



Overview & Scrutiny Committee

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Report title	WM2041 - UPDATE
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Recommendation(s) for decision:

The Overview & Scrutiny Committee is recommended to:

- (1) Note the progress being made by the WMCA and the region as a whole on its journey to net zero by 2041 and the associated Five Year Plan adopted by the WMCA in 2021.

Purpose

1. To consider the progress made by the WMCA as part of the region's aspirations to become a net zero region by 2041.

2.0 Background

- 2.1 In 2019 the WMCA declared a climate emergency and set out our vision to make the West Midlands net zero by 2041. This is a hugely ambitious plan but is an essential investment in the region's future.
- 2.2 In 2021, the WMCA developed the first of its 'Five Year Plans' to get to 2041. This was a comprehensive, evidenced plan that set out the practical measures required to meet a range of trajectories to achieve the net zero goal. The plan explains how the region could deliver a 33% reduction in carbon use across local transport, homes and businesses by 2026, on its journey to net zero by 2041. However, at the time of writing the Five Year Plan, it was recognised that the region was not on track to achieve the 2041 goals set and that the change in pace required was 'huge' and 'unprecedented', requiring collaboration and delivery across all sectors. It was estimated that an extra £4.3bn of gross investment was required by 2026, but that there was considerable economic benefit in creating 21,000 new jobs.
- 2.3 The Five Year Plan recognises the vital role of all stakeholders in achieving this ambition – it is both a regional target and regional responsibility. The consequence of this is that measuring progress across the range of sectors and actors is very challenging.
- 2.4 In order to keep track of progress, the Environment Team and Energy Capital are working with the WMCA's Data and Digital Team to develop a data dashboard. This will draw from nationally, regionally and locally held datasets to provide a transparent overview of progress towards the net zero target, as well as broader environmental and sustainability targets (e.g. those that link to air quality, climate adaptation and natural environment). We are also working with the constituent local authorities to ensure that this is a resource that is helpful for their reporting purposes, with data aggregated to regional level, but also with the ability to disaggregate to local authority level.

3.0 Progress and Headline Outcomes

- 3.1 The foundation of the WMCA's work towards net zero by 2041 was the establishment of the regional Five Year Plan in 2021, and the commitment by the WMCA of £5.1m to support this programme. The Plan, and associated strategies covering the natural environment and circular economy, and demonstrator projects in the energy system, has been recognised by independent assessors nationally and established the region on the 'A list' for climate action globally: increasing the West Midlands' regional competitiveness.
- 3.2 As mentioned, there are two key factors when considering progress and outcomes. Firstly, that data is extremely hard to obtain, which is exacerbated by the second factor, that many of the responsibilities for achieving net zero by 2041 lie outside the remit of the WMCA. Achieving net zero targets can be dependent upon factors ranging from government policy and approaches to funding (particularly relevant to energy planning and retrofitting homes) to action taken by private companies to decarbonise their businesses.

- 3.3 There are, however, clear areas of responsibility (see ‘WMCA Commitments’ below) that the WMCA is focused on delivering, facilitating others to deliver, or influencing policy and funding (e.g. negotiating with government through the Trailblazer Devolution Deal). One area that WMCA can play a key role in is attracting vital funding to the region and the teams have been successful in attracting funding to the region, both capital and revenue to support major schemes in retrofitting homes, energy innovation and air quality, and a high number of smaller enabling projects.
- 3.4 **WMCA Commitment 1:**
Set up a regional approach to work with stakeholders to unlock investment to deliver energy efficient homes for up to 294,000 dwellings, with low carbon heating in 292,000, at a total cost of £3.6bn, reducing energy bills, fuel poverty and creating jobs.
- 3.5 The Five Year Plan indicated that decarbonising our homes would have the greatest impact on carbon emissions. However, a thorough assessment of all the region’s housing stock, commissioned by WMCA, indicates that the West Midlands has some of the worst energy-performing housing in Europe. As such, the target is both the right focus but also extremely challenging.
- 3.6 **Retrofit delivery**
To date, WMCA has attracted, or supported partners to attract, over £30m to the region to retrofit social and privately owned homes, with decisions awaited on a further £34m. Delivery is being rolled out through partners in local authorities and housing providers across the region through the Social Housing Decarbonisation Fund and Homes Upgrade Grants. Crucially, the ‘SMART Hub’ team in Energy Capital is providing expert support and capacity to bring funding in where our local authorities or housing partners are unable to bid for funding themselves, forming substantial regional consortia. The team also provides support to ensure the standard of retrofit works is high quality and working with the regional supply chain to ensure the products, skills and jobs are in place to meet the growing demand.
- 3.7 **Innovation, demonstration and private finance**
With a cost of £3.6bn to retrofit 294,000 homes, the financial challenge is clear. Public sector grants will not be sufficient. Through its innovation programme, Energy Capital has been working with the private sector to design and test a replicable finance model for Rugeley, which can be replicated through the delivery of a cohort of Net Zero Neighbourhoods (NZN). The first of these NZNs will be delivered in Brockmoor in Dudley through an initial £1.65m WMCA grant, with work ongoing to develop propositions and secure investment for neighbourhoods across the region. Energy Capital has also recently secured funding from Innovate UK to help overcome some of the remaining barriers to a replicable model, specifically to better understand the role of private outcome focused funding in the blended finance model.
- 3.8 Energy Capital’s strong reputation for innovation, its extensive relationships with the energy industry, business and central government, and the existing CA strategic partnerships with commercial investors, has meant the region is well-placed to lead this vital area of work.
- 3.9 Overall figures on housing retrofit across the region are difficult to provide as some may be carried out by private homeowners who have not received public funding. However, we are looking at how to draw together data from across local authorities on publicly funded retrofit delivery at least, as part of the data dashboard work. It is clear, the challenge

remains daunting, which is why the WMCA has been negotiating with Government over how retrofit funding can be simplified to provide certainty and accelerate delivery.

3.10 WMCA Commitment 2:

Unlock investment of up to £70m in land-based renewables and £483m on rooftop PV by 2026.

3.11 Much of the work of Energy Capital to date, has been focused on the management of energy demand and influencing the net zero transition of the energy system. If the region focuses too much on generation rather than managing demand, then like a leaky bucket, however much you put into the system, too much will still be lost or wasted. As such, developing renewables solutions has not been the first priority in delivering the Five Year Plan.

3.12 However, achieving this goal clearly involves a strong partnership with the private sector. Currently other regions of the UK are more attractive to developers and over the next phase of the programme, Energy Capital intends to work with the private sector to remove barriers to investment in the West Midlands. Discussions are now underway with key industry partners that could start to address this challenge, and research undertaken by partners from the universities of Birmingham and Warwick is beginning to identify the scale of opportunity in rooftop PV.

3.13 The Energy Capital team is developing a commercial and industrial energy programme for 2023/4, which will aim to create strategic partnerships with the private sector to unlock investment in land-based renewables, solar and storage, whilst continuing to lobby Government and OfGEM to create a smarter energy market, which will facilitate these investments.

3.14 WMCA Commitment 3:

Energy Capital will support local authorities, LEPs and stakeholders to undertake and implement local area energy planning, enable net zero energy systems and renewables delivery.

3.15 Energy Capital has developed a programme which will commence in f/y 2023/4 to provide local authorities with the data and decision-making tool to facilitate investment into net zero energy systems and renewables. The first stage of this work will be the development of an interactive Local Area Energy Planning digital decision-making platform and supporting governance structure, to enable local authorities, TfWM and the energy network operators to make better decisions, based on shared evidence; ensuring investment is most effectively directed to secure a net zero system.

3.16 The primary foundation of this, has been working with partners to deliver Innovate UK funded projects, in particular the Regional Energy Systems Operator demonstrator with Coventry. This programme set out the clear benefits from adopting a 'place-based' approach to energy system management: in reducing energy demand and helping to tackle deep-rooted challenges such as fuel poverty; catalysing local innovation and business growth; and representing savings to the local authority through energy reductions equivalent to £30m per annum, or representing current net value of £720m over 30 years. Crucially, this place-based approach would also be key driver of transitioning to a net zero energy system

- 3.17 This work has underpinned the region’s lobbying of OfGEM to consider the role of place in the future energy system, and we have fed into their consultations on Local Governance. We hope to trial the model as part of the Future Systems Operator development. The way in which the energy system is planned and where investment from the private sector is channelled, hinges on the relationship between the place and the network operator. The RESO project is underpinning WMCA’s negotiations with government to have a stringer voice in the energy system and devolve greater responsibility to the local area to plan energy infrastructure. Powers to undertake Local Area Energy Planning and zone areas for development off the back of this is a key part of our devolution ask – to provide greater opportunity to influence and shape energy infrastructure delivery.
- 3.18 **WMCA Commitment 4:**
Be a pathfinder for energy devolution and regulatory change to drive competitiveness of the region’s industrial and commercial sectors, positioned as a global leader in the net zero transition as part of the WM Industrial Strategy.
- 3.19 In 2021 the West Midlands declared itself a pathfinder for energy devolution. Off the back of the Coventry RESO project and other innovation projects, a clear case for increased devolution to the region and the importance of local agency in the regulation of the energy system had been uncovered.
- 3.20 In 2021, WMCA co-hosted the first Net Zero Leaders Summit. Attracting delegates from across the UK, including government ministers, local and regional leaders, business and industry leaders, the Summit positioned the region at the forefront of the energy and net zero policy. It also led to the establishment by government of the Local Net Zero Forum: a route for local and regional authorities to help shape policy nationally. This was closely followed by strong representation at COP26 where the region was able to position itself as a leader in net zero from technological revolutions to leadership in environment capital.
- 3.21 This is well complemented by the work of ‘Repowering the Black Country’ – who are supporting the decarbonisation of industry and leading the recently established Industrial Energy Taskforce. The decarbonisation of industry, with the region’s economic heartland resting in manufacturing and advanced engineering, will not only support net zero targets but also boost the region’s economic competitiveness – complementing the region’s work in attracting green investment (see Commitment 6 below).
- 3.22 **WMCA Commitment 5:**
Support changes in the way we travel through reduction in car usage and a much higher modal share of public transport and cycling. TfWM will continue to work with local authorities to deliver improvements to active travel and public transport as set out in the existing Local Transport Plan (LTP), Movement for Growth, as well as producing a new LTP aligned to WM2041.
- 3.23 Good progress had been made in securing funding, such as the £1.3bn CRSTS programme, and delivering local commitments for schemes and services – from improving access to local bus services through subsidies, to the West Midlands Cycle Hire scheme, new railway stations, and alternative fuel public transport.
- 3.24 However, the overall pace required to meet the WM2041 ambition, and the overall scale of impact requires new approaches to transport policy at both a local and national level. The WMCA’s new Local Transport Plan (LTP) begins to set out what this would need to

look like. A key determinant of success will be the ability to build consensus among partners on the measures best suited to manage travel demand and encourage behaviour change towards increased use of net zero friendly modes of transport. Central government will also play a key role in supporting that – through policy and regulatory freedoms – and ongoing negotiations with government through the devolution deal will hopefully secure that.

3.25 One very positive area of progress has been around the electrification and roll-out of zero emission transport projects – an area of strong collaboration between local authorities and WMCA: with a 300-strong all-electric bus fleet in Coventry, and 124 hydrogen buses. This is complemented by the work around EVCATS (Electric Vehicle Charging Area Transit Stations) which will see 10 ultra-rapid recharging stations located on the key route network. With no station being further than 7 miles from the next, the network will cover 90% of the region’s residents and businesses – delivering more than 150kW charging speed.

3.26 **WMCA Commitment 6:**
Implement the Zero Carbon Homes Routemap which provides clear actions and targets for reducing operational, embodied and whole life emissions for new residential development.

3.27 In January 2021, Housing & Land Delivery Board agreed WMCA’s Zero Carbon Homes (ZCH) Routemap. This set out a series of performance targets which would guide WMCA’s approach to meeting its commitment of delivering a ZCH standard by 2025, alongside recommendations for action to support this objective. These targets have been incorporated into the CA’s Single Commissioning Framework process and are used to communicate WMCA’s expectations of developers in terms of zero carbon performance on housing schemes, and to inform the appraisal of new applications for devolved housing and land funding.

3.28 Following on from this, in April 2022, the Housing & Land Delivery Board agreed to develop a ‘Future Homes Strategy’ to:

- accelerate delivery and investment in ZCH;
- support Advanced Manufacturing in Construction (AMC);
- accelerate roll-out across the region of Government’s Future Homes Standard.

3.29 The strategy will position the WMCA as a national leader in zero carbon construction and innovation, and by bringing the ZCH Routemap and Future Homes Strategy together will realise better building performance, reduced carbon, provide new supply chain opportunities, and reduce costs for homeowners.

3.30 In Summer 2023, WMCA will be finalising the Future Homes Strategy and Standard, to ensure zero carbon homes standards are embedded in the WMCA’s criteria for Housing and Land funds and investment decisions.

3.31 **WMCA Commitment 7:**
Work with stakeholders to secure inward investment that supports green growth, including a battery Gigafactory and electric vehicle charging facilities, powered by clean energy infrastructure.

- 3.32 The low carbon industry is the region's fastest growing sector. In the last two years alone, 15 investment projects have been landed, creating over 500 new jobs in the fields of low carbon and future mobility. Colleagues in the WMCA's investment arm, the West Midlands Growth Company, are currently working on more than 60 other similar opportunities, undertaking investment missions to India, Singapore, Malaysia and Australia, with decarbonised transport a key sector in each location.
- 3.33 The range of investments supports many of our key regional industrial strengths, and crucially will underpin and support the delivery of key products and components of the drive to net zero. Recent and imminent investments include battery testing, electric drivetrain technology, sustainable packaging, zero-carbon heat pump technology, eVTOL transport, energy systems management. Meanwhile, work is ongoing to attract potential occupiers for the Coventry Airport Gigafactory site. Battery storage, recycling and innovation is one of the region's standout strengths and will be crucial in supporting the net zero energy transition.
- 3.34 **WMCA Commitment 8:**
Launch a Net Zero Business Pledge to enable businesses in the region to become champions and understand how they can play their part.
- 3.35 The WM Net Zero Business Pledge was launched in 2021. Co-designed and developed with a range of local partners including Severn Trent Water, Lloyds bank, and partner authorities, the pledge has three fundamental aims:
- Support businesses on their journey to net zero
 - Encourage other businesses to adopt net zero practices
 - Share and celebrate best practice
- 3.36 To date, 93 businesses have signed up to the Pledge, and at current interest levels that figure should hit the 100-mark imminently. To provide better support and opportunities to share case studies and insights, the team are working to launch a new website in April 2023. Alongside the regular updates on funding opportunities and policy changes, the new website will carry a bespoke, user-friendly toolkit that regional businesses can use to help them with practical advice on achieving their net zero targets.
- 3.37 **WMCA Commitment 9:**
Establish a regional natural capital board to produce a natural capital plan for the West Midlands to increase forestry cover from 1.5 to 13% at a cost of £60m up to 2026.
- 3.38 Working with a wide range of stakeholders, including national bodies such as DEFRA and Natural England, local authorities, nature partners and voluntary groups, in September 2021, WMCA published its Natural Environment Plan. These partners and key stakeholders will be, and are already proving to be, invaluable in delivering the plan's ambitions.
- 3.39 The Natural Environment Plan ([West Midlands Natural Environment Plan: 2021 - 2026 \(wmca.org.uk\)](https://www.wmca.org.uk)) contains a number of key goals:
- Establish a Community Green Grants programme to support community delivery of improved access to, and quality of, green and blue space;
 - Increase tree coverage through the West Midlands Virtual Forest;
 - Better capture data on the region's natural capital;

- Produce a Natural Capital Investment Plan to prioritise investment in the protection, restoration and enhancement of the region’s natural environment;
- Explore routes to increase biodiversity gain.

3.40 Since the launch of the Plan, under the Environment Act 2021, WMCA has been appointed as Responsible Authority for the delivery of the Local Nature Recovery Strategy (LNRS). Natural capital stakeholders will be required for the governance of this initiative, and will in effect become a Natural Capital Board. We are awaiting further guidance from DEFRA (due April 2023) on the LNRS regulations.

3.41 In the meantime, significant progress has already been made on several of the action points from the Natural Environment Plan. WMCA has set aside funding of £725,000 to support Community Green Grants. This has proved hugely popular and successful, with £343,749 already having been granted to community organisations from every local authority area in the region, and for projects ranging from the conversion of a car park to local green space, to the establishment of community allotments and a major award for improving the River Stour.

3.42 Proactive work to distribute trees to local residents through a variety of routes, and associated promotional and marketing activity has seen the WM Virtual Forest increase to over 280,000 trees. Not only does the Virtual Forest website provide an opportunity for people and organisations to register their trees, to show their contributions to the natural environment, it also contains helpful advice on planting and tree maintenance to ensure the longevity of any planting. The WMCA has also secured £300k from the Woodland Trust to establish the West Midlands Forest Partnership to accelerate tree planting.

3.43 **WMCA Commitment 10:**

Work with stakeholders to develop and drive behaviour change initiatives across the region.

3.44 In 2021, WMCA commissioned the Behavioural Insights team to provide a clear, evidence-based appraisal of how best to drive behaviour change in relation to the region’s environment and energy programme. That report has been the foundation for a range of initiatives that are seeking to both encourage and enable behaviour change. Programmes that we have developed:

- Carbon literacy training: 70 WMCA employees to date have secured accreditation through the scheme, and WMCA has become the first combined authority to receive bronze standard from the Carbon Literacy Trust. Through the Commonwealth Games legacy project, carbon literacy training is also available to 2,500 residents, and 300 people have already taken part.
- WMCA has established a ‘Greener Together Forum’ to provide the opportunity for local groups and residents to hear more about net zero and environmental programmes and insights, and a ‘Greener Together Citizens’ Panel’ will shortly be established with 30 representatives from across the region coming together to shape the WMCA’s environment and energy delivery programmes and policies.
- The first Natural Environment Awards, later in March, will showcase the work of businesses, community groups and public sector partners in enhancing the region’s natural environment: encouraging similar groups to play their part in this action.
- We have also recently secured just under £1m to run a WMCA-wide air quality behaviour change programme that will run from April 2023 – March 2025.

3.45 **WMCA Commitment 11:**

Work with colleges, universities and employers to develop the skills and training programmes required to provide the work force for the net zero transition.

3.46 A guiding principle of the region's net zero ambitions is that it must be a fair and just transition where nobody is left behind. We know that 140,000 jobs will need to transition during the period to 2041, as well as 92,000 new, green, jobs being created.

3.47 WMCA's Economic Delivery, Skills and Communities directorate is leading extensive work to ensure local residents – particularly in disadvantaged communities – can access these new skills and employment opportunities, and that employers are encouraged to transition their practices towards net zero and therefore invest in a skilled workforce.

3.48 A wide range of courses and bootcamps have been established, working in partnership with universities, colleges, private providers and local businesses. These include qualifications and training in retrofit, heat pump installation, cladding construction, electric vehicle maintenance, sustainable engineering, and smart energy transition, to name just a few.

4.0 **Conclusions**

4.1 Conclusions about our progress towards delivering our 2041 goals are that generally we are moving in the right direction, with increasing collaboration across the region, but that the pace of change still needs to increase to achieve the region's ambitions. Attempts to achieve this gear shift through the Trailblazing Devolution Deal negotiations with Government have been made, including an offer that the region takes devolved responsibility for achieving net zero alongside our Local Authority members.

4.2 Collecting data remains an important part of our ability to demonstrate impact and with Government statistics lagging by 2 years, the development of data dashboard will play a key role in raising awareness of what more needs to be done by the WMCA and partners across the region to keep us on track.

5.0 **Financial Implications**

5.1 There are no direct financial implications immediately arising out of the recommendations contained within this report, as this is a progress update report for Overview and Scrutiny Committee.

5.2 The FYP document estimated the indicative gross cost of transition to net zero during 2021-26 was £4.3bn, whilst the overall cost of the programme to 2041 was estimated at £15.3bn.

5.3 The FYP was clear that it would require investment through a variety of routes, including local authorities, central government, private sector investment as well as WMCA.

5.4 WMCA has successfully worked with local partners to attract more inward investment, and has been negotiating with government as part of the Trailblazer Devolution Deal; we are still awaiting this outcome.

6.0 Legal Implications

6.1 There are no direct legal implications immediately arising out of the recommendations contained within this report.

7.0 Equalities Implications

7.1 The equalities implications of this paper, and the activities it describes, will create net positive effects in terms of the impacts on citizens and communities. Underpinning all the work on WM2041 is the need for it to be a 'just transition' (deliberately mitigating the cost of changes for those least able to bear it) and it seeks to embed environmental goals as part of an overall approach to economic growth that is more inclusive.

8.0 Inclusive Growth Implications

8.1 WM2041 was established as a programme that had inclusive growth embedded within it and 'climate resilience' is one of the WMCA Inclusive Growth fundamentals. The commitment to transition to net zero in the WM2041 plans, as well as the alignment with the UN Sustainable Development Goals, underpin our whole approach to addressing climate change. This runs through the FYP, where we have highlighted co-benefits around addressing climate change. These range from reduction of fuel poverty through an extensive retrofit programme, through to natural capital solutions and widening access to green space for people across the region.

9.0 Geographical Area of Report's Implications

9.1 The WM2041 Five Year Plan affects the whole of the Combined Authority area with the team working proactively with both constituent and non-constituent authorities.

10.0 Other Implications

10.1 There are no further specific implications arising out of the recommendations contained within the report.

11.0 Schedule of Background Papers

WMCA Five Year Plan

[Five Year Plan \(wmca.org.uk\)](https://www.wmca.org.uk)

WMCA Natural Environment Plan

[Natural Environment Plan \(wmca.org.uk\)](https://www.wmca.org.uk)

Regional Energy Systems Operator

[ESC-RESO-Report-A4-v5AW.pdf \(s3.us-east-1.amazonaws.com\)](https://s3.us-east-1.amazonaws.com/ESC-RESO-Report-A4-v5AW.pdf)