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| <b>Combined Authority Board</b> | Agenda Item |
| <b>31 January 2024</b>          | <b>12</b>   |

|                      |   |
|----------------------|---|
| Title:               | Budget Update Report January 2024                       |
| Report of:           | Nick Bell, Executive Director Resources and Performance |
| Lead Member:         | Mayor Dr Nik Johnson                                    |
| Public Report:       | Yes   |
| Key Decision:        | no  |
| Voting Arrangements: | N/A   |

|                         |   |
|-------------------------|---|
| <b>Recommendations:</b> |   |
| A                       | Note the financial position of the Combined Authority |

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|--------------------------------|--|
| <b>Strategic Objective(s):</b> |  |
|                                | The proposals within this report impact on all four of the Combined Authority's strategic objectives as understanding the budget available for 2023-24 allows the continuation of the delivery of the Authority's programmes in an efficient manner, and within its means. |

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| <b>1. Purpose</b> |   |
| 1.1               | This report provides the Board with an update on its financial performance for the year. Forecasts were agreed with Officers in December based on spend to the end of November. |

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| <b>2. Background</b> |  |
| 2.1                  | This report provides the Board with an update on its financial performance for the year. Forecasts were agreed with Officers in December based on spend to the end of November.  |
| 2.2                  | The budgets reported here only includes forecasts against those which have been approved to spend by the Board, or relevant Committee, and are thus being actively delivered against. A summary of the subject to approval budgets is also provided.       |
| 2.3                  | As previously reported to the Board, the materiality threshold above which changes in forecast expenditure for the year (forecast outturn) are required to provide a specific explanation are £200k for all revenue budgets and £500k on capital projects. |

### 3. Revenue Expenditure Position

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| 3.1 | <p>The table on the following page contains a summary of the year to the end of November (YTD) spend and forecast position for the end of the year as agreed by officers during December. More detail is provided for the Mayor's Office, the Chief Exec's Office and Resources and Performance as these budgets are not reviewed in more detail by the Thematic Committees.</p> <p>All figures are in thousands of pounds (£'000) and a more detailed breakdown of income and expenditure for the year is shown at Appendix 1a.</p> |
| 3.2 | <p>Across the revenue budget the Combined Authority is forecasting a £5.1m 'favourable' variance against budget.</p> <p>The main forecast changes from the previous reports relates to Bootcamp Wave 4. The forecast underspend has increased by £594k to £1,691k to reflect the number of courses and their timing.</p> <p>Further details on this change can be found in Appendix 2.</p>   |
| 3.3 | <p>Of the £5.1m forecast underspend, £2.7m is related to skills bootcamps so the Combined Authority will receive correspondingly less income, £1.6m is related to Concessionary Fares which are funded by the transport levy and £1m is from the Greater South East Net Zero Hub which is funded by a ringfenced grant which can't be allocated to other projects.</p>   |
| 3.4 | <p>In addition to the above changes there are a number of new budgets created by the decisions of the Board earlier in the year. Those above the materiality threshold are:</p> <ul style="list-style-type: none"><li>• £650k for Public Transport: Reduced Fares for under 25s</li><li>• £2,170k for GSE Local Energy Advice Demonstrator</li><li>• £2,250k reduction in the HUG2 Revenue budget</li></ul>  |
| 3.5 | <p>In addition to the approved budgets which are monitored in the tables below, there are £9.3m of Subject to Approval budgets agreed for the year, which are yet to be drawdown. Given the limited opportunity remaining to gain approval to draw these funds down they are likely to remain unspent at year end. A schedule of these are provided as Appendix 3a</p>   |

3.6

| Revenue Expenditure to end of Sept £'000     | Budget YTD    | Actual YTD    | Variance YTD | Full-year Budget | Forecast Outturn | Forecast Variance | Change in Forecast | Appendix 2 ref |
|--|---------------|---------------|--------------|------------------|------------------|-------------------|--------------------|----------------|
| <b>Mayor's Office</b>                        | <b>3,000</b>  | <b>59</b>     | <b>2,941</b> | <b>3,778</b>     | <b>3,774</b>     | <b>-4</b>         | <b>72</b>          |                |
| Precept                                      | 2,899         | -             | 2,899        | 3,624            | 3,624            | -                 | -                  |                |
| Mayor's Office                               | 101           | 59            | -41          | 154              | 150              | -4                | 72                 |                |
| <b>Chief Execs Office</b>                    | <b>1,535</b>  | <b>1,562</b>  | <b>28</b>    | <b>3,332</b>     | <b>3,353</b>     | <b>21</b>         | <b>82</b>          |                |
| Comms and Engagement                         | 34            | 62            | 28           | 52               | 218              | 166               | 142                |                |
| Monitoring and Evaluation                    | 39            | 47            | 8            | 226              | 191              | -35               | -                  |                |
| Response Funds                               | 280           | 522           | 242          | 879              | 879              | -                 | -                  |                |
| Strategy and Vision                          | 39            | 39            |              | 459              | 349              | -110              | -60                |                |
| CEX Office Staffing                          | 1,143         | 893           | -250         | 1,716            | 1,716            | -                 | -                  |                |
| <b>Resources and Performance</b>             | <b>5,322</b>  | <b>4,210</b>  | <b>3,358</b> | <b>15,804</b>    | <b>14,832</b>    | <b>-972</b>       | <b>-112</b>        |                |
| Digital Services and Support                 | 200           | 344           | 144          | 410              | 445              | 35                | 35                 |                |
| Energy                                       | 3,174         | 1,600         | 3,821        | 12,132           | 11,140           | -992              | -89                |                |
| Finance and Procurement                      | 159           | 70            | -89          | 323              | 408              | 85                | -                  |                |
| Human Resources & Organisational Development | 61            | 33            | -27          | 122              | 95               | -27               | -35                |                |
| Legal, Governance and Member Services        | 157           | 120           | -37          | 309              | 259              | -50               | -                  |                |
| Other Employee Costs and Corporate Overheads | 16            | 162           | 146          | 172              | 148              | -23               | -23                |                |
| R&P Staffing                                 | 1,555         | 1,882         | 327          | 2,337            | 2,337            | -                 | -                  |                |
| <b>Economy and Growth</b>                    | <b>17,089</b> | <b>15,251</b> | <b>1,838</b> | <b>29,191</b>    | <b>26,478</b>    | <b>-2,713</b>     | <b>-734</b>        | <b>1</b>       |
| <b>Place and Connectivity</b>                | <b>9,508</b>  | <b>11,317</b> | <b>1,809</b> | <b>18,907</b>    | <b>17,463</b>    | <b>-1,444</b>     | <b>527</b>         |                |
| <b>Grand Total</b>                           | <b>36,454</b> | <b>32,400</b> | <b>6,300</b> | <b>71,013</b>    | <b>65,901</b>    | <b>-5,112</b>     | <b>-165</b>        |                |

## 4. Capital Expenditure

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| 4.1 | A summary of the 2023-24 Capital Programme including expenditure to the end of November is shown on the next page, a project-level breakdown of the capital programme is included in Appendix 1b.  |
| 4.2 | <p>The capital programme is forecasting a £26,473k 'favourable' variance, which has increased by £5,139k since the last reported figures.</p> <p>There are 3 budgets forecasting material variances from the latest report. Further detail is provided on these at Appendix 2.</p> <ul style="list-style-type: none"><li>• -£795k reduced spend on the Affordable Housing Grant Programme due to a replacement scheme which will complete in the next financial year.</li><li>• -£1,686k reduced spend on the A10 Upgrade reflecting the update profile spend for this year and delay in contract award.</li><li>• -£5,531k reduced spend in the A141 Strategic Outline Business Case reflecting a rephrasing of the budget following a review of the programme.</li></ul> |
| 4.3 | <p>In addition to the above changes there are a number of new budgets created by the decisions of the Board earlier in the year. Those above the materiality threshold are:</p> <ul style="list-style-type: none"><li>• £1,300k for Investment into Peterborough HE Property Company</li><li>• £2,250k for ZEBRA phase 1 – this is the contribution from the Greater Cambridge Partnership.</li><li>• £550k for BP Roundabout NMU Access Study</li><li>• -£14,040k reduction on HUG2 Capital programme.</li></ul>  |
| 4.4 | The current Forecast Outturn position is dominated by 3 large projects: the A141 Strategic Outline Business Case, the Growth Work investment fund, and the Housing grant programme; these account for £20m out of a total £26m forecast variance. While these are significant variances it does indicate that the majority of the Authority's capital programme is forecasting spend in line with its budget.  |
| 4.5 | In order to achieve the reported forecast outturn there will need to be a considerable increase in expenditure in the remainder of the financial year. Based on slippage emerging in the final quarter of the year previously the Authority will be concentrating on the capital programme's forecasts in the next few months to ensure that this forecast position is realistic, or identify areas of undeclared slippage to enable appropriate intervention.   |
| 4.6 | In addition to the approved budgets which are monitored in the tables below, there are also £16.3m of Subject to Approval budgets agreed for the year, which are yet to be drawdown. This has been reduced by £5.4m due to the Local Electric Vehicle Infrastructure (LEVI) budget not having been formally awarded by DfT and thus deferred till 2024/25. Given the limited opportunity remaining to gain approval to draw these funds down and spend them they are likely to remain unspent at year end. A schedule of these are provided as Appendix 3b   |

## 5. Income

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| 5.1 | The lower table on the following page sets out the Combined Authority's current and forecast income for the financial year and a more detailed breakdown is provided in Appendix 1c.  |
| 5.2 | <p>There are several material variances to report to the Board in this cycle:</p> <ul style="list-style-type: none"><li>• £332k reduction in Skills Bootcamp Wave 4 to reflect reduction in courses.</li><li>• £2,250k increase in ZEBRA income due to the Greater Cambridge Partnership contribution.</li><li>• £200k increase in forecast Treasury Management income due to continued high interest rates and the impact of spend being behind profile.</li><li>• £20.6m increase in Transforming Cities Funding which had previously been anticipated early next financial year.</li></ul> |
| 5.3 | The majority of the income forecast to be received during the year has been received to the end of the November. The most significant items still outstanding are the final phase of Transforming Cities Funding (£9.1m) and HUG2 (£14.4m). Both of these are dependent on spend being incurred so do not represent a risk to the sustainability of the budget.   |

| Capital Expenditure to end of Nov 2023<br>£'000 | Budget<br>YTD | Actual<br>YTD | Variance<br>YTD | Full-year<br>Budget | Forecast<br>Outturn | Forecast Variance | Change<br>in Fore-<br>cast | Appendix 2<br>reference |
|---|---------------|---------------|-----------------|---------------------|---------------------|-------------------|----------------------------|-------------------------|
| <b>Economy and Growth</b>                       | <b>18,809</b> | <b>4,783</b>  | <b>-14,019</b>  | <b>30,916</b>       | <b>23,498</b>       | <b>-7,419</b>     | <b>162</b>                 |                         |
| Business  | 3,395         | -             | -3,388          | 5,961               | 5,968               | 7                 | 7                          |                         |
| Growth  | 9,600         | 3,116         | -6,484          | 12,326              | 4,900               | -7,426            | -                          |                         |
| Market Town                                     | 4,214         | 1,667         | -2,547          | 6,514               | 6,514               | -                 | 155                        |                         |
| SPF   | -             | -             | -               | 716                 | 716                 | -                 | -                          |                         |
| FE Cold Spots                                   | 1,600         | -             | -1,600          | 2,400               | 2,400               | -                 | -                          |                         |
| University                                      | -             | -             | -               | 3,000               | 3,000               | -                 | -                          |                         |
| <b>Place and Connectivity</b>                   | <b>53,220</b> | <b>53,817</b> | <b>597</b>      | <b>117,394</b>      | <b>98,339</b>       | <b>-19,055</b>    | <b>-4,870</b>              |                         |
| Climate Action and Spatial Planning             | 2,523         | -             | -2,523          | 4,330               | 2,830               | -1,500            | -                          |                         |
| Digital Connectivity                            | 1,004         | 271           | -734            | 1,719               | 1,719               | -                 | -                          |                         |
| Housing   | 12,173        | 6,057         | -6,116          | 19,126              | 11,148              | -7,978            | -795                       | 2                       |
| Intercompany                                    | -             | -             | -               | 1,300               | 1,300               | -                 | 1,300                      |                         |
| Public Transport                                | 3,264         | 8,333         | 5,069           | 9,188               | 9,188               | -                 | 2,250                      |                         |
| Strategic Transport                             | 34,256        | 39,157        | 4,901           | 81,731              | 72,154              | -9,577            | -7,625                     | 3,4                     |
| <b>Resources and Performance</b>                | <b>14,201</b> | <b>5,873</b>  | <b>-8,376</b>   | <b>32,793</b>       | <b>32,793</b>       | <b>-</b>          | <b>-</b>                   |                         |
| Accommodation                                   | 96            | 111           | -56             | 167                 | 167                 | -                 | -                          |                         |
| Digital Services and Support                    | 24            | -             | -24             | 42                  | 42                  | -                 | -                          |                         |
| Energy Hub                                      | 14,080        | 5,762         | -8,296          | 32,584              | 32,584              | -                 | -                          |                         |
| <b>Grand Total</b>                              | <b>86,230</b> | <b>64,473</b> | <b>-21,797</b>  | <b>181,103</b>      | <b>154,630</b>      | <b>-26,473</b>    | <b>-4,707</b>              |                         |

| Combined Authority income<br>to end of Nov 2023 £'000 | Actual<br>YTD   | Full-year<br>Budget | Forecast<br>Outturn | Forecast<br>Variance | Change in<br>Forecast |
|---|-----------------|---------------------|---------------------|----------------------|-----------------------|
| Mayor's Office  | -2,174          | -3,624              | -3,624              | -                    | -                     |
| Chief Execs Office                                    | -39             | -39                 | -39                 | -                    | -39                   |
| Economy and Growth                                    | -18,162         | -26,441             | -23,502             | 2,939                | 1,136                 |
| Place and Connectivity                                | -47,918         | -51,882             | -52,905             | -1,023               | -2,250                |
| Resources and Performance                             | -54,837         | -75,365             | -81,380             | -6,015               | -29,430               |
| <b>Grand Total</b>                                    | <b>-123,130</b> | <b>-157,351</b>     | <b>-161,450</b>     | <b>-4,099</b>        | <b>-30,582</b>        |

## 6. Appendices

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| 6.1 | Appendix A. Detailed breakdown of revenue income and expenditure budgets for the financial year 2023-24. |
| 6.2 | Appendix B. Material Variance Explanations   |
| 6.3 | Appendix C. Subject to Approval budgets  |

## 7. Implications

### Financial Implications

7.1 The financial implications of the decisions are set out in the body of the report.

### Legal Implications

7.2 The Combined Authority is required to prepare a balanced budget in accordance with statutory requirements.  
This report monitors how the Combined Authority and the Mayoral Fund performed against the financial targets set in January 2023 through the Budget setting process in accordance with the Cambridgeshire and Peterborough Combined Authority Order 2017 and the Combined Authorities Financial Order 2017.

### Public Health Implications

7.3 The projects in delivery or planned to be delivered do not have direct Public Health implications.

### Environmental & Climate Change Implications

7.4 The projects in delivery or planned to be delivered do not have direct Public Health implications.

### Other Significant Implications

7.5 There are no other significant implications.

## 8. Background Papers

8.1 None