovery Fund &amp; Investment Fund</b>		

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8.2. In summary, the remaining unallocated funds from the Green Recovery Fund are currently:

<b>GRF theme</b>	<b>Initial indicative allocation</b>	<b>Allocation &amp; future pipeline</b>	<b>Unallocated funds</b>
Low carbon buildings & places	£10m	£10m	-
Low carbon transport system, including EV infrastructure	£5m	£5m	-
Green Environment (nature recovery)	£10m	£6.47m	£3.53m
Renewable Energy & Energy Capacity	£5m	£4.07m	£0.93m
<b>Totals</b>			<b>£4.46m</b>

8.3. All unused allocations will be reviewed over the next quarter. We will seek to allocate the remaining funds through further open calls. Having listened to feedback from the Unitary Authorities and other partners on the first funding round, we will seek to ensure that in future rounds the funding application form is simplified, and the application window is elongated.

8.4. The Combined Authority will also investigate opportunities to create an additional capacity building fund to help support smaller organizations with less capacity to respond to open calls to apply for future Green Recovery Fund calls.

8.5. The scoping activity for further funding rounds of the Green Recovery Fund will take place over Autumn 2022 in partnership with the Unitary Authorities, with an aim of opening the second funding round in Spring 2023.

8.6. Undertaking this development work before launching the second funding round, will help to ensure that our partners can develop quality projects and ensure that we are funding solutions to the strategic issues within the region and achieving the outcomes set out in the Climate & Ecological Strategy and Action Plan.

8.7. To help maintain the speed of delivery, it is recommended that future funding decisions for the remaining unallocated Green Recovery Fund is delegated to the Chief Executive in conjunction with the Unitary Authorities.

## **Consultation**

The funding decisions set out within this paper have been shared and consulted with our unitary authorities, including:

- GRF Round 1 applications – UA's were approached to support the assessment of applications – BCC supported the Energy assessment and B&NES supported the Nature Recovery assessment. Their input has then been incorporated into the proposals included above. (SGC have offered support for the Pollinator Fund assessment process).
- The Low Carbon Delivery business case has been out for consultation with the UA's via the Energy Action Group for the past 4 weeks and where received their comments have been incorporated.
- LNRS proposals have been developed with B&NES and the proposals have been shared with all UAs for comment and discussion over the past few months.

## **Other Options Considered**

A range of options were considered including:

- Not offering grant funding to GRF round 1 applicants – rejected – not funding projects will not help address the climate & ecological emergencies or help the region achieve our 2030 ambitions
- Not funding the LNRS early interventions through Green Recovery Fund and waiting for government funds to be devolved – rejected – starting work early on the LNRS will enable the region to be a leader and provide valuable evidence to inform future delivery for nature recovery

## **Risk Management/Assessment**

Risks associated with giving grant funding to organisations will be managed through performance management and monitoring frameworks. This will include financial and qualitative metrics. Payments will be made in arrears to safeguard the investments.

There is a risk that the government funding for the LNRS will not be sufficient to cover investment from the Green Recovery Fund. In this instance, any remaining amounts from the Green Recovery Fund headroom will be used.

## **Public Sector Equality Duties**

9 The round one green recovery fund applications were advertised and promoted in an accessible way to a wide variety of organisations, including on the combined authority website.

Individual projects funded through the Green Recovery Fund will be delivered to ensure that we fulfil the relevant public sector equality duties and deliver a just transition.

## Climate Change Implications

- 10 The Combined Authority's Climate Ecological Strategy and Action Plan is at the centre of this paper and all actions proposed within it align with its goals.

## Finance Implications, including economic impact assessment where appropriate:

- 11 The Financial implications are set out in the table below:

	Total funds available	Total funds spent or allocated	Total funds remaining
GRF (Investment Fund)	£30m	£25.54m	£4.46m
Investment Fund	£995,000	£0	£995,000

Report and advice reviewed and signed off by: Richard Ennis, Interim Director of Investment and Corporate Services

## Legal Implications:

- 12 There are no exceptional legal considerations.

Report and advice reviewed and signed off by: Stephen Gerrard, Interim Director of Law and Governance, CA

## Human Resources Implications:

- 13 While there are no HR implications arising directly from the report, the recommendation to temporarily allocate £330k over 18 months to cover the gap for resourcing the Local Nature Recovery Strategies (LNRS) work will be spent primarily on staffing. The recruitment process for this will be open, transparent and in accordance with policy and best practice.

Report and advice reviewed and signed off by: Alex Holly, Head of People and Assets, CA

## Appendices:

### Feasibility Form for Local Nature Recovery Strategy



## Background papers:

RLCD business case <https://www.westofengland-ca.gov.uk/wp-content/uploads/2022/09/Regional-Low-Carbon-Delivery-Programme-FBC.pdf>

Bristol Energy Network <https://www.westofengland-ca.gov.uk/wp-content/uploads/2022/09/Bristol-Energy-Network.pdf>

Bristol Energy Co-op <https://www.westofengland-ca.gov.uk/wp-content/uploads/2022/09/Bristol-Energy-Cooperative.pdf>

Capricorn Quay <https://www.westofengland-ca.gov.uk/wp-content/uploads/2022/09/Capricorn-Quay.pdf>

Avon Needs Trees . <https://www.westofengland-ca.gov.uk/wp-content/uploads/2022/09/GRF-Application-Form-Avon-Needs-Trees-V2.pdf>

Somer Valley <https://www.westofengland-ca.gov.uk/wp-content/uploads/2022/09/Somer-Valley.pdf>

Frome Valley <https://www.westofengland-ca.gov.uk/wp-content/uploads/2022/09/Frome-Valley.pdf>

## West of England Combined Authority Contact:

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