

## Greater South East Energy Hub (GSEEH) Board Meeting - 2 June 2020

Due to Covid-19 restrictions, this meeting was conducted via online conference.

### Attendees

**Ed Barlow** (Buckinghamshire Council) - Buckinghamshire LEP (BucksLEP) – **Board Chair**  
**Matt Wragg** – Coast to Capital LEP (C2CLEP)  
**Gary Sturgeon** - Department for Business, Energy and Industrial Strategy (BEIS)  
**Jennie Pell** – Enterprise M3 LEP (EM3LEP)  
**Maxine Narburgh** - Greater South East Energy Hub (GSEEH)

**Erica Sutton** - Greater South East Energy Hub (GSEEH) - Secretariat support  
**Simon Wyke**, Greater London Authority (GLA)  
**Sarah Gilbert** (Oxfordshire County Council) – Oxfordshire LEP (OxLEP)  
**Jo Simmons** - South East LEP (SELEP)  
**Arthur Le Geyt** - South East Midlands LEP (SEMLEP)

### Proxy Votes

Absent Board member:	Proxy instructions given to:
<b>Paul Witcombe</b> – Hertfordshire LEP (HertsLEP)	<b>Ed Barlow</b> (Buckinghamshire Council) - Buckinghamshire LEP (BucksLEP)
<b>Ahmed Goga</b> Oxfordshire LEP (OxLEP)	<b>Sarah Gilbert</b> (Oxfordshire County Council) – Oxfordshire LEP (OxLEP)

### Minutes

#### 1. Introductions, Apologies

- Apologies were given by **Domenico Cirillo**, Cambridgeshire and Peterborough Combined Authority (CPCA), **Paul Witcombe** – Hertfordshire LEP (HertsLEP), **Chris Starkie** - New Anglia LEP (NALEP) and **Ahmed Goga** Oxfordshire LEP (OxLEP), **Ben Burfoot** (Reading Borough Council) - Thames Valley Berkshire LEP (TVBLEP).

#### 2. Minutes, Actions and Matters Arising

##### 2.1 Minutes

**BOARD DECISION:** The minutes of the previous GSEEH Board meeting, 21.04.20, were agreed as a true account, subject to the removal of the final bullet in section 6. (Hub Sustainability Report).

**ACTION 1.** EB to sign off as approved the minutes of the GSEEH Board meeting 21.04.20, subject to the removal of the final bullet in section 6. (Hub Sustainability Report).

## 2.2 Matters Arising

- MN highlighted the following matters arising:
- **GSEEH Terms of Reference (ToR)** – MN confirmed that the powers of the GSEEH Board, include decision-making, and the Board is the decision-making body for the Hub. The reference to the Board acting in an advisory capacity was specifically related to CPCA, as the Accountable Body, having financial responsibility to BEIS through the Section 31 grant. CPCA can delegate decision-making but not financial responsibility for the grant. JS confirmed that she was satisfied that the principle was understood and that there was no need to pursue the matter further.
- **Declaration of Interests** - Matters concerning the Board Declaration of Interests, as discussed at the 17.01.20 Board meeting and due to be processed by the CPCA's legal team, were still pending due to pressure of other work arising in response to the Covid-19 crisis.
- **UK100 Financial Insight Report** – UK100 had not revised its approach to the report concerning the need to address post Covid-19 recovery but will now discuss it.

**ACTION 2.** MN to provide the Board with an update on the Fuel Poverty (Home Upgrade Grant) Pilot at the next Board meeting (14.07.20).

**ACTION 3.** Board to come forward with suggestions for social housing providers/local authorities for involvement in the Social Housing (Technical Assistance) Pilot at the next Board meeting (14.07.20).

## 3. Finance Update

- A finance update for May 2020 on the Local Energy Capacity Support Programme, along with a profile for 2020-2022, was provided in advance of the meeting with the GSEEH Board Papers 02.06.20.
- MN highlighted the following elements:
  - Staff costs for vacant Finance Manager and Fuel Poverty (HUG) officer have been included in the profile (September 2020 recruitment).
  - Technical consultancy budget and project-specific legal advice have been increased and a project specific financial advice budget has been created (underspend from Finance officer post).
  - Subscriptions/licensing for modelling is a new cost centre; this has been taken from the training budget in 2019/20.
  - RCEF has a recharge for staff costs. Recruitment is hoped for in September 2020. All recruitment is pending the Accountable Body transfer.
- MN clarified the following points in response to queries from the Board:
  - That the council tax and business rate feasibility studies are still being delivered but claims are awaited by the local authorities involved.
  - That the additional legal advice included for projects is acknowledged as being a small amount for the purpose. It has been added as a result of the report produced for the GSEEH by Pinsent Masons, which shows that advice needs to be project specific. This can be reviewed if demand necessitates.

## 5. Green Finance Report

- A copy of the of the green finance report, *Financing for a Future London, Executive Summary, March 2020*, produced by the London Sustainable Development Commission (LSDC), was provided to the Board in advance of the meeting with the GSEEH Board Papers 02.06.20.
- SW highlighted some key points from the report to the Board:
  - The LSDC was established by the Mayor in 2005. The commission comprises a range of expertise and operates using a process of working groups on various topics.
  - The LSDC has an aspiration to enable environmental programmes to draw on private as well as public sector finance, and the GLA has engaged with the private financial sector to this end.

- There are three key issues identified, all of which concern fragmentation of the market: 1) Capacity and funding of local authorities (to be able to provide this at the development and investment stages); 2) Infrastructure and diversity (multi-stakeholders: energy, water, communications); 3) Value of environmental projects (some have a financial return but not at the level sought by the private financial sector, but do have social and environmental value – how can you package that and attract the private sector).
- There are four objectives: 1) Accelerated flow of both private and public sector finance 2) Sustainable economic growth (keep citizens engaged and enable them to benefit); 3) Support London to become a global leader in skills and capacity concerning resilience to and mitigation of climate change; 4) Providing a spatial approach to environmental development (can we bring projects together for mutual co-benefits and aggregate them to attract market investment).
- Creation of areas of activity: London future financial mechanisms; public sector funds (bring streams together to respond to challenges and use them flexibly and match with private finance); London future infrastructure (a project team to improve environmental projects, create zones and present them to private finance); engagement with utilities; and supporting businesses to respond to market opportunity.
- The GLA has ongoing interaction with the LSDC. The Mayor is committed to considering the report's recommendations and opportunities, establishing how they could be taken forward and value added, and to identify how to bring together the needs of the GLA and the London Boroughs. By end of 2020, a stakeholder taskforce is to be convened, to look at the project and programmes and establish how private finance can be brought forward.
- The meeting put forward the following points in response to this overview:
  - It was noted that the fragmentation of funding is a common experience and the approach being taken by the GLA was of interest.
  - MN advised that many technology owners/developers are now also providing finance, and that the traditional investment market is not the only route. Smaller investors are coming forward. The experience of the GSEEH Operations Team is that the project aggregation approach is challenging to achieve, as practically it is difficult to align the varying development timelines of the individual projects, so while a placed-based approach is sensible, it may not always be feasible.
  - SW clarified that the aim of the initiative was to get investors to think differently and that the situation was an emergent one. The spatial approach is still a good way forward despite practical difficulties, as it enables sustainable planning for the future and to get a cost-optimised approach.
  - GS asked how the approach might be replicated elsewhere and on what basis the group would operate, for example, whether it would be comprised of finance professionals.
  - SW clarified that some elements would be replicable, for example concerning the address of barriers to private finance, city space commonalities, and innovative business models. Discussion are ongoing with the Green Finance Institute about how to work with them and this includes achieving the aspiration for replicability. What the taskforce will look like is still under consideration and is to be confirmed. The GLA is also thinking about how to work with central government concerning the approach to the multiple funding streams that exist - whether these can be moulded into larger packages, while still meeting local and regional needs.

## 6. Programme of Work

- An update on the various elements of the GSEEH Programme of Work was set out in the GSEEH Board Papers 02.06.20, circulated in advance of the meeting. MN highlighted the following points to the Board:
- **Project pipeline and progress** - There are currently 78 projects on the longlist and 57 projects on the shortlist. Ten new projects have been approved for the shortlist in the last month. Impacts from Covid-19 include that local authority project decisions have been delayed, access to information has been delayed, staff have been redeployed and development funding that had previously been allocated is now under review.

**ACTION 5.** MN to circulate full programme dashboard to the Board for information.

- **Project reports** – Several have been delivered, especially desk-based solar studies, as these are more readily doable, also a business model.
- **Project closure process** – This process has recently been developed. Some projects are closed as they are being taken forward to more detailed design work, while others are closed because they are not proceeding, for example due to protected bird species on the selected site. The Board noted that the collated findings were helpful and had useful learning potential for how projects could be screened at an early stage and risks identified.
- **Post Covid-19 Recovery** – Outreach to local authorities has been undertaken to establish the requirement for development funding to support recovery after the Covid-19 crisis. Fifteen local authorities have come back with an expression of interest, some with well-developed proposals, and the Operations Team is collating this information. MN then provided the following clarifications in response to questions raised by the Board:
  - Project topics encompass energy efficiency, EV infrastructure networks, opportunities for supply chains, social value and fuel poverty. Some office developments may be reviewed as the amount of floor space required might be reviewed post Covid-19.
  - There is no formal call for projects at this stage as the outreach is primarily to establish an evidence base.
  - Additional funding for the initiative is unknown at this stage, and the funding itself is not promised, so a pipeline is not being developed. Currently the objective is to understand what the level and scale of demand is, should funding become available or a request for information.

**ACTION 6.** MN to continue to monitor projects coming forward for post Covid-19 development support, and to alert the Board if any outreach is required via the LEPs to encourage local authorities to put projects forward.

- **Rural Community Energy Fund (RCEF)** – Enquiries to RCEF have reduced in number over the last month, with only six enquiries in May 2020, with a total of 228 to date. Round 1 grant awarded projects are all contracted and at the delivery stage. Round 1 and Round 2 projects have been told that there is flexibility for their projects in respect of the Covid-19 issue. All have been required to produce a Covid-19 risk register. MN then provided the following clarifications in response to questions raised by the Board:
  - Funding rounds are now expected to continue on a quarterly basis until October 2021, in line with the extension to the Energy Hubs.
  - A guidance note is provided for applicants to help them with their application. This has recently been reviewed and updated to enhance the clarity of the process. In addition, funding is to be provided to Community Energy England (CEE) for their Community Energy Hub website, which provides resources for community energy developers. A proposal to GSEEH from CEE is expected, which will set out what they have identified as being needed to enhance the website.
- **Council Tax and Business Rate Feasibility Studies** – The feasibility study pilots have been difficult for the participating local authorities to deliver because they require engagement. The pilots have therefore been extended to August 2020. Milton Keynes has contracted Local Partnerships to carry out the work. £42k of the overall budget is unallocated. Some of this amount has gone to Milton Keynes, and a list of ideas for the remainder has been generated. Suffolk County Council has developed a scope, but it did not match with the BEIS project scope. MN then provided the following clarifications in response to questions raised by the Board:
  - Both Milton Keynes and Suffolk County are doing both council tax and business rate pilots.
- **Data Mapping Project** – Consultants have not been appointed for the data mapping project because the contract required amendment to encompass software as well as the service element. A lot of interest was shown and questions from potential applicants raised and addressed. The contract should be re-published soon, and it is hoped that the previous interactions with interested parties will help to facilitate the new procurement process.

- **Accountable Body (AB) Transfer** – Peterborough City Council, the prospective new Accountable Body for the GSEEH, has nearly completed its legal and financial review of the transfer process. Clarifications and approval are being sought, which is hoped will be obtained w/o 08.06.20 and enable the process of transfer to meet the July 2020 timescale. A Service Level Agreement (to be drafted) will be put before the GSEEH Board when it is ready. Once the AB transfer is finalised, the GSEEH will be able to undertake recruitment. MN then provided the following clarifications in response to questions raised by the Board:
  - Cambridge County Council did not provide an expression of interest as they did not have the capacity.
- **Social Housing Technical Assistance** – This initiative would provide a technical assistance facility through the Energy Hubs to support social housing providers to develop a roadmap for energy efficiency and access funding for energy performance improvements. Preliminary work is being undertaken to determine what the technical assistance should comprise, and what the trajectory and outcome should be. A workshop will be undertaken with BEIS, 22.06.20, to share the plans being developed, and to understand Covid-19 impacts and what approaches are being taken within each region. MN then provided the following clarifications in response to questions raised by the Board:
  - At this stage of the initiative's development, local authorities are providing the GSEEH Operations Team with a good level insight, however if there are any exemplary social housing providers of which the Board is aware, then the Board is asked to flag them to the Team.

**ACTION 8.** JP to highlight ThamesWey (Woking) to PK as an exemplary social housing provider.

- The first stage pilots are intended to work up a pathway of housing stock to take it up to an energy efficiency C rating and to future-proof it (net zero), so that it is possible to go back at a later stage to make further improvements. The outcome for those involved will be that social housing stock is funding-ready.
- To be eligible, the property must be below an energy efficiency C rating and be owned by a local authority or registered social landlord.
- The work will be outsourced and is to be completed by the end of 2020.
- **Knowledge Transfer Network (KTN) Challenges** – Information is being collated on grid constraints and decarbonisation plans. Information is currently slow to come in from local authorities.

**ACTION 9.** MN to prepare a report for the Board on the KTN challenge of grid constraint, if enough information is forthcoming from local authorities.

**ACTION 10.** Board to flag to MN any local authority contacts who should be asked for information on grid constraint and decarbonisation to inform the KTN challenge development.

- **Outreach and Engagement** – Cross-Hub working is developing: a BEIS conference for the regional Energy Hubs was held online in April 2020 and was successful, and it is hoped further targeted topic sessions will be run. The RCEF officers' group is also now running regular virtual meetings.
- The Board noted that the range and scale of activity being undertaken by the GSEEH Operations Team is immense.

## 7. Process for LEP Board Endorsement of Sustainability

- A copy of the latest version (May 2020) of the Regional Energy Hubs' sustainability report to BEIS *The Future of Local Energy Hubs with a Review of Options for Self-Sustainability* was circulated to the Board in advance of the meeting.
- MN provided a recap to the Board on the context to the report's development:
  - Originally, the expectation from BEIS, as set out in the Memorandum of Understanding concerning Local Energy Capacity Support, was that the GSEEH was to be financially self-sustaining. Through a process of discussion throughout 2019-20 by the five regional Energy Hubs and BEIS, the proposition of self-financing was reviewed and redefined to the continuation of delivery. Following submission of an initial outline paper, BEIS has steered the regional Energy Hubs to increase their development funding and staff requirements in view of the success that they have demonstrated; this is reflected in the document circulated to the Hub Board.

- The Board has had opportunity to comment on the sustainability report and their comments have been included. The report now sits with BEIS for review. Endorsement of the sustainability report by LEP Boards is not required by BEIS but would be welcome. Board members were given an action at the previous Board meeting 21.04.20 to consider how they would take the report through their own LEP Boards in this regard.
- The Board responded with the following feedback:
  - It has been useful to understand that the report has been steered by BEIS and developed on a national basis. There is no need to go through individual LEP processes.
  - Once BEIS has considered the report it might be useful for the paper to have a timeline to enable Hub Boards to progress it at the same time.
  - It would be useful if feedback could still be fed into the report.
  - It would be helpful for the context of the report to be made clear within the report: the purpose of the report, where the report has come from and where it is going. Clarity on how the report is aligned would be useful: i.e. how it links with the Local Industrial Strategies and with Covid-19 recovery efforts, so that the LEPs can understand how to use it.
  - The TriLEP energy strategy developed by Siemens projected a figure of £84bn, so if that is the scale of the challenge, should the amount set out in the report go beyond the pipeline and ask for more?
  - MN clarified that the £90m figure set out in the sustainability report was revenue funding and was based on the three-year timeline of the Energy Hubs and what it was practically feasible to deliver with that timescale.
- GS advised that the report would be reviewed by analysts at BEIS, but the subsequent next steps and timetable were dependent on the spending review. Further information would be shared when available.

## 8. Forward Plan

- The latest version of the GSEEH Board's Forward Plan was provided to the Board with the GSEEH Board Papers 02.06.20 in advance of the meeting.
- MN highlighted that in view of the Covid-19 situation, the Forward Plan is now orientated to look at key business as required. The Accountable Body transfer will be discussed at the next Board meeting (14.06.20).
- MN provided the following clarifications in response to questions from the Board:
  - The workshop scheduled for September 2020, the purpose of which was to plan workshops in the region, may not be a priority and was put on the Forward Plan some time ago.
  - The review of the GSEEH Terms of Reference (ToR) scheduled for September 2020 had also been placed on the Forward Plan a long time ago. The review is to be undertaken annually, but since the ToR were only signed off in January 2020, this could be rescheduled.
- The Board gave the following feedback:
  - It would be useful to conduct a stock-check on Covid-19 impacts, whether the Energy Hub is on track, what mitigation might be necessary, any new impacts to manage, and what effect the 'new normal' might be having the project pipeline and any changing emphasis on project types or activities.

**ACTION 11.** MN to add Covid-19 impacts stock-check to the Board's Forward Plan for September or October 2020 meetings.

- In addition, any positive impacts or opportunities arising from the Covid-19 crisis should be considered. This would be helpful, for example, to input to the LEP evidence base for the foundations of productivity. Some of the LEP Local Industrial Strategies are being reviewed as a result of Covid-19 and it would be helpful for the Energy Hub to advocate a clean recovery.

**ACTION 12.** MN to raise the consideration of positive impacts or opportunities arising from the Covid-19 crisis with the Regional Energy Hubs at their next meeting, and to feedback to the Board any insight that the LEPs could use.

**9. Risk Register**

- The latest version of the GSEEH Risk Register was provided to the Board with the GSEEH Board Papers 02.06.20 in advance of the meeting.
- There were no questions from the Board on the risk register.

**10. Any Other Business**

- There was no other business raised.

**11. Dates of Future Meetings**

**BOARD DECISION:** The next GSEEH Board meeting, 14 July 2020, is to take place virtually using the Microsoft Teams software facility. As already advised by email, subsequent Board meeting dates for 2020 are:

- 14 July (Virtual meeting via Microsoft Teams)
- 4 September (London – Venue/format TBC)
- 20 October (London - Venue/format TBC)
- 1 December (London – Venue/format TBC)

<b>Minutes approved by Board Chair, Ed Barlow (Buckinghamshire County Council) - Buckinghamshire Local Enterprise Partnership, as a true and accurate record.</b>	
<b>SIGNATURE</b>	<b>DATE</b>