

<b>Agenda Item 12</b>	<b>Appendix</b>
<b>2024/25 Budget Update Report Sept – Detailed Variance Explanations</b>	<b>3</b>

### Revenue Forecast Variances >£200k

<b>1. GSE Net Zero – HUG 2</b>	Forecast Variance	<b>-£4.294m</b>
2024-25 Budget	<b>£7.859m</b>	Forecast Expenditure
		<b>£3.566m</b>

An explanation of the reasons behind the variance on this programme is provided under the capital item 2 below.

### Capital forecast variances >£500k

<b>2. GSE Net Zero – HUG 2</b>	Forecast Variance	<b>-£23.313m</b>
2024-25 Budget	<b>£51.069m</b>	Forecast Expenditure
		<b>£27.756m</b>

As reported to the Board in the July outturn report, the HUG2 programme had a significant underspend in 2023/24 and the budget was rolled forward in to the programme for 2024/25. This is a ringfenced grant and cannot be spent elsewhere. The revised delivery profile which was reported as in discussion with DESNZ (the funding Department) for 2024/25 has now been agreed and this outturn reflects the revised level of delivery. This increases the original year 2 target to utilise some of the underspend and results in a target of 1,880 properties to be retrofitted. This has impacted on both revenue and capital expenditure plans.

While the spend to end of June is low at only £389k, there is £5.1m of capital works approved and in progress with a further £0.914m queued waiting for approval from DESNZ. This expenditure will start being seen through the Combined Authority's accounts following delivery and subsequent invoicing from the delivery partners.