



Environment & Sustainable Communities Committee

11 December 2024

Title:	Budget and Performance Report
Report of:	Tim Greenwood, Finance Manager
Lead Member:	Councillor Bridget Smith, Chair of the Environment and Sustainable Communities Committee
Public Report:	Yes
Key Decision:	No
Voting Arrangements:	No vote required.

Recommendations:

A	Note the financial position of the Environment and Sustainable Communities Division for the financial year 24/25 to the end of the second quarter, September 2024
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Strategic Objective(s):

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

x	Achieving good growth
x	Achieving best value and high performance

1. Purpose

1.1	To provide an update of the financial position for 2024/25 and to provide analysis against the 2024/25 budgets, up to the period ending September 2024
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2. Background

1.2	This report provides an update of the performance against budget for the second quarter, up to the period ending September 2024.
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3. Income and Revenue Expenditure

3.1	A breakdown of the Environment and Sustainable Communities income for the period to 30 September 2024 is set out in Table 1 below:
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3.2	Environment and Sustainable Communities Income	24/25 Actual YTD £k	24/25 Budget YTD £k	24/25 Variance YTD £k	24/25 Budget FY £k	24/25 FO FY £k	24/25 Variance FY £k	24/25 Deferral £k
	Biodiversity Net Gain	-27	-27	0	-27	-27	0	-
	Local Nature Recovery Strategy	-144	-144	0	-144	-144	0	-
	Climate Total	-171	-171	0	-171	-171	0	-
	GSENZ Hub programmes below:							
	Community Energy Fund	-1,400	-1,177	-223	-2,354	-2,354	0	-
	DESNZ Regional Skills Pilot	-9	-24	15	-48	-48	0	-
	Local Energy Advice Demonstrator	-721	-869	148	-1,739	-1,739	0	-
	Net Zero Hub	-2,020	-1,542	-478	-3,085	-3,085	0	-
	Public Sector Decarbonisation	-400	-259	-141	-518	-518	0	-
	HUG2 A Capital	0	-13,878	13,878	-27,756	27,756	0	-
	GSENZ Hub Total	-4,550	-17,749	13,199	-35,500	35,500	0	-
	Total Environment Income	-4,721	-17,920	13,199	-35,671	35,671	0	-

3.3 The table above shows income due to the authority as a negative amount. Income to end of Q2 was £13.2m less than budget to date due to timing differences in receipt of funding.

Since the Q2 position was finalised and as reported in section 4.3 of this report and earlier in the Committee's agenda, the forecast spend on the HUG2 capital programme is likely to be lower than was anticipated which will result in a lower drawdown of grant funding – this forecast will be updated for the Q3 reporting.

3.4 At year end there is no expected variance as the income budgets reflect the revised programme of delivery agreed with DESNZ, except for HUG2 which is subject to a Project Change Request being considered with DESNZ to reduce the funding budget.

3.5 A breakdown of the Environment and Sustainable Communities Revenue Expenditure for the period to 30 September out in Table 2 below. The GSENZ Hub expenditure is separated out on the Table, reflecting the CPCA's role as Accountable Body and the specific governance arrangements of the Hub expenditure:

Table 2

Environment and Sustainable Communities Revenue Expenditure	24/25 Actual YTD £k	24/25 Budget YTD £k	24/25 Variance YTD £k	24/25 Budget FY £k	24/25 FO FY £k	24/25 Variance FY £k	24/25 Deferral £k
Climate Review and Risk Assessment	183	190	-7	280	280	0	-
Biodiversity Audits	0	0	0	350	350	0	-
Delivering the Climate Action Plan	47	51	-4	102	102	0	-
Developing Climate Evidence and Data	0	0	0	98	98	0	-
Doubling Nature Metrics	57	28	29	91	91	0	-
Future Fens	0	0	0	70	0	-70	70
Greater Cambridge Chalk Stream Project	0	26	-26	26	26	0	-
Huntingdonshire Biodiversity for all	65	30	35	150	150	0	-
Local Area Energy Plan	0	0	0	230	230	0	-
Natural Cambridgeshire	70	70	0	80	80	0	-
Non Statutory Spatial Plan	70	0	70	240	145	-95	95
Sustainable Infrastructure	0	50	-50	400	0	-400	400

Sustainable Land Use Advice (Rewilding)	0	0	0	150	150	0	-
Climate Total	492	445	47	2,267	1,702	-565	565
GSEnz Hub programmes below:							
Community Energy Fund	655	1,177	-522	2,354	2,354	0	-
DESNZ Regional Skills Pilot	-19	24	-43	48	48	0	-
HUG2 A 23/24 A&A Costs	778	1,783	-1,005	3,566	3,566	0	-
LECSG Core HUB	4	354	-350	708	708	0	-
Local Energy Advice Demonstrator	580	869	-289	1,738	1,738	0	-
LOCAL NET ZERO ACCELERATOR PROGRAMME	3,357	4,579	-1,222	9,158	9,158	0	-
Net Zero Hub	642	1,543	-901	3,085	3,085	0	-
Net Zero Hub Staff	7	0	7	0	0	0	-
Public Sector Decarbonisation	112	259	-147	518	518	0	-
Rural Communities Energy Fund	42	115	-73	230	230	0	-
Social Housing Technical Assistance	11	11	0	22	22	0	-
GSEnz HUB Total	6,169	10,714	-4,545	21,427	21,427	0	0
Total Environment Revenue Expenditure	6,661	11,159	-4,498	23,694	23,129	-565	565

3.6 Total forecast expenditure on the Committee's revenue budgets was expected to be £565,000 less than budget at the end of Q2 due to slippage in 3 projects;

- Future Fens (£70k),
- Non-Statutory Spatial plan (£95k); and
- Sustainable Infrastructure (£400k).

The Future Fens Risk Assessment was published in November. The Business Case for follow-on engagement with the Future Fens activity is being brought to February Investment Panel. The Non-Statutory Spatial plan and Sustainable Infrastructure funding is to undertake and follow up on the Infrastructure Delivery Framework project. This activity is now being aligned to reflect the work on Local Growth Plan and so the development funds for next steps is more likely to be required in 2025/26 rather than 2024/25.

While the Net Zero Hub was forecasting in-line with budget at the end of Q2, the Net Zero Hub have been developing a Project Change Request to reduce the HUG2 forecast delivery since that point.

There is a risk, highlighted to the November CA Board that, as the forecast capital delivery is decreased, the revenue costs of the programme (referred to as A&A) will exceed the 15% cap of total HUG2 project expenditure (i.e. the amount of revenue spend is still within what was planned, but reducing the capital delivery means the same amount is a larger percentage of the total spend). The CPCA is currently in discussion with DESNZ, as are other Local Authorities nationally, to agree approach to this 'overspend'. If the Combined Authority is ultimately required to meet the spend above 15% this would result in a forecast at £1.2-£1.5million pressure. The GSEnz Hub alongside other local authorities are working with DESNZ on the potential reclassification of some A&A costs into capital expenditure, an update will be provided when formal communication is received from DESNZ.

4. Capital Expenditure

4.1 A breakdown of the Environment and Sustainable Communities Capital Expenditure for the period to 30 September 2024 is set out in Table 3 below. There is a split out of the GSEnz figures for the reasons given above.

Table 3

Environment and Sustainable Communities Capital Expenditure	24/25 Actual YTD £k	24/25 Budget YTD £k	24/25 Variance YTD £k	24/25 Budget FY £k	24/25 FO FY £k	24/25 Variance FY £k	24/25 Deferra I £k
Care Home Retrofit Programme	76	101	-25	101	101	0	-
Greater Cambridge Chalk Stream Project	0	60	-60	176	176	0	-
Huntingdonshire Biodiversity for all	44	250	-206	1,024	840	-184	90
Logan's Meadow Local Nature Reserve wetland extension	0	0	0	280	120	-160	160
Nature and Environment Investment Fund	500	500	0	1000	500	-500	500
Net Zero Villages Programme	84	0	84	1000	1000	0	0
	704	911	-207	3,581	2,737	-844	750
GSEnz Hub programmes below:							
HUG2 A Capital 24/25	1,517	12,767	-11,250	27,756	27,756	0	0
	1,517	12,767	-11,250	27,756	27,756	0	0
Total Environment Capital Expenditure	2,221	13,678	-11,457	31,337	30,493	-844	750

4.2 Capital Expenditure to date is lower than budget, mainly due to the revised delivery programme for Net Zero as explained below.

4.3 Forecast outturn shows a capital underspend against budget of £0.844m due to a small underspend on Huntingdonshire Biodiversity (£184k), £90k of which is expected to slip into financial year 2025/26 and expected slippage of 2 further schemes into 2025/26: Nature and Investment Fund (£500k), where partners anticipate the second round of large biodiversity projects being appraised and approved will mean that some expenditure on this project will slip into 2025/26 and Logans Meadow (£160k) due to issues raised by Anglian Water over access to sewer pipes and also due to flooding.

For the Net Zero Hub there was no expected variance at the end of Q2 as the revised delivery profile which was reported as in discussion with DESNZ. Following this, the HUG 2 programme is in the process of submitting a Project Change Request with DESNZ to further reduce the funding budget and the forecast. While the spend to end of September is low at only £1.5, there is £5.1m of capital works approved and in progress with a further £0.914m queued waiting for approval from DESNZ.

5. Implications

Financial Implications

7.1 There are no financial implications other than those included in the main body of the report.

Legal Implications

7.2 The Combined Authority is required to prepare a balanced budget in accordance with statutory requirements.

Public Health Implications

7.3 N/A

Environmental & Climate Change Implications

7.4 this funding is being used to targets the outcomes of the Climate Change Action Plan or the Corporate Plan objectives

Other Significant Implications

7.5 N/A

Background Papers

7.6 None