



March 2025

HUG 2 March Roundtable

- Actions from previous roundtable – Catherine Murphy
- GR support during closure – Kevin Smallwood
- HUG2 closure timeline and processes – Kevin Smallwood
- Extenuating circumstances – Catherine Murphy
- Finance: Payments and clawback – Catherine Murphy
- Capitalisation of costs & internal audit - Catherine Murphy
- Transition to WH: LG questions – Catherine Murphy



Previous roundtable recap

The last roundtable in February covered several key areas including maximising delivery, financial processes, closure processes and timelines and transition into WH:LG.

Action	Update
HUG Team to have 1-1s with specific GRs raising issues regarding benchmarks	Action Complete – relevant meetings have taken place
GRs to received further guidance on the full criteria under the extenuating circumstances process	Information was provided on 20th Feb
GRs to receive communications on how to handle PAS changes	Information was provided on 28th Feb, and further information was provided via learning communities on 05/03.
GRs to receive clarification on batch amendments such as property dropouts	Information was provided on 28th Feb
DESNZ to provide clarification on whether wet central heating systems can be lodged	Information was provided on 28th Feb
Leanne Massey from the Delivery Partner agreed facilitate conversations with GRs on amending batches with cancelled properties	Action complete and guidance on how to complete amendments was shared at the last roundtable.
HUG team to confirm single reporting contact for GRs	Update will be provided today
DESNZ confirmed further clarification will be issued on A&A capitalisation	Information was provided on 28th Feb
DESNZ to review financial year-end considerations regarding costs for GRs beyond March	Update will be provided today
DESNZ to offer clarification to GRs on any internal audit processes they must undertake and whether Section 151 certification is needed	Information was provided on 28th Feb
HUG Team to consult with WH: LG colleagues on implications of transitioning HUG 2 A&A budget to WH: LG	Update to be provided today
2 GRs should identify IMD3 postcode properties from existing batches and complete under HUG2.	Ongoing action for GRs

GR Support for closure

Single reporting contact for GRs:

- All queries should be directed to your SPOC in the first instance as a single point of reporting.
- For questions relating to closure please check the closure section of the HUG Hive. This webpage contains key confirmation relevant to scheme closure and project completion.
- Please continue to use the FAQ process via your SPOC. These will be escalated to DESNZ for a response where relevant.

Home Upgrade Grant (HUG) Hive



HUG closure

This webpage contains key information relevant to scheme closure and project completion.



HUG Hive monthly reporting resources

Find all the monthly reporting resources, templates, documents and answers to your frequently asked questions.



HUG Hive - Automated Batch System (ABS)

The Automated Batch System is a platform for Home Upgrade Grant Phase 2 grant recipients to submit applications for grant funding.



HUG Hive key documents

This is a selection of key documents designed to help you in the final stages of your Home Upgrade Grant Phase 2 (HUG2) projects.



HUG Hive - Lessons learned

Capturing lessons learned is a vital part of the Home Upgrade Grant project closure and an ongoing process throughout the project lifecycle.



HUG Hive - Fraud and error

This fraud hub offers essential tools, templates, and insights to help you proactively manage fraud risks.



HUG Hive grant recipient content and video gallery

This gallery connects you to useful content and videos created to engage with residents, showcase the scheme's impact and highlight innovative efforts.

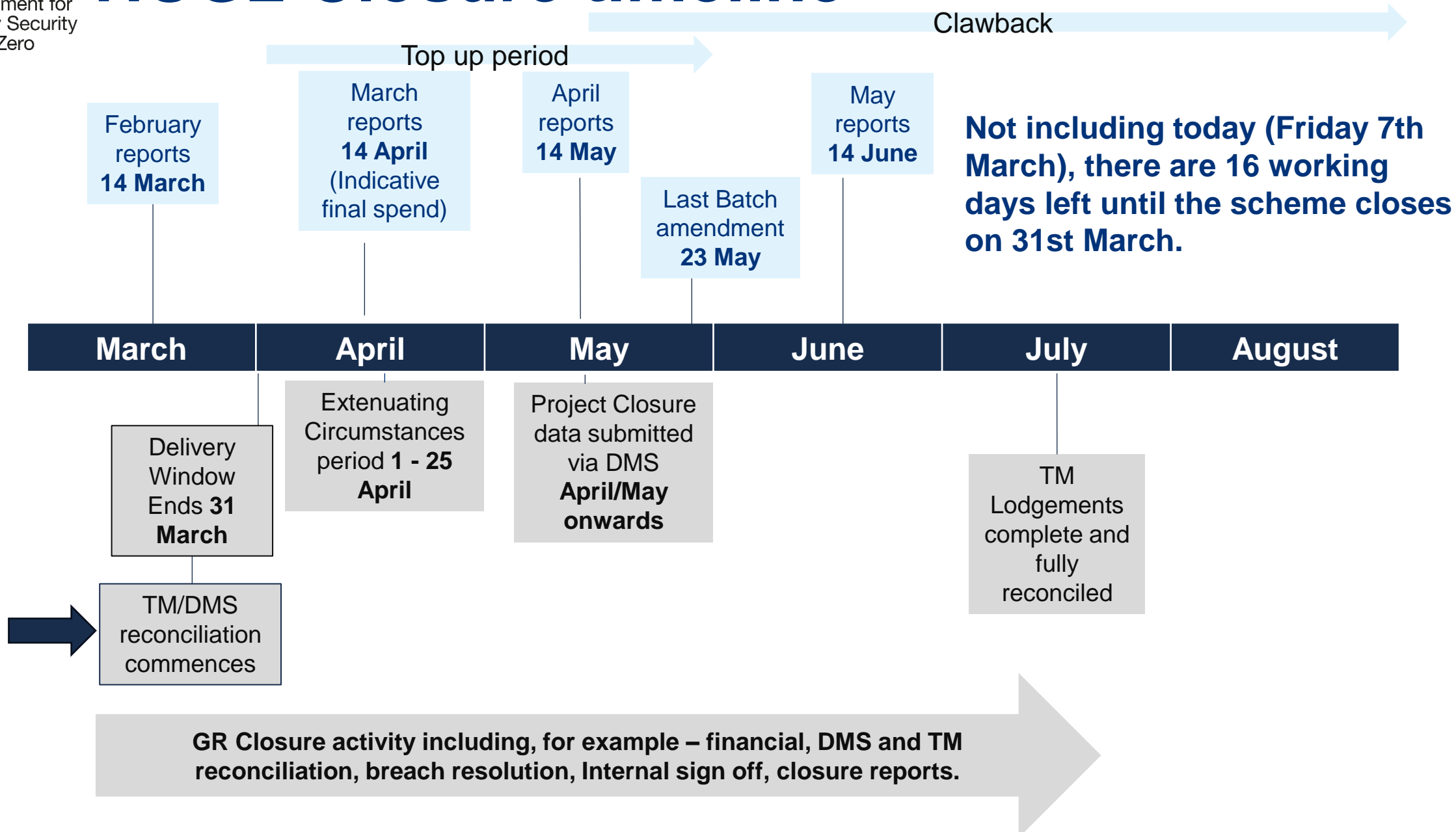


HUG Hive - Historic communications

Access any previous email communications that have been sent about the Home Upgrade Grant Phase 2 projects.



HUG2 Closure timeline





Next Steps

Actions for Grant Recipients

- Ensure your data returns each month (March, April, May) are comprehensive and accurate, please work with your SPOC if you have any issues or concerns. It is important that this information is correct so we can calculate top up payments (if required), inform conversations around clawback and contribute to final data reconciliation.
- Provide any A&A adjustments via the data returns NOT by amending measures in ABS. Please do this in the earliest data return possible to inform closure conversations.
- Please work with your installers to lodge information correctly onto TrustMark and ensure it matches what is submitted on the DMS. If a measure requires remediation, please ensure this is re-lodged on TrustMark once this is complete. We can provide specific support to GRs if required.
- Please look out for a letter from DESNZ next week about end of scheme financial position.
- If you have not already done so, please complete and return the DSA for the Energy Efficiency Installation Checker.
- We will use HUG Hive as a central place for closure guidance and support, bookmark the site in your favourites to ensure you have all the relevant information close to hand rather than searching email inboxes.



Extenuating Circumstances

The window to apply for EC is open until **Friday 4 April 2025**

Delivery period for projects with approved EC will run from
Tuesday 1 April to Friday 25 April 2025

- Guidance on the Extenuating Circumstances (EC) process was provided to GRs on the 20th of February.
- Full details of the process, including a full list of criteria and the application form, can be found on the HUG Hive.



Finance: Payments and clawback

Top up payments

- DESNZ will write to GRs next week confirming the current understanding of financial position and the value of the March payment.
- The March payment should be sufficient to fund remaining delivery factoring in current conversion rates, until end March. However, if delivery exceeds expectation, there is an accrued payment top-up opportunity in April.
- The February data return will be used to calculate whether an accrued top-up payment is necessary.

Final payment

- If necessary, a final payment will be made at scheme end once final data has been submitted and cleared.
- The March and April data returns will inform that potential payment, along with information gathered as part of the data reconciliation process.

Clawback

- Return of funding by Grant Recipients to the Department will take place after final spend reports and financial reconciliation is complete - from May at the earliest.
- DESNZ will work with the GRs to identify unspent funding and any policy breaches which may be subject to clawback.
- Clawback decisions will be informed by the data provided by GRs in the monthly uploads.



Finance: FAQs

Q: What is classed as committed spend?

A: Spend that is costed/allocated to works already complete or underway but is yet to be invoiced or physically leave the GRs accounts. Therefore, it is physically within a GRs bank but is not available to be spent elsewhere. This does not apply to works planned but not started.

Q: Is a new MOU required after approval of a PCR?

A: DESNZ does not require a new MOU after an approved PCR. The MOU was issued at the start of the scheme, and a second one was issued at the start of the 2nd financial year. The figure stated in the MOU is an 'in principle' funding but as funding is tied to delivery and measure costs the MOU can vary and therefore a new one is not required after a PCR.

Q: Who is liable if there is a breach in cost caps/measures?

A: As per the MOU/Delivery Guidance the GR is responsible for managing delivery to ensure it stays within scheme cost caps.



Finance: Capitalisation of Costs

- Costs reported as Admin & Ancillary must be kept to within 15% of HUG 2 total spend.
- GRs wishing to re-categorise spend, e.g., from A&A into 'Additional Capital', must do so via the monthly data submissions not by amendments to batches. Any adjustments of this nature must be made in the next monthly report.

Managing agent fees

- If Local Authorities want to record some of their managing agent costs as 'additional capital' this must be split out from costs that we have advised come under A&A.
- Managing agent costs relating to activities such as project management, reporting and governance costs; project resourcing; and search costs associated with resident recruitment, low-income verification and sign-up including communication and marketing activities must be recorded as A&A costs as set out in guidance.

Responsibility for decisions on application of the guidance lie with the Local Authority



Audit and DESNZ assurance

- As part of GR internal assurance assessment(s), you will need to determine the level of assurance/audit that is required. If an audit is undertaken, DESNZ will require sight of the final agreed report. If reconciliation activities, closure activities or Fraud Risk Assessment highlights any issues, DESNZ, in consultation with the GR, may ask for an audit or assurance to be conducted.
- DESNZ will invite a small number of GR's to input into its own Assurance and Evaluation processes. These are planned during Spring-Autumn 2025 and DESNZ or our contractors will contact those GRs directly during this period.



Transition

Key Questions:

Can HUG GRs claim A&A for LG under HUG and transfer funds over?

Will GRs receive A&A in advance for the work done under HUG but prep for LG?

- There are no additional funds provided in FY 24/25 for mobilisations costs related to setting up or submitting the EOI for WH: LG.
- As stated in the [WH: LG Allocation Guidance](#), DESNZ will not be liable for any costs incurred in the preparation or submission of EOIs.
- Retrospective claims on WH: LG funding for these costs will not be permitted and should be covered by Local Authority's central budgets.



Q&A