

# **BEIS Local Energy Hubs**

## **Sustainability West Midlands Consultation Response**

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**About Sustainability West Midlands**

We are the sustainability adviser for the leaders of the West Midlands. We are also the regional sustainability champion body for the West Midlands, designated by government. We are a not-for-profit company that works with our members in the business, public and voluntary sectors. Our Board is private sector led and has cross-sector representation; they are supported by our team of staff and associates.

Our vision is that by 2020 businesses and communities are thriving in a West Midlands that is environmentally sustainable and socially just.

Our role is to act as a catalyst for change through our advice to leaders, to develop practical solutions with our members and share success through our communications.

[www.sustainabilitywestmidlands.org.uk](http://www.sustainabilitywestmidlands.org.uk)

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## 1 Introduction

The purpose of this document is to provide a summary of our key responses to the BEIS local energy hubs proposal, based on members and networks working within this policy arena.

The BEIS proposal was set out in a letter sent to all LEPs at the end of September 2017 with a deadline of 7 October 2017 to send initial feedback on the outline proposals to BEIS.

We have shared our response with our local networks and colleagues working with LEPs, local authorities and the West Midlands Combined Authority in the West Midlands.

Matthew Rhodes, SWM Board member, GBSLEP Board member, and Chair of Energy Capital will also be submitting a response from Energy Capital stakeholders, which includes SWM.

## 2 Our policy experience

We are the sustainability adviser for the leaders of the West Midlands. We are also the regional sustainability champion body for the West Midlands, designated by government. We are a not-for-profit company that works with our members in the business, public and voluntary sectors. Our Board is private sector led and has cross-sector representation; they are supported by our team of staff and associates.

We have drawn on our following policy experience to respond to this consultation:

- Lead delivery body for BEIS LEPs and City Region Benchmark Research currently in delivery to be completed by end of October 2017
- Delivery partner for the BEIS funded development of Marches LEP Energy Strategy working in partnership with Encraft
- Government recognised independent regional sustainability champion for the West Midlands since 2002, now the only one outside London.
- Running a range of good practice networks and events to share solutions and reaching over 10,000 individuals within the private, public and third sectors.
- Futures and sustainability reviews for Government, business and public sector, and producing the UK's only annual independent regional sustainability roadmap progress report.
- Developed the UK's first low carbon regional economic development strategy with Advantage West Midlands in 2007.
- Produced the UK's first joint Local Enterprise Partnership (LEP) low carbon investment prospectus, and national benchmark of LEP sustainability good practice.
- Supported by the Government to promote UK expertise in low carbon economic policy and business opportunities in Europe, China, and Japan.
- Sustainability advisor and delivery partner for the West Midlands Combined Authority.

### 3 Summary of proposal

The overall aim of the BEIS proposal is to provide a series of local energy hubs across England that, via staff and funding, will:

- Develop and prioritise a pipeline of local energy projects identified through LEP and partner energy strategies and take these projects from concept to business cases that attract investment and are then taken forwards to implementation by other partners.
- Help coordinate local action across several local LEP areas.
- Provide a local good practice link between local LEP activity, other local LEP areas, and national Government.

To achieve this, indicative funding for each hub will be enough to cover four full time equivalents for two years with the expectation of becoming financially self-sustaining after two years.

### 4 Summary of response

We welcome the proposal of local energy hubs with dedicated staffing and resources, as this is a concept that has been identified by our previous research, as a key success factor in accelerating local delivery. For example:

- Successful UK and European low carbon city regions, [Birmingham and Black Country City Region \(2010\)](#)
- Good practice in England on local green delivery bodies, [Birmingham Green Commission \(2014\)](#)
- Development of Cross-LEP energy unit proposal, [SWM \(2013-15\)](#)
- Benchmarking of Combined Authorities and recommendations to the West Midlands Combined Authority, [SWM \(2017\)](#)
- Our response to the draft industrial strategy, [SWM 2017](#)

The consultation paper asks several key questions. Our responses are set out below.

#### **Which LEPs should be in the ‘local hub region’?**

***Answer – A ‘West Midlands Hub’ should include the Black Country, Coventry & Warwickshire, Greater Birmingham & Solihull, Worcestershire, The Marches, Stoke & Staffordshire.***

The current proposal is to have a local energy hub covering the equivalent geography of the ‘Midlands Engine’, i.e. eight LEPs stretching from The Marches to Greater Lincolnshire.

We believe that the proposed area is too large, and ignores the fact that the West Midlands geography has decided to work together as part a Combined Authority with an elected Mayor. Therefore, the hub should be focused on the WMCA area of the Black Country, Coventry & Warwickshire, and Greater Birmingham & Solihull LEPs that are a formal part of

the WMCA structure, and the surrounding LEPs that have developed a relationship with the WMCA including Worcestershire, The Marches, and Stoke & Staffordshire.

This geography, as part of the former West Midlands region, has a long history of working together on low carbon issues. For example:

- UK's first LEP joint low carbon prospectus, [SWM \(2012\)](#)
- Joint Statement by West Midlands LEPs on joint low carbon working for EU funding, [SWM \(2013\)](#)
- Strong evidence base over the last 10 years of over £3m research and 50 local energy or low carbon strategies across the West Midlands, [SWM \(2017\)](#)
- Concentration of internationally significant energy research and skills identified in the recent Government supported Science and Innovation Audit, [\(2017\)](#)
- [Energy Capital initiative](#) – new public-private partnership to drive energy innovations supported by SWM, WMCA Mayor, Energy Capital, Climate-KIC, The University of Birmingham, Aston University and many other stakeholders.

This geography also provides enough scale and variety of urban and rural energy pipeline projects to support, share good practice between, and build on the local clusters of low carbon businesses, skills, and research.

#### **Agree a host LEP or local authority for each Hub?**

#### ***Answer – the West Midlands Hub should be hosted by the West Midlands Combined Authority***

Given the requirements to be legal entity under Section 31 of the Local Government Act to receive funds, we believe the WMCA should be the host authority if possible.

This is because it is at the WMCA level where increasingly local authority members of the WMCA are seeking to pool resources to deliver shared priorities, including the LEPs working together as part of a 'Super-Strategic Economic Plan (SEP)' board on cross-LEP projects.

SWM, as an established not-for-profit organisation, has previously delivered large low carbon support programmes on behalf of local authorities and Government working with a variety of partners and subcontractors. As a voluntary sector employer, we are substantially more cost effective than a local authority, and have a 10-year track record of delivery in this area. We currently run the:

- West Midlands Public Sector Sustainability and Energy Network
- West Midlands Green Business Clubs Network
- West Midlands NHS Sustainability Network
- Midlands Sustainable Education Network

We are also supporting Greater Birmingham & Solihull LEP as Technical Assistance Partners in relation to Priority 4 (Low Carbon) and supporting Warwick District Council in relation to the delivery of heat networks feasibility studies funded by the Heat Networks Delivery Unit.

We would welcome discussions with the local accountable body for supporting the delivery of the local energy hub on behalf of local partners.

### **Agree Governance arrangements regionally and nationally?**

***Answer – An existing structure, such as Energy Capital, should be used to perform the programme board function of the local energy hub, with links to wider stakeholder groups and networks to provide advice. The local hub managers would meet quarterly with BEIS nationally to review the national support programme and share good practice.***

The Energy Capital initiative is currently forming a new Board and structure to help deliver a range of energy activities as part of the WMCA 'Super-SEP' Board. This would form a good governance framework for the local energy hub. SWM are on the Energy Capital Board and would use our local networks to help provide additional stakeholder input, as would the other Board members, such as the universities This is our preference.

Other alternatives would be to use the SWM Board, that already provide a cross-sector advisory role to the WMCA, or the soon to be formed WMCA Environment Delivery Board. However, in both cases these structures are broader than energy, and more useful as wider stakeholder groups and networks for Energy Capital.

From our experience of running a national network of local partnerships (Climate UK) the key relationships will be those between the local hub managers and BEIS nationally. There will need to be clear frameworks of minimum standards and requirements from BEIS to be delivered nationally to provide universal support, with some local flexibility to support local needs – a form of '80/20' split.

If local hub managers are leading on national themes across the hubs, these needed to be properly scoped and budgeted, both in terms of their time and that of other local hub colleagues providing input. There should be five local hub agreements overseen centrally, as in our experience this is more effective and efficient than trying to agree and manage one large contract.

### **Agree the number of people in each hub and roles?**

***Answer – At least four people: Head of local energy hub (responsible for governance, programme management, liaison with BEIS and other hubs), Project Manager (lead on urban, district energy, related pipeline), Project Manager (lead on rural, off-gas grid energy, related pipeline), Project Manager (buildings and housing, invest to save funds)***

There needs to be a critical mass of staff to deliver the objectives, and to build an effective team. The role suggestions are indicative of the different types of expertise required for the project pipeline, but there is a need to define a set of core competencies to help build resilience and flexibility within the team.

The staff could be recruited directly, or a contribution made to supporting several existing roles in local authorities to deliver this on a part-time basis.

There also needs to be some 'enabling' funding to support existing networks and events within the region to deliver the aims of the hub, and to provide a basic website and communications function.

If there is agreement locally on SWM helping to deliver our local hub, we can provide more detailed costings.

### **Outline work programme?**

#### **Answer:**

- ***Build a pipeline of potential projects identified by strategy review and local partners***
- ***Agree criteria for prioritisation and monitoring progress with BEIS and partners***
- ***Prioritise projects for support***
- ***Begin implementation and review progress quarterly.***

Projects will be a mixture of 'enabling' and 'direct' delivery.

The work programme will need to be very focused to make the most of limited resources and a broad agenda. The programme board will need to take a view on the mix of projects to progress in the pipeline, and how much and how long to budget for supported projects, before resources are re-allocated to other pipeline projects.

Some of these pipeline projects will be 'direct delivery' energy projects, such as district heating, while others will be 'enabling' projects, such as supplementary planning guidance, fleet procurement guides, and funding portals. For example, the Dudley council planning clause and implementation on electric car recharging points in new developments has led to one of the biggest private investments in recharging infrastructure in England.

## **5 For further information**

To discuss any of these responses or recommendations further please contact Sustainability West Midlands at [enquiries@swm.org.uk](mailto:enquiries@swm.org.uk) or contact Dr. Simon Slater, Associate Director of Policy and Partnerships at [s.slater@swm.org.uk](mailto:s.slater@swm.org.uk) or [0121 237 5890](tel:01212375890).