



**CAMBRIDGESHIRE
& PETERBOROUGH**
COMBINED AUTHORITY

Agenda Item No: **X**

2023/24 Budget and Medium-Term Financial Plan

To: OVERVIEW & SCRUTINY COMMITTEE

Meeting Date: 28 November 2022

Public report: Yes

Lead Member: Deputy Mayor Anna Smith

From: Jon Alsop, Head of Finance and Section 73 Officer

Key decision: No

Forward Plan ref: -

Recommendations: The Overview and Scrutiny is recommended to:

A Note the principles and approach behind the development of the draft budget for 2023/24 and the Medium-Term Financial Plan for the period 2023/24 to 2026/27

B Note the significant pressure on passenger transport forecast from 2023-24.

Voting arrangements: A simple majority of all Members present and voting

1.0 Purpose

- 1.1. This paper presents the principles and approach behind the development of the Combined Authority's draft Budget for 2023/24 and Medium-Term Financial Plan (MTFP) for the period 2023/24 to 2026/27.
- 1.2. The paper also sets out the proposed timetable for the consultation and approval for the budget and MTFP along with the significant un-funded pressure from supported bus services forecast from 2023-24.

- 1.3. This paper also provides the opportunity for the Overview and Scrutiny committee to ask questions relating to the draft budget to be presented to the Combined Authority Board on the 30th November. As the papers for that meeting are not published until a few days after those for the Overview and Scrutiny Committee they are not included in the Committee's papers directly but the draft budget will be available on the Combined Authority website from the 23rd November and a link is provided in the background papers section of this report.

2.0 Background

- 2.1 According to the Constitution, functions reserved to the Combined Authority Board include the adoption of the non-mayoral Combined Authority budgets, the Medium-Term Financial Plan and the Capital Programme.
- 2.2 The process of the approval of the Mayoral budget is set out in the 'The Combined Authorities (Finance) Order 2017'
- 2.3 As reported to the Combined Authority Board, Stagecoach have withdrawn from a raft of supported bus services forcing a rapid re-procurement to ensure the continuation of these vital services. Following these retenders the costs of supported bus services for the final 5 months of the year are expected to have increased by £1.7m, a 50% overspend on a £3.4m annual budget.

Budget Preparation Principals

- 2.4 The overarching objective is to set an affordable and balanced budget that supports delivery of the ambitions and priorities of the Mayor and the Combined Authority.
- 2.5 Other objectives and principals adopted in the development of the proposed draft budget and MTFP are as follows:
- Budget preparation has taken account of the level of reserves brought forward from previous financial years, and of expected annual funding streams from 2023/24 onwards to ensure that spending plans continue to be affordable.
 - The 2023/24 Budget and MTFP provides a clear presentation of capital and revenue budgets. This is still based on the historic Directorate basis. While the new Directorate structure was formally adopted by the CA Board in October there is ongoing strategy and governance work which will result in revised roles and responsibilities for Committees which will not complete until early 2023. Once this is approved the Combined Authority's budget will be re-mapped to match. This will not change the approved budgets and projects but will change the headings against which each budget is reported.
 - The staffing structure and budgets will continue to be managed at a corporate level by the Chief Executive as Head of Paid Service.
 - The Budget and MTFP identifies staffing costs and other contributions to 'overheads' associated with grant funded programmes and these are recharged to the relevant directorate budget line.
 - The Budget and MTFP provides a clear presentation of projects where budget lines have already been approved by the Board, and of those projects which are 'Subject to Approval'.
 - The Budget takes a prudent approach to funding – new funding sources are not recognised until funding agreements have been received from Government.

Budget Development Timetable

- 2.6 According to the Constitution, “The draft Budget shall be submitted to the Combined Authority Board for consideration and approval for consultation purposes only, before the end of December each year. The Combined Authority Board will also agree the timetable for consultation and those to be consulted. The consultation period shall not be less than four weeks, and the consultees shall include Constituent Authorities, the Business Board (as the Local Enterprise Partnership) and the Overview and Scrutiny Committee.”
- 2.7 The proposed timetable for approving the budget and MTFP is set out below and is in accordance with the key dates and statutory deadlines set out in the Constitution (Budget Framework) and the Finance Order. A more detailed timeline is included as Appendix 1.

Proposed Statement and Budget Setting Timetable	Day	Date
CPCA Board Meeting (to receive and approve the draft Budget and MTFP for consultation)	Wed	30/11/22
Draft Budget Consultation Period Starts	Thu	1/12/22
Overview and Scrutiny Committee Meeting (Consultation)	Tbc	tbc
Consultation Ends	Fri	13/01/23
Overview and Scrutiny Committee Meeting	tbc	tbc
CPCA Board Meeting to Approve the 2022/23 Budget and MTFP	Wed	25/01/23

Significant Budgetary Pressures – Passenger Transport

- 2.8 In previous years the Combined Authority has been able to set a balanced budget while delivering on its strategic objectives. However, the unprecedented pressures arising from supported bus routes has resulted in a potential impact which cannot be met within the existing resources while maintaining a balanced position over the medium term.
- 2.9 Following the withdrawal of the incumbent operator from a raft of supported bus services, citing unmanageable increases in costs from fuel and petrol alongside cuts in government grant funds, the Combined Authority had to undertake an emergency re-procurement of these routes to avoid significant hardship on residents who rely on them to engage with society. Following these retenders the costs of supported bus services for the final 5 months of the year are expected to have increased by £1.7m, a 50% overspend on a £3.4m annual budget.
- 2.10 To deliver the existing network for the whole of 2023-24 would cost an estimated £7m, double the planned budget of £3.5m. However this is subject to significant uncertainty both from a funding side, as Central Government grants and policy is as-yet unconfirmed, and in terms of costs, as increased high inflation means there is the prospect of potential further withdrawal of routes by existing operators.
- 2.11 On the 30th November the Combined Authority Board will be agreeing what to include in it's budget consultation, including options to react to this un-funded pressure.
- 2.12 The Committee are asked to note this unfunded pressure impacting the 2023-24 budget.

Significant Implications

3. Financial Implications

3.1 There are no direct financial implications of this report

4. Legal Implications

4.1 The Budget Framework Procedure Rules are set out within the CPCA Constitution.

5. Public Health implications

5.1 No Public Health implications are directly identified within this report.

6. Environmental and Climate Change Implications

6.1 No Environmental and Climate Change implications are identified within this report.

7. Other Significant Implications

7.1 There are no other significant implications within this report.

8. Appendices

8.1 Appendix 1 – Detailed budget setting timetable 2023/24

9. Background Papers

9.1 [30th November 2022 Combined Authority Board budget paper](#)

Appendix 1 – Detailed budget setting timetable 2023/24

Date	Activity
Friday 30 th December 2022	Deadline for Draft CA budget to the CA for consideration and approval for consultation (Budget Framework).
Not less than 4 weeks Duration	Consultation period (Budget Framework)
Tuesday 31 st January 2023	Deadline for the Mayor to notify the CA of the Mayor's draft budget for 2023/24 (Finance Order)
Tuesday 31 st January 2023	Deadline for proposed CA budget to be submitted to the CA Board, including consultation responses and the Mayor's budget (Budget Framework)
Within five working days of above	CA Board shall meet to consider the budget and may agree a report (Budget Framework)
At least five working days of report published if amendments to the Mayor's Budget are proposed	CA Board shall meet to re-consider the budget (Budget Framework)
Tuesday 7 th February 2023	Deadline for CA to report on the Mayor's draft budget (Finance Order)
At least five days from receipt of report	Deadline for the Mayor to respond to the CA report (Finance Order)
5 Days after end of deadline period above	Deadline CA to veto or approve Mayor's draft budget (Finance Order)
Tuesday 14 th February 2023 (tbc)	Deadline for issuing the Transport Levy to Peterborough City Council and Cambridgeshire County Council