Agenda Item No: 2.1

Budget and Performance Report

To:	Business Board
Meeting Date:	16 March 2021
Public report:	Yes
Lead Member:	Chair of the Business Board, Austen Adams
From:	Finance Manager, Vanessa Ainsworth
Key decision:	No
Recommendations:	The Business Board is recommended to:

Note the update and financial position relating to the revenue and capital funding lines within the Business & Skills Directorate.

1. Purpose

1.1. To provide an update and overview of the revenue and capital funding lines that are within the Business & Skills Directorate to assist the Board to enable informed decision making regarding the expenditure of these funds.

2. Background

2.1 The Business Board has requested a summary of the revenue and capital funding lines available within the Business & 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.

2.2 At the June 2020 Combined Authority Board Meeting, the Board approved a refreshed Medium-Term Financial Plan (MTFP) in relation to the COVID-19 pandemic, including balanced revenue and capital budgets for 2019/20. This report shows the actual expenditure to date and forecast outturn position against those budgets.

2.3 The outturn forecast reflects costs incurred to date, accrued expenditure and the impact on the current year assumptions made on staffing, overheads and workstream programme delivery costs as set out in the revised MTFP.

3. Revenue Budgets

3.1 A breakdown of the Business & Skills Directorate 'Business Revenue' expenditure for the period to 31st January, is set out in Table 1 in Appendix 1.

3.2 The forecast outturn as set out in Table 1 shows a net increase in expected spend for the year of £27,213 compared to the budget. 'Actual' figures are based on payments made and accrued expenditure where known. The year-to-date costs may therefore be understated due to the delay between goods and services being provided by suppliers, and invoices being raised and paid.

3.3 Variances between the predicted outturn position and the annual budget for the main budget headings are set out below:

a) As reported at previous Business Boards, LGF Programme Costs are running 50% over budget due to changes in staffing levels, increased legal costs, additional appraisal costs for the COVID-19 Grant Scheme and other additional monitoring and appraisal processes. This increase in costs, whilst exceeding the allocated budget in year, is within the total available within the top-slice reserve, therefore having no detrimental effect on the overall CPCA budget. These costs will decrease next year and the remainder of the top-slice will be utilised to fund the staff required for the final two years of project monitoring and report writing.

b) LIS Implementation is currently forecasting a small underspend, however, with the ever-changing nature of this budget, it is highly likely this will be spent and/or committed by year-end.

c) As reported at the last Business Board, Marketing and Promotion is currently forecasting an underspend due to the delay in recruiting the staff member to run the programme. There are a number of campaigns that are currently being planned and put into action, and whilst the budget may not be spent by year-end, it will be fully committed.

d) The Peer Networks programme suffered a delay but has now commenced. It is currently uncertain if the complete programme will be able to be delivered in terms of firms engaged and receiving peer-to-peer mentoring. Hence an underspend has been forecast. However, the team are working hard to fully complete. It should be noted that the budget is the amount that BEIS have awarded to the CPCA for delivery of the programme, and that the funding has not been transferred from BEIS and is instead claimed in arrears of delivery. Should the programme fail to achieve full delivery, there are no funds required to be returned to BEIS.

e) As reported at the last Business Board, the St. Neots Masterplan project has changed and it is currently uncertain if the full revenue budget will be spent in-year. There will be a new capital project for St. Neots and the revenue budget will assist in the delivery of this.

f) Strengthening LEP's is currently forecasting a minor underspend of £1.8k. However, the nature of this reactive budget line means that it is highly likely this budget will be fully consumed come the end of the financial year.

g) The Trade and Investment Programme achieved a cost saving against a budget line in January, hence the proposed underspend. However, new avenues are currently being investigated to ensure this budget is fully spent by year end.

3.4 A breakdown of the Business & Skills Directorate 'Business Revenue' income for the period to 31st January, is set out in Table 2 in Appendix 1.

3.5 The Forecast Outturn as set out in Table 2 shows a decrease in forecast income of £72.8k. This is due to the reduction in the Peer Networks forecast income, which is claimed in arrears, but this has been offset by the reduction in expenditure as mentioned in 3.3.c above. It is worth noting that EZ receipts have all been profiled in March rather than earlier in the year, which is due to the COVID-19 pandemic and district councils being given additional time to review the impact on the rates paid by local businesses in these areas.

3.6 A breakdown of the Business and Skills Directorate Revenue Expenditure for funding lines under direct control of the Skills Committee for the period to 31st January, is set out in Table 3 in Appendix 1.

3.7 A breakdown of the Business and Skills Directorate Revenue Income for funding lines under direct control of the Skills Committee for the period to 31st January, is set out in Table 4 in Appendix 1.

4. Capital Budget

4.1 A breakdown for the Business & Skills Directorate 'Business Capital' expenditure for the period to 31st January, is set out in Table 5 in Appendix 1.

4.2 The Forecast Outturn as set out in Table 5 shows a decrease in forecast expenditure for the year of £21.8m compared to the budget. 'Actual' figures are based on payments made and accrued expenditure where known. The year-to-date costs may therefore be understated due to the delay between goods and services being provided by suppliers, and invoices being raised and paid.

4.3 A full breakdown of LGF Projects is contained within the LGF Update Programme management Review Paper presented to this meeting.

4.4 Variances between the predicted capital outturn position and the annual budget for the main budget headings are set out below:

a) The COVID-19 Micro Grants will have a small underspend in the region of £5k due to minor underclaims and the withdrawal of a few smaller grants.

b) The LGF Projects are showing a forecast slippage of £13.4m on the £72m budget. This is due to project overrun into the next financial year. This is explained in further detail in the separate LGF paper presented to the Board.

c) All Market Town Masterplans have been approved , and whilst these plans are currently active, it is unlikely that the capital projects will begin in earnest until the new financial year. A total of 38 projects have been approved and funding agreements are currently being drafted with spending profiles to be received once these are issued.

d) The St. Neots Masterplan has undergone changes and is currently being reworked but will restart in the 2021/22 financial year

4.5 A breakdown for the Business & Skills ‘Business Capital’ income for the period to 31st January, is set out in Table 6. in Appendix 1.

4.6 The Forecast Outturn as set out in Table 6 shows that expected income for the year is slightly higher than the original budget due to reprofiling of LGF loan agreements.

Significant Implications

5. Financial Implications

5.1 There are no financial implications other than those included in the main body of the report.

6. Legal Implications

6.1 None

7. Other Significant Implications

7.1 There are no significant implications