



Energy Strategy Support for Local Enterprise Partnerships

Background

Energy underpins local economic growth and as well as delivering growth by growing the sector locally. The Industrial Strategy Green Paper highlights several ways in which energy will need to be considered in order to build an economy that works for everyone. These include:

- Upgrading energy infrastructure in order to enable growth
- Building the energy infrastructure we need for new technologies
- Delivering affordable energy and keeping energy costs down for businesses
- Delivering clean growth and securing the economic benefits of the transition to a low carbon economy
- Investing in science, research and innovation, including energy storage and grid technologies
- Supporting businesses to start and grow

It is important therefore that these issues are reflected not just at a national level but at a local level as well.

Scope and budget available

LEPs are invited to apply for up to £50,000 to fund the development of an energy strategy, or to develop the evidence base for their area. The outcomes of this work should include (but not limited to): a clear analysis of the energy opportunities and challenges; the identification of energy and low carbon priorities; an action plan; and funding options to deliver low carbon energy projects. Outputs should be clearly linked to your LEPs Strategic Economic Plan and appropriate local strategies.

LEPs which already have an evidence base, or energy strategy, in place can also bid for up to £50,000 of funding for its delivery. Eligible activities could include: publicising the existing strategy or engaging in stakeholder engagement to support implementation of plans; further work to embed the strategy into the LEP and/or local authority strategic plans (eg the SEP, spatial plans, waste strategies, business plans); development of investment plans to implement the strategy; or leadership and coordination of the strategy, ensuring monitoring, evaluation and appropriate governance arrangements are in place.

The funding may be used to commission consultants or fund a dedicated member of the LEP team for the duration of the work proposed.

All funded work must be completed within financial year 2017/18.

Eligibility and scoring criteria

To be eligible, applications will need to demonstrate that:

- The work proposed is in line with the eligible activities
- Activities must be over and above the LEP's currently funded work programme
- The outcomes of the work will be reflected in their Strategic Economic Plan and used to inform local decision-making
- The LEP has already identified energy and low carbon as a priority issue, or an area requiring further investigation
- No energy evidence base or strategy exists for that LEP area, local opportunities, or needs, have demonstrably changed since previous work was completed, **or** the LEP can demonstrate the need for support to make progress with the strategy they have in place
- Senior buy-in exists for the proposed work, with the application form signed by the LEP Chief Executive, Deputy Chief Executive, Financial Director or LEP Board Member

Criteria for scoring applications will be as follows:

- Strategic fit with national and local energy and low carbon policy including the Industrial Strategy Green Paper, national carbon budgets and local carbon targets where applicable (further information on this is provided in *Annex 2*)
- Methodology
- Ability to deliver the outcomes and activities described
- Added value which would be achieved with the assistance of the funds requested
- Value for money – demonstrating outcomes for the funding spent

Equal weighting will be given to the above criteria when scoring applications.

Process for allocating funding

Funding for successful applications will be allocated via a Section 31 agreement to your nominated Local Authority or Accountable Body. Successful applicants will be required to sign a Memorandum of Understanding (MOU) stating that funding will be used for the purposes outlined in the application. An indicative timeline of actions and deadlines is included at Annex 1.

Deadline

The deadline for applications is **Wednesday 1st March, at 12 noon**. Responses should be sent to Qaizer.Sethi@beis.gov.uk.

Applications received after this time will not be considered for funding.

Application Form

Local Enterprise Partnership (Name)	Marches LEP
LEP Lead Contact Name	Ben Boswell
LEP Lead Contact Email address	bboswell@herefordshire.gov.uk
LEP Lead Contact Telephone Number	01432 261930
Nominated Local Authority or Accountable Body (LA/AB) to receive Section 31 Funds on behalf of the LEP	Herefordshire Council
Nominated LA/AB Finance Officer Name	Andrew Lovegrove
Nominated LA/AB Finance Officer Email Address	Andrew.Lovegrove@herefordshire.gov.uk
Nominated LA/AB Finance Officer Telephone Number	01432 383519
Funding Amount Requested including the proposed costs for different work streams <i>Note: Maximum of £50,000</i>	£50,000

1. Why does your LEP sees energy as a priority or as an area for future work? (150 words maximum)

Supporting the low carbon economy is one of the Marches LEP's Strategic Economic Plan (SEP) priorities. It seeks the transition to a high value, low carbon economy, maximising the opportunity in new technologies, reducing environmental costs to business, reducing fuel poverty and recognising the area's environment as an economic asset. We recognise the need to secure the supply of energy and to plug the energy shortfall predicted in the next decade. The Marches SEP identifies the following activities to support this transition:

- Supporting low carbon and renewable energy supply chains
- Providing opportunities for the development of energy efficiency
- Waste reduction and renewable energies in communities
- Increasing the use of renewable energy, decrease energy use and promote smart energy systems.

The key business sectors identified through the strategy will benefit from these activities through increased skills, employment, efficiencies and resilience, and reduced exposure to high energy costs.

2. What strategic work has your LEP already undertaken on energy, and when was this completed? Or why has this work has not yet been undertaken? (150 words maximum)

For example: energy or low carbon evidence base studies, energy master planning, energy strategy developed

In 2015/16 cross-LEP Heat Mapping and Masterplanning took place as part of HNDU round 4 and identified four potential projects. A similar smaller study took place prior to this for a district heating system across the Hereford Enterprise Zone.

To understand the role the low carbon economy can play in the Marches, research was commissioned in 2012; the study identified potential opportunities for future investment, identifying the following priorities:

- Increased energy efficiency in buildings (both retro-fit and new build)
- Renewable and low carbon technology deployment
- Behaviour change in the domestic, public and private sectors
- Research, development and installation of energy infrastructure to accelerate renewable energy deployment or to balance energy provision e.g. smart grids.

Further to this latter point, there is a challenge/need for enhanced grid capacity and flexibility studies to identify areas of improvement in line with research and national strategy.

3. Summarise the proposed work, how the funding would be used, and how this adds value to the existing strategic work of the LEP. (400 words maximum)

Proposed work

- Further develop the evidence base for the Marches LEP bringing together work from across the area and consolidating it into one document that also identifies any relevant gaps necessary to inform strategy development.
- Fund the development of an energy strategy taking into account the updated evidence base and undertaking a programme of extensive stakeholder engagement in order to shape the following outcomes:
 - Identification of the energy opportunities, challenges and resultant priorities;
 - Development of an LEP-wide action plan.
 - Identification of funding options to deliver low carbon energy projects.

How funding would be used

- We would procure, support and manage consultants to carry out the summarised work programme within the timescales specified by BEIS including the set-up of a cross-sector strategy steering group to drive and oversee its development.
- We acknowledge at this stage that not all of the above may be within budgetary scope but would seek to explore sources of match funding through the LEP in order to enhance the value of the work.

How this adds value to existing work

- This proposal will compliment and build on a number of district energy heat mapping and master planning studies which were completed in partnership with the HNDU:
 - Skylon Park, the Hereford Enterprise Zone
 - Hereford Urban Village
 - Battlefield, Shrewsbury
 - Whitchurch, Shropshire
 - Southwater (existing district energy scheme), Telford.
- This proposal will also dovetail with the current full feasibility study for a district energy scheme at Hereford Urban Village.
- Carrying out GAP analysis of work undertaken to date. Updating and collating to avoid any overlap.
- Take a strategic consideration to district and renewable heat. Integrating these considerations into a LEP-wide review of current electrical grid capacity and flexibility required to deliver decentralised energy projects going forward.
- Supporting businesses and growth with reliable, affordable and low carbon energy.
- The strategy will help to identify potential opportunities for future investment though the Marches ERDF Priority Axis 4 allocation and in particular in Investment Priority 4e, *“Promoting low-carbon strategies for all types of territories, in particular for urban areas, including the promotion of sustainable multimodal urban mobility and mitigation-relevant adaptation measures”*.

This process would be supported by the Energy and Environmental management team at Herefordshire Council, who would effectively provide a consultancy management and partner interface function similar to that provided for previous and current HNDU projects.

4. How will the outcomes of this work be used to inform the Strategic Economic Plan, local decision-making and future investment activity? (150 words maximum)

Outcomes of this work will feed into the 2017 review of the Strategic Economic Plan which sets out LEP economic growth priorities and identifies opportunities for strategic project and programme development. The information will be used in working with stakeholders to more effectively plan and programme strategic site development, ensuring this happens in full knowledge of business demand, low carbon options and alignment of public and private investment.

Grid capacity is a Marches-wide consideration concerning:

- Existing employers and inward investors on key commercial sites (electricity and, in some areas, gas);
- The development of our flagship commercial sites e.g. Hereford Enterprise Zone, T54 (Telford), Civic Park (Whitchurch);
- Our planned housing growth to meet Local Development Framework targets.

Understanding wider opportunities to address these challenges will be invaluable in planning and delivering a cost and energy efficient growth strategy for the Marches.

5. Please provide a brief example of past successful strategy development by the LEP, including the process for developing the strategy and outcomes achieved to date. This does not need to be energy-related. (200 words maximum)

The development of the Marches European Structural and Investment Funds Strategy (ESIF) to deliver £80million of ERDF and ESF funds was based on inclusive approach with stakeholders at LEP, regional and national levels. The 12 themed Task and Finish Groups (e.g. infrastructure, skills, low carbon economy), comprising of 80 organisations from public, private and VCSE sectors, were brought together to agree evidence-based barriers, strengths and opportunities to shape the strategic activities. Work commissioned to fill evidence base gaps. Wider business community events and formal consultation exercises were used to test and refine outcomes. Marches consultation was greater than any other LEP area.

The Marches LEP facilitated a wider sub-regional LEP grouping to examine commonalities and opportunities for collaboration across specific themes and business sectors to create and commission joint LEP projects. Collaborations were also pursued with other LEPs, organisations and UKTI to meet national and international priorities around inward investment and water management. Work resulted in a set of strong demand-led projects, addressing local business support and innovation needs. These are run in a cost-effective and streamlined way across 6 LEPs in the West Midlands.

To date, the Marches LEP has committed 40% of the £80million ESF and ERDF funding.

What is your proposed timeline to have this work completed in? (150 words maximum)

We will agree an approach with BEIS prior to proceeding with the work and report monthly on progress and risk throughout the process. Once the report or work is completed we will submit the final report and share information on the outcomes delivered with the Local Energy Team in BEIS.

We would propose an indicative timetable as follows:

- Procurement and appointment of consultants: April to May 2017
- LEP sign-off: June 2017
- Opening project meeting: July 2017
- Evidence review and gap analysis: July-September 2017
- Provision of final collated evidence base: October 2017
- Stakeholder consultations and workshops: November to December 2017
- Provision of draft Marches LEP Energy strategy: January 2018
- Provision of final strategy: March 2018


Throughout this process we would propose client update meetings in person with the consultant's key project team, on a monthly basis as a minimum and weekly updates by telephone.

NOTE: Work be completing this by the end of the financial year 2017/18

Successful applicants are expected to agree an approach with BEIS prior to proceeding with the work and report on progress. Once the report or work is completed you will be required to submit the final report or share information on the outcomes delivered with the Local Energy Team in BEIS.

This application must to be signed by a Senior Signing Officer with in the LEP.

This can be the Chief Executive, Deputy Chief Executive, Financial Director or a LEP Board Member.

LEP Senior Signing Officer Signature <i>Note: E-signature or a scanned copy of form can be used</i>	
LEP Senior Signing Officer Name	Gill Hamer
LEP Senior Signing Officer Position	LEP Director

Annex 1: Anticipated timeline for awarding, allocating and spending funds

Action / Deadline	Date
Deadline for Applications	Noon, 01/03/03
LEPs and nominated LAs to be notified if they have been successful in being awarded funds	03/03/17
MOU issued to nominated LAs	06/03/17
Deadline for supplying LA finance details to BEIS if not already held	06/03/17
Nominated LA to return signed MOU to BEIS	10/03/17
Grant Determination Letter and Grant Claim Form issued to LAs	13/03/17
Grant Determination Letter & Grant Claim Form returned to BEIS signed	15/03/17
Deadline for work to be completed by LEP	End of financial year 2017/18

Annex 2: Background Information

The Industrial Strategy Green Paper highlights several ways in which energy will need to be considered in order to build an economy that works for everyone. These include:

- Upgrading energy infrastructure in order to enable growth
- Building the energy infrastructure we need for new technologies
- Delivering affordable energy and keeping energy costs down for businesses
- Delivering clean growth and securing the economic benefits of the transition to a low carbon economy
- Investing in science, research and innovation, including energy storage and grid technologies
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Alongside the Industrial Strategy, the forthcoming Emissions Reduction Plan will set out how decarbonisation will be achieved across all sectors of the economy in line with carbon budgets through to 2032.

Many LEPs will be developing a response to the Industrial Strategy Green Paper. Some LEPs may also be in the process of refreshing their Strategic Economic Plans or planning to do so in the near future. As part of this process, LEPs may wish to reflect on the energy opportunities and challenges for their own area, and set out local priorities for how they are addressed.

A national review of the role of LEPs in relation to local energy was recently completed by Liverpool LEP. Their report identified a number of potential actions for LEPs:

- Recognise the breadth of local energy opportunities and challenges, and understand how they relate to economic growth
- Provide support to local energy projects, including municipal, community and business led projects
- Harness local energy research and innovation
- Work as a conduit between Government and local stakeholders
- Review funding streams which might be aligned to local energy outcomes
- Grow LEP capacity to promote local energy activities

One of the recommendations in that report was for LEPs to develop an energy plan or strategy for their area.

A national review¹ of all LEPs' commitments to tackling climate change and promoting the low carbon economy was completed by Sustainability West Midlands in the first half of 2016. The review, which was based on published evidence including Strategic Economic Plans, found that the level of commitment across the country was variable. While some LEPs were showing clear leadership on energy and climate change and demonstrating good practice, others had either not identified energy or climate change as a priority or had made limited practical progress on this front.

The BEIS Local Energy team is working with LEPs across England to understand local energy opportunities, challenges and priorities, and support delivery of local energy projects which contribute to the achievement of national objectives. Through this process, the Local Energy team is aware that some LEPs have a desire to do more on energy, but they are still in the process of determining what their role should be and how they can deliver, and in some cases have limited capacity or capability to be able to make progress.

An area of immediate focus for a number of LEPs is the allocation of European Regional Development Fund Priority Axis 4 (ERDF P4) funding for low carbon projects. ERDF P4 is available to fund a range of local energy projects, from energy efficiency and renewable energy support for businesses, public sector properties and housing, through to encouraging innovation and growth in the low carbon economy. As part of this, ERDF Investment Priority 4e is available for the development and promotion of low carbon strategies for a given geographical area. All ERDF projects require match funding to be provided by the applicant.

¹ Fit for the Future?