



## Combined Authority Board

**16 October 2024**

Title:	GSE (Greater South East) Net Zero Hub Budgets 2024/25, 2025/26 and 2026/27
Report of:	Gerry Glover, Finance Manager
Lead Member:	Councillor Bridget Smith, Lead Member for Environment & Sustainable Communities
Public Report:	Yes
Key Decision:	No
Voting Arrangements:	Decided by a majority of voting Members, subject to that majority including the vote of the Mayor, or the Deputy Mayor acting in place of the Mayor.

### Recommendations:

A	To agree the Home Upgrade Grant Phase Two (HUG2) and the Local Net Zero Accelerator (LNZA) Revised Budgets for 2024/25 set out in Table 1
B	To note the Revised Budgets for the projects set out in Table 2 agreed under the Executive Director of Place and Connectivity's delegated authority at the GSENZ Board meeting on 3 <sup>rd</sup> September 2024
C	To agree the necessary revisions to the Combined Authority's Medium-Term Financial Plan

### Strategic Objective(s):

The proposals within this report fit under the following strategic objective(s):

Enabling resilient communities

The GSENZH provides technical assistance and grant administration to support decarbonisation and net zero. Objective 4, Place & Connectivity Business Plan is to deliver the Local Net Zero programmes of work to: i) achieve good growth ii) ambitious skills and employment opportunities and iii) resilient communities. Achieving ambitious skills and employment opportunities

### 1. Purpose

1.1	This report sets out the required revised budgets for all GSENZH programmes and projects following changes to relevant Memorandum of Understandings (MoU's) following Department of Energy Security & Net Zero (DESNZ) agreed change requests and/or additional grant funding received.
1.2	The expenditure detailed in the tables is fully covered by grant received either in previous years and treated as receipts in advance (RiA) in the accounts or grant funding received this financial year. Where expenditure is detailed for future years, it can be carried forward in line with the MoU or is specifically a grant spread over more than one financial year.

## 2. Proposal

2.1 There is a need for the Board to agree the HUG2 and LNZA budgets as the overall project amounts are outside the Executive Director for Place and Connectivity's delegated authority of £5 million. For HUG2 the budget is the agreed DESNZ amount for delivery of HUG2 in 2024/25 following the Change Request submitted earlier in the year.

Table 1

Programme/ Project	Original	New Fundin g £	Transfe r to Future Years £	Revised			Draft 25/26 Expenditur e Budget £	Draft 26/27 Expenditur e Budget £	Total 24/25 & 25/26 & 26/27 Expenditure Spend £
	24/25 Expenditur e Budget £			24/25 Expenditur e £	24/25 Income Budget £	24/25 Net Budget £			
HUG2 Capital	27,756,200			27,756,200	-	0			27,756,200
HUG2 Revenue A&A	3,565,500			3,565,500	-3,565,500	0			3,565,500
	31,321,700	0	0	31,321,700	31,321,700	0			31,321,700
Local Net Zero Accelerator	0	0	0	9,158,000	-9,158,000	0	10,137,000		19,295,000
<b>Total</b>	31,321,700	0	0	40,479,700	40,479,700	0	10,137,000	0	19,295,000

It should be noted that the whole grant for HUG2 is a capital grant but the Administration and Ancillary costs are initially charged to revenue before being capitalised at year end.

HUG2 year 1 (2023/24) delivery target was 1,241 homes but only 116 homes completed. This has been previously reported to the Board and widely recognised across the country due to the terms of the funding in place from the previous Government.

The homes target for year 2 (2024/25) has been reduced to 1,643. Targets are proving challenging to deliver in this scheme; four delivery partners are delivering across the 42 local authority areas and working with the GSENHZ team and LA officers to generate referrals. In order to escalate and maximise delivery a number of interventions have been put in place with marketing and the supply chain to increase delivery.

Year 2 numbers at end of August are of the 1,643 scheme target, 396 submitted to DESNZ, of which 379 approved, 258 completed and 71 in progress. A further update can be provided at the meeting.

The more homes improved, and at the target cost per property, the higher the ratio of capital investment delivered to administration cost incurred, which is a key measure for DESNZ.

The risk rating is ranked at red to reflect the challenge to achieve overall numbers and commensurate benefits, and the impact that has on this financial measure as well as the intervention and oversight the programme has from senior team at Hub and CPCA..

The LNZA budget is in line with the MoU two year funding from DESNZ and is a revenue grant.

2.2 The revised budgets agreed by the Executive Director under her delegated authority are as follows:

Programmes/ Projects	Original 24/25 Expenditure Budget £	New Funding £	Transfer to Future Years £	Revised 24/25 Expenditure £	Revised 24/25 Income Budget £	Revised 24/25 Net Budget £	Draft 25/26 Expenditure Budget £	Draft 26/27 Expenditure Budget £	Total 24/25 & 25/26 & 26/27 Expenditure Spend £
Net Zero Hub			-						
Core	2,342,200		1,634,200	708,000	-708,000	0	775,000	859,200	2,342,200
Rural Communities Energy Fund	230,400			230,400	-230,400	0			230,400
Local Energy Advice Demonstrator Public Sector Decarbonisation	1,018,400	720,300		1,738,700	-1,738,700	0			1,738,700
	1,005,100	400,000	-887,000	518,100	-518,100	0	887,000		1,405,100
HUG1 - Capital LAD3 - Capital (Sustainable Warmth)	2,997,300			2,997,300	-2,997,300	0			2,997,300
HUG1 - Revenue LAD3 - Revenue - (Sustainable Warmth)	1,560,100			1,560,100	-1,560,100	0			1,560,100
	0			0	0	0			0
	0			0	0	0			0
Social Housing Technical Assistance	21,600			21,600	-21,600	0			21,600
GSE Net Zero Investment Design Holding Account Holding Account	0			0	0	0			0
	0			0	0	0			0
	0			0	0	0			0
Net Zero Hub Community Energy Fund (CEF)	1,988,700	2,020,000	-923,500	3,085,200	-3,085,200	0	923,500		4,008,700
DESNZ Regional Skills Pilot	954,200	1,400,000		2,354,200	-2,354,200	0			2,354,200
	0			47,900	-47,900	0			47,900
	12,118,000	4,540,300	3,444,700	13,261,500	13,261,500	0	2,585,500	859,200	16,706,200

All the above grants are revenue grants.

Included above is a budget for HUG1 and LAD3 as a payment was required this financial year to repay grant monies to DESNZ on finalisation and sign off of the programme, This was fully covered by grant received in previous years and was at no cost to the CPCA.

2.3 To provide the Board an opportunity to note and agree the necessary multi-year budgets for the delivery of the GSEnz Hub projects and ensure the budgets are considered as part of the development of the 2025-26 Medium Term Financial Plan.

### 3. Background

3.1 This report provides an update of the required project budgets taking into all known agreed grant funding at August 2024.

3.2 This report has been fully considered by the Executive Director of Place and Connectivity, the GSEnz Hub Regional Director and Finance.

3.3	No alternative options have been considered as the budgets included in the tables above have been aligned with the grant funding received from DESNZ and/or the signed MoUs.
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## 4. Appendices

4.1	None
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## 5. Implications

### Financial Implications

5.1	The GSENZH programmes are fully funded and the cost of all support is entirely chargeable to the grants and thus will not increase the Combined Authorities net staffing or other costs.
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### Legal Implications

5.2	Chapter 4 Rule 4.6.1 of the Combined Authority's Constitution provides that the Combined Authority Board has the power to delegate its functions, which are not reserved to it, to Committees, Sub-Committees, Officers, Joint Committees or other Local Authorities. The Board cannot delegate its functions to individual members of the Board.
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5.3	The Combined Authority Board on 20 <sup>th</sup> March 2024 agreed to delegate authority to the Executive Director of Place and Connectivity and any replacement (or substitute) to make decisions on behalf of the Combined Authority when sitting on the Net Zero Hub Board(s).
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5.4	Chapter 4, para 4.3.4 (e) provides, The adoption of, and any amendment to or withdrawal of the following financial documents: Medium Term Financial Plan and Capital Programme is reserved to the Combined Authority Board.
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### Public Health Implications

5.5	The report recommendations will have a neutral impact on public health.
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### Environmental & Climate Change Implications

5.6	The report recommendations have positive implication for the environment and climate change, enabling timely decision making in line with agreed grant funding
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### Other Significant Implications

5.7	The delegated authority decisions that have been made are compliant with the Combined Authority processes and procedures.
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### Background Papers

5.8	Project MoU's, project change requests and DESNZ grant letters
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