

Business Board		Agenda Item
10 July 2023		3.1
Title:	Budget and Performance Report	
Report of:	Bruna Menegatti, Finance Manager	
Lead Member:	Andy Neely, Interim Chair of Business Board	
Public Report:	Yes	
Key Decision:	No	
Voting Arrangements:	A simple majority of all Members present and voting	

Recommendations:

A	Note the financial year 2023/24 budget relating to the revenue and capital funding lines within the Economy and Growth Directorate.
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Strategic Objective(s):

The proposals within this report fit under the following strategic objective(s):

x	Achieving ambitious skills and employment opportunities
x	Achieving good growth
	Increased connectivity
	Enabling resilient communities

1. Purpose

1.1	To provide an overview of the revenue and capital funding lines that are within the Economy and Growth Directorate, to assist the Business Board and enable informed decision-making regarding the expenditure of these funds.
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2. Proposal

2.1	To note the full year budget for 2023/24 within the Economy and Growth directorate.
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3. Background

- 3.1 The Business Board has requested a summary of the revenue and capital funding lines available within the Economy and Skills Directorate, 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.
- 3.2 The full year budget reflects the budget set out in the Medium-Term Financial Plan (MTFP) plus any slippage agreed at the end of the financial year.

4. 2023/24 Revenue Budget

- 4.1 A breakdown of the Economy and Growth Directorate 'Business Revenue' income for financial year 2023/24, is set out in Table 1 below.

Grant Income	23/24 Budget £k	22/23 Deferred Income £k	23/24 FY Budget £k	22/23 Actuals £k
Community Renewal Fund	-			-1,209
Enterprise Zone Receipts	-913			-878
ERDF - Growth Service	-	-		-490
ESF - Growth Service	-389	-		-576
Growth Fund Contribution	-120			-317
Growth Hub (BEIS)	-246			-
LEP Core Funding (BEIS)	-250	-375	-625	-
UK SPF Revenue	-1,522			-
UK SPF topslice	-158			-
Total Grant Income	-3,723			-3,470

Table 1

- 4.2 The grant income expected to be received in financial year 2023/24 is £3.7m, £250k higher than the grant income received last financial year.
- 4.3 Community Renewal Funds (CRF) and ERDF have been completed during last financial year, whilst Share Prosperity Funds (SPF) will be starting in earnest during 2023/24.
- 4.4 There is also expectation that the LEP core funding, which was not received in 2022/23 will be again received from DBT (BEIS) during the current financial year. After the approval of the MTFP in January 23, DESNZ confirmed that the 23-24 LEP core funding was reduced to 250k from £375k, as reported above.
- 4.5 Further income is expected from ERDS and ESF as a result of delivery being postponed from 22/23 to 23/24. The value it is unknown at present. It will be included in future reports when available.
- 4.6 A breakdown of the Economy and Growth Directorate's 'Business Revenue' expenditure for the year 2022/23 is shown in Table 2 below:

'Business Revenue' Expenditure	23/24 Budget £k	22/23 Slippage £k	23/24 FY Budget £k	22/23 Actual £k
CRF Start and Grow Project	-	-	-	931
Economic Rapid Response	-	-	-	74
Growth Co Services	1,429	3,347	4,776	2,244
Growth Hub	41	-	41	-
Growth Works Additional Equity Fund (rev)	156	-	156	-
Insight & Evaluation Programme	75	-	75	58

Local Growth Fund Costs	242	-	242	369
Market Towns & Cities Strategies	-	-	-	54
Marketing and Promotion of Services	38	-	38	-10
Shared Prosperity Fund Evidence Base & Pilot Fund	-	-	-	11
UK Shared Prosperity Fund - Management Costs	158	-	158	-
Total Revenue expenditure	3,661	3,347	7,008	3,731

Table 2

4.7	The original budget approved at the MTFP was comparable to previous year actual. The slippage due to the delay in the delivery of the Growth Co Services has increased the 23-24 project to £4.8m and has caused the increase of the full year budget to £7m, nearly doubling the expenditure from 22/23.
4.8	At present, there is a high level of confidence that the majority, if not all, the budget slipped from Growth Co Services will be spend in this financial year.
4.9	No updated report on Energy is available at present.

5. 2022/23 Capital Budget

5.1	A breakdown of the Economy and Growth Directorate 'Business Capital' expenditure for financial year 2022/23, is set out in Table 3 below.
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'Capital Budget' Expenditure	23/24 Budget £k	22/23 Slippage £k	23/24 FY Budget £k	22/23 Actual £k
Barn4 specialist growing facilities	-	-	-	400
Business Rebound & Growth Service - Capital Grant and Equity Fund	1,750	-	1,750	-
Cambridge Biomedical MO Building	-	-	0	185
Cambridge City Centre	-	-	-	695
College of West Anglia - Net Zero	850	274	1,124	-
Expansion of Growth Co Inward Investment	-	400	400	400
Fenland High-tech Futures	-	-	-	400
Growth Works Additional Equity Fund (cap)	2,850	4,766	7,616	1,494
IEG Student Space	30	-393	-363	397
Illumina Accelerator	-	800	800	900
Ramsey Food Hub	-	302	302	-
Rural England Fund	804	-	804	-
Start Codon (Equity)	-	885	885	500
UK SPF Core (cap)	716	-	716	-
Total Capital Expenditure	7,000	7,034	14,034	5,371

Table 3

N.B. LGF stands for Local Growth Fund; Recycled funds are those given out by the Business Board as loans which have subsequently been repaid.

5.2	The full year budget for 2023/24 is £8.7m higher than previous year expenditure. The addition of £1.7m for the Business Rebound and Growth Services Capital Grant and Equity Funds and the slippage of the Growth Works Additional Equity Funds (£7.6m) account for most of the variance.
5.3	There is a high level of confidence that the delivery will take a significant step-up in expenditure and the budget will be spent by the end of the financial year.
5.4	Table 4 below gives an overview of the Market Towns capital budget lines, which is currently outside the Business Board control and are provided for information purposes.

	Market Towns Capital Expenditure	23/24 Budget £k	22/23 Slippage £k	23/24 FY Budget £k	22/23 Actual £k
	Market Town Master Plan Implementation	1,959	-	1,959	-
	Market Towns and Villages	1,250	-	1,250	-
	Market Towns: Chatteris	-	138	138	458
	Market Towns: Ely	-	283	283	452
	Market Towns: Huntingdon	-	-	-	391
	Market Towns: March	-	1,450	1,450	617
	Market Towns: Ramsey	-	672	672	190
	Market Towns: Soham	-	474	474	420
	Market Towns: St Ives	-	-	-	433
	Market Towns: St Neots	-	1,141	1,141	-
	Market Towns: Whittlesey	-	-70	-70	462
	Market Towns: Wisbech	-	34	34	713
	St Neots Masterplan Capital	-	-	-	285
	Total Market Towns Capital Expenditure	3,209	4,123	7,332	4,420
	Table 4				
5.5	The effect of the post Covid-19 issues around contractors and increased material costs has resulted in the slippage of £4.1m into this financial year. The second phase of the Market Town programme is also expected to start in 2023/24.				
5.6	The negative variance shown in the Market Towns: Wisbech line is due to the requirement to reprofile the budget. This will be included in the budget adjustment paper for Market Towns that will be presented to the CA Board in September.				

6. 2022-23 Budget and Capital Programme

	23/24	24/25	25/26	Total approved to spend	23/24	24/25	25/26	Total project budget
<u>Business and Skills</u>	£k	£k	£k	£k	£k	£k	£k	£K
College of West Anglia - Net Zero	850	876	-	1,726	-	-	-	1,726
IEG Student Space	397	-	-	397	-	-	-	397
Ramsey Food Hub	709	147	-	856	-	-	-	856
FE Cold Spots (capital)	-	-	-	-	2,400	2,175	-	4,575
Market Towns: St Neots	1,959	-	-	1,595	-	-	-	1,595
Market Towns: Whittlesey	-	-	-	-	195	-	-	195
Market Towns and Villages	1,625	875	-	2,500		-	-	2,500
Total Business and Skills	5,540	1,898	0	7,438	2,595	2,175	0	12,208

7. Business Board Summary Funding Overview

7.1 A summary of the Business Board 'Recycled Capital and Revenue' funds is set out in Table 6 below:
The values below are in thousands.

Recycled Capital	23/24	24/25	25/26	26/27	27/28	28/29	Later Years
Opening balance	-12,689,311	-4,878,267	-3,023,738	-3,207,738	-3,391,738	-3,575,738	-3,759,738
Forecast Expenditure	9,268,602	2,376,028	-	-	-	-	-
Forecast Income	-1,457,558	-521,500	-184,000	-184,000	-184,000	-184,000	-2,024,000
Closing Balance	-4,878,267	-3,023,738	-3,207,738	-3,391,738	-3,575,738	-3,759,738	-5,783,738

Recycled Revenue	23/24	24/25	25/26	26/27	27/28	28/29	Later Years
Opening balance	-344,852	-461,472	-550,900	-623,578	-691,335	-754,286	-811,980
Forecast Expenditure	-	-	-	-	-	-	-
Forecast Income	-116,620	-89,428	-72,678	-67,757	-62,951	-57,694	-321,371
Closing Balance	-461,472	-550,900	-623,578	-691,335	-754,286	-811,980	-1,133,351

Combined	23/24	24/25	25/26	26/27	27/28	28/29	Later Years
Opening balance	-13,034,163	-5,339,739	-3,574,638	-3,831,316	-4,083,073	-4,330,024	-4,571,718
Forecast Expenditure	9,268,602	2,376,028	-	-	-	-	-
Forecast Income	-1,574,179	-610,928	-256,678	-251,757	-246,951	-241,694	-2,345,371
Closing Balance	-5,339,739	-3,574,638	-3,831,316	-4,083,073	-4,330,024	-4,571,718	-6,917,089

Table 6

No changes have been made to the table above from the previous report.

7.2

Forecast EZ income and expenditure	2023/24 £k	2024/25 £k	2025/26 £k	2026/27 £k	2027/28 £k
Total Income	-£913	-£913	-£913	-£913	-£913
Total Expenditure	£833	£415	£415	£415	£415
Annual (surplus) deficit	-£80	-£498	-£498	-£498	-£498
Cumulative Balance	-£753	-£1,251	-£1,749	-£2,248	-£2,746

Table 7

N.B. Rates figures shown are for the previous fiscal year

8. Appendices

8.1	None
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9. Implications

Financial Implications

9.1	There are no significant financial implications.
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Legal Implications

9.2	The Combined Authority is required to prepare a balanced budget in accordance with statutory requirements.
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Public Health Implications

9.3	There are no significant public health implications.
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Environmental & Climate Change Implications

9.4	There are no significant environmental and climate change implications.
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Other Significant Implications

9.5	There are no other significant implications.
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Background Papers

9.6	None
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