

Agenda Item 13	Appendix
Report Title: GSE Net Zero Hub – Overview of programmes, finance and governance	A

1. Introduction

The core purpose of the GSE Net Zero Hub is to increase the number, quality and scale of local net zero projects being delivered across the Greater South East region. Since the setup of the five Hubs by the Department of Energy Security and Net Zero in 2018 the remit of the Hubs has expanded to include public sector estate decarbonisation, community energy, domestic energy efficiency (retrofit) and administration of grant programmes.

2. Programme Overview

Local Net Zero Programme

The Hub's core purpose and objectives are set by the Net Zero Strategy directorate within DESNZ, this is the Local Net Zero Programme. This programme of activity is to increase net zero project delivery across the region by providing early-stage technical support to local authorities to develop projects and investment models which accelerate progress to net zero. This support provided by the Hub is available to all 144 local authorities in the GSE region.

The Hub is currently providing high level support to **32 projects** with a capital value of **£753million** (total pipeline is **128 projects** with a capital value of **£1.37billion**). To date the Hub has supported local authorities to complete **13 projects** and to secure **£372million**. The types of projects supported includes local power infrastructure, heat networks, solar farms, solar car parks and fleet decarbonisation.

Knowledge transfer is central to accelerating net zero, the Hub improves information sharing, training and creates a network of experience through the management of Net Zero Go on behalf of DESNZ, a one stop shop for local authorities, developing toolkits, Hub guides and commissioning studies such as industrial cluster and waste heat mapping.

In December the Hub launched our £1million Investment Readiness Service and support, offering grants up to £75,000 to help public sector organisations progress projects to investment readiness, 23 applications totally £1/7million have been received and are in appraisal.

Public Sector Decarbonisation

This programme provides technical support to all public sector bodies, schools, universities, NHS, fire and police services and local authorities. The Hub undertakes portfolio assessments, heat decarbonisation plans and feasibility assessments to support bids into the public sector decarbonisation grant scheme. Projects include leisure centres, electrification of crematoria, renewable energy generation opportunities studies and heat network development. This support provided by the Hub is available to all 144 local authorities in the GSE region.

The Hub has recently supported 18 projects to apply for £64.5million of public sector decarbonisation funding. To date the Hub has supported **167 projects** worth **£394million**, supporting public sector organisations to secure **£97million** grant funding with applicant contributions of **£20million** and has helped unblock **£76million** of stalled public sector decarbonisation projects previously awarded funding. .

Community Energy

The Hubs administer grant schemes of behalf of DESNZ that are available to all community organisations in the GSE region. The Hub has supported **50 community energy projects** with a total value of **£2.1m** as part of the DESNZ funded Community Energy Fund (CEF) by helping them to explore community owned renewable energy generation, conducting feasibility studies for low carbon heating and developing local energy trading schemes. The Hub has a pipeline of over 900K of projects pending future funding

opportunities. Previously the Hub administered the Rural Community Energy Fund, **£2.2million** was awarded to **52 projects** between 2020 – 2022.

Local Net Zero Accelerator

The LNZA is a 2 year, £21million pilot programme managed by the GSEnz Hub and operating in Greater Manchester, West Midlands and York & North Yorkshire Combined Authorities. It was established by DESNZ to test different delivery models to accelerate the move towards net zero, at a local level, by leveraging in commercial investment at scale through a bundled project approach.

The pilots are testing the attractiveness of this offer to the investor market. The ambition is that this could then lead to securing commercial finance in a long-term sustainable way, rather than one-off project funding as currently experienced. Learning from these pilots would be shared widely for application elsewhere.

The Hub has launched a Dynamic Purchasing System (DPS) as part of the financial support service, this covers professional services legal, financial, commercial and techno-economic and is available to the pilot areas and all authorities in the region working with the Hub.

Domestic Retrofit

The Hub has delivered government funded fuel poverty schemes since 2021, HUG2 is the final programme that the Hub will deliver on behalf of local authorities, the HUB is currently delivering on behalf of 44 local authorities. The Hub will have improved over **6,000 homes** in the GSE region and spent circa **£75million** on energy efficiency measures.

Alongside energy efficiency measure delivery, the Hub has grown the supply chain available to local authorities to over **100 suppliers**, undertaken a regional retrofit skills needs assessment and set up a regional training network bringing commissioners together to share best practice, delivered a social value project supporting over **50 new job starts** and grant funded **5 regional skills pilot** projects.

The Hub has grant funded 5 Local Energy Advice Demonstrators providing peer to peer advice on home retrofit and 2 Local Authority Retrofit Accelerators through the MCS Foundation.

3. Governance

The Cambridgeshire & Peterborough Combined Authority is the Accountable Body for the GSEnz Hub. The role of the Accountable Body is to contract with DESNZ for the delivery of Hub programmes and be accountable for the delivery of the programmes and allocation of the grants, employ the GSEnz Hub staff and provide back-office support.

The Hub is funded through grants from DESNZ that set out the objectives and strategic direction of each programme. DESNZ requires Hub's to have a governance structure that represents the region and is involved in decision making. The GSEnz Hub Board supports the strategic direction, provides oversight and ensures delivery is adapted to regional and local need, the Hub Board is responsible for the allocation of funds and grants.

To empower the Hub Board to be involved in decision-making the Combined Authority Board has powers to delegate to a Combined Authority Officer to act upon the recommendations of the Hub Board and to undertake functions to enable the acceptance, commissioning and delivery of projects and programmes of work (this is the Director of Place & Connectivity). The Environment & Sustainable Communities Committee is accountable to the CA Board and is accountable for the oversight and management of the GSE Net Zero programme of work.

The governance structure for the GSEnz Hub is:

Name	Role	Membership
Hub Board	Supports DESNZ strategic direction, decision-making allocation of grants, oversight	Independent Chairperson, Chairs from Regional Advisory Boards, CPCA SRO, NHS
Regional Advisory Boards (x4)	Regional stakeholder representation, advisory to Hub Board	Local authorities, community sector, academia
Retrofit Project Board	Oversight (delivery, risk) HUG2 delivery	Hub consortia local authority leads.
LNZA Programme Board	Oversight Programme delivery	DESNZ, HMT, DEFRA, DfT, GSE Hub
LNZA Finance Project Board	Oversight finance support service	DESNZ, HMT, GSE Hub, GMCA, WMCA, YNYCA
Funding Panel	Review grant application appraisal and make recommendations to Hub Board	Local authorities, Hub Board/RAB members

4. Finance

The Hub is funded by DESNZ through grants that are ringfenced for specific programmes, the Net Zero and Public Sector Decarbonisation revenue expenditure covers staff resource and overheads. The Hub also manages programmes of work and administers grant funds on behalf of DESNZ (Community Energy Fund, Local Area Energy Demonstrators, Local Net Zero Accelerator). The Hub employs 48 staff in the Hub and contributes to corporate services back office support (finance, legal, procurement, HR etc).

Programme	Activity	Hub Budget	Pipeline value	Governance
Local Net Zero	Client support strategy (local energy and net zero), technical assistance (early stage), finance	£1.3m p.a. (2022-25)	£753million* (32 projects being supported)	GSEnz Hub Board
Project Net Zero Go	Contract Management – one stop shop for LA Net Zero support, delivered by Energy Systems Catapult	~£2m (over 3 years)	N/A	GSEnz Hub Board, DESNZ Steering Group, Hubs Communications Working Group
Public Sector Estate	Client support, technical assistance (feasibility, application to PSDS, decarbonisation plans)	£450K 24/25 £850K 25/26	£173million* (77 projects being supported)	GSEnz Hub Board
Community Energy Fund	Grant administration, applicant support (project scope, tender process, delivery) & sector capacity support/ LA facilitation	£2,224,870 (2 years) (10% grant administration) plus one team member funded through NZ MoU for capacity building	Pipeline value of £933,613 subject to future funding	GSEnz Hub Board CEF Funding Panel
Local Net Zero Accelerator	Programme management, Knowledge management service (insights),	£21m (over 2 years)	N/A	DESNZ Programme Board DESNZ Project Board

	Financial Service support (DPS)			
Heat Network Zoning Implementation Support	1 FTE – communications lead for heat network zoning, pilot for DESNZ	£140K over 2 years – 1FTE	N/A	
HUG2	Capital works delivery on behalf of 44 LAs	Forecast ~£20million 925 homes	N/A	GSEnz Hub Board Retrofit Project Board

* Pipeline value is not on CPCA balance sheet, this is the value of public sector projects being supported through the programmes