

Public Document Pack



**West Midlands
Combined Authority**

Environment & Energy Board

Date: Thursday 7 March 2024

Time: 11.00 am **Public meeting** Yes

Venue: Room 109, West Midlands Combined Authority, 16 Summer Lane, Birmingham, B19 3SD

Membership

Councillor John Cotton (Chair)	Birmingham City Council
Councillor Rob Clinton	Dudley Metropolitan Borough Council
Councillor Craig Collingswood	City of Wolverhampton Council
Councillor Gary Flint	Walsall Metropolitan Borough Council
Councillor Peter Hughes	Sandwell Metropolitan Borough Council
Councillor Andy Mackiewicz	Solihull Metropolitan Borough Council
Councillor Majid Mahmood	Birmingham City Council
Councillor Jim O'Boyle	Coventry City Council
Matthew Rhodes	Energy Capital
Suzanne Ward	Environment Agency

Quorum for this meeting shall be the Portfolio Lead for Environment, Energy & HS2 *and* at least three other voting members (appointed from constituent authorities).

If you have any queries about this meeting, please contact:

Contact Craig Evans, Governance Services Officer
Telephone 07584 009024
Email craig.evans@wmca.org.uk

AGENDA

No.	Item	Presenting	Pages	Time
Items of Public Business				
1.	Appointment of Chair to meeting	Craig Evans	None	11:00
2.	Apologies for Absence	Chair	None	11:05
3.	Declarations of Interest Members are reminded of the need to declare any disclosable pecuniary interests they have in an item being discussed during the course of the meeting. In addition, the receipt of any gift or hospitality should be declared where the value of it was thought to have exceeded £25 (gifts) or £40 (hospitality)	Chair	None	11:10
4.	Chair's Remarks (if any)	Chair	None	11:15
5.	Minutes - 21 December 2023	Chair	1 - 6	11:20
6.	Local Nature Recovery Strategy	Mike Webb	7 - 18	11:25
7.	Local Area Energy Planning and the Planning Regional Infrastructure in a Digital Environment Project Update	Cheryl Hiles / Kate Ashworth	19 - 24	11:40
8.	Heat Networking Zoning Consultation Update	Cheryl Hiles / Kate Ashworth	25 - 32	12:10
9.	Local Net Zero Accelerator Progress Update	George Simms	Verbal Report	12:40
Date of Next Meeting				
10.	To be confirmed	Chair	None	12:55



West Midlands Combined Authority

Environment & Energy Board

Thursday 21 December 2023 at 11.00 am

Minutes

Present

Councillor John Cotton (Chair)
Councillor Rob Clinton
Councillor Andy Mackiewicz

Birmingham City Council
Dudley Metropolitan Borough Council
Solihull Metropolitan Borough Council

In Attendance

Kate Ashworth
Ed Cox
Craig Evans (Secretary)
Jackie Howman
Elsbeth Sage
George Simms
Tony Thaper
Ayushi Vyas
Mike Webb

West Midlands Combined Authority
West Midlands Combined Authority
West Midlands Combined Authority
West Midlands Combined Authority
West Midlands Combined Authority
West Midlands Combined Authority
West Midlands Combined Authority
West Midlands Combined Authority
West Midlands Combined Authority

In Attendance via MS Teams

Councillor Craig Collingswood
Councillor Peter Hughes
Councillor Majid Mahmood
Aqeel Rizvi
Tristan Semple

City of Wolverhampton Council
Sandwell Metropolitan Borough Council
Birmingham City Council
West Midlands Combined Authority
West Midlands Combined Authority

Item Title No.

13. Apologies for Absence

Apologies for absence were received from Councillor Jim O'Boyle (Coventry City Council), Matthew Rhodes (Energy Capital) and Suzanne Ward (Environment Agency).

The meeting was inquorate and therefore the decisions contained within the recommendations of the reports would be ratified at the WMCA Board on 12 January 2024.

14. Minutes - 26 September 2023

The minutes of the meeting were approved as a correct record, subject to an amendment to note the attendance of Councillor Peter Hughes at the meeting.

15. Local Investment in Natural Capital Programme

The board considered a report from the LINC Project Manager, Tristan Semple, to inform and update the board on the £1million Department for Environment, Food & Rural Affairs (Defra) funded Local Investment in Natural Capital (LINC) programme that was supplemented with a presentation shared to the board by Tristan to note an overview of the programme.

The Government had set a goal to mobilise at least £500million in private finance to support nature's recovery every year by 2027 in England, rising to more than £1billion by 2030. The Government's Green Finance Strategy aimed to identify LINC programmes as one of the measures to support the transition to a climate resilient, nature-positive and net-zero economy. The West Midlands Combined Authority (WMCA) had been selected as one of four regions in England to deliver Defra's LINC programmes and would run until 31 March 2025, supported by a £1million grant from Defra that was secured as part of the Devolution Deal.

The next steps of the programme outlined that consultants would be appointed in January/February 2024 to support LINC, whereby the WMCA and consultants would carry out stakeholder engagement and market research to understand the supply and demand-side opportunities for nature markets in the region. An options appraisal and Investment in Natural Capital Strategy would be developed in April/May 2024 and would be brought to the Environment & Energy Board for review and approval.

Councillor Mackiewicz noted that Solihull was key to local infrastructure projects in the West Midlands, due to the council's existing biodiversity net gain planning and provided the board with a brief verbal overview of projects undertaken in the borough such as tree planting, the creation of a new park in Shirley, biodiversity at Hope Coppice and in particular an urban biodiversity project at Kingshurst Brook where funding had been secured for de-culverting a stream and planting wildflowers in the creation of a mini park. In response, Tristan noted that the team were working with multidisciplinary teams across all of the local authorities, as well as a range of other key delivery partners to pull the opportunities together and to identify elements of existing good practices and linkages.

In response to Councillor Clinton who suggested whether it be better for each local authority to be allocated some funding to develop projects within the parameters set to allow for learning and local resident involvement as opposed to selecting several projects in the region, the Executive Director for Strategy, Economy & Net Zero, Ed Cox, recognised the fantastic projects already being undertaken in the region by local authorities and noted that the role of the WMCA was to scale up those projects and that the LINC and Net Zero Neighbourhoods programmes were designed to try and find a financial model that would enable scaling up projects in the future.

In response to Councillor Clinton who requested whether the WMCA could undertake a conference for attending on the findings and to bring experts from local universities to disseminate the information out into the higher educational facilities, Tristan noted a large part of the programme was about knowledge exchange and education, with the aim of capacity and capability building across all organisations and that the WMCA had been involved in events since January 2023 to enhance levels of understanding with future webinars and workshops scheduled to be planned of the nature market and green finance landscape for people to attend.

In response to Councillor Hughes who queried the membership in terms of the governance arrangements for the LINC programme, due to elements of the programme crossing between multiple portfolio areas and services at Sandwell, the Executive Director for Strategy, Economy & Net Zero noted that a list would be sent to councillors of the Environment & Energy Board of the named local authority officers representing the five or six working groups across energy and environmental programmes.

In regard to the climate vulnerability map of the presentation, Councillor Hughes noted that one of the ideas from government was to address the unequal distribution of environmental benefits and queried whether the programme could support Sandwell with proposed green projects as compared to other areas of the region due to Sandwell being largely urban and brownfield land, with very little green space, or lacking land identified for housing and employment. Tristan acknowledged Councillor Hughes' comments and noted that the programme was heavily driven by investment in an open and free market that could not be forced as investors would be seeking an evidence base to ensure where investment would have the greatest impact, however the WMCA would support local authorities with a strong narrative to try and achieve nature recovery investments for areas to link to other key drivers such as deprivation, access and climate vulnerability.

Councillor Mahmood highlighted existing and proposed key green projects for Birmingham City Council such as scaling up parks in deprived areas, the conversion of housing land to wild meadows and tree planting, as well as the Urban Accelerator Programme to increase tree coverage and canopy, as well as established meeting forums at Birmingham and recommended for the WMCA to link to such as the Nature Board, The Theme of Open Space Forum and Future Parks Celebrate, as well as external organisations such as the NHS in terms of health benefits from natural capital and Network Rail for the rail corridor between Solihull and Birmingham where a lot of fly-tipping occurred on land.

Councillor Mackiewicz reflected on the discussions and in particular addressed Councillor Hughes' concern of Sandwell being a heavily urban area and noted that Solihull had a working model called the Wildlife Waste Project which was an £18.6million project that was a completely urban project that delivered small benefits, sites and cycleways that may address Sandwell's concern and recommended for the WMCA to contact Solihull Metropolitan Borough Council to discuss the project further which was a working model, rather than to reinvent a new model.

Resolved:

- (1) The update on the Local Investment in Natural Capital Programme be received.
- (2) Input to the engagement and outreach process be provided.

16. Local Net Zero Accelerator

The board considered a report from the SMART Hub Lead, George Simms, and the Net Zero Neighbourhood Delivery Manager, Ayushi Vyas, to inform the board of the WMCA's decision to withdraw the Net Zero Neighbourhood Innovation project from the Innovate UK funding programme, in order to be awarded a larger sum of government funding for a Net Zero Accelerator pilot alongside Manchester through the WMCA's Devolution Deal. George noted that the new programme was about channelling investment and funding into creating net zero places and in doing so, creating much greater impact and potential for scale than individual grant schemes would do and was also highly relevant to the work of the WMCA on devolution, single settlement, energy system planning, as well as furthering the regions inclusive growth principles and investments.

The report was supplemented by a presentation that was shared to the board from Ayushi to provide an overview of the programme, project purpose, vision, delivery and next steps following endorsement from the board for a programme business case to be prepared and that would be forwarded to the WMCA's Investment Board in March 2024.

In response to Councillor Mackiewicz who suggested whether the WMCA was looking in to either the installation of solar panels on roofs or shared battery containers for reducing fuel poverty in net zero neighbours, Ayushi and the Energy Infrastructure Lead, Cheryl Hiles, confirmed this was being considered to be built in to the scope.

Councillor Clinton noted the importance for working with educational establishments and stakeholders in local manufacturing in the production of solar panels and battery containers without being reliant on other countries to support the region's economic growth and to support young people with the skills and jobs in manufacturing.

In regard to Councillor Mackiewicz and Councillor Clinton's observations, the Executive Director for Strategy, Economy & Net Zero noted that the single settlement that the WMCA was negotiating with government at the moment across a whole range of regional priorities included a large chunk of funding towards retrofit that would mean in the WMCA area a significant sum over a five year period should provide the manufacturing sector with a degree of certainty and for driving invest in the areas of manufacturing and skills.

Resolved:

The decision to accept the Net Zero Accelerator Pilot funding offered by the Department for Energy, Security & Net Zero (DESNZ) be endorsed.

17. Local Nature Recovery Strategy

The item was deferred to the next meeting of the Environment & Energy Board due to the conclusion of the meeting.

18. Community Environment Fund

The board received a presentation from the Community Environment Fund Manager, Tony Thaper, to provide an overview of the Community Environment Fund that was launched in October 2023 by the WMCA and that had £1m of grant funding available from The Government's Commonwealth Games Legacy Enhancement Fund to support communities in delivering initiatives that improve the environment and people's lives.

The Community Environment Fund was open to applications that was managed by the Heart of England Community Foundation and was based around five themes of natural environment, access to open space, circular economy, adaptation and environmental awareness.

The Grant Assessment Panel was due to meet in January/February 2024 and then every two months thereafter where it was hoped funds could be released with awards made and to anticipate the full allocation of funding to be used when the project completed in March 2025, followed by results and learning to report back to the Environment & Energy Board in achieving the outcome of a more energised community sector that was more engaged with environmental projects and to raise environmental awareness.

Tony further noted that there would be upcoming webinars in January/February 2024 to further promote the scheme and that his team were more than happy to visit applicants and potential projects to discuss further.

The Chair requested for a list of the webinar dates to be forwarded for board members information and Councillor Mackiewicz noted that it would also be beneficial for board members to receive an electronic brochure with full details of the scheme for councillors to forward on to their local authority officers that Tony confirmed he would do following conclusion of the meeting.

Resolved:

The details of the Community Environment Fund launched in October 2023 by the WMCA, that has £1m of grant funding available from The Government's Commonwealth Games Legacy Enhancement Fund to support communities in delivering initiatives that improve the environment and people's lives be received and noted.

19. Date of Next Meeting

Thursday 7 March 2024.

[The meeting ended at 12.44pm].

This page is intentionally left blank

Environment & Energy Board

Date	7 March 2024
Report title	Local Nature Recovery Strategy
Portfolio Lead	Environment, Energy & HS2 - Councillor John Cotton
Accountable Chief Executive	Laura Shoaf, West Midlands Combined Authority email: Laura.Shoaf@wmca.org.uk
Accountable Employee	Mike Webb, Natural Capital Programme Manager email: Mike.Webb@wmca.org.uk
Report has been considered by	None

Recommendation(s) for action or decision:

The Environment and Energy Board is recommended to:

1. Endorse the Responsible Authority role of the West Midlands Combined Authority in the delivery of the Local Nature Recovery Strategy.
2. Note the progress of the West Midlands Combined Authority's work on the Local Nature Recovery Strategy.

1.0 Purpose

- 1.1 To provide an update to the board on the progress of the West Midlands Combined Authority Environment Team's work on the Local Nature Recovery Strategy and what the outcomes will be from this project.

2.0 Background

- 2.1 Local Nature Recovery Strategies are spatial strategies for nature and environmental improvement, required by law under *The Environment Act 2021*. The requirements of the Local Nature Recovery Strategy development are set out further in *The Environment (Local Nature Recovery Strategies) (Procedure) Regulations 2023 (Local Nature Recovery Strategy Regulations)*.
- 2.2 The West Midlands Combined Authority has been assigned by the Secretary of State as one of 48 Responsible Authorities, which will lead the production of the West Midlands Combined Authority's Local Nature Recovery Strategies, which represents a new statutory duty.

3.0 What is the Local Nature Recovery Strategy?

- 3.1 Local Nature Recovery Strategies are explicitly regional in their scope, with a clear purpose of connecting nature recovery opportunities across boundaries to create a Nature Recovery Network across the entirety of England. They are also explicitly collaborative in their approach, involving public, private and voluntary sectors, working particularly with local authorities. The Local Nature Recovery Strategy Regulations, identifies local authorities (the seven constituent local authorities in the West Midlands Combined Authority case) as 'Statutory Authorities' and they have a key role in the development of the Local Nature Recovery Strategies.
- 3.2 The strategies do not force the owners and managers of the land identified to make any changes. Instead, the Government is encouraging action through, for example, opportunities for funding and investment. By bringing together actions for nature recovery and nature-based solutions, strategies will help join up work to improve how land is managed for different environmental reasons and identify activities that have multiple benefits. This approach will also help to inform the delivery of biodiversity through the new Biodiversity Net Gain planning obligation.
- 3.3 Each Local Nature Recovery Strategy must do the following:
- agree priorities for nature's recovery;
 - map the most valuable existing areas for nature; and
 - map specific proposals for creating or improving habitat for nature and wider environmental goals (adopting Nature Based Solutions).
- 3.4 There is no published deadline for the delivery of the Local Nature Recovery Strategy, but the Department for Environment, Food & Rural Affairs have confirmed funding will be provided until March 2025.
- 3.5 Across the West Midlands Combined Authority constituent authorities, much work has already been undertaken to map nature and develop strategies for nature recovery to support planning processes. This work and the knowledge developed by the constituent authorities at the local level will form a strong basis from which a whole region strategy can be created. Rather than undermine these existing local strategies the Local Nature Recovery Strategy will provide a broader regional framework recognising that nature does not stop at authority boundaries. As this is a statutory requirement contributing to a national network it will provide greater

strength to local based actions and a framework to assist in attracting public and private sector finance.

- 3.6 The role of the West Midlands Combined Authority as Responsible Authority for producing the Local Nature Recovery Strategy will also align with the wider West Midlands Combined Authority Natural Environment Programme. The completion of the Local Nature Recovery Strategy by March 2025 aligns with the completion of the West Midlands Combined Authority's Local Investment in Natural Capital project, exploring the routes to unlocking nature finance and investment for the region. Together this will put the West Midlands Combined Authority and stakeholders in a strong position to attract funding (both public and private) to deliver the identified priorities and will form a key part of the medium-long term delivery.

4.0 Progress

4.1 *Project setup*

Following its appointment as Responsible Authority, work on the West Midlands Combined Authority's Local Nature Recovery Strategy has focused on the following:

- Recruiting a Local Nature Recovery Strategy coordinator (in post since end of November 2023).
- Developing project processes, governance, and timeline.
- Exploring the key data and evidence needed to produce the Local Nature Recovery Strategy.

4.2 *Stakeholder engagement*

Engagement with key stakeholders has focused on the following key groups:

- Officers from the West Midlands Combined Authority constituent local authorities as "Statutory Authorities".
- Natural England, Environment Agency and Forestry Commission.
- Regional Local Nature Recovery Strategy neighbours (Warwickshire, Worcestershire and Staffordshire).
- Local Nature Partnership.

4.3 *Governance*

- Establishment of the '**Local Nature Recovery Strategy Working Group**' to lead on the Local Nature Recovery Strategy production. This comprises of the West Midlands Combined Authority, lead officers from the West Midlands Combined Authority's constituent local authorities, environmental Non-Governmental Organisations and Natural England.
- **Local Nature Recovery Strategy Supporting Authority Forum** will provide a space for local authority representatives to provide input to the Local Nature Recovery Strategy as part of the requirement for the West Midlands Combined Authority to consult with "Statutory Authorities".
- **Task and Finish Groups** will support delivery of specific activities throughout the completion of the Local Nature Recovery Strategy. These will be made up of relevant regional stakeholders associated with each activity.
- Local Nature Recovery Strategy updates will be provided to the Environment and Energy Board.
- The Local Nature Recovery Strategy will be submitted to the West Midlands Combined Authority Board for approval.

5. Next Steps

5.1 An overview of the project timeline is provided below:

- During spring and summer 2024 there will be an intense period of data gathering and interpretation, consultation with key stakeholders and identification of priorities and proposals for nature recovery and other environmental benefits.
- In late summer and autumn 2024, the draft Local Nature Recovery Strategy will take shape and consultation on this will lead to its refinement and finalisation for approval and publication in March 2025.
- The Local Nature Recovery Strategy Regulations set out a cyclical programme of review and updating to ensure that the Local Nature Recovery Strategy remains relevant. This is set out as between 3 – 10 years and will be requested by the Secretary of State with a 4 month notice period.

6. Financial Implications

6.1 There are no immediate financial implications from this paper.

6.2 The West Midlands Combined Authority has so far received £175,760 of revenue grant funding from the Department for Environment, Food & Rural Affairs through to the end of March 2024, to support the delivery of the Local Nature Recovery Strategy project. This will cover the cost of a dedicated project officer, as well as the cost of consultancy support services such as data/evidence collation/analysis, stakeholder facilitation, etc. Funding for FY24/25 has not yet been announced.

6.3 The West Midlands Combined Authority is not required to contribute any match funding, although there will be in-kind support from existing officers to ensure the programme is successfully delivered.

7. Legal Implications

7.1 As a 'Responsible Authority' appointed by the Department for Environment, Food & Rural Affairs, the West Midlands Combined Authority is required to prepare the Local Nature Recovery Strategy as per the requirements of *the Local Nature Recovery Strategy Regulations* but we are not required to deliver the actions set out in the strategy.

8. Equalities Implications

8.1 Across the West Midlands Combined Authority geography, there is a correlation between the least advantaged areas (highest indices of multiple deprivation score) and climate related risk factors, poor access to green space, and poor air quality. Though the Local Nature Recovery Strategy is principally focussed upon developing a strategy for delivering nature recovery, it also provides an opportunity for identifying other actions for additional environmental benefits that can be delivered through Nature Based Solutions and have positive social impact. Suitable equalities data would be factored into considerations of the emerging priorities to be set out in the Local Nature Recovery Strategy. In terms of implications for reducing health inequalities for all people and communities irrespective of their protected characteristics as defined by the Equality Act, the impact of the Local Nature Recovery Strategy is likely to be positive.

9. Inclusive Growth Implications

- 9.1 This report links to a number of the West Midlands Combined Authorities 8 inclusive growth priorities, which are identified as 'a catalyst for improved and sustained outcomes for people and place, co-designed with partners and beneficiaries. The Local Nature Recovery Strategy relates most closely to the climate resilience, health and wellbeing and equality fundamentals.

10. Geographical Area of Report's Implications

- 10.1 The Local Nature Recovery Strategy covers all West Midlands Combined Authority constituent local authorities.

11. Other Implications

- 11.1 None.

12. Schedule of Background Papers

- 12.1 Appendix 1: Relationship between the Local Nature Recovery Strategy and the planning system.

Appendix 2: Alignment between the Local Nature Recovery Strategy and other West Midland Combined Authority Programmes.

Appendix 3: Local Nature Recovery Strategy Process

Appendix 4: West Midland Local Nature Recovery Strategy Governance Structure

Appendix 5: Local Nature Recovery Strategy Timeline

This page is intentionally left blank

Appendix 1. Relationship between the Local Nature Recovery Strategy and the planning system

There is a requirement in the Environment Act 2021 S102 (5) (2B) for the Secretary of State to issue guidance to local planning authorities as to how they must have regard to Local Nature Recovery Strategies. Further guidance on the links between the current planning system and the future planning system post- Levelling Up and Regeneration Bill are yet to be provided by the Department for Levelling Up, Housing & Communities/Department for Environment, Food & Rural Affairs.

It is clear however that the information that would be presented in the Local Nature Recovery Strategy would be of value as an evidence base and strategy for the development of local plan policy and for decision making at the local level.

Additional to this the Biodiversity Net Gain approach, that becomes mandatory in November 2023, incentivises onsite or local delivery through the 'Spatial Risk Multiplier'. Where onsite delivery of the Biodiversity Net Gain is not possible, Local Nature Recovery Strategies can be used to target offsite Biodiversity Net Gain, through the 'strategic significance' score which provides additional unit value (up to 15% extra value) to habitats located in preferred locations for biodiversity and other environmental objectives.

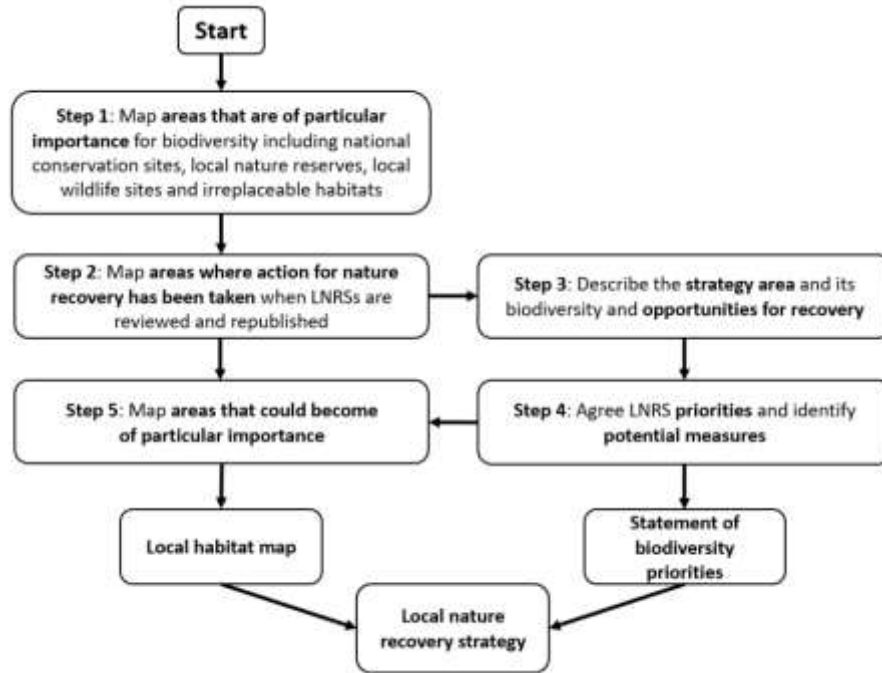
Appendix 2. Alignment between the Local Nature Recovery Strategy and other West Midlands Combined Authority programmes

As the West Midlands Combined Authority's Natural Environment Plan was delivered in 2021 before the Environment Act, it was unable to include within it the role of delivering the Local Nature Recovery Strategy. However, as the scope of the duties of the Responsible Authority and the content of the Local Nature Recovery Strategies have been defined, it is clear that a number of actions as set out in the Natural Environment Plan will be delivered (for some in a slightly different form) through the Local Nature Recovery Strategy and due to the statutory nature of the process and outputs they will have much greater significance to the region and its stakeholders. The actions within the Natural Environment Plan that will in effect be delivered by the Local Nature Recovery Strategy are as follows:

- Wildlife Corridors Commission;
- A regional 'Wildlife Ways' programme;
- Species Recovery; and
- Spatially defining the region's natural capital through maps.

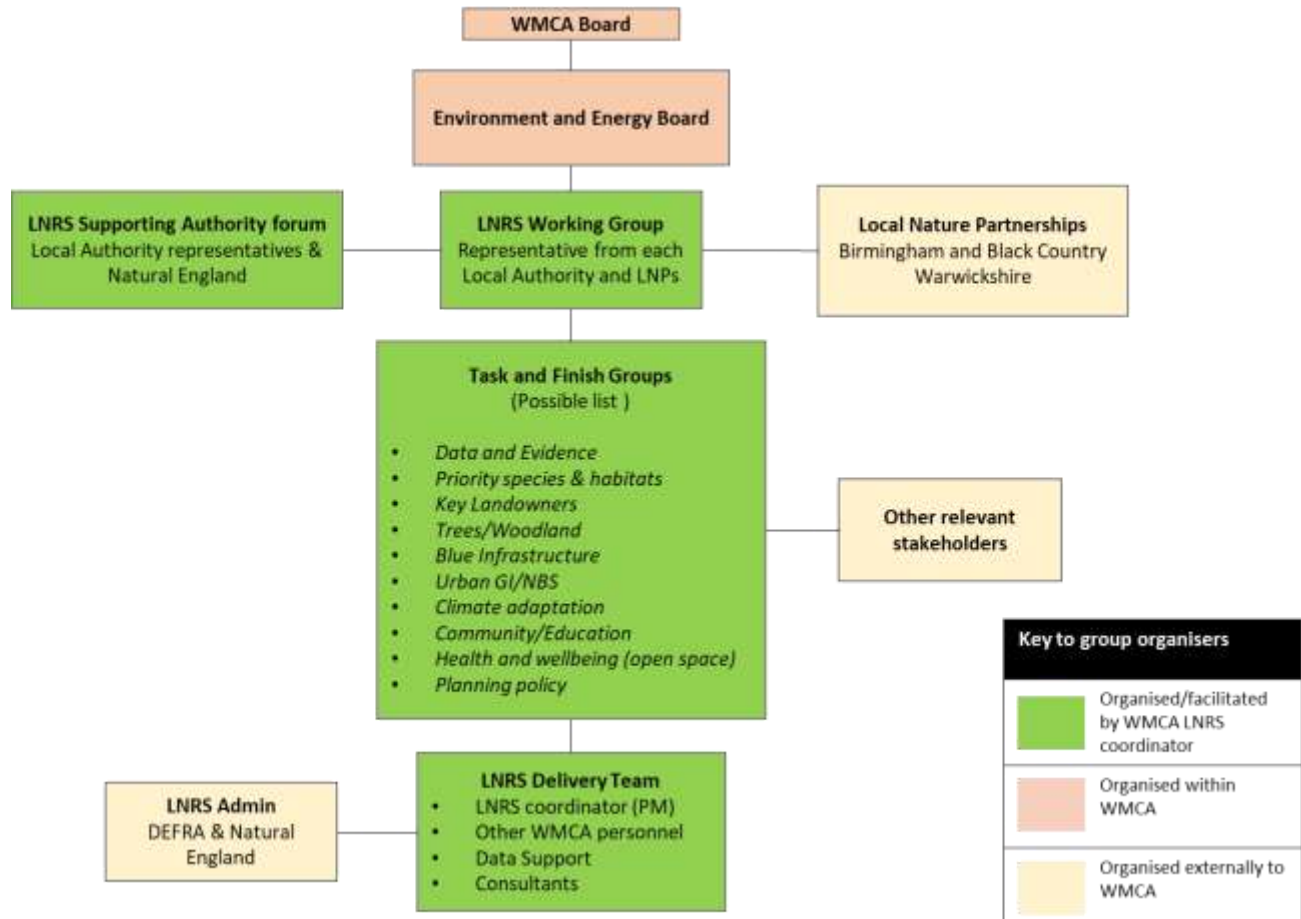
Additionally, the Responsible Authority appointment will provide an opportunity to take a lead role in convening and strengthening relationships with key stakeholders in the region and providing support to them with their own natural environment programmes. It also provides a much closer link to the delivery of nature-based solutions for nature recovery and other wider environmental outcomes such as climate adaptation and environmental equality. The Responsible Authority role will also be complementary to our programmes around climate adaptation and Local Investment in Natural Capital.

Appendix 3. Local Nature Recovery Strategy process



The above diagram sets out the steps to be followed in developing the Local Nature Recovery Strategy (source: Local Nature Recovery Strategy Statutory Guidance, Department for Environment, Food & Rural Affairs, March 2023).

Appendix 4. West Midlands Local Nature Recovery Strategy Governance structure



The above diagram gives an overview of the agreed governance structure for the West Midlands Local Nature Recovery Strategy. Descriptions of each governance group are given below.

Local Nature Recovery Strategy governance groups descriptions:

- West Midlands Combined Authority Board: Decision making board which will give final approval of the Local Nature Recovery Strategy.
- Environment & Energy Board: Will provide feedback and input into Local Nature Recovery Strategy at key moments in its development.

- Local Nature Recovery Strategy Working Group: A multi-stakeholder group comprising of expert officers from each of the constituent authorities and from key nature-based organisations, responsible for collaborating on the delivery of the Local Nature Recovery Strategy across a broad range of relevant expertise. The group will work collaboratively and meet on a monthly basis to develop the Local Nature Recovery Strategy.
- Local Nature Recovery Strategy Supporting Authority Forum: A forum organised by the Local Nature Recovery Strategy team at key moments in the development of the Local Nature Recovery Strategy in order to bring together a wide range of expertise from officers across the constituent authorities, ensuring input from key areas such as planning, public health, air quality and green spaces.
- Local Nature Partnership: An existing partnership of local nature organisations which will be engaged with closely in the development of the Local Nature Recovery Strategy. The West Midlands Combined Authority Local Nature Recovery Strategy will take input from two Local Nature Partnership's which cover its region: The Birmingham and Black Country Local Nature Partnership and the Warwickshire Local Nature Partnership.
- Task and Finish groups: Smaller groups of specialised experts will be established in order to focus on key topics within the Local Nature Recovery Strategy, as outlined in the governance structure. These groups will feedback to the Local Nature Recovery Strategy working group which will collate their inputs.
- Other relevant stakeholders: Stakeholders not covered by the Supporting Authority forum or Local Nature Partnerships will be able to feed into the Local Nature Recovery Strategy process through its different themes, e.g. on the task and finish groups.
- Local Nature Recovery Strategy Delivery Team: The Local Nature Recovery Strategy coordinator, based at the West Midlands Combined Authority, other West Midlands Combined Authority personnel and any additional resource brought in to support the delivery of the Local Nature Recovery Strategy.
- Local Nature Recovery Strategy admin: Department for Environment, Food & Rural Affairs and Natural England provide oversight and advice throughout the development of the Local Nature Recovery Strategy, working directly with the responsible authority.

A separate plan for public consultation prior to and following the first draft of the Local Nature Recovery Strategy will also be developed alongside stakeholder engagement.

Appendix 5. Local Nature Recovery Strategy timeline

The nationally provided deadline for the Local Nature Recovery Strategy is March 2025. Below we provide a high level timeline outlining the key activities of work in the development of the LNRS.



Note: SAs refers to the Supporting Authorities in the Local Nature Recovery Strategy production, which in the case of the West Midlands Combined Authority's Local Nature Recovery Strategy are the seven full member authorities of the West Midlands Combined Authority plus Natural England.

This page is intentionally left blank

Environment & Energy Board

Date	7 March 2024
Report title	Local Area Energy Planning and Project PRIDE (Planning Regional Infrastructure in a Digital Environment)
Portfolio Lead	Environment, Energy & HS2 – Councillor John Cotton
Accountable Chief Executive	Laura Shoaf, West Midlands Combined Authority e-mail: Laura.Shoaf@wmca.org.uk
Accountable Employee	Cheryl Hiles, Director of Energy Capital email: Cheryl.Hiles@wmca.org.uk
Report has been considered by	None

Recommendation(s) for action or decisionPlann:

The Environment and Energy Board is recommended to:

1. Welcome the formation and work of the Local Area Energy Plan Co-ordination Group.
2. Endorse the proposed regional approach to Local Area Energy Planning in the West Midlands
3. Note that the region will likely need to feed into further OfGEM consultations later this year, on the geography of the future Regional Energy Strategic Planning function for the Midlands area and how the region wishes to organise itself to feed into a future model of Regional Energy Strategic Planning.

1.0 Purpose

- 1.1 The purpose of this item is to update Environment and Energy Board members on the activity and findings of their local authority officers working collaboratively through the West Midlands Local Area Energy Plan Co-ordination Group and understand how this is being used to shape future work and national energy policy.

- 1.2 The Local Area Energy Plan Co-ordination Group was established under the guise of Project PRIDE, an innovation project, funded by OfGEM which is looking at two things:
 - How to provide the necessary information needed to enable effective energy planning and
 - what governance structures are needed to achieve effective energy planning.
- 1.3 The Local Area Energy Planning Co-ordination Group was established as part of Project PRIDE – which is examining how stakeholders can work together to better plan our energy infrastructure, taking advantage of digitalisation - **Planning Regional Infrastructure in a Digital Environment**.
- 1.4 Energy planning is currently undertaken by electricity and gas network operators, each in their own silo and scrutinised and approved by OfGEM. The involvement of local authorities is limited to participation in consultation processes, where they are asked for information about future plans for an area; and data is taken from local plans to feed into energy scenario planning.
- 1.5 From next year this will change. OfGEM have announced their intention to establish a mechanism to develop Regional Energy Strategic Plans, which will take a whole system view, meaning it will consider all energy supply and demand aspects, including electricity, gas, hydrogen and energy demand, including from building, transport and industrial decarbonisation and consider what investment is needed in each area.
- 1.6 The Local Area Energy Planning Co-ordination Group is considering how the West Midlands can ensure it works effectively together to undertake local area energy planning and use this as a foundation to feed into regional energy planning, to ensure that investment will be appropriately channelled into energy infrastructure to support the region's growth and decarbonisation objectives.
- 1.7 The group is trialing a digital spatial mapping tool, to bring together all of the elements that are needed to enable effective energy infrastructure planning. This includes information about the existing energy system and its constraints; details of our built environment and transport systems and their paths to decarbonisation. This tool, known as LAEP +, which has been developed by a company called Advanced Infrastructure, is being tested by the group, who have all now been given login details and training, to see if by using a visual platform such as this, with shared data sets we can reduce the cost and burden to local authorities and increase the efficiency of the local area energy planning process to the benefit of all involved.
- 1.8 Feedback to date has been that:
 - Onboarding to the LAEP+ tool is going well, but regular training and support will be required in order to make best use of the tool.
 - West Midlands local authorities are committed to working with the tool and see the value of compiling the data together in such a platform.
 - Energy/ sustainability officers are engaging their colleagues from other departments in using the platform to support integration.
 - West Midlands local authorities do not have the capacity or resources to undertake local area energy planning alone and welcome the opportunity to work with Energy Capital to share resources and be part of bids for funding for additional capacity and support.

- Energy Capital has received requests from non-constituent authorities to be part of this project and process.

2.0 Background

- 2.1 Project PRIDE has established a high profile amongst stakeholders, many of whom are keen to be involved and learn from the outcomes. Given the level of interest and the feedback from the Local Area Energy Planning Co-ordination Group, it is proposed Energy Capital seeks to continue to partner with National Grid Electricity Distribution to submit an application for the next round of funding available for Project PRIDE through the Strategic Innovation Fund, beta phase. If successful, this would enable the region to continue to benefit from the development of the LEAP + tool and roll it out across the whole West Midlands region. With interest already expressed from non-constituent authorities such as Telford and Wrekin, it is proposed that this should align with the geography of the Regional Energy Strategic Planning, which would be the whole of the West Midlands, not just the West Midlands Combined Authority geography.
- 2.2 This approach would be highly innovative, taking learning from other regions where they have to date developed static plans and would place the LAEP+ tool at the heart of a local area energy plan making process. Given the timing of the project, we would seek to continue to support OfGEMs Regional Energy Strategic Planning plans and show how the Local Area Energy Planning process can be broken down and embedded into roles and responsibilities, being shared across different actors in the energy system (as set out in Appendix 1).
- 2.3 This would help to reduce the cost burden of local area energy planning to the public purse and show how some aspects could be incorporated into the Regional Energy Strategic Planning mechanism, thus reducing the cost to the taxpayer even further.
- 2.4 The Local Area Energy Planning process will require active participation from transport and spatial planning authorities, working closely with energy system actors.
- 2.4 Currently OfGEM are undertaking the detailed design phase of development of the Regional Energy Strategic Planning. This means they are working with stakeholders to gather information to help them shape what the Regional Energy Strategic Planning will do, how they will be governed and what level of authority and power they will have. Energy Capital are feeding into this process, taking learning and insight from the Local Area Energy Planning Co-ordination Group and other governance structures established as part of the PRIDE project and sharing them with OfGEM. In the summer OfGEM will formally consult on the details of the Regional Energy Strategic Planning design and how local authorities will be expected to engage with it. Energy Capital will keep officers and members abreast of the issues and opportunities associated with this as they emerge and ensure the region is well placed to respond to the consultation later this summer.

3.0 Financial Implications

- 3.1 There are no immediate financial implications within this paper.

3.2 Projects entering OfGEM SIF Beta phase will be able to apply for up to £8m of innovation funding. This would be shared across partners to deliver key objectives. The projects have to be led by the local network operator, which in the case of the West Midlands is National Grid Electricity Distribution. Working on this project would give the West Midlands Combined Authority access to funding which would support local area energy planning across the region.

3.3 The West Midlands Combined Authority has invested in a Local Area Energy Planning Delivery Manager role, partly paid for by Project PRIDE, to undertake the development of the Beta phase and Local Area Energy Planning roll out.

4.0 Legal Implications

4.1 None.

5.0 Equalities Implications

5.1 Local Area Energy Planning is an important foundation to ensuring a just energy transition, based on accurate information and data.

6.0 Inclusive Growth Implications

6.1 Local Area Energy Planning will provide information to help ensure that all areas have access to the energy they need to develop and decarbonise, not just those areas where the investment makes commercial sense.

7.0 Geographical Area of Report's Implications

7.1 It is proposed that this work will cover the wider West Midlands going forward, working with any local authorities who wish to participate.

8.0 Other Implications

8.1 None.

9.0 Schedule of Background Papers

9.1. Appendix 1: Local Area Energy Planning Stages (OfGEM approved methodology)

- **Stages 1 and 2 – preparation, and stakeholder identification and engagement**, is something that most local authorities will generally be comfortable undertaking and wish to lead on. The better Local Area Energy Planning's have always had a stakeholder engagement process running alongside a technical analysis.
- **Stage 3 - understanding and representing the current local energy system** is more difficult for local authorities when they do not have energy system specialists employed, but these resources can be shared across local authorities, as it is the case in combined authorities, where a team is employed by the local authorities to work across the region and share capacity, this could be supported by Net Zero Hubs (Department for Energy, Security & Net Zero) where no other capacity can be embedded within the local government structure.

- **Stage 4 and 5** – whilst the extent to which **modelling and scenario development** is needed is under consideration, some modelling will be required and this requires specialist capabilities, not generally available within local authorities and these stages are usually therefore undertaken by consultants (or potentially AI in the future). This could be procured by the Regional Energy Strategic Planning to ensure it is streamlined and undertaken in the most cost-effective way.
- **Stage 6 and 7 - Actions, priorities, decisions and creating the Plan** about what infrastructure will be prioritised has to be done collaboratively with local authorities, but this requires working together and increased capacity within local authorities to enable them to actively participate, agree priorities and provide the necessary clarity and increased certainty to investors through other mechanisms that they control, such as local planning policy.

This page is intentionally left blank



Environment & Energy Board

Date	7 March 2024
Report title	Heat Network Zoning and Consultation response
Portfolio Lead	Environment, Energy and HS2 – Councillor John Cotton
Accountable Chief Executive	Laura Shoaf, West Midlands Combined Authority email: Laura.Shoaf@wmca.org.uk
Accountable Employee	Cheryl Hiles, Director of Energy Capital email: Cheryl.Hiles@wmca.org.uk
Report has been considered by	None

Recommendation(s) for action or decision:

The Environment Board is recommended to:

1. Acknowledge the emergence of heat network zoning and endorse the proposed next steps to develop a West Midlands Combined Authority heat network programme.

1.0 Purpose

- 1.1 To update the board on the progress made in developing a heat network programme across the West Midlands Combined Authority region and to inform the board about the West Midlands Combined Authority's recent response to the Government's consultation of heat network zoning proposals.

2.0 Background

- 2.1 Heat from buildings is one of the biggest sources of UK carbon emissions, with hot water, space heating and cooling contributing 21% of the UK's emissions in 2018. To achieve Net Zero emissions by 2050 in cost effective way, the Climate Change Commission estimates that at least 18% of the UK's heat demand will need to be served by heat networks by 2050.

- 2.2 Heat networks supply heat to end consumers via a series of underground pipes carrying hot water. They are ‘heat source agnostic’, meaning they can be served by any heat source, including renewable heat sources and heat pumps, which will become less and less emissions intensive as the UK electricity grid decarbonises. They also unlock the potential to make viable low carbon heat sources that only come at scale, such as waste heat from industry, or held within water bodies.
- 2.3 Heat networks are most likely to be economically viable in urban areas of high heat demand density¹. Initial modelling by government suggests heat networks could be an important provider of heat for heat users in the West Midlands and it is notable that there are already several heat networks operating in the region, such as in Birmingham and Coventry.
- 2.4 To deliver heat networks at the pace and scale required, the Government estimates that £60-80 billion is needed in investment. Private sector involvement to achieve this scale will be critical. However, once operational, heat networks present risks as they represent monopolies, and must therefore be regulated to ensure they provide affordable and fair heat access.
- 2.5 The Government also recognises that the private sector faces barriers to investing in heat networks. One of the most significant barriers is uncertainty about heat demand connecting to – and off taking from – the heat network. Without such certainty, it is hard or even impossible to justify the upfront capital cost of developing larger, strategic heat networks in particular. As a result, most heat networks to date have been small and self-contained.
- 2.6 The Government’s new policy of Heat Network Zoning, which is currently under consultation, aims to reduce this uncertainty by requiring certain types of building to connect to the heat network where a zone is designated. The model is proven in Denmark, where a requirement to connect is common. 63% of Danish homes were connected to heat networks in 2015.
- 2.7 It is suggested in the consultation that the ‘requirement to connect’ to a heat network in a heat network zone is likely to apply to large heat consumers with a consumption of over 100 MWh/year. (For comparison, Ofgem estimates the average British household connected to the gas grid uses 11.5 MWh of gas each year.)
- 2.8 In principle Heat Network Zones should be located where heat networks represent the lowest cost option to the consumer for decarbonising heat in their area. It is therefore important to be able to compare options, which is where this links closely to the paper on Local Area Energy Planning, which would enable local verification of this analysis to be undertaken.

¹ This means many end users of heat are concentrated in a small area.

- 2.9 The 2023 Energy Act introduces a regulatory framework for heat networks. It gives government powers to propose secondary legislation to implement heat network zoning in England and appoints Ofgem as the regulator of heat networks. This will enable the regulation of heat network prices and the setting of low carbon requirements for heat networks ensure the sector contributes to deliver net zero in “the most cost-effective way”.
- 2.10 The Government is developing a National Zoning Model to identify strategic heat network zone locations. The outputs from the model – indicative heat network zones – would then be refined locally, before being formally designated as a heat network zone.
- 2.11 To implement Heat Network Zoning, the Government proposes to designate ‘Zone Coordinators’, tasked with working with central government to identify and implement specific zones. Zone Coordinators would be responsible for designating areas as heat network zones and enforcing requirements within them. This role is generally expected to be fulfilled by local government.

3.0 Consultation on Heat Network Zoning Proposals

- 3.1 Central government announced a consultation on heat network zoning proposals on 18 December 2023 with a deadline for responses of 26 February 2024. This consultation follows the February 2021 “Heat Networks: Building a Market Framework” consultation and subsequent response from government in December 2021.
- 3.2 It also builds on government studies and the initial insights from a pilot of the zoning methodology that is currently underway in 28 towns and cities across England including Birmingham and Coventry, known as the Heat Network Zoning Pilot Programme. Some of these pilot areas are now moving into the next phase to explore how heat networks might be implemented within identified zones known as the ‘Advanced Zoning Programme’.
- 3.3 The current consultation will inform the development of secondary legislation relating to heat network zoning, due to be set before Parliament in 2024, with a view to the legislation coming into force in 2025. The wide-ranging consultation consists of 80 questions, of which most are relevant to local government as potential future Zoning Coordinators.

4.0 Development of a position

- 4.1 The Energy Capital team has engaged with constituent local authority officers via
- A newly established Local Area Energy Planning - heat (Local Area Energy Planning Co-ordination Group-Heat) sub-group. This group will continue to meet after the consultation response has been submitted to coordinate and develop a low carbon heat programme for the region.
 - Seven drop-in sessions have been run for local authority officers on priority areas identified in the consultation. (See Appendix 1 for an overview of attendance.)

- A presentation has been given to the M10 net zero officers in January and an exchange with M10 officers developing their Combined Authority responses was held on the 15 February to gain further insight into how they are approaching the issues raised.
- Finally, the Energy Capital team has commissioned support from the consultancy Ramboll, to advise on the consultation response in the context of assisting the development of the wider heat network programme for the West Midlands Combined Authority.

4.2 The Energy Capital team has developed an ‘umbrella response’ for the West Midlands Combined Authority reflecting the consensus positions of officers of the West Midlands Combined Authority and its seven constituent local authorities. The purpose is not to replace individual local authority responses, and some have chosen to submit their own response [in addition to the West Midlands Combined Authority response]. A cover letter for our consultation response has also been developed, underscoring the critical cross-cutting issues that have emerged.

5.0 Key issues for our response

- 5.1 Through exchanges, we have identified the following as critical, cross-cutting issues:
- I. **Zone Coordinator resourcing:** the proposals require further exploration and elaboration of the resources needed for zoning coordinators to carry out their functions effectively at the various stages of the heat network zoning lifecycle. We are concerned that the current estimates do not represent a thorough examination of the activities required to carry out the role effectively, nor do they reflect the likely scale.
 - II. **Zone Coordinator skills and expertise:** the activities to fulfil the Zone Coordinator responsibilities will require Zone Coordinators have high levels of technical, commercial and legal expertise across different professional disciplines and policy areas. We therefore consider that the proposals need to be clearer on how the central authority will provide guidance, training and capacity building for zone coordinators, to ensure they are equipped with the skills and up to date knowledge necessary to carry out their role.
 - III. **Timescales for heat network zoning processes:** The proposals set understandably ambitious timescales for each phase of heat network zoning. However, timescales must balance the need for speed with the need for pragmatism and due care. We underline the need for more time to allow for engagement with impacted stakeholders during zone refinement and at other key stages of the heat network life cycle. Timescales must also reflect the time needed for local authority processes to ensure due diligence, such as to approve business cases when approving the designation of a zone coordinator, or to appoint a zone developer.
 - IV. **Communication and engagement needs:** throughout the consultation response, we highlight the need to recognise the necessity of, and properly resource communication with, impacted stakeholders. Failing to do so will increase resistance to zoning and may miss important information about the viability of the heat networks through higher rates of building misclassifications and exemption requests, undermining heat network roll out at pace and scale.

6.0 Next steps: developing a low carbon heat programme

- 6.1 We have commissioned Ramboll to produce recommendations of priorities for the future low carbon heat programme over the financial year 2024/5, including a definition of the resources required to deliver this and how it will support / be supported by other energy programmes.
- 6.2 The Energy Capital team will continue to work with constituent local authorities to explore what Zoning and Zone Coordination will look like across the West Midlands Combined Authority region, including where the zone coordinator role may appropriately sit or be shared across the region; the resources required to deliver this, how it will be governed and how it will be embedded into Local Area Energy Planning.

7.0 Financial Implications

- 7.1 There are no immediate financial implications within this paper, as any costs associated with the wider consultation will be covered from existing budgets.
- 7.2 Future development of heat networks may imply future investment needs, depending on the commercial delivery models chosen. Some of these needs may be covered by the successors of the current heat network funding opportunities (outlined in Appendix 2).
- 7.3 The resourcing needs for zone coordinators will require further investigation and the Government is currently consulting on its proposals. We are advocating for adequate support from government and a need to assess resourcing needs in our consultation response. We are also looking into resourcing needs as part of the ongoing development of our heat networks and wider heat decarbonisation programme, and will continue to engage with government on this issue.
- 7.4 We will keep the board updated and include future updates with financial assessments and priorities where recommended measures will require further funding to be sought and agreed.

8.0 Legal Implications

- 8.1 None.

9.0 Equalities Implications

- 9.1 There are an estimated 235,512 fuel poor homes in the West Midlands — the highest rate of fuel poverty in any English region at 17.5%, with some areas experiencing much higher rates of over 40%. Done right, heat networks offer the potential to increase access to affordable, secure and resilient heat, contributing to a potential reduction in fuel poverty.

10.0 Inclusive Growth Implications

- 10.1 There are a number of inclusive growth implications. Particularly if they are embedded in holistic, local area energy planning, heat networks and heat network zoning have the potential to impact the inclusive growth priorities around:
 - Health and wellbeing: access to affordable, clean heat has the potential to reduce health inequalities.

- Affordable and safe places.
- Power and participation: linked to localism in refining and implementing zones, supporting the principle of powerful communities through providing support to deliver change and create better places.
- Inclusive economy: by generating employment opportunities in the heat network supply chain.
- Climate resilience: by reducing total carbon emissions, energy intensity and fuel poverty rates.
- Equality: by reducing the numbers of people living in deprivation though improving access to affordable heat.

11.0 Geographical Area of Report's Implications

11.1 Heat networks and Zoning is likely to be relevant for all constituent local authorities. There is also potential to collaborate with non-constituent authorities adjacent to constituent authorities on zoning and heat networks will not necessarily be limited to local authority boundaries.

12.0 Other Implications

12.1 None.

13.0 Schedule of Background Papers

13.1 Appendix 1: Table outlining attendance at LAEP-heat and ad hoc discussion on the heat network zoning consultation response.

Appendix 2: An overview of current heat network funding

- Consultation response – available on request
- Cover letter for Heat Network Zoning Consultation Response – available on request
- Presentation containing key economic metrics relating to the heat network opportunity across the West Midlands (developed by Ramboll) – available on request

Appendix 1

The below is provided for information in case you wish to reach out to colleagues about discussions that have been held so far on heat networks.

Meeting	B'ham	Coventry	Dudley	Sandwell	Solihull	Walsall	W'hampton
Attendees	Steve Pimlott	Adam Yarnall, Bret Willers, Lowell Lewis Dhaivat Joshi	Harjot Rayet, Lorna Walker	Mark Taylor	Ann Marie Attfield, Liz Alston, Harleen Chima	Alan Bowley	Gordon Telling
LAEP CG - heat							
ZC responsibilities							
Zone Identification and refinement							
ZC resourcing							
Building Connection requirements							
Commercial delivery models							
Just transition							
Building connection requirements continued							

Appendix 2

Funding for heat networks in England.

- i. Most currently available funding is focused on the development of heat network infrastructure, rather than its regulation and the coordination of heat network zones. The Government's proposals and the accompanying impact assessment as part of the consultation on Heat Network Zoning recognise the need to resource zone coordinators for their role and we will continue to engage with government on this as we await further information.
- ii. The Heat and Buildings Strategy sets out how the government will invest £338 million over 2022/23 to 2024/25 into a broader Heat Network Transformation Programme to scale up low-carbon heat network deployment and enable local areas to deploy heat network zoning. The available funding comprises:
 - The Green Heat Networks Fund: a 3-year £288 million capital grant fund to support the commercialisation and construction of new low and zero carbon heat (and cooling) networks and the retrofitting and expansion of existing heat networks in England. The scheme launched on 14 March 2022 and will run until 29th November 2024.
 - The Heat Network Efficiency Scheme: this £32 million scheme provides grants for existing heat networks and communal heating systems to part-fund the installation of improvement measures, as well as to carry out optimisation Studies.
 - Support from the Heat Networks Delivery Unit in Department for Energy, Security & Net Zero: this provides funding to local authorities under Section 31 of the Local Government Act for early-stage heat network development, including techno-economic feasibility and detailed project development. 13 rounds have been run so far since 2013, averaging at just over one round per year.
- iii. We anticipate further funding schemes will be announced for the period from 2025 onwards, as indicated in the consultation.