

MEETING: WECA SCRUTINY COMMITTEE

DATE: 21/03/2018

REPORT TITLE: WEST OF ENGLAND ENERGY STRATEGY UPDATE

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Purpose of Report

1. To provide Members with an overview of the scope and purpose for the West of England Energy Strategy.
- 1.1 An early opportunity for Members to engage and comment on the evidence base and emerging priorities.

Background

2. On 13th March 2017, the West of England LEP was allocated £50,000 Section 31 grant funding from the Department for Business, Energy and Industrial Strategy (BEIS) to develop an energy strategy for the West of England region. We had applied for this funding through a competitive bidding process and were one of 13 LEP areas, of the 39 that applied, to be successful with our bid. Government has since granted similar funding to the remaining LEPs, so each is now in the process of developing a new, or building on an existing, energy strategy for their area.

Project Scope

3. As prescribed by Government the focus of this strategy is local energy, rather than national, and about identifying how we can enable a locally resilient system. This means that it will not directly address large scale energy infrastructure, e.g. nuclear or tidal.
- 3.1 The steering group have been instrumental in developing the project brief. In summary, the project is to develop a West of England Energy Strategy that provides a framework for secure, reliable, clean and affordable energy, supporting the region to become a beacon for innovation with energy infrastructure that enables clean growth. We believe this aligns with our vision for the region and with Government's ambition for the energy system, as set out in their Industrial Strategy and Clean Growth Strategy. This project builds on the important work of our constituent Authorities, draws together local assets and expertise, and highlights the potential for innovation that exists here.
- 3.2 In line with the provisions and objectives of the Climate Change Act 2008, 2050 carbon neutral targets, the West of England has a combined carbon reduction target of 50% reduction in absolute carbon emissions by 2035 from a 2014 baseline (Joint Spatial Plan, policy six reasoned justification). Significant public and private investment in infrastructure, product development, innovative business models and market acceleration is required to achieve this. Achieving our targets can lead to economic growth. To give the national picture, since 1990 the UK has seen a 42% reduction in emissions while our economy has grown by two thirds, meaning we've cut emissions faster whilst growing our national income more than any other G7 country over the same period. The low carbon sector alone is growing four times faster than the rest of the economy, employs 430,000 people and has export potential of up to £170bn (UK Clean Growth Strategy 2017). We recognise a huge economic opportunity in clean growth.

- 3.3 With appropriate investment, the West of England is ready to harness this opportunity. From our proactive electricity and gas network operators keen to innovate with local partners, the academic excellence of our four universities, strong Local Authority involvement in energy projects, the range of established businesses with sizable presence and innovative business start-ups breaking into the market, to a growing community energy sector and an engaged and active population pushing demand for low carbon products and services, there is potential for the West of England to become the centre of the clean growth revolution.
- 3.4 However, this is not only about driving economic growth and meeting targets. Moving to a clean energy system could also support our resilience as a region against the impacts of climate change, enhance our natural environment, improve the health outcomes of our most vulnerable citizens, bring down operating costs and boost productivity for business, and reduce household bills and increase the lifetime affordability of home-ownership.
- 3.5 The strategy will align our priorities and direct regional action over the short, medium and long-term, not only for the public sector but for all stakeholders in the local energy system.

Evidence Base

4. In December 2017, WECA contracted Centre for Sustainable Energy (CSE), a national charity based in Bristol, to compile the evidence base for our strategy and help us identify priorities for action over the short, medium and long-term. CSE have been carrying out stakeholder events, workshops and interviews as part of their energy study and aim to deliver their final report to us by the end of March / early April 2018.

- 4.1 The energy system changes identified in the evidence base are:

- A complete shift to very low and zero carbon electricity, mostly renewable, much of it decentralised;
- Smarter and more flexible management of demand, including storage, to enable higher penetration of renewables;
- Huge reductions in energy demand in buildings and the equipment and processes within them;
- Decarbonisation of heat;
- A dramatic rise in use of electric vehicles and other steps to cut the carbon emissions of road transport;
- Ensuring new build developments achieve their full low carbon potential and contribute effectively to a smarter energy system.

Project Oversight and next steps

5. This is a West of England LEP project. The West of England Joint Committee agreed to release the energy strategy funding at their meeting on 30th October 2018.

- 5.1 The project is overseen by a steering group made up of Energy, Sustainability and Economic Officers from the five West of England Authorities, chaired by WECA as Accountable Body for the LEP. The steering group, which has been meeting monthly since April 2017, worked together to develop the BEIS funding bid and subsequent project brief.

5.2 The Local Authority Development Directors and Chief Executives are kept up to date with the project through their regular meetings.

5.3 We are working to provide our high-level priorities to BEIS in April 2018. We will then continue to develop the full strategy document ready for adoption in summer 2018.

5.4 Timetable for further engagement:

5.4.1	West of England Infrastructure Advisory Board	16/03/2018
5.4.2	West of England LEP Board	19/03/2018
5.4.3	WECA Scrutiny Committee	21/03/2018
5.4.4	High level priorities provided to BEIS	w/c 09/04/2018
5.4.5	Informal WECA Scrutiny Committee	02/05/2018
5.4.6	WECA Scrutiny Committee	30/05/2018
5.4.7	West of England Joint Committee	01/06/2018

Issues for Consideration

6. As part of this early engagement on the developing strategy we have invited Simon Roberts, Chief Executive at CSE, to speak to you about the results of their evidence base review and the emerging thinking around priorities. There will be an opportunity to share your views on the approach being taken to the study and the emerging priorities after the presentation at the meeting. Your comments will inform the study and be taken into consideration through the development of the Energy Strategy.

Consultation:

7. CSE facilitated a large stakeholder engagement event in Keynsham on 19th February 2018.

7.1 The event was attended by approximately 70 participants.

7.2 The input to the facilitated workshops informed the SWOT Analysis in CSE's study.

Other Options Considered:

8. The Energy Strategy is a BEIS funded project with a clear scope for required outputs.

Risk Management/Assessment:

9. The project is managed by WECA with oversight from the project steering group.

9.1 The project risk register was agreed by the steering group following project inception.

9.2 There is regular contact with BEIS, through which we may highlight potential risks and mitigation measures.

Public Sector Equality Duties:

10 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.

- 10.1 The Act explains that having due regard for advancing equality involves:
- Removing or minimizing 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.
- 10.2 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.
- 10.3 We will carry out an Equality Impact Assessment as part of the full Energy Strategy development.

Economic Impact Assessment:

- 11 Priorities arising from the Energy Strategy will be considered in light of their economic impact.

Finance Implications:

- 12 This is a fully resourced project with funding from BEIS.
- 12.1 The project funding will be fully committed this financial year.

Advice given by: Mark Angus, Financial Services Manager, West of England Combined Authority.

Legal Implications:

- 13 There are no direct legal implications arising as a result of this report.

Advice given by: Gill Sinclair, Deputy to the Head of Legal, Governance & Democratic Services, South Gloucestershire Council.

Land/Property Implications:

- 14 There are no direct land/property implications arising as a result of this report.

Human Resources Implications:

- 15 This is a fully resourced project using BEIS funding.

Advice given by: Alex Holly, Head of Human Resources, West of England Combined Authority.

Recommendation:

- 16 Members are asked to give their views on the approach taken to the evidence base development.
- 17 Members are asked to give their views on the emerging priorities.

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