West Midlands Combined Authority

This Change Request Form is required when the tolerances that were set out in the approved Business Case are or will be breached. These include changes to Time, Cost and Scope.

# Change Request Form

The Change Control Process should be initiated by the Project Team in the following circumstances:

- There is a cost implication that cannot be managed within the existing contingency budget and results in the requirement of 10% or more of the originally approved budget
- There is movement of over 10% of total project/programme timings (measured in months) which impacts key milestones, the project start/end date and any associated dependencies
- The scope of the project/programme has changed and the outputs, outcomes and benefits which were approved have been impacted (if an output is to be changed, this is also known as a material change)

## Business Energy Assessment Service 2025-2026

***Appraised by Ana Stas***

## Details of Decision Outcome

**Forum / Decision Maker: Investment Panel / Investment Board**

**Date of Decision: 17/02/2025 / 21/02/2025**

**Outcome of Decision: TBC**

**Conditions / AOB: TBC**

# Change Request Form

Single Assurance Framework

## 1 CHANGE REQUEST DETAIL — VERSION 4.3

CHANGE SUMMARY

| VERSION CONTROL | | | |
|---|---|---|---|
| **Version:** | **6** | **Date:** | **24/02/2025** |
| **Change Prepared by:** | **Jamie Elliott** | **Job Title:** | **Delivery Manager Business Programmes** |

| | |
|---|---|
| **Organisation (if WMCA external):** | |
| **WMCA Project Code:** | |
| **This Change Request is seeking additional WMCA funding of:** | £14,000,000 from DESNZ<br>£5,450,000 from Trailblazer Devolution Deal (TDD) Capital (subsequently substituted for Investment Programme funding) |
| **This Change Request is seeking a time extension of:** | 12 months |
| **This Change Request is seeking the following change to the scope:** | |

**STAKEHOLDER INVOLVEMENT**

Please provide the names and level of input of the stakeholders listed below.

| | Role | Name | Input | Date |
|---|---|---|---|---|
| **Mandatory** | **Senior Responsible Owner (SRO):** | **Paul Edwards** | **Provided feedback that was incorporated** | |
| | **WMCA Executive Director:** | **Ed Cox** | **Consented** | |
| | **Finance Lead:** ***(if WMCA internal complete Section 4)*** | **Phil Cole** | **Provided feedback that was incorporated** | |
| | **Legal Representative:** ***(if WMCA internal complete Section 4)*** | **Roger Owen** | **Reviewed** | |
| | **Procurement Lead:** | **Bhupinder Chadha** | **Provided feedback that was incorporated** | |

## 2 BASELINE ASSESSMENT, CHANGE REQUEST DESCRIPTION AND RATIONALE

### 2A WHICH BUSINESS CASE STAGE IS THIS CHANGE AGAINST? (SELECT ONE OPTION IN THE DROP-DOWN LIST)

**Full Business Case (FBC)**

## 2B ROOT CAUSE

Determine **one** root cause of this change request i.e.  the source of the change requirement from the list below:

| ***Table 1*** | | |
|---|---|---|
| **Root Cause Categories** | | **Tick if Applicable** |
| **Political** | This is due to the need for WMCA to demonstrate to Central Government that WMCA is working towards its Strategies and Polices i.e., Strategic Economic Plan (SEP) | ☐ |
| **Governance** | WMCA must spend in accordance with agreed terms and conditions and abide by public sector procurement requirements and devolved funding assurance frameworks as approved by Central Government | ☐ |
| **Reputational** | There is a high chance of repercussion for organisations' reputation due to the potential of it leading to destruction of trust and relations | ☐ |
| **Operations** | Disruption to delivery of key business functions that support wider business operations | ☐ |
| **Delivery** | Impact on delivery and performance against delivery commitments in the area | ☐ |
| **Economic** | Uncertainty with external factors such as inflation and interest rates | ☐ |
| **Financial** | Seeking safe delivery options with little residual financial loss only if it could yield upside opportunities. | ☐ |
| **Opportunity** | The ability to deliver more outputs, outcomes, and benefits | ☒ |

## 2C CHANGE DESCRIPTION AND RATIONALE (MAX 500 WORDS)

In April 2022, the British Energy Security Strategy (BESS), committed to establishing a dedicated energy advice offering for smaller businesses to provide trusted advice on improving energy efficiency (EE) and decarbonisation, in line with **HMG's Net Zero ambitions**. Further, the need to reduce energy demand in the commercial and industrial sectors has only been made more prominent since the **substantial rise in the cost of energy**, due to supply chain disruption and the War in Ukraine. The Department for Energy Security and Net Zero (DESNZ) already offers strong support for energy efficiency to business and industry, including the Industrial Energy Transformation Fund, offering grant support starting at £100k, and is currently working on developing a Digital Energy Advice Service, to ensure information barriers to energy demand reduction are addressed. However, **there is currently no dedicated England-wide service for offering assessments and financial support to SMEs, or a clear way of analysing local programmes holistically.** Further, the Department does not currently have enough evidence around the barriers facing SMEs to support a dedicated nationwide service or more developed offer immediately.

The Pilot BEAS which has been running since September 2023 is gathering data to help support longer term policy making while also encouraging energy demand reduction among SMEs in the ITL1 Region of the West Midlands in the shorter term. This Change request is for the West Midlands Combined Authority (WMCA) to be the accountable body for an extension of the Pilot Business Energy Advice Service (Pilot BEAS) by an additional £14m from DESNZ for a further 12 months in the financial year 2025/2026. This is new funding, the original budgets set out in the attached business case will not be changed. This change request is also to extend the programme for a further 12 months. The current delivery partners will be kept and there will be no change to scope of the programme. The lessons learnt from the programme so far will be implemented to ensure a smoother delivery of the programme (see attached Lessons Learnt Log). The most substantial change will be the implementation of a digital Delivery Portal which all delivery partners can use. This portal will reduce significantly the amount of time used to process the data, create the assessment reports and collate the data generated.

The WMCA was chosen by DESNZ to run the original BEAS pilot and has been doing so since October 2023. The programme is fully underway and if the additional funding is not approved the project will cease with the following impact:

- There will be political repercussions in the relationship between DESNZ and the WMCA
- The WMCA will be required to find funding to support its Net Zero ambitions from other sources such as the Integrated Settlement reducing significantly other business support programmes.
- There will be a delay in providing support to businesses in the region, potentially by several months.

The benefits of accepting this change and the additional funding are:

- The region will be the exemplar for how this type of support can be provided on a large scale.
- The funding may be incorporated into the IS.
- A significant number of businesses within the West Midlands will have free assessments and have access to over £14m in grant funding to improve their energy costs.

## 3 IMPACT ASSESSMENT

Complete the following sections to determine the impact of this Change Request, if a section is deemed not applicable, briefly explain **why**.

### 3A COST IMPACT (£)

This is new funding, the original budgets set out in the attached business case will not be changed. The BEAS programme is expected to receive a further £14m (TBC) from DESNZ (RDEL £4m and CDEL £10m) confirmation of this funding is expected at the end of January/ early February. DESNZ are completing an internal business case for the funding, but we have a high level of confidence that the funding will be forthcoming.

Because of the delay in confirmation of the BEAS funding it is NOT currently part of the Integrated Settlement.

An additional £4.45m of CDEL and £1m RDEL is requested to come from the underspend of £10.5m in CDEL funds included in the Trailblazer Devolution Deal, but which will be in effect drawn from WMCA's Investment Programme. The current programme is forecasting to spend £2.6m, leaving £7.9 CDEL available to be carried forward into 2025/26 as part of this change request. The original funding was originally from DLUHC and had flexibility included, with the following change agreed at April 2024 Investment Board:

*3.5 WMCA Investment Board are advised to note that in February 2024, DLUHC formally confirmed that WMCA would receive a flexible capital grant allocation of £20.0m for the FY23-24 financial year (a further £5m is expected to follow in FY24-25). This funding was awarded after WMCA submitted four business cases to DLUHC for the Smart City Region, Business Energy Advice Service, Air Quality and Culture Infrastructure programmes.*

*3.6 WMCA have agreed with DLUHC that this funding can be used flexibly in conjunction with funding awarded from the Investment Programme, so that funding with more restrictive availability periods can be utilised in advance of funding with more flexible availability periods. This allows the investment potential across the region from the funding available to WMCA to be maximised.*

*3.7 This is considered to be a technical accounting matter, and the adjustments referred to above have a neutral impact on the Investment Programme affordable limit and the wider plans for WMCA capital investment. There are no changes to any outputs or gross costs of projects within the Investment programme.*

Although all partners are currently delivering the current programme up to the end of March 2025 should this funding be delayed either by the WMCA or DESNZ there will be implications with all of our delivery partners who are planning to mobilise their delivery from April onwards at risk. If no funding is forthcoming the WMCA will need to reassess all of its regional delivery programmes to accommodate some of the Net Zero support that BEAS is providing. The £4m RDEL funding will be used to pay for energy efficiency assessments and the management of the delivery of those assessments by our delivery partners.

The original cost of both a standard and energy intensive audit was determined using the current market rate when the project was first developed.

In the original business case two type of assessment were to be delivered, Standard and Energy Intensive. The cost of delivery of each type of assessment differed, Standard Assessments were charged at £1,250 and Energy Intensive Assessments at an average of £7,570 (made up from Assessments at £5,434 and £9,840 depending on level of engagement). The table below shows what was originally proposed, what is forecasted to be delivered by the end of March 2025 and what is being proposed for the continuation of the programme.

| Business Case | Assessment Number | Assessment Type | Budget Allocated | Cost Per Assessment |
|---|---|---|---|---|
| **Original BEAS Business Case 2023-2025** | 1,830 | Standard | £2,287,500 | £1,250 |
| | 330 | Energy Intensive | £2,498,108 | £7,570 |
| **Actual Delivery 2023-2025** | 920 | Standard | £1,121,964 | £1,220 |
| | 156 | Energy Intensive | £1,330,494 | £8,529 |
| **Proposed Extension 2025-2026** | 1,175 | Standard | £1,292,500 | £1,100 |
| | 160 | Energy Intensive | £1,360,000 | 8,500 |

It is worth noting that the original business case mentions 4,000 assessments, however only ~2,000 of these were expected to be paid for by BEAS the other ~2,000 was to come from the UKSPF funded activity. The BEAS programme was collating the data but not paying for all of it.

On advice from DESNZ the costs for a Standard Assessment have been reduced by £100 and the costs for an Energy Intensive Assessment have been set at £8,500.

As this is a continuation of a programme in delivery the normal ramp up time lag and costs associated will not be encountered achieving further value for money.

The attached finance sheet is indicative of the current spend profile.  We are currently awaiting confirmation from the funder DESNZ that the programme management costs for the delivery of the grants can be taken from the CDEL budget.

If the CDEL cannot be used in this way the level of delivery will need to change as the RDEL budget will need to pay for management of the grant delivery.

**Financial Summary**

| Funding Source | CDEL | RDEL | Secured/ Unsecured |
|---|---|---|---|
| DESNZ | £10,000,000 | £4,000,000 | Unsecured (confirmation due 1st Week Feb) |

| | | | |
|---|---|---|---|
| WMCA | £4,450,000 | £1,000,000 | Unsecured (Confirmation requested from Investment Board |

**Lessons Learnt**

There was a delay in the initial contracting of the BEAS programme which meant that the mobilisation period was longer, this impacted delivery and the flow of finances through the programme. This was compounded by the release of DESNZ funding for only the first 5 months of the programme which meant contract variations were required and created levels of uncertainty within the delivery partners.

These problems led to under delivery and a reduced spend profile. In the new programme the funding will have no break clauses and this all delivery partners will know what funding is available for the full year of delivery. Also delivery is underway and stable, a smooth transition from one programme to another will ensure a more accurate spend profile.

**Value For Money**

The value for money calculations are the same as those submitted in the original business case, prorated for the new funding available. The value businesses receive remains the same, an energy assessment which provides recommendations for the reduction of business energy usage.

## 3B TIME IMPACT

This funding is to continue the existing BEAS programme for a further 12 months beginning on the 1st April 2025. It is therefore imperative that this change request is processed and that the Investment Board approves the funding to ensure contract variations can be issued to the delivery partners in good time for the programme to start without a delay in the continuity of the programme.

- Reporting from Delivery Partners is monthly using an online portal
- Reporting to DESNZ is also monthly and quarterly
- Updated delivery schedule attached.

The reporting of data from this programme has had several issues as a robust database system was not developed to the correct specification by Digital and Data. In the upcoming programme a digital portal will be used to streamline the collection of data, reporting and development of assessments for business. This will significantly reduce the admin burden and reporting time for the programme.

## 3C SCOPE IMPACT

The scope of the programme has not changed.

**Objectives:**

The original programme was seeking to drive an increase in regional Energy Productivity within the West Midlands ITL1 area. The programmes objective was to reduce energy input required as % of regional GVA and in addition increase in productivity from new investment in new processes. The programme sought to create:

- 4000 energy efficiency audits which provide significant data inform future policy (~2000 directly from BEAS funding)
- Increase in regional Energy Productivity by reducing energy input required as % of regional GVA
- Increase in productivity from new investment in new processes
- Supply chain energy resilience
- Protection of skilled jobs

These objectives remain the same however the number of assessments is expected to be circa 1445.

## 3D DEPENDENCIES IMPACT

Delivery of this programme is dependent on two funding streams:

  - DESNZ will be providing REDL £4m in resource funding for the Energy Efficiency Assessment and Roadmaps and £10m grant funding
  - The WMCA will be providing CDEL £4.45m and £1m RDEL grant funding through the Investment Programme.
- The delivery is in the ITL1 region of the West Midlands and aimed all businesses.
- Delivery for this continuation of funding is from 01/04/2025 to 31/03/2026
- An updated delivery plan will be provided to DESNZ (as requested) which incorporates changes based on lessons learnt and new outputs.
- In the first programme the BEAS funding ran alongside the UKSPF funding of a variety of sub regional programmes delivering energy assessments. This will no longer be the case with all partners using the BEAS programme to deliver this support.

## 3E STAKEHOLDER IMPACTS AND STRATEGY CHANGE IMPACTS

A revised Communications and Engagement document is attached as an appendix. All stakeholders will engage with the new Delivery Portal which will allow registrations to be sent to all delivery partners, data to collected against each business and reports to be issued.

## 3F OUTPUTS, OUTCOMES AND BENEFIT IMPACTS

| *Table 2* | | |
|---|---|---|
| **Previously Approved Outputs** | **Change to Outputs (+/-)** | **Planned delivery and measurement** |
| Standard Audits | +1,175 | Delivery Partners |
| Energy Intensive Audits | +160 | Delivery Partners |
| Grants | +£14.45m | Delivery Partners |

| Partner | Standard Audit | Energy Intensive Audit | TOTAL |
|---|---|---|---|
| **WMCA** | 735 | 160 | **895** |
| **Worcestershire and Marches** | 170 | 0 | **170** |
| **Warwickshire** | 125 | 0 | **125** |
| **Stoke and Staffordshire** | 145 | 0 | **145** |
| **TOTAL** | **1175** | **160** | **1335** |

| *Table 3* | | |
|---|---|---|
| **Previously Approved Outcomes** | **Change to Outcomes (+/-)** | **Planned delivery and measurement** |
| Costless behavioural change driven by more informed management. | N/A | Measured by DESNZ through business survey |
| SMEs implement energy efficiency improvements using BEAS grant subsidy | N/A | Measured by DESNZ through business survey |
| Firms identifying cost effective commercial investments themselves. | N/A | Measured by DESNZ through business survey |
| DESNZ receives a sufficiently large volume of rich, consistently formatted data on energy efficiency potential – and propensity to act on it – among SMEs for the first time. | N/A | Measured by DESNZ through business survey |
| Firms able to retain and recruit more skilled labour | N/A | Measured by DESNZ through business survey |

### Monoitoring and Evaluation

The ongoing monitoring and quality assurance will be provided as before by an Assistant Delivery Manager supported by a Project Manager in the SENZ directorate reporting to the Delivery Manager: Business Programmes. The ADM will be following the M&E reporting process on a monthly basis and updating regularly and highlighting any issues with delivery.

The monitoring and evaluation will be supported by the use of a new digital portal which will capture all data.

The DESNZ will be evaluating this pilot and providing the post pilot delivery evaluation alongside data follow up with participating businesses.

## 3G RISK IMPACT

*(UNCERTAIN EVENT(S) THAT SHOULD THEY OCCUR WILL HAVE AN EFFECT ON THE ACHIEVEMENT OF OBJECTIVES)*

Risks identified in the attached Risk Register

The main risks remain as delays in decision making or the release of funding. In the previous programme delays in funding have significantly affected the speed of contracting and adversely affected the ability of delivery partners to mobilise and deliver. As the programme is underway there is momentum in place, any delays will affect that momentum.

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| Delayed or Reduced Funding from DESNZ | DESNZ have verbally confirmed that £14m (£4m RDEL and £10m CDEL is available for another year of BEAS. However no S31 has yet been received | Lack of funding will mean the cancelling of the whole programme | While we have verbal confirmation with DESNZ we are working very closley with them to ensure the funding is forthcoming. | 2 | 5 | 10 | 5 |
| Delayed Start Date | WMCA change request and Investment Panel approval is not achieved within the timescales proposed. | Project start delays and reduced delivery of outputs. | Currently working towards an April start. Regular discussions with DESNZ to ensure all information is provided and funding secured. | 3 | 5 | 15 | 8 |

## 3H ISSUE IMPACT

*(EVENT(S) THAT HAVE OCCURRED WHICH WERE NOT PLANNED AND REQUIRE MANAGEMENT ACTION)*

The main issue with this programme to date has been the data delivery, multiple delivery partners collect their data in different ways which is then shared in an excel format to the WMCA. This method has caused issues in data quality and delays in data reporting. This was supposed to have been mitigated by the creation of a database by digital and data but what was created was not fit for purpose. To Date an Access database is being used but this is not stable enough for what is required going forward. In the now programme a dedicated portal will be used for the entry of data accessible by all.

## 3I PROCUREMENT IMPACT

All delivery will be provided by existing delivery partners through contract variations.

While all the targets have not been realised in the original programme this has been due in the main to the delays in funding of the programme highlighted above. During the programme there were concerns over the delivery of the major delivery partner Aston University. This was due mostly to a slow mobilisation period. However very close monitoring was implemented and Aston has now got all staff and systems in place, their delivery is now on track and is exceeding the agreed outputs.

Grant delivery partners have had concerns over the time taken for grants to be delivered and have been closely monitored. All delivery has been reported to DESNZ and mitigating actions have been agreed.

## 4 STAKEHOLDER INVOLVEMENT

Statements are needed from the stakeholders below as mandatory. Note, if you are WMCA external, these comments will be gathered by the WMCA upon submission.

| **WMCA Finance Business Partner Name:** | Phil Cole |
|---|---|
| Observations and Finance Statement:<br><br>The change requesting approval to<br>• Extend the BEAS programme for another 12 months to 31st March 2025<br>• To approve funding of £19m for which £14m is from DESNZ and £5.45m is from WMCA Investment Programme (IP) generated by underspend of circa £7.9m on the existing funding from 2023-25 delivery. Note neither the DESNZ or WMCA funding is confirmed.<br>• Extend the existing contracts with delivery providers, to ensure no gap in delivery<br><br>The contract extensions or any funding commitments cannot be made until both the DESNZ and WMCA IP funding is confirmed.<br><br>Note there is a request with DESNZ as part of the business case submission to allow the programme management costs for the delivery of the capital grants to be taken from the CDEL budget. This is a request of finance to ensure this is allowable expenditure and avoid delivery impact.<br><br>In terms of outputs and cost per site, when comparing the budgets of both phases, the Audit Cost per Site has gone down only for the Standard Audits (from £1,250 to £1,100), while for Energy Intensive Audits it has increased (from £6,000 to £8,000 per site).<br><br>The main risk to delivery is a delay in securing the funding, which will mean the partners won't be able to continue delivery post March 2025. | |

| |
|---|
| Note should the funding from not come forward or is rejected then the whole programme will not continue, and the Investment Programme funding will not be required. |

| **WMCA Legal Representative Name:** | Roger Owen |
|---|---|
| Observations and Legal Statement:<br><br>Legal will continue to support the BESS program and will support with any legal agreements arising from this further extension. | |

## 5 APPRAISAL RECOMMENDATION & COMMENTARY– INTERNAL USE ONLY TO BE COMPLETED BY WMCA APPRAISAL ONLY

| **Change Reference Number:** | CR158 |
|---|---|
| **Appraisal Change Level:** | Level 3 |

**Appraisal Recommendation:**

Based on an independent assessment of the risks and opportunities associated with this change request, **the Appraisal recommendation is to approve the change request, with the following proposed conditions** to be met before any funds are released to the project:

1. Should DESNZ not agree to the project’s request to fund programme management costs for the delivery of the grants from the capital allocation, the project will submit a SAF Change Request to reprofile de spend and scope accordingly.

**RISK PROFILE:**

**Value for Money:** The social value and value for money of the BEAS programme and the extension that is subject to this change request rely on the use of GVA, which is not compatible with Green Book methodology. As a result, there is uncertainty over the true social value of the programme.

**Unsecured DESNZ funding (£14m):** Funding from DESNZ had not been secured at the time of writing. There is high confidence on the project’s part that the funding will be secured. Should this not happen, the £5m of funding from MHCLG as part of the Devolution Deal will be in jeopardy as well, as it is linked to a short list of projects, of which this project is part. Furthermore, a delay in securing the funding, which will mean the partners will not be able to continue delivery post March 2025.

**Programme management costs for grant delivery:** The project is waiting for confirmation from the DESNZ that the programme management costs for the delivery of the grants can be taken from the Capital budget. From the budget it appears these costs have been considered as being funded from DESNZ Capital allocation. Should DESNZ not agree to the project's request to fund programme management costs for the delivery of the grants from the capital allocation the envisaged outputs and outcomes will not be delivered.

**Procurement:** Procurement advice has confirmed that all delivery partners can be awarded direct awards without the need for an open tender process this approach has been used due to the tight time frames.

**KEY OPPORTUNITIES:**

- This programme brings additional funding into WMCA, aligned to strategic priorities.
- The programme contributes to reducing energy use, aligned to #WM2041.

**Inclusive Growth**

There are no specific Inclusive Growth measures, but reducing energy use is a key element of the West Midlands Inclusive Growth principles.

**#WM2041 Net Zero**

This business case will contribute towards #WM2041 by enabling and encouraging businesses to reduce their energy use and move to more efficient uses of energy.

## Appraisal Commentary:

### Appraisal Queries Raised:

*Table 4*

| Change Form Section / Reference | Query Raised | Project Response |
|---|---|---|
| **Section 2C Change description and rationale**<br><br>Information and Governance Risks | **1. Scope Change:**<br><br>On page 4 it is mentioned that *'It is expected that the current delivery partners will be kept and there will be no substantial change to scope of the programme.'*<br><br>This appears to suggest that the scope of the 1 year extension has not been firmed up with DESNZ. Please advise if this is the case and explain what changes to the scope can be expected.<br><br>**2. Lessons Learned:** | Additional commentary added to change request.<br><br>Lessons Learnt Log added. |

| | | |
|---|---|---|
| | Please provide the Lessons Learned Log for the current BEAS project.<br><br>After reviewing the project response, **this risk has been closed.** | |
| **Section 3A Cost Impact**<br><br>Financial and Reputational Risks | **Unsecured DESNZ funding:**<br><br>It is stated that the DESNZ funding is not yet secured. Please clarify:<br>a) Should the funds be delayed, what will the impact be on the project and is there a plan to mitigate this risk? Are partners willing to spend at risk? What impact will this have on the £5.5m IP capital funding underspend? The risk should also be added to the Risk Register.<br>b) Is this funding part of the Integrated Settlement allocation for the 2025-2026 financial year?<br><br>After reviewing the project's response, **there is a risk that funding may not be secured, or not secured in time, leading to reputational and delivery issues.** Should DESNZ funding not be secured, the £5m of funding from MHCLG as part of the Devolution Deal will be in jeopardy as well, as it is linked to a short list of projects, of which this project is part. | Additional commentary added to change request. |
| **Section 3A Cost Impact**<br><br>Financial and Reputational Risks | **WMCA funding:**<br><br>On page 5 it is mentioned that '*An additional £5.5m of CDEL is requested to come from the underspend of £10.5m in CDEL funds received from DLUHC under the Trailblazer devolution deal for BEAS grants which has yet to be committed.'* In the Change Summary table it is mentioned that the £5.5m are from IP CAP underspend. Please clarify:<br><br>a) Has this amount been reviewed by the Finance Lead? Can they confirm the amount is accurate and available to the project?<br>b) Are the funds part of the WMCA's Investment Programme?<br><br>Please include confirmation or further explanations either in this section or in *Section 4 Stakeholder Involvement.*<br><br>After reviewing WMCA Finance comments, **this risk has been closed.** It should be noted that while this funding is secure, it has been awarded against a short list of projects and must be spent exclusively on those agreed projects. | Additional commentary added to change request. |
| **Section 3A Cost Impact** | **Audit Cost per Site:**<br><br>It is stated that '*On advice from DESNZ these costs [of a standard and energy intensive audit] have been slightly* | Additional commentary added to change request. |

| | | |
|---|---|---|
| Information and Governance Risks | *reduced which will ultimately provide an increased value for money.'*<br><br>However, from comparing the budgets of both phases, it appears that the Audit Cost per Site has gone down only for the Standard Audits (from £1,250 to £1,000), while for Energy Intensive Audits it has increased (from £6,000 to £8,000 per site).<br><br>Also, the original BEAS pilot project aimed to deliver 4,000 energy assessments/audits over 2 years with a budget of approx. £5.9m, which translates to approx. £1,475 per audit. The second iteration of the project (detailed in this change request) aims to deliver either 1,050 or 1,280 energy assessments/audits (see comment above re Section 3F Outputs) over 1 year, with a budget of £4m which translates to an average of between £3,125-3,809 per energy audit.<br><br>a) Please include in this section the original and new expected cost of both a standard and intensive energy audit.<br>b) Also, include more detail to explain the evolution of the audit costs or correct discrepancies, as appropriate, ensuring the figures align with *Appendix 250113 BEAS 2.0 Costs*.<br><br>After reviewing the project's responses, **this risk has been closed.** | |
| **Section 3A Cost Impact**<br><br>Reputational, Financial and Delivery Risks | **Changes to cost sheet/budget:**<br><br>Further down in the section it is mentioned that *'The attached finance sheet is indicative of the current spend profile but may well change once confirmation of funding is given.'*<br><br>Please add more detail to explain why this may change after funding is confirmed, whether there is any indication as to what level of variation can be expected and whether this has been pre-empted in any way by including a cost/time/scope contingency or not.<br><br>After reviewing the project's responses, **this risk has been closed.** This is the same as the risk around DESNZ not accepting that programme management costs for delivery of grants can be taken out of the capital allocation (see risk above). | Additional commentary added to change request. |
| **Section 3A Cost Impact**<br><br>Information Risk | **Financial Summary:** include a summary of the funding by funding source, funding type (revenue/capital) and status of funds (secure/unsecured).<br><br>After reviewing the project's responses, **this risk has been closed.** | Additional commentary added to change request. |

| | | |
|---|---|---|
| **Section 3A Cost Impact**<br><br>Governance and information Risks | **Lessons Learned:** include more detail on what lessons learned have been taken into consideration when developing the cost sheet/budget for the next year of delivery.<br><br>After reviewing the project's responses, **this risk has been closed.** | Additional commentary added to change request. |
| **Section 3A Cost Impact**<br><br>Governance and Economic Risks | **Value for Money:** include detail on the impact of the overall Value for Money (VfM) of the project.<br><br>After reviewing the project response**, there is a risk that the extension's VfM may not be satisfactory,** as it is based on the initial project's VfM which, in turn, relied significantly on GVA. | Additional commentary added to change request. |
| **Section 3A Cost Impact**<br><br>Political and Reputational Risks | **Unspent MHCLG capital allocation for grants**<br><br>It is understood that the DLUHC CDEL allocation for grants for the BEAS Pilot has not been spent in its entirety, with £10.5m left, of which £7.9m available after the current project finalises its spending. The CR wants to draw down £5m of that.<br><br>a) Why only £5m and not the entire remaining balance?<br>b) What will happen with the remainder of the funding, will we lose it, or can this be accessed later?<br>c) What were the reasons for the original underspend (lack of interest/uptake from businesses, lack of staff to deliver, delays, etc.) and what changes have been made to the delivery plan for the extension to mitigate the issues?<br>d) What is the total value of grants that have been awarded during the current BEAS project?<br><br>After reviewing the project response, **there is a risk that the exiting balance of MHCLG capital allocation for grant delivery (£7.9m) will not be spent in full in the next financial year.** It is unclear what impact this will have. | a) We feel that with only a 1 year extension £5.45m is the largest amount we can spend in the timeframe. This is also in addition to the £4.55m from DESNZ in grants.<br>b) I understand that the remaining funding is now part of the Investment Portfolio and can be used for other capital activities.<br>c) The £10.5m was provided alongside UKSPF grant funding across the region so it was "competing" against that funding for spend. In addition the BEAS grant funding could not be spent on renewable energy projects which meant a lot of grant applications used the other grant funding first. This time we are able to use the DESNZ grant funding for renewable projects and there are no competing grant pots.<br>d) To date £1m has been spent with a further £1.6 due this qtr |
| **Section 3A Cost Impact**<br><br>Financial and Delivery Risks | **Programme management costs for grant delivery**<br><br>There is mention that the project is waiting for confirmation from the DESNZ that the programme management costs for the delivery of the grants can be taken from the CDEL budget. From the budget it appears these costs have been considered as being funded from DESNZ CDEL allocation.<br>c) What level of confidence do you have that this request will be approved?<br>d) Should DESNZ not agree for these costs to be covered by the CDEL allocation, what will | a) We have a high level of confidence that this will be allowed. Without it it would seriously affect the delivery of audits.<br>b) If the CDEL funding can't be used as requested we would be delivering half the proposed number of assessments to businesses, this then reduces the number of businesses applying for |

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| | the impact on the project be (e.g. reduction in outputs, etc.)?<br>e) Are there any mitigating actions that can be taken to reduce the risk?<br>f) Please add this risk to the Risk Register.<br><br>After reviewing the project response, **there is a risk that that DESNZ will not agree to the project's request to fund programme management costs for the delivery of the grants from the capital allocation, with a strong impact on the outputs and outcomes of the project.** | grants and thus the effect is knocked on.<br>c) Not really, this decision is up to DESNZ accountants. We have discussed internally and informed DESNZ that if they say yes then we can spend the money as described but without their say so we are limited.<br>d) Done and attached. |
| **Section 3B Time Impact**<br><br>Information, Delivery and Governance Risks | **1. Delivery Schedule:** Include major delivery milestones in this section and provide the revised Project/Programme Schedule as an appendix. Ensure the delivery plan aligns with the Benefits Realisation Plan.<br><br>**2. Lessons learned:** Please explain what lessons learned have been taken from the past two years of delivery to ensure timely delivery over the next year.<br>After reviewing the project's responses, **this risk has been closed.** | New Project Schedule attached<br><br>Additional commentary added to change request. |
| **Section 3C Scope Impact**<br><br>Information Risk | Please reiterate the objectives of the project in this section. Decision-makers will not be aware of the original objectives.<br><br>After reviewing the project's responses, **this risk has been closed.** | Objectives added |
| **Section 3D Dependencies**<br><br>Information Risk | Please add more to detail to explain which of the original dependencies and constraints are still in place for this new phase of the project, e.g.,<br>- geography and business type mix constraints,<br>- delivery/spend deadlines,<br>- requirement for a business plan from DESNZ,<br>- dependencies with other existing/future energy efficiency projects in the area (please refer to the list from *Section 1.4 Dependencies* of the BEAS Full Business case).<br>- etc.<br><br>After reviewing the project's responses, **this risk has been closed.** | Additional commentary added to change request. |
| **Section 3E Stakeholder Impacts and Strategy Change Impacts**<br><br>Information Risk | Please complete the section or explain why it is not applicable.<br><br>Include any lessons learned from delivery that have/will be used to inform stakeholder management in the future.<br><br>After reviewing the project's responses, **this risk has been closed.** | Additional commentary added to change request. |
| **Section 3F Outputs,** | **Outputs:** *Appendix 2 Benefits Realisation Plan and Register* states the project will deliver 1,050 energy audits, while *Appendix 250113 BEAS 2.0 Costs* appears to | Additional commentary added to change request. Benefits relisation plan updated. |

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| **Outcomes and Benefit Impacts**<br><br>Information and Governance Risks | budget for 1,280 energy audits and Table 2 shows 1,200+ audits as the target. Please review the above and correct any discrepancies.<br><br>After reviewing the project's responses, **this risk has been closed.** | |
| **Section 3F Outputs, Outcomes and Benefit Impacts**<br><br>Reputational, Governance and Information Risks | **Duplication of outputs reporting or funding:** In the past there have been queries raised around duplication of outputs reporting, i.e., the same output would be reported to two separate funders leading to double funding (from DESNZ/DLUHC and UKSPF) for the same output. Please explain how this will be avoided in the future.<br><br>After reviewing the project's responses, **this risk has been closed.** | There has never been any duplication of reporting.<br>The original BEAS programme ran alongside the UKSPF funded programme which also provided energy assessments. There was no double counting, however the data from the UKSPF programme was added to the BEAS data and given to government.<br><br>Going forward there will only be one programme (BEAS) and therefore there will not be any confusion. |
| **Section 3F Outputs, Outcomes and Benefit Impacts**<br><br>Information and Governance Risks | **Tables 2 and 3: Outputs & Outcomes**<br>a) Ensure the information provided here aligns with the Benefits Realisation Plan (e.g., Table 2 does not mention the 50,000+ businesses that will benefit from raised awareness of Net Zero approaches and concepts).<br>b) Please complete the *Change to Outcomes* and *Planned delivery and measurement* columns to show:<br>a. the outcomes that will be delivered over the next delivery year (2025-2026),<br>b. the split by partners for each type of outcome, and<br>c. how will the outcomes be measured and monitored.<br><br>After reviewing the project's responses, **this risk has been closed.** | All outcomes will be measured by DESNZ |
| **Section 3F Outputs, Outcomes and Benefit Impacts**<br><br>Information and Governance Risks | **Monitoring and Evaluation:**<br><br>a) How will M&E be done seeing that the funding sources have changed.<br>b) Explain what M&E requirements will be in place and provide the revised Monitoring & Evaluation Plan.<br><br>After reviewing the project's responses, **this risk has been closed.** | Re the monitoring and evaluation plan, this is a continuation of the current approach and outlined in the project delivery plan. |
| **Section 3F Outputs, Outcomes and Benefit Impacts** | **Online/digital reporting/delivery portal:**<br><br>a) Is the portal developed and ready to use/already being used or is it still in development? | a) There are two portal options, both are owned by Delivery partners and both are operational, Digital and Data |

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| Information, Delivery and Governance Risks | b) Who is paying for the development and maintenance of the portal (e.g., is the cost part of the BEAS Pilot or the extension project budget, is it a WMCA internal cost as D&D are developing it, etc.)?<br><br>After reviewing the project's responses, **this risk has been closed.** | are assessing which is best to use.<br>b) The current BEAS funding will be used to make minor changes to the agreed portal prior to 1st April and new BEAS funding from DESNZ will be used for the Portal costs. |
| **Section 3F Outputs, Outcomes and Benefit Impacts**<br><br>Information and Governance Risks | **Benefits Realization Plan and Register, please update:**<br><br>a) Desired Outputs, Outcomes and Impacts tab: lines 4 and 7, Outputs column: should read 1,420 instead of 1,050.<br>b) Outputs tab:<br>i. Line 3, Output column: it should read 1,420 instead of 1,275.<br>ii. There are less outputs listed on this tab than in the Desired Outputs, Outcomes and Impacts tab and also in Table 2 of the CR. Are there any targets around the number of businesses reached with energy reduction/net zero messaging? Or around what proportion of businesses will implement the audit recommendations (e.g., the ratio of how many businesses have requested and spent a grant to how many businesses have had an energy audit).<br><br>After reviewing the project's responses, **this risk has been closed.** | Benefits Realization Plan and Register updated. |
| **Section 3G Risk Impact**<br><br>Information and Governance Risks | 1. **Key Risks:** Please add the top/key risks from *Appendix 4 Risk Register* to this section, as decision-makers will not be able to see the appendices unless they specifically request them.<br>2. **Risk Register:**<br>a. Were there any additional risks encountered over the past two years of delivery that can be added to the Risk Register.<br>b. Please also reflect in the Risk Register what risks were closed over the past 2 years of delivery.<br>c. Line 5: update the Risk Title when we know what the funding source is and in the *Cause* column correct the amount (£5m, not £5.5m)<br>d. Line 8, *Effect* column: it should read 1,420 audits instead of 1,050.<br>e. Add the risk around DESNZ not agreeing that PM costs for grant delivery can be funded from the DESNZ CDEL budget. | Additional commentary added to change request.<br><br>Key risks added.<br>No<br><br><br>Risk Register updated. |

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| | After reviewing the project's responses, **this risk has been closed.** | |
| **Section 3H Issues Log**<br><br>Information and Governance Risks | Please include in this section the key delivery issues encountered over the last two years, how they have been resolved and what lessons learned have been taken forward to inform delivery over the next financial year.<br><br>After reviewing the project's responses, **this risk has been closed.** | Additional commentary added to change request. |
| **Section 3I Procurement Impact**<br><br>Information and Governance Risks | It is stated that *'all delivery will be provided by existing delivery partners through contract variations*.<br><br>This would suggest partners' performance has been good or very good for the first two years of the project. However, on page 5 there is mention of previously allocated CDEL funding from DLUHC (for grants) that has not been completely spent.<br><br>Please include more detail on partner performance in delivering the outputs and outcomes assigned to them to offer confidence to decision-makers they are performing as expected. If performance is not as expected, please explain why this is the case and what measures have been taken to improve delivery performance and what lessons learned have be taken forward to inform delivery for the 2025-2026 financial year.<br><br>After reviewing the project's responses, **this risk has been closed.** | Additional commentary added to change request. |
| **Section 4 Stakeholder Involvement**<br><br>Information and Governance Risks | Please complete this section with the Finance Lead's observations/conclusions/recommendation.<br><br>After reviewing the project's responses, **this risk has been closed.** | Additional commentary added to change request. |