

|                      |   |                        |
|----------------------|---|------------------------|
| Business Board       |   | Agenda Item<br><br>3.1 |
| 13 November 2023     |   |                        |
|                      |   |                        |
| Title:               | Budget and Performance Report           |                        |
| Report of:           | Bruna Menegatti, Finance Manager        |                        |
| Lead Member:         | Chair of the Business Board, Al Kinsley |                        |
| Public Report:       | Yes                                     |                        |
| Key Decision:        | No                                      |                        |
| Voting Arrangements: | No vote required.                       |                        |

### Recommendations:

|   |   |
|---|---|
| A | Note the financial position of the Business Division for the financial year 23/24 to September 2023 |
|---|---|

### 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                          |
| x | Achieving best value and high performance               |

### 1. Purpose

|     |   |
|-----|---|
| 1.1 | To provide an update of the financial position for 2023/24 and to provide analysis against the 2023/24 budgets, up to the period ending September 2023. |
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### 2. Background

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| 2.1 | At the last meeting, the Board was provided with an analysis of the 2023/24 performance against budget to June 2023. This report provides an update covering up to September 2023. |
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### 3. Revenue Income and Expenditure

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|-----|--|
| 3.1 | A breakdown of the Economy and Growth Directorate Business Grant income for the period to 30 September 2023 is set out in Table 1 below. |
|-----|--|

**Table 1**

| Business Grant Income              | 23/24 Actual YTD £k | 23/24 Budget YTD £k | 23/24 Variance YTD £k | 23/24 Budget FY £k | 23/24 FO FY £k | 23/24 FO Variance FY £k | 23/24 Change in FO Variance £k | 23/24 Deferral £k |
|------------------------------------|---------------------|---------------------|-----------------------|--------------------|----------------|-------------------------|--------------------------------|-------------------|
| Enterprise Zone Receipts           | -                   | -                   | -                     | - 913              | - 965          | -52                     | -52                            | -                 |
| ERDF - Growth Co Grant             | -                   | -                   | -                     | - 2,646            | - 1,846        | 800                     | 800                            | -                 |
| ESF - Growth Service Grant         | - 118               | -                   | 118                   | - 1,432            | - 1,432        | -                       | -                              | -                 |
| Growth Hub (BEIS)                  | -                   | -                   | -                     | - 246              | - 246          | -                       | -                              | -                 |
| LEP Core Funding                   | -                   | -                   | -                     | - 375              | - 375          | -                       | -                              | -                 |
| Rural Share Prosperity Fund        | - 804               | -                   | 804                   | - 804              | - 804          | -                       | -                              | -                 |
| SPF                                | - 2,396             | -                   | 2,396                 | - 2,396            | - 2,396        | -                       | -                              | -                 |
| <b>Total Business Grant Income</b> | <b>-3,318</b>       | <b>-</b>            | <b>-3,318</b>         | <b>-8,812</b>      | <b>-8,064</b>  | <b>748</b>              | <b>748</b>                     | <b>-</b>          |

3.2 Total income to date is £3.3m, most of it is SPF and Rural Share Prosperity Fund. Total budget for the year is £8.8m.

3.3 Forecast outturn shows a reduction in income of £0.7m, this is mainly due to underperforming of the ERDF programme, which did not meet its budgetary expectations. As the grant is received on arrears, following receipt of proof of expenditure, this is causing a permanent reduction on the income received for this programme.

3.4 A breakdown of the Economy and Growth Directorate Business Revenue Expenditure for the period to 30 September 2023 is set out in Table 2 below.

**Table 2**

| Business Revenue Expenditure              | 23/24 Actual YTD £k | 23/24 Budget YTD £k | 23/24 Variance YTD £k | 23/24 Budget FY £k | 23/24 FO FY £k | 23/24 FO Variance FY £k | 23/24 Change in FO Variance £k | 23/24 Deferral £k |
|---|---------------------|---------------------|-----------------------|--------------------|----------------|-------------------------|--------------------------------|-------------------|
| Business Growth Fund                      | -                   | 24                  | 24                    | 156                | 156            | -                       | -                              | -                 |
| CRF Start & Grow Project                  | 175                 | -                   | -175                  | -                  | 175            | 175                     | -                              | -                 |
| Economic Rapid Response Fund              | 12                  | -                   | -12                   | -                  | 12             | 12                      | 12                             | -                 |
| Growth Co Services                        | 2,218               | 4,076               | 1,858                 | 4,776              | 4,776          | -                       | -                              | -                 |
| Growth Hub                                | -                   | -                   | -                     | 41                 | 41             | -                       | -                              | -                 |
| Insight and Evaluation Programme          | 128                 | 38                  | 90                    | 75                 | 75             | -                       | -                              | -                 |
| Local Growth Fund Costs                   | 1                   | 121                 | 120                   | 242                | 242            | -                       | -                              | -                 |
| Marketing and Promotion of Services       | -                   | 19                  | 19                    | 38                 | 38             | -                       | -                              | -                 |
| UK Shared Prosperity Fund                 | 15                  | 0                   | -15                   | 158                | 158            | -                       | -                              | -                 |
| <b>Total Business Revenue Expenditure</b> | <b>2,549</b>        | <b>4,277</b>        | <b>1,909</b>          | <b>5,485</b>       | <b>5,672</b>   | <b>187</b>              | <b>12</b>                      | <b>-</b>          |

|     |  |
|-----|--|
| 3.5 | Expenditure to date is £1.9m lower than budget to date.<br>The main variance is on Growth Co Services (£1.9m). At present, there is a high level of confidence that the majority, if not all, the budget will be end of the contract in December 23. |
| 3.6 | Forecast outturn is £0.2m over full year budget due to spent on CRF and Economic Rapid Response Fund slipped from last financial year into this.   |

#### 4. Capital Budget

- 4.1 A breakdown of the Economy and Growth Directorate Business Revenue Expenditure for the period to 30 September 2023 is set out in Table 2 below.

**Table 3**

| Business Revenue Expenditure                                      | 23/24 Actual YTD £k | 23/24 Budget YTD £k | 23/24 Variance YTD £k | 23/24 Budget FY £k | 23/24 FO FY £k | 23/24 FO Variance FY £k | 23/24 Change in FO Variance £k | 23/24 Deferral £k |
|---|---------------------|---------------------|-----------------------|--------------------|----------------|-------------------------|--------------------------------|-------------------|
| Business Rebound & Growth Service - Capital Grant and Equity Fund | -                   | -                   | -                     | 1,750              | 1,750          | -                       | -                              | -                 |
| College of West Anglia - Net Zero                                 | -                   | 160                 | 160                   | 1,124              | 1,124          | -                       | -                              | -                 |
| Expansion of Growth Co Inward Investment                          | 400                 | 400                 | -                     | 400                | 400            | -                       | -                              | -                 |
| Growth Works Additional Equity Fund (cap)                         | 822                 | 4,800               | 3,978                 | 7,616              | 4,500          | -3,117                  | -3,117                         | -                 |
| Illumina Accelerator  | -                   | 400                 | 400                   | 800                | 800            | -                       | -                              | -                 |
| Ramsey Food Hub   | -                   | 200                 | 200                   | 302                | 302            | -                       | -                              | -                 |
| Rural England Fund  | -                   | -                   | -                     | 804                | 804            | -                       | -                              | -                 |
| Start Codon (Equity)  | -                   | 295                 | 295                   | 885                | 885            | -                       | -                              | -                 |
| UK SPF Core (cap)   | -                   | -                   | -                     | 716                | 716            | -                       | -                              | -                 |
| <b>Total Business Revenue Expenditure</b>                         | <b>2,395</b>        | <b>4,277</b>        | <b>1,882</b>          | <b>14,397</b>      | <b>11,281</b>  | <b>-3117</b>            | <b>-3117</b>                   | -                 |

- 4.2 The expenditure to date of £2.4m is £1.9m below the budget to date.  
The major variance is on Growth Works Additional Equity Fund (£4m). Despite the increase of activities in the last quarter and a very strong pipeline, the expectation is that the full budget will not be used by the end of December 23, when the contract will end.

- 4.3 Forecast is set at £11.3m, £3.1m below budget. This is due to the reduction on Growth Works Additional Equity Fund, mentioned above.

## 5. 2023-24 Budget and Capital Programme

|     |                                   |                      |                      |                      |  |                      |                      |                      |   |
|-----|-----------------------------------|----------------------|----------------------|----------------------|--|----------------------|----------------------|----------------------|---|
| 5.1 | <b>Economy and Growth</b>         | <b>23/24<br/>£'k</b> | <b>24/25<br/>£'k</b> | <b>25/26<br/>£'k</b> | <b>Total<br/>approved<br/>to spend<br/>£'k</b> | <b>23/24<br/>£'k</b> | <b>24/25<br/>£'k</b> | <b>25/26<br/>£'k</b> | <b>Total project<br/>budget<br/>£'k</b> |
|     | College of West Anglia - Net Zero | 876                  |                      |                      | 876  |                      |                      |                      | 876                                     |
|     | IEG Student Space                 | 260                  | 99                   |                      | 359  |                      |                      |                      | 359                                     |
|     | Rural England Fund                |                      |                      |                      |  | 2,411                |                      |                      | 2,411                                   |

## 6. Recycle fund

|     |                             |                |               |               |               |               |               |                    |
|-----|-----------------------------|----------------|---------------|---------------|---------------|---------------|---------------|--------------------|
| 6.1 | <b>Recycled Capital</b>     | <b>23-24</b>   | <b>24-25</b>  | <b>25-26</b>  | <b>26-27</b>  | <b>27-28</b>  | <b>28-29</b>  | <b>Later Years</b> |
|     | <b>Opening balance</b>      | <b>-13,306</b> | <b>-5,152</b> | <b>-3,024</b> | <b>-3,208</b> | <b>-3,392</b> | <b>-3,576</b> | <b>-3,760</b>      |
|     | <i>Forecast Expenditure</i> | <i>10,399</i>  | <i>2,650</i>  | <i>0</i>      | <i>0</i>      | <i>0</i>      | <i>0</i>      | <i>0</i>           |
|     | <i>Forecast Income</i>      | <i>-2,245</i>  | <i>-522</i>   | <i>-184</i>   | <i>-184</i>   | <i>-184</i>   | <i>-184</i>   | <i>-2,024</i>      |
|     | <b>Closing Balance</b>      | <b>-5,152</b>  | <b>-3,024</b> | <b>-3,208</b> | <b>-3,392</b> | <b>-3,576</b> | <b>-3,760</b> | <b>-5,784</b>      |
|     |                             |                |               |               |               |               |               |                    |
|     | <b>Recycled Revenue</b>     | <b>23-24</b>   | <b>24-25</b>  | <b>25-26</b>  | <b>26-27</b>  | <b>27-28</b>  | <b>28-29</b>  | <b>Later Years</b> |
|     | <b>Opening balance</b>      | <b>-318</b>    | <b>-212</b>   | <b>-1</b>     | <b>-1</b>     | <b>-1</b>     | <b>-64</b>    | <b>-122</b>        |
|     | <i>Forecast Expenditure</i> | <i>260</i>     | <i>300</i>    | <i>73</i>     | <i>68</i>     | <i>0</i>      | <i>0</i>      | <i>0</i>           |
|     | <i>Forecast Income</i>      | <i>-154</i>    | <i>-89</i>    | <i>-73</i>    | <i>-68</i>    | <i>-63</i>    | <i>-58</i>    | <i>-321</i>        |
|     | <b>Closing Balance</b>      | <b>-212</b>    | <b>-1</b>     | <b>-1</b>     | <b>-1</b>     | <b>-64</b>    | <b>-122</b>   | <b>-443</b>        |
|     |                             |                |               |               |               |               |               |                    |
|     | <b>Combined</b>             | <b>23-24</b>   | <b>24-25</b>  | <b>25-26</b>  | <b>26-27</b>  | <b>27-28</b>  | <b>28-29</b>  | <b>Later Years</b> |
|     | <b>Opening balance</b>      | <b>-13,624</b> | <b>-5,364</b> | <b>-3,025</b> | <b>-3,209</b> | <b>-3,393</b> | <b>-3,640</b> | <b>-3,882</b>      |
|     | <i>Forecast Expenditure</i> | <i>10,659</i>  | <i>2,950</i>  | <i>73</i>     | <i>68</i>     | <i>0</i>      | <i>0</i>      | <i>0</i>           |
|     | <i>Forecast Income</i>      | <i>-2,399</i>  | <i>-611</i>   | <i>-257</i>   | <i>-252</i>   | <i>-247</i>   | <i>-242</i>   | <i>-2,345</i>      |
|     | <b>Closing Balance</b>      | <b>-5,364</b>  | <b>-3,025</b> | <b>-3,209</b> | <b>-3,393</b> | <b>-3,640</b> | <b>-3,882</b> | <b>-6,227</b>      |

## 7. Enterprise Zone

|     |   |                       |                       |                       |                       |                       |
|-----|---|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| 7.1 | <b>Forecast EZ income and expenditure</b> | <b>2023/24<br/>£k</b> | <b>2024/25<br/>£k</b> | <b>2025/26<br/>£k</b> | <b>2026/27<br/>£k</b> | <b>2027/28<br/>£k</b> |
|     | Total Income                              | -£928                 | -£965                 | -£965                 | -£965                 | -£965                 |
|     | Total Expenditure                         | £863                  | £928                  | £1,155                | £700                  | £176                  |
|     | Annual (surplus) deficit                  | -£65                  | -£37                  | £190                  | -£265                 | -£789                 |
|     | <b>Cumulative Balance</b>                 | <b>-£197</b>          | <b>-£234</b>          | <b>-£44</b>           | <b>-£309</b>          | <b>-£1,098</b>        |

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 financial implications other than those included in the main body of the report. |
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### Legal Implications

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|-----|--|
| 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 | N/A |
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### Environmental & Climate Change Implications

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| 9.4 | N/A |
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### Other Significant Implications

|     |     |
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| 9.5 | N/A |
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### Background Papers

|     |      |
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| 9.6 | None |
|-----|------|