

## Finance Report

To: Greater South East Energy Hub Board

Meeting Date: 18<sup>th</sup> October 2022

From: Esther Fadahunsi, Finance Manager

Recommendations: The GSEEH Board is recommended to:

a) Note the update and financial position relating to funding lines within the GSEEH Board remit.

### 1. Purpose

- 1.1 To provide an update and overview of the revenue and capital funding lines that are within the Greater South East Energy Hub (GSEEH) to assist the board to enable informed decision making regarding the expenditure of these funds.

### 2. Background

- 2.1 The board has requested a summary of the revenue and capital funding lines available within GSEEH, to assist in ensuring financial decisions relating to the revenue and capital funding lines under their control are well informed, financially viable, and procedurally robust.
- 2.2 The outturn forecast reflects costs incurred to date, accrued expenditure and the impact on the current year assumptions made on staffing, overheads and workstream programme delivery costs as set out in the current MTFP of the Cambridgeshire & Peterborough Combined Authority (CPCA), whom are the accountable body.

### 3. Revenue Income & Expenditure

- 3.1 A breakdown of the income for the period to 31 August 2022, is set out in Table 1. below.

Table 1. Energy Revenue Income Budgets 2022/23							
<b>Energy Revenue Funding Streams</b>	<b>Aug Budget £'000</b>	<b>Board Approvals &amp; Adjustments £'000</b>	<b>Revised Budget £'000</b>	<b>Actuals to 31 Aug 2022 £'000</b>	<b>Forecast Outturn £'000</b>		<b>Forecast Outturn Variance £'000</b>
Hub Core Funding	(1,605.5)		(1,605.5)	(1,605.5)	(1,605.5)		-
Hub Decarbonisation Project	(1,372.3)	-	(1,372.3)	(1,372.3)	(1,372.3)		-
<b>Total Skills Revenue Expenditure</b>	<b>(2,977.8)</b>	<b>-</b>	<b>(2,977.8)</b>	<b>(2,977.8)</b>	<b>(2,977.8)</b>		<b>-</b>

3.2 The Forecast Outturn as set out in the table is in line to the agreed budget. 'Actual' figures are based on payments made and accrued expenditure where known.

3.3 Variances between the income outturn position and the annual budget are set out below:

a. There has been no increase within the Core Funding from BEIS as no extra funding has been made this year. This is the for COP26.

3.4 A breakdown of the expenditure for the period to 31 August 2022, is set out in Table 2. below.

Table 2. Energy Revenue Expenditure Budgets 2022/23								
<b>Energy Revenue Expenditure</b>	<b>Aug Budget £'000</b>	<b>Board Approvals &amp; Adjustments £'000</b>	<b>Revised Budget £'000</b>	<b>Actuals to 31 Aug 2022 £'000</b>	<b>Amounts Committed £'000</b>	<b>Actual + Committed £'000</b>	<b>Forecast Outturn £'000</b>	<b>Forecast Outturn Variance £'000</b>
Energy Hub	2,186.3	-	2,186.3	317	100.7	417.7	2,186	(1,768.6)
COP 26	23.3	-	23.3	2	-	2.0	23	(21.3)
LAD2 Sourcing Activity	699.2	-	699.2	223	270.9	493.9	699	(205.3)
LAD2 Sourcing Strategy	-	-	-	-	-	-	-	-
Public Sector Decarbonisation	1,150.0	-	1,150.0	6.0	3.9	9.9	1,150	(1,140.1)
Rural Community Energy Fund	1,974.4	-	1,974.4	1,035.0	549.7	1,584.7	1,974	(389.7)
<b>Total Energy Revenue Expenditure</b>	<b>6,033.1</b>	<b>-</b>	<b>6,033.1</b>	<b>1,583.0</b>	<b>925.2</b>	<b>2,508.2</b>	<b>6,033.1</b>	<b>(3,525.0)</b>

3.4 The Forecast Outturn as set out in the table above shows a decrease in expected costs for the year of £3,525m compared to the agreed budget. 'Actual' figures are based on payments made and accrued expenditure where known.

3.3 Variances between the revenue outturn position and the annual budget are set out below:

- The core Energy Hub programme is currently forecasting an underspend as the activities for the new MoU referred to in item 3.3 are planned. The underspend will be transferred to the new financial year and a full reprofile will be undertaken.
- The COP26 budget has been fully allocated, however, several claims have yet to arrive, and this budget will be closed off early in the new financial year.
- The LAD2 Sourcing Activity underspend reflects the reduced activity due to the difficulties faced with delivering the programme. The spend has also been reduced in line with the reduced project outturn.
- Public Sector Decarbonisation programme was reprofiled with the majority of the spend taking place in 2022/23. However, delays in procuring the recruitment consultant have meant that no spend has taken place, with all spend being carried into the new financial year.

- e. The RCEF programme is currently forecasting an underspend, but the grants have now all been awarded, and it is a case of waiting for claims from the projects. This is a ring-fenced budget, and the underspend will be transferred to the new financial year.
- f. 3 projects were only added at the end of January relating to the new grant awards from BEIS and spend has begun on these activities towards the back end of February 2022.

## 4. Capital Expenditure

4.1 A breakdown of the expenditure for the period to 31 August 2022, is set out in Table 3. below.

Table 3. Energy Capital Expenditure Budgets 2022/23								
<u>Energy Capital Expenditure</u>	Aug Budget £'000	Board Approvals & Adjustments £'000	Revised Budget £'000	Actuals to 31 Aug 2022 £'000	Amounts Committed £'000	Actual + Committed £'000	Forecast Outturn £'000	Forecast Outturn Variance £'000
LAD2 Programme	49,984	-	49,983.7	7,236		7,236.0	20,000.0	(29,983.7)
LAD 3 Programme	73,675		73,675.0	-			34,530.0	(39,145.0)
HUG 1 Programme	29,610		29,609.9	-			14,128.3	(15,481.6)
<b>Total Energy Capital Expenditure</b>	<b>153,268.6</b>	<b>-</b>	<b>153,268.6</b>	<b>7,236.0</b>	<b>-</b>	<b>7,236.0</b>	<b>68,658.3</b>	<b>(84,610.3)</b>

4.2 The Forecast Outturn as set out in the table above shows a decrease in expected costs for the year of £84,610.3m compared to the agreed budget. 'Actual' figures are based on payments made and accrued expenditure where known.

4.3 Variances between the revenue outturn position and the annual budget are set out below:

- a. The actual spend has reduced compared to the figures last reported to board as several payments to the consortia have not been defrayed and have therefore been reclassified as prepayments. The project has been fraught with difficulties and the project deadline is currently under review. As a ring-fenced budget, all funds will be carried into the new financial year and revised budgets set once confirmation has been received from BEIS concerning the duration of the project.

## Significant Implications

## 5. Financial Implications

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

## 6. Legal Implications

6.1 The GSEEH is required to prepare a balanced budget in accordance with statutory requirements.

## 7. Other Significant Implications

7.1 There are no significant implications.