



RESPONSE TO NET ZERO REVIEW 'CALL FOR EVIDENCE'

Introduction

As you will see from the information contained below, the West Midlands considers the drive to net zero and ambitions for economic growth as mutually reinforcing.

To achieve these outcomes, we would encourage government to maintain its 2050 net zero commitment, and work with regions across the UK to develop and devolve the policies and fiscal levers that can be more effectively and efficiently applied.

Our response is provided from an over-arching perspective as the combined authority for the West Midlands. We have, however, presented it through the lens of component parts of our economy.

1. How does net zero enable us to meet our economic growth target of 2.5% a year?

Across the globe, as governments, people and businesses rise to this challenge, a growing global green economy has the potential to create millions of new jobs. We are uniquely placed to seize this once-in-a generation opportunity and deliver a transition to net zero that has the potential to create thousands of jobs in every part of the UK.

Net zero targets will provide a growing marketplace for the UK and regional low carbon sector. In the West Midlands the existing low carbon sector already represents a workforce of 94,000 employees across 5,100 business – generating £12bn low carbon revenue per annum. Three of the four leading sectors in the West Midlands, based on existing regional strengths compared to the UK average and relative growth potential, focus on net zero ambitions:

- Manufacturing of electric light vehicles and associated battery storage devices
- Modern and low carbon utilities
- Manufacturing future homes

The regional jobs increase through our 5-year Net Zero Plan will create 21,000 new low carbon jobs by 2026. Annual low carbon growth is anticipated to create:

- +7% increase in employment
- +7% increase in sales
- +9% increase in new company entrants

And the growth potential for our leading clusters, as indicated above, has been estimated as:

- Electric light vehicles and battery storage: £850m-£950m growth in output and 11,200-12,400 new jobs
- Modern and low carbon utilities: growth in output of £420m-£470m and 4,400-4,900 new jobs
- Manufacturing future housing: £220m-£320m output growth and 3,400-3,700 new jobs.

One important opportunity as transport, buildings and energy infrastructure continue to decarbonise, is the need for effective energy storage and fuel cell technology. The West Midlands already represents the largest global market for battery recycling outside China. Underpinned by innovating technologies and organisations, such as

the £130m UK Battery Industrialisation Centre, this industry is driving new growth and investment in the net zero sector: the proposed new Gigafactory at Coventry airport would alone create 6,000 jobs on the back of its £2.5bn investment.

2. What challenges and obstacles have you identified to decarbonisation?

As pressure mounts on public finances, through inflation and pricing, and addressing the effects of the cost-of-living crisis, so resources focused on decarbonisation are under threat. Resource pressures are exacerbated by the complexity and demand of bidding into funding schemes and competitions, which takes time away from valuable delivery – particularly in instances where bids are unsuccessful or awards are of a value significantly less than bid for. These resource implications also impact on the public sector capacity to address the decarbonisation of their own buildings – facing many of the same challenges as homeowners, business and industry.

Below we have also detailed the obstacles identified by consumer groups we work with and represent:

- **Public.** The cost-of-living crisis has created new pressures for people as many face the choice of ‘heat or eat’ - let alone decarbonise. While some families may be choosing not to heat, which could effectively reduce energy use, there is the risk that alternative fuels will be used, thus risking increases in carbon emissions. Overall, the immediacy of crisis mitigation has reduced the take-up of decarbonisation measures. Upfront decarbonisation costs can be prohibitive: limiting the number of customers exploring retrofit technologies (EV, heat pumps; domestic PV etc). Lack of knowledge and awareness applies across all socio-economic communities, from those in fuel poverty to those able to pay: further reducing the likelihood that decarbonisation solutions will be adopted.
- **Business (not industrial).** There are several parallels between business and public where there is a general trade-off of cost vs. ability to pay, and immediacy of the return. There is also additional complexity in funding schemes and competitions that businesses may be able to access; due to size and capacity many businesses may not meet the bid requirements (i.e., too small) or lack the capacity to effectively bid into it. This includes possessing an adequate knowledge base to engage with the process, understanding what the application form wants and being able to understand and communicate the decarbonisation needs of the business.
- **Industry.** To decarbonise, manufacturing processes need to switch from gas-powered to electrified, or where necessary, hydrogen-powered. Those industries face several obstacles in doing so:
 - the current cost of electricity is far greater than the current cost of gas (~ 3 times, based on the Energy Bill Relief Scheme cap) making the transition to electrified processes uneconomic for companies already struggling with rising costs;
 - a lack of grid capacity to support the electrification needs of industry (for cases such as the West Midlands where companies are SMEs, they individually lack the influencing ability to secure the required grid capacity);
 - insufficient or insecure supply of hydrogen for industry to decarbonise in this way.

The complexity in funding schemes and competitions prohibits many companies, due to size and capacity, from applying or meeting the bid requirements (e.g., Industrial Energy Transformation Fund). Barriers can include a lack of knowledge to inform the bid or awareness of expected outcomes, and an inability to communicate the industry needs.

- **Innovators and academia.** Although decarbonisation should represent an opportunity for innovators and research institutions, uncertainty of, or unnecessary complexity in, funding can hinder development. Equally, reduced demand for decarbonisation solutions resulting from many of the effects outlined above can hinder

the progress of innovation to market, and constrained commercialisation will restrict further innovation and undoubtedly economic growth opportunities.

3. What opportunities are there for new/amended measures to stimulate or facilitate the transition to net zero in a way that is pro-growth and/or pro-business?

As a trailblazing devolution deal area, we are working with government to simplify funding streams for regional and local authorities: providing sustained, consistent and flexible funding will enable areas to develop marketplaces relevant to their economic geographies and build confidence for local supply chain solution providers. A particular example of this would be the simplification of retrofit funding by giving an area their fair share of funding under fewer award requirements, as part of an assurance framework, and over a longer timescale so that delivery can be undertaken in the most efficient way for that place.

One of the key contributors to both economic resilience and growth, while also securing net zero, will be the adoption of circular economy measures. The WMCA's Circular Economy Routemap (published 2021; updated 2022) sets out a clear range of actions that would support this mutually reinforceable ambitions. A review of existing regulations affecting circular economy practices and reform of relevant taxation and fiscal incentives could provide an essential catalyst to this vitally important approach. Alongside that, support for research into the adoption of accounting tools to monitor, inform and control measures implemented would be invaluable in encouraging the transition to a circular economy model.

For consumer groups we represent, we believe that there are the following opportunities:

- **Public.** Encouraging behaviour change through policy initiatives to encourage public adoption of net zero solutions that in turn increases the market demand for supply chain companies to respond to. This could range from private homeowners who are currently reluctant to retrofit their homes either owing to a lack of confidence in the solutions or finance, or unawareness of the options available to encouraging drivers of fossil fuel propelled vehicles to public transport or electric vehicle ownership.

Work by the Centre for Progressive Policy has identified community socio-economic profiles that are the most vulnerable to cost-of-living crisis issues. For the West Midlands, fuel poverty is the highest determinant of cost-of-living issues. Tackling this, however, through a retrofit framework and consistent government funding, would also address other determinants, thus exponentially reducing the risks to vulnerable communities whilst also increasing decarbonisation.

- **Business (not industrial).** Effective energy market reform would improve access to flexibility services for businesses and create a smarter energy system. Flexibility measures will particularly benefit businesses who are able to reduce energy consumption during peak times, and when there are local or national constraints. This will also support business growth by providing businesses with opportunities to save money with reduced energy consumption, potential receipts of incentives for early adopters, and security of supply for the national energy market. To maximise the effectiveness of flexibility measures, more needs to be done to support businesses accessing energy efficiency measures and improving their knowledge base to fully understand the reasons behind certain actions. This would increase buy-in to flexibility options, which in turn could lead to wider productivity benefits as companies streamline their processes to maximise flexibility timeframes.
- **Industry.** Without restructuring the region's industry and energy infrastructure, West Midlands industry will be unable to achieve comparable growth without virtually doubling regional carbon emissions. Indeed, West Midlands industries also face the existential threat of increasing energy costs coupled with insufficient grid

capacity to support full electrification of manufacturing processes, and lack of security on hydrogen supply into the region where electrification of processes is not suitable. Through convening groups such as the Industrial Energy Task Force and the Regional Business Council, the WMCA is seeking to support industry resilience and act as a voice and conduit to government. A series of measures have been identified to facilitate the transition and support industry growth:

- Incentivise and facilitate the aggregation of high-energy businesses on sites where sufficient grid capacity can be secured through a power purchase agreement where individual industries are able to buy back only the connection they need, as well as establishing renewable energy infrastructure which can be optimised to directly decarbonise.
 - The establishment of zero carbon heat networks to the surrounding area, this forms part of the circular economy that could be further developed around industrial waste and needs.
 - Support from government to develop an effective circular economy will secure future business resilience as well as create additional market opportunities.
- **Innovators and academia.** Innovators believe that the best way to decarbonise is through a whole-system approach which puts people first. Government could do more to enable market conditions which are optimised for consumer participation: for example, looking at experimental and/or adaptive policy and regulatory pathways to accelerate the rate of innovative developments and shorten the timeline to market. These experimental and/or adaptive policy and regulatory pathways would also allow innovators to be more agile at responding to different market conditions, consumer trends or national/global events.

4. What more could government do to support businesses, consumers and other actors to decarbonise?

Following the termination of business support measures as a result of Brexit, the government needs to provide more targeted support for companies seeking to both survive in the face of an existential energy crisis and decarbonise. It is clear that businesses are beginning to explore measures to reduce energy consumption. For example, 57% of manufacturers surveyed by MakeUK were insulating buildings and installing better performing heating systems, while 27% were exploring on-site generation. However, that leaves 43% and 73% of manufacturers not exploring those measures and it is unclear how many businesses in other sectors are adopting similar action.

Decarbonisation in most situations has a high upfront cost which isn't currently widely supported by financial mechanisms that make it available to everyone. In most situations those businesses and consumers who have large amounts of excess profits/disposable income may be willing to spend in this way and there will be innovators and early adopters comfortable to take out personal loans to meet the cost. However, to make this more widely available, the government needs to establish financial mechanisms which can also become accepted as a business-as-usual scenario – enabling more businesses and people to decarbonise at a lower upfront cost and with lower long-term risk. Measures could include an energy credit scheme where government underwrites lender's risks on loans to businesses, who then attract returns through energy bill savings; or 'Help to Green' grants for smaller businesses unable to cashflow such a loan.

Crucially, to ensure this financial support is effective, there needs to be a concerted effort to raise the cumulative knowledge base of the country so individuals and businesses feel empowered by their own understanding of decarbonisation to take action that supports the national net zero agenda.

This support needs to go beyond specific sectors and holistically assess where geographical clusters of businesses are facing similar challenges. The support could target opportunities for business growth as part of the levelling up agenda, whilst also supporting national decarbonisation goals. This place-based approach could also generate opportunities for circular economy methodologies and the development of associated supply chains – particularly for high energy users. Clustering in this way could be developed through local zero carbon hubs.

Funding simplification, retrofit assessments and trusted advice routes, could enhance the take-up of decarbonisation measures by able-to-pay homeowners.

5. Where and in what areas of policy focus could net zero be achieved in a more economically efficient manner?

A stronger role for local and regional authorities in energy infrastructure (planning, investment and delivery) would enable place-based needs to be recognised and addressed. This should be underpinned by comprehensive local area energy plans that are enhanced and informed by energy digital twin models. This approach would stimulate integration and more economically effective delivery of a net zero energy system.

Equally, designing-out carbon, through enforcing mechanisms such as the Future Homes Standard, would reduce future decarbonisation costs – ensuring the goal to net zero becomes more economically efficient.

We have outlined other identified focus areas that we engage with as the combined authority:

- **Public.** Roll-out effective policy changes, similar to the ‘no new sales of petrol/diesel cars after 2030’ policy and requirements on new housing standards, to encourage consumer behaviour change. Accompanying incentives for early adopters would reduce the risk of consumers feeling forced into behaviour change.
- **Business (not industrial).** Standardisation of ESG reporting with individual targets to the respective E, S and G, would encourage wider adoption by businesses. A tiered approach to satisfaction of ESG would also broaden its appeal to a wider range of business sizes.
- **Industry.** Alongside roll-out of a simplified, standardised ESG model for industry as well as the wider business community, support to enable SMEs to have a greater voice in discussions with DNOs would enable greater adoption of electrification, and where hydrogen is required its supply chain; an approach being considered by Energy Capital’s governance for local area energy planning in the West Midlands.

6. How should we balance our priorities to maintaining energy security with our commitments to delivering net zero by 2050?

We need to tackle the energy trilemma of energy security, energy costs and decarbonisation. Demand-reduction and flexibility measures, as mentioned above, will be key to achieving this. If secured, overall energy demand will reduce, allowing the UK to remain on track for net zero by 2050. As these routes rest more on behaviour change and usage pattern, external market influences will have less bearing. To do this most effectively the ESO/DNO will need to alter current ways of working to balance the grid in alternative ways by “turning down” usage at specific times or for specific activities. Consumer education about what this really means will be vital in gaining buy-in across the board. In the West Midlands, flexibility and demand-reduction are vitally important to both our security of supply, and regional decarbonisation efforts. Having relatively few renewable energy generation opportunities (albeit a strong manufacturing renewables supply chain sector), with a large number of high energy users, means we must be able to adapt and work more flexibly with the energy system to guarantee this security of supply rather than relying on large-scale generation alternatives as enjoyed elsewhere in the UK.

7. What export opportunities does the transition to net zero present for the UK economy or UK businesses?

As outlined in the West Midlands Low Carbon Investment Prospectus the following areas have been identified as presenting potential export opportunities:

- The West Midlands is a world-leader in automotive, rail and aerospace technology, and is at the forefront of alternative propulsion solutions for the transport sector. Responsible for 38% of all automotive and parts exports from the UK, as that industry decarbonises through measures such as Jaguar Land Rover's commitment for a fully electric Jaguar fleet on the back of a £2.5bn investment per annum, so the export opportunities of low carbon technology will increase.

The region developed the UK's first train to run on hydrogen, deployed one of the UK's first fully electric bus fleets, and has developed the UK's first Future Mobility Zone – a 300-mile mixed-road, multi-site testbed for 'real world' EV, CAV and 5G-enabled transport R&D. These initiatives both prove and provide a marketplace for innovative supply chain growth and international export.

- The UK Battery Industrialisation Centre (UKBIC), part of the Faraday Battery Challenge, is revolutionising how we develop and use stored and portable battery power. The West Midlands is Britain's leading location for businesses at varying stages in the value chain to test and scale next-generation battery production and recycling – representing tremendous export potential in response to global market transition to electrification. The region has also entered a landmark Joint Venture Partnership with bold ambitions to build a Gigafactory in Coventry.

To support this, other R&D hubs are exploring how we can reuse and recycle industrial batteries. Work by companies such as HyperMag that are innovating methods for salvaging and reusing precious metals from batteries will establish distinct market advantage for the UK. This activity complements the region's wider electrification specialisms and the extensive work we are doing in complementary disciplines such as propulsion and light-weighting.

- The region is addressing the challenge of creating a greener built environment. The new National Brownfield Institute (NBI), based at the University of Wolverhampton, is set to become Europe's largest specialist construction and built environment campus. This will see the West Midlands become the UK's centre of Modern Methods of Construction (MMC) and brownfield land remediation and regeneration, with the export of skills and research and very real opportunity.

24. What are the biggest barriers you face in decarbonising/enabling your communities and areas to decarbonise?

As a combined authority we are able to provide an overarching strategic perspective which embraces a wide range of place-types (urban, town, rural) and socio-economic typologies. It is clear that funding competitions instigated and led from the centre are creating huge barriers to local authority delivery with huge amounts of time and money spent bidding for money as opposed to delivering interventions. We feel this process also creates a further barrier for local authorities that may lack capacity to bid into these competitions and schemes in as much detail as a local authority with adequate capacity, creating an unfair playing field in the national drive to net zero and perpetuating inequalities.

In addition, funding for net zero related action tends to be short term in nature, with limited flexibility and scope, and limited time to deliver. This uncertainty leads to a lack of confidence for supply chain companies who are unwilling to invest in product development or skills, reducing the range of technologies and standard of product delivery available to local authorities, communities and individuals. This can be seen across housing development, retrofit and low carbon transport solutions.

Regional and local authorities are best placed to address the needs and opportunities created by the distinctiveness of their locales. As such, centralisation of approaches to decarbonisation and net zero can hinder local and regional delivery. As Solihull Metropolitan Borough Council highlight: “the council has limited control over the majority of emissions within our borough. We need to work with partners across the borough and beyond to ensure delivery of our net zero aims. Local Authorities also have limited powers to enforce net zero change outside of their own operations”. In their own submission, Birmingham City Council have highlighted a number of enabling powers which could support local net zero solutions.

As has already been illustrated: the current cost-of-living crisis is also creating further barriers to decarbonisation. The West Midlands has some of the highest levels of fuel poverty – while this continues, communities will continue to be vulnerable to cost of living increases which therefore require a diversion of funding away from decarbonisation budgets. And yet the problem also provides the solution: devolved retrofit funding would not only shift the net zero dial, but lift people out of fuel poverty and thus reduce that determinant of the cost of living crisis cycle.

25. What has worked well? Please share examples of any successful place-based net zero projects.

Five Year Net Zero Plan

To address its regional ambition of net zero by 2041, the West Midlands Combined Authority has established the first of its 5-year plans. Based on robust modelling and projections, with ambitious but realistic targets, this plan is the foundation for the region’s programme for delivering net zero. At its heart is the importance of a place-based approach. The plan has been independently recognised as the best in the UK in its likelihood to deliver on its net zero ambitions – underlining the importance of place in that journey.

Energy Capital Partnership

Energy Capital was established in the West Midlands to deliver the region’s energy strategy. Its vision is to ensure a fair and just transition to a net zero energy system. By drawing in partners from regional and local authorities, the energy industry, government agencies and business, it’s able to integrate net zero measures across key infrastructure vectors, including transport, housing, commercial property, utilities and industry. Its work has attracted nearly £50m of investment to pioneering schemes that have demonstrated the unequivocal importance of the role of place in the energy system: not only ensuring net zero but presenting economic growth opportunities and investment savings to the public and private sector.

Net Zero Neighbourhoods (NZN)

The Net Zero Neighbourhoods programme aims to prove the benefits of undertaking a community led place-based approach to local decarbonisation by piloting the approach in ‘demonstrator’ neighbourhoods. Through the programme, seven local authorities in the West Midlands were invited, and supported, to submit a detailed plan for a Net Zero Neighbourhood in their area. £1.65 million of funding has been awarded to Dudley Council to a Net Zero Neighbourhood demonstrator in its Brockmoor neighbourhood. A further six additional demonstrators are in development which will provide a pipeline for investment interest.

This ground-breaking work has informed discussions between the West Midlands and 3Ci and their emerging initiative to attract investment to comprehensive, neighbourhood-based net zero interventions. Running in tandem, their programme, developed in conjunction with the Core Cities group and Bankers Without Boundaries, is seeking funding from government to deploy on a national basis. Our approach, as a demonstrator model, has also established a pipeline of potential net zero neighbourhoods, which has already started to attract significant private sector interest: as such they represent an ideal opportunity for any 3Ci-sponsored roll-out programme, providing opportunities for investment at scale.

Regional Energy System Operator (RESO)

The InnovateUK-funded RESO project has shown that cooperation and collaboration at local, regional and national level across a wide range of stakeholders can not only secure net zero ambitions but also encourage economic growth and present substantial savings. RESO has proven the advantages of a place-based approach to net zero energy, indicating potential savings for its host location (in this instance, Coventry) of £30m pa, and a net present value of £721m over 30 years, which is being used to inform OfGEM's consideration of local governance models.

Zero Carbon Rugeley (ZCR)

ZCR is a project to produce an innovative design for a town-wide Smart Local Energy System (SLES) including the former Rugeley Power Station site. This is one of just a dozen such pioneering programmes in the UK and will demonstrate how carbon emissions and energy costs can be reduced whilst also providing a boost for local regeneration. In designing the SLES, the project partners will take full advantage of the latest renewable energy technologies and smart control systems to deliver clean, affordable energy for residents. As such, the innovative Rugeley SLES will create a scalable energy solution that can be replicated in other areas in support of the UK's transition to a zero-carbon future. At the centre of this pioneering project is the Rugeley community: residents, local businesses and commuters who access the area regularly. Crucially, 'User-Centric Design' is embedded in the proposed solutions, using innovative community engagement methodologies to ensure the wants and needs of the community are addressed. Zero Carbon Rugeley will create "a bespoke Rugeley SLES", not simply an "SLES for Rugeley", demonstrating how carbon emissions and energy costs can be reduced whilst simultaneously boosting local economic regeneration and social integration.

Net Zero Business Pledge

The WMCA has established a regional business pledge to raise the profile of the net zero ambition, provide advice to businesses on their decarbonisation and showcase best practise across organisations. Instigated by the Mayor's Economic Impact Group, the Pledge is appealing to both large and small businesses, community groups and colleges.

Tree Planting

The scale of tree planting required in the region's plans to achieve net zero is vast. To support this ambition, the WMCA has established an online platform where individuals and organisations can log their tree-planting and receive advice, through the 'Right Tree Right Place' campaign on how to secure healthy trees. In just two years, 270,000 tree-plantings have been recorded, and this has proved a catalyst to other partners to undertake tree planting – for example, Severn Trent Water's 2022 hectares of planting as part of the Commonwealth Games legacy or Solihull Council's commitment to plant 25,000 trees each year for 10 years.

Behaviour Change Engagement

The WMCA has launched the West Midlands Greener Together Forum, where members of the public, community groups, NGOs, businesses, and local authorities came together to discuss important environmental issues. The forum ensures engagement and collaboration on key net zero issues. In collaboration with the Commonwealth Games and as a legacy project, the WMCA has launched a regional community Carbon Literacy programme, which offers tailored climate change learning to residents of the region for free; over 2,500 residents will become 'carbon literate' as a part of this BEIS funded project. During the Games, the WMCA supported the implementation of carbon labelling with a number of food providers, informing consumers of the carbon footprint of items on the menu. Finally, a Net Zero Citizens Panel is being established to ensure that residents in the West Midlands feel they are playing a part in directing and achieving the region's drive to net zero, become ambassadors for it, and promote behaviour change among their communities.

26. How does the planning system affect your efforts to decarbonise?

The Combined Authority has little direct responsibility for, or involvement in, the planning system; these responsibilities rest with our constituent and non-constituent authorities – many of whom will be submitting their own submissions to the Call for Evidence.

From an overarching perspective on new development and regeneration, there appears to be a lack of opportunity to proactively engage with the planning system ahead of time. This results in delivery timescale delays as projects try to retrospectively align with the planning system and engage the right stakeholders to ensure all provisions are in place.

Work carried out by Energy Capital as part of wider cohorts (e.g., RESO and ZCR) have demonstrated the value that a place-based approach to net zero can have on the local economy and on energy security when this is combined with the knowledge gained from a dynamic local area energy plan. We believe that the solution for this is a comprehensive and dynamic local area energy planning tool that enables us to work with local authorities to establish zones and local development orders across the region, and we have been engaging with government to have powers devolved to us to deliver this regionally. A commitment from government to explicitly state that where a LAEP is underway or has been completed, it will form a material consideration in the spatial plan making and development management determination processes, is essential if the planning process is to contribute to net zero goals. To support this integrated and comprehensive approach, the WMCA has established a Net Zero Infrastructure Delivery Panel. The Panel draws in partners from local authorities and energy industry, and other stakeholders, to ensure that the LAEPs are embedded into the wide range of infrastructure delivery mechanisms, and that investment is appropriately and effectively planned and future-proofed as far as possible.

Decarbonising new housing stock needs to be secured through the integration of Future Homes Standards and a roadmap for net zero new homes in building regulations. This would provide a level playing field for all, rather than leaving it to the discretion of local authorities who will be facing intense pressure to deliver housing numbers – a wider corollary that also needs to be taken into account if net zero is to be achieved.

Alongside this, however, there are areas where central government may potentially hinder delivery of the net zero agenda. Depending on the derogations envisaged within Investment Zones and the removal of natural capital protections through the removal of the Retained EU Laws Bill, both could undermine efforts decarbonise by threatening to worsen the ecological crisis as well as undermine government’s legally binding commitment to halt the decline of wildlife by 2030. Supporting ecological measures has, however, been demonstrated to be a boost for jobs growth – through rewilding, forestry and other routes – illustrating again that net zero and economic growth can be mutually reinforcing.

27. How can the design of net zero policies, programmes, and funding schemes be improved to make it easier to deliver in your area?

Conversations across our constituent and wider local authorities have elicited demonstrative unity on the need for simplification of central government fund streams and schemes. There is a shared voice asking for a framework that streamlines the processes for local authorities to bid into schemes and competitions so that more time is available for delivery. This is particularly pertinent for bids and schemes which are nationally rolled out and reasonable assessments can be made as to what a “fair share” would be for an area. A particular example of this would be the simplification of retrofit funding by giving an area their fair share of funding under fewer award requirements and a longer timescale so that delivery can be undertaken efficiently and through a place-based approach. To support the Retrofit Commissioning Framework proposal within the WMCA’s Trailblazing Devolution Deal, work was carried out to determine the relative cost of bidding into different retrofit funds. We found that, not accounting for partner time spent on preparing bid documents, preparing one of those bids took up 282 hours of a single officer’s time, or approximately a sixth of their total workload for a year, which could be more effectively spent on delivery.

Through work carried out as part of the region’s emerging trailblazing devolution deal, and from conversations with other stakeholders and local governments who have undertaken local area energy planning, supported by evidence from RESO, it is evident that a greater emphasis on a place-based approach is the most effective and efficient in achieving decarbonisation. To support this, government needs to empower all local authorities to complete local area energy plans that can be hosted within a dynamic environment. By having this suite of dynamic local area energy data local authorities will be in a much stronger position to engage with external stakeholders on energy infrastructure – understanding where there are specific decarbonisation needs and what is readily available to support decarbonisation.

This approach, or tool, will enable local areas to accelerate net zero measures ahead of national approaches as they respond to locally distinctive issues. This requires both a flexibility in approaches to policy along with engagement over large asset integration such as meter monitoring to enable demand-side flexibility for both energy security and decarbonisation of major assets. This approach will allow us to put “place” at the centre of decarbonisation delivery: ensuring that considerations for inter-linked energy infrastructure are connected rather than siloed (such as detaching grid considerations from transport infrastructure developments).

Broader devolution from government to establish delivery zones or energy innovation zones (EIZs) would enable benefits to be captured from multiple sectors and derogations to be applied to facilitate decarbonisation (e.g., policy, regulation, financial investment) rather than the current OfGEM sandbox model which is energy and code specific.

28. Are there any other implications of net zero or specific decarbonisation projects for your area that the Review should consider?

Industrial Decarbonisation

There needs to be more consideration for industrial decarbonisation, and particularly industrial decarbonisation for clusters of SME sized companies like those existing in the Black Country. The Repowering the Black Country strategy, sets out a vision and plan to reduce carbon emissions from industry in the Black Country to zero, setting out an ambitious and bold plan to deliver the world’s first zero carbon industrial cluster in the Black Country. It will enable clean GVA growth of £16bn by 2030, creating or safeguarding at least 20,000 skilled jobs.

The project wants to create mini-clusters of zero carbon industry across the region in multiple industrial sectors by proactively using local authority planning powers and inward investment – reshoring activities which have drifted overseas over the past three decades – to create strategically-selected circular economy zero-carbon industrial hubs. This work will be supported by targeted specialist energy efficiency and process optimisation support for local businesses and by tailored local investment funds. These funds will include specially-designed mechanisms: for example, potentially underwriting power and heat prices on the hub sites and providing investors with long-term confidence in the costs of clean energy for industry in the Black Country. The whole project is grounded in national decarbonisation plans and the Black Country approach can be replicated nationally. In particular, we will work actively with the other strategic industrial clusters to optimise local use of hydrogen and carbon as the supplies of these increase. There are also significant export opportunities: the modular energy generation and circular supply chain approaches developed and deployed through this project will have applications worldwide.

For more detail on this particular matter, please refer to the submission from Matthew Rhodes of Camirus Ltd.

Transport

The review also needs to give more consideration to the relation between transport and net zero and the impact this has on economic and business growth. Prior to Covid the number of jobs in the region was forecast to grow by 135,800 by 2030. Transport improvements have an essential role in supporting this growth - the City Region

Sustainable Transport Settlements (CRSTS) programme investment for example is estimated to deliver an 11-25% improvement in residents' access to employment by public transport over the next 15 years. In addition, 3,570 jobs will be directly supported through the construction of CRSTS infrastructure over a five-year period. Direct employment linked to the transport sector including operations and services will ultimately be affected by overall levels of investment in the transport system and wider policy which may or may not stimulate different transport sectors.

With the right policy levers in place, this significant investment and economic output could be major drivers for net zero. For example, further projected benefits of investment in CRSTS are that we could see stimulation of additional government, local government, and private sector net zero investment for transport such as zero emissions vehicles, carbon reductions, micro-mobility etc. However, the most significant impact on the success and effectiveness of this will be how the national markets and economic policy impact locally set policy. A key concern is that around 70% of reductions in transport carbon emissions will need to be delivered by policies that are not currently approved or in place at both the local and national levels.