



Combined Authority Board

Agenda Item

29 November 2023

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Title:	Draft 2024/25 Corporate Strategy and Budget and Medium-Term Financial Plan 2024/2028
Report of:	Kate McFarlane, Director of Policy and Engagement Nick Bell, Executive Director (Resources & Performance)
Lead Member:	Edna Murphy (Lead Member for Governance)
Public Report:	Yes
Key Decision:	No
Voting Arrangements:	A two thirds majority of Board Members is required to approve the Budget

Recommendations:

A	Note the developing draft Corporate Strategy following refresh
B	Approve the Draft Budget for 2024-25 and the Medium-Term Financial Plan 2024-25 to 2027-28 for consultation.
C	Approve the timetable for consultation and those to be consulted.

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
x	Increased connectivity
x	Enabling resilient communities
x	Achieving Best Value and High Performance

1. Purpose

1.1	This paper sets out the developing Corporate Strategy following refresh and the proposed Combined Authority draft Budget for 2024-25 and the Medium-Term Financial Plan (MTFP) and Capital Programme for the period 2024-25 to 2027-28.
1.2	The current Corporate Strategy was adopted by the Combined Authority in January 2023. Whilst there is no statutory requirement to update and refresh the Corporate Strategy on an annual basis, it is considered good practice to do so and for the strategic objectives in the Corporate Strategy to drive investments and resource allocation in the MTFP.
1.3	According to Chapter 4 of 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 Capital Programme and fiscal strategy to reflect any taxation proposals such as local taxation.

1.4	Chapter 7 of the Constitution sets out the Budget Framework Procedure rules including how the Combined Authority will make decisions on the budget. The process for the approval of the Mayoral budget is set out in the Combined Authorities (Finance) Order 2017.
1.5	The paper also sets out the proposed timetable for the consultation and approval of the draft budget and MTFP, and the suggested consultees in line with statutory timescales.
1.6	The consultation exercise will request consultees to provide comment on the proposals contained within the report and whether there would be support for an increased precept to cover the cost of additional and more frequent routes on the bus network for consideration by the Board at its January meeting.

2. Proposal

2.1	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 Local Enterprise Partnership and the Overview and Scrutiny Committee.”
2.2	Whilst there is no requirement in the Finance Order 2017 for the Combined Authority to consult on its budget, Local Authorities have a duty to consult where its decision will impact residents.

3. Corporate Strategy

3.1	As considerable work was undertaken to develop the current two year, transitional Corporate Strategy adopted in January 2023 the Combined Authority Board agreed in September 2023 that, whilst it was important to align the processes for determining the Corporate Strategy and MTFP for the first time, the focus on the Corporate Strategy would be more of a refresh of the existing Corporate Strategy (informed by a 6-month review of the existing Corporate Strategy), rather than a more fundamental review. This was considered appropriate because of both the extensive work undertaken to develop the existing Corporate Strategy and the fact that next year will be the last one of the current Mayoralty prior to the next Mayoral election.
3.2	<p>The refresh of the Corporate Strategy consists of four stages:</p> <ol style="list-style-type: none"> 1. High level review of existing adopted Corporate Strategy (completed). 2. Six-month progress review of delivery of the Corporate Strategy priorities and deliverables (completed). 3. Refining the 2024/25 Corporate Strategy and Mayoral ambitions (mid-November to mid-January 2024) 4. Revising Directorate Business Plans for 2024/25 (by mid-March 2024) <p>The above will, in turn, inform individual objective setting which is to be completed by the end of April 2024 as part of the Learning, Excellence, Achievement, Performance (LEAP) performance cycle.</p>
3.3	<p>Stage 1: Review of existing adopted Corporate Strategy & Business Plan</p> <p>A high-level review of the existing adopted Corporate Strategy & Business Plan including consideration of political, economic, social, technological, legal and environmental (PESTLE) factors from a national, regional and organisational perspective has been completed with input on these from the Board Corporate Pan and MTFP workshop on the 18th October and the Leaders Strategy meeting on the 8th November. This highlighted several significant factors for consideration:</p>
3.4	<p>National Drivers:</p> <ul style="list-style-type: none"> • Challenging economic times – inflation, cost of living, borrowing & business finance, reduced business confidence, unemployment rising • Consensus around Devolution - but uncertainty around nature and timing • National significance of the region re-enforced by Cambridge 2040 policy • Growing importance of Place – establishment of new Government Office of Place

	<ul style="list-style-type: none"> • Adapting to future technology opportunities (and challenges) • Climate Change – focus on adaption and mitigation to deliver net zero targets • Post pandemic challenges – such as access to health care, school attendance • General election – uncertainty in national policy landscape
3.5	<p>Regional Drivers:</p> <ul style="list-style-type: none"> • An area of significant population and housing growth – but rural isolation & widening inequalities remain a challenge • Infrastructure constraints including water, energy and housing are holding back future sustainable growth • National Cambridge 2040 policy will likely have implications beyond just Greater Cambridge • Securing a future Devolution Deal and need for agreement on most regionally most significant components of the framework • Productivity remains below national average – declining in some districts/improving in others • Workforce challenges – skills gaps and shortages, but a labour market that is seeing some cooling • Global sector leader in knowledge intensive industries– but increasingly competing nationally and internationally • Climate Change – progress toward regional target plateauing out • Availability of overall funding a challenge including from Greater Cambridge Partnership (GCP) • Sustainable transport network with urban and rural solutions remains a key focus • Step change in lobbying required to demonstrate impact of the Region and to secure future investment for the Region
3.6	<p>Organisational Drivers</p> <ul style="list-style-type: none"> • Moving from Best Value notice and improvement to embedding longer term organisational development and shifting from good to great • Embedding our values & behaviours and operating principles, including embedding partnership working • Moving Building blocks into implementation – Single Assurance Framework (SAF), Performance Management Framework, Procurement Framework • Effective integration of Business Board functions and bringing Growth Works in house • Better communicating who we are, what we do, impact to residents, businesses & importance of region to UK Plc • Delivering the Corporate Strategy and Mayoral Pledges with progress tracked through our newly agreed performance reporting framework • Support for care leavers • Preparing for future elections • Delivering at pace/ productivity/ efficiencies
3.7	<p>Stage 2: Six-month progress review of delivery of Corporate Strategy priorities and deliverables</p> <p>The six-month progress review has taken the form of RAG rating activities outlined in the current Directorate Business Plans. These articulate in more detail how the Combined Authority will deliver the Corporate Strategy priorities, which Directorate is responsible along with key milestones.</p> <p>This review, which was completed at the end of October has identified that approximately two thirds of objectives are green with delivery on track, one third has been rated as amber, with delivery expected but slightly behind schedule. The amber ratings are primarily as the result of limited staffing capacity, which has, and is being addressed through recruitment activity and secondly as the result of conscious decision to invest additional time in working with partners in early-stage scoping work.</p>
3.8	<p>Stages 3: Refining the Corporate Strategy and Mayoral Ambitions</p> <p>The refresh of the Corporate Strategy is deliberately looking at how the Corporate Strategy can be more accessible; this follows feedback from both Scrutiny Committee and findings from the recently external review of communications and engagement. It will look to better describe the role of the Combined Authority and the Mayor, integrate the Mayoral Pledges, and include the Strategic Objective "Achieving Best Value and High Performance" which was adopted by the Combined Authority Board</p>

	<p>in May 2023. A stronger articulation of our equality focus will be included following engagement with the Equality & Human Rights Commission (EHRC) will be provided and importantly greater detail on what the Combined Authority intends to deliver in 2024/2025.</p>
3.9	<p>The proposed areas of activity against each of the Corporate Strategic Objectives and Mayoral ambitions are listed below. Whilst there is no statutory requirement to consult on the Corporate Plan as part of the MTFP we will be seeking headline feedback on what is most important to residents, businesses and stakeholders to inform the refresh. Details on the consultation can be found in section 7. Progress on delivery of the Corporate Plan will be reported quarterly in line with the Performance Management Framework agreed at the September 2023 Combined Authority Board.</p>

STRATEGIC OBJECTIVES

	Achieving Good Growth	Improving Connectivity	Ambitious Skills and Employment Opportunities	Enabling Resilient Communities
MAYORAL PLEDGES	<p>Promote, protect and grow our unique Fens</p> <p>Influencing government policy to enable key infrastructure to support sustainable housing and economic growth, including tackling pressing water-related challenges and opportunities, and accelerating delivery of water infrastructure programmes in the Fens.</p> <p>Working with partners to deliver the Future Fens Integrated Adaptation initiative and explore potential designation of the Fens as a special area.</p>	<p>Reducing isolation in the Fens and other rural areas by improving connectivity between our rural areas, towns and cities.</p>	<p>Building skills infrastructure in the Fens and other Further Education cold spots, and working with our learning providers to ensure we grow a sustainable FE and HE sector that can deliver world-class learning to our residents.</p>	<p>Piloting work on addressing how climate change is impacting the condition of the region's roads in the Fens and other affected areas.</p> <p>Supporting sustainable agriculture in the Fens and other agricultural areas.</p>
	<p>A locally determined, innovative and public transport system that is fit for the future</p>	<p>Developing and delivering the region's key strategic and key localised transport/connectivity schemes and initiatives, using best practice and innovative thinking to improve projects and funding bids.</p> <p>Delivering the function of the Passenger Transport Authority, including maintaining and improving the current network and offer to customers; and developing the overarching strategy for passenger transport for implementation.</p> <p>Working towards a joined-up, net zero carbon transport system, which is high quality, reliable, convenient, affordable, safe, and accessible to everyone.</p> <p>Reforming the bus network (including assessing bus franchising options) and bus sustainability.</p> <p>Supporting rail and station improvements and campaigning for better rail infrastructure.</p> <p>Delivering transport-related strategic plans, policies and supporting documents.</p>	<p>Maximising connectivity to training and employment opportunities.</p>	<p>Working towards Alternative Fuel Strategy Deliverables and Local Electric Vehicle Strategy and Infrastructure.</p>
	<p>Working with Integrated Care System to support the delivery of better health outcomes and address health inequalities in the region</p>	<p>Supporting active travel infrastructure to promote and deliver health and environmental benefit.</p> <p>Campaigning for and supporting modal shift with initiatives including reduced fares for young people, care leavers and those on universal credit.</p> <p>Supporting road safety interventions.</p>	<p>Implementing a Health and Work Strategy to address economic inactivity and productivity, working with employers to support those with disabilities and long-term health issues to thrive in the workplace.</p>	<p>Leading delivery of the Climate Action Plan 2022-2025, to mitigate and adapt to the impacts of climate change; and renewing the Strategy in 2024.</p> <p>Hosting the Greater South East Net Zero Hub and supporting the delivery of the Local Net Zero Programme 2022-2025, including public sector estate decarbonisation, strategic projects, toolkit development, community projects and knowledge sharing.</p> <p>Providing skills and business support to enable more homes, care homes and village halls to be retrofitted.</p> <p>Enhancing biodiversity through developing a Local Nature Recovery Strategy for consultation in 2024, as part of our Doubling Nature Vision.</p>
	<p>Creating a strong sense of place and cultural identity for our region</p> <p>Completing our housing programme, delivering over 600 affordable homes by 2025.</p> <p>Developing enterprise zones, knowledge intensive growth clusters and increased commercial space, that will support innovation across high-knowledge business sectors including agri-tech, life sciences, advanced manufacturing and materials, and digital and technology.</p> <p>Developing a market towns masterplan, that will support rural communities and businesses including social impact organisations.</p> <p>Supporting social investment through co-investment in a new social investment fund.</p> <p>Developing an Infrastructure Delivery Framework and large-scale investment fund to address infrastructure barriers to good growth.</p> <p>Promoting Cambridgeshire & Peterborough nationally & internationally to create growth & inward investment opportunities.</p>	<p>Leading delivery of the region's Digital Connectivity Infrastructure, and Digital Strategies.</p>	<p>Growing bold strategic partnerships that meet the talent needs of our economy, at the same time as increasing learning and work opportunities for all.</p> <p>Working with employers to increase the number of high-quality apprenticeships open to our young people, especially from less advantaged backgrounds.</p> <p>Supporting the region's advanced manufacturing and materials, agri-tech, cultural and creative, digital and technology, and life sciences sectors, to increase employment and skills opportunities, improve health and wellbeing and support green transition.</p> <p>Enhancing careers education, information, advice and guidance through delivering the Cambridgeshire & Peterborough Careers Hub and influencing national providers of careers to deliver lifelong learning and workforce skills.</p>	<p>Developing a Local Area Energy Plan for Cambridgeshire, that will support power and water sufficiency, improve the resilience of infrastructure and address road safety.</p> <p>Nurturing the growth of creative industries through business support and skills.</p> <p>Connecting communities with a place based cultural offer.</p> <p>Enabling communities to be resilient and adaptable through local Placemaking and Renewal.</p> <p>Improving the Visitor Economy and creating vibrant high streets.</p> <p>Supporting businesses with the transition to a low carbon economy and net-zero agenda.</p>

Achieving Best Value and High Performance

Developing a single view, narrative and shared vision that communicates the ambitions and aspirations of Cambridgeshire and Peterborough as a place.
Exploring and articulating our readiness to effectively draw on the opportunities further devolution presents for our region.
Undertaking a 'State of the region' review of the evidence underpinning our strategies and plans.
Developing a balanced Medium Term Financial Plan for 2024/25 and beyond that supports the delivery of the CPCA's strategies and priorities.

Developing a new operating model that demonstrates Best Value in all its operations.
Enhancing support to the Office of the Mayor through the embedding of a new Chief Executive's Office Team
Embed a culture of continuous improvement in the Programme Management Office to ensure that projects deliver on time and on budget.
Providing support to enable the implementation of our Single Assurance Framework
Embed the Performance Management Framework to support decision making and scrutiny.

4. Draft budget for 2024-25 and MTFP for the period 2024-25 to 2027-28

4.1	<p>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 as set out in the approved Corporate Plan. The draft Revenue and Capital budgets contained in this report reflect decisions taken by the Combined Authority Board up to and including its meeting in September 2023, in line with agreed accounting policies. Overall affordability remains the key factor in agreeing a balanced budget and this paper aligns areas of expenditure by the current Directorate structure with funding sources.</p>
4.2	<p>The focus to date has been on updating existing budgets for decisions taken in year by the Board, inflation and other known changes in expenditure and funding over the MTFP period, as well as reviewing options to drive further efficiencies within the Authority's operations. Opportunities for efficiencies are kept under constant review and during the course of the current financial year restructures in a number of areas, and the reduction in the use of interims, has created opportunities to increase investment in some areas approved by the Board during the year (including the Procurement Team and the New Economy Team) whilst maintaining enough funding headroom for new priorities to be included in the MTFP.</p>
4.3	<p>Efficiency has always had to be at the heart of the Combined Authority's operations. When the Authority was created in 2017 it was granted funding of £8m of 'gainshare' revenue and £12m of 'gainshare' capital for the subsequent 30 years. Whilst the early years of the Combined Authority saw relatively low levels of inflation, the spending power of that 'gainshare' has been eaten away far more rapidly by the high levels of inflation experienced over the last 18 months. Compared to April 2017, the Retail Price Index of inflation has risen by 39.8% by September 2023. Put another way, the Combined Authority would now need to have 'gainshare' revenue funding of £11.184m to have the same spending power as the £8m it had in 2017. This effective reduction in spending power has forced the Authority to continually review its operations to find efficiencies to both maintain the operations of the Authority and to invest in its priority programmes.</p>
4.4	<p>The Combined Authority is aware that it cannot achieve its scale of ambition with its resources alone and so will seek to work collaboratively with its Constituent Authorities, the Greater Cambridge Partnership, Central Government, local businesses and other local partners to leverage funding sources and ensure that the maximum impact, and value for money can be delivered from the resources devolved to the area.</p>
4.5	<p>Funding summaries for planned and projected Revenue and Capital expenditure over the lifetime of the MTFP are shown in Tables 1 and 2 below. These show the expected fund balances available in each year of the MTFP and are made up of balances on reserves brought forward and expected in year funding. The fact that both the overall balances for Revenue and Capital (after planned overprogramming is excluded) at the end of each year, and at the end of the MTFP period, are positive indicates that the budget is balanced and affordable before taking account of the options to improve the bus network as outlined later in the report.</p>

Table 1 Revenue Funding Summary	2024/5			2025/6			2026/27			2027/28			
	Balance at 1/4/24	Income	Expenditure	Balance at Year End	Income	Expenditure	Balance at Year End	Income	Expenditure	Balance at Year End	Income	Expenditure	Balance at Year End
	£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000
Revenue Single Pot	(14,501)	(13,240)	21,490	(6,251)	(10,000)	13,548	(2,703)	(9,240)	11,851	(93)	(8,840)	11,451	2,518
Mayoral Precept	-	(3,691)	3,691	-	(3,760)	3,760	-	(3,835)	3,835	-	(3,912)	3,912	-
Business Board Revenue Funds	(1,782)	(1,004)	1,227	(1,559)	(986)	1,227	(1,318)	(986)	766	(1,538)	(913)	194	(2,257)
Inflation Reserve	(2,400)	-	-	(2,400)	-	-	(2,400)	-	-	(2,400)	-	-	(2,400)
<i>Subtotal discretionary funds</i>	<i>(18,683)</i>	<i>(17,935)</i>	<i>26,408</i>	<i>(10,210)</i>	<i>(14,746)</i>	<i>18,535</i>	<i>(6,421)</i>	<i>(14,061)</i>	<i>16,452</i>	<i>(4,031)</i>	<i>(13,665)</i>	<i>15,557</i>	<i>(2,139)</i>
Transport Levy	(562)	(13,765)	15,041	713	(14,040)	15,347	2,020	(14,321)	15,654	3,353	(14,607)	15,955	4,701
Passenger Transport Grants	(529)	(2,725)	411	(2,843)	(411)	411	(2,843)	(411)	411	(2,843)	(411)	411	(2,843)
<i>Subtotal passenger transport funding</i>	<i>(1,091)</i>	<i>(16,490)</i>	<i>15,452</i>	<i>(2,130)</i>	<i>(14,451)</i>	<i>15,758</i>	<i>(823)</i>	<i>(14,732)</i>	<i>16,065</i>	<i>510</i>	<i>(15,018)</i>	<i>16,366</i>	<i>1,858</i>
Earmarked Reserves	(4,042)	(260)	-	(4,302)	-	780	(3,522)	(260)	-	(3,782)	(260)	-	(4,042)
Transport Ringfenced Rev grants	(150)	-	-	(150)	-	-	(150)	-	-	(150)	-	-	(150)
Adult Education Budget (AEB)	(1,785)	(12,927)	12,927	(1,785)	(12,927)	12,927	(1,785)	(12,927)	12,927	(1,785)	(12,927)	12,913	(1,799)
Skills Ringfenced Grants	(1,031)	(1,472)	2,831	328	-	-	328	-	-	328	-	-	328
Business Ringfenced Grants	(118)	-	-	(118)	-	-	(118)	-	-	(118)	-	-	(118)
SPF Revenue	(361)	(4,353)	4,190	(524)	-	-	(524)	-	-	(524)	-	-	(524)
Net Zero Hub	(1,346)	(2,873)	3,879	(340)	-	340	0	-	-	0	-	-	0
<i>Subtotal ringfenced funding</i>	<i>(8,833)</i>	<i>(21,885)</i>	<i>23,827</i>	<i>(6,891)</i>	<i>(12,927)</i>	<i>14,047</i>	<i>(5,771)</i>	<i>(13,187)</i>	<i>12,927</i>	<i>(6,031)</i>	<i>(13,187)</i>	<i>12,913</i>	<i>(6,305)</i>
Grand Total	(28,608)	(56,310)	65,687	(19,231)	(42,124)	48,340	(13,015)	(41,980)	45,444	(9,551)	(41,871)	44,836	(6,586)

Table 2 Capital Funding Summary	2024/5			2025/6			2026/27			2027/28			
	Balance at 1/4/24	Income	Expenditure	Balance at Year End	Income	Expenditure	Balance at Year End	Income	Expenditure	Balance at Year End	Income	Expenditure	Balance at Year End
	£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000
Capital Gainshare	(32,072)	(12,000)	46,753	2,681	(12,000)	33,577	24,257	(12,000)	16,242	28,499	(12,000)	12,942	29,441
Recycled Growth Funds	(9,805)	(522)	2,559	(7,768)	(184)	-	(7,952)	(184)	-	(8,136)	-	-	(8,136)
<i>Subtotal discretionary funds</i>	<i>(41,877)</i>	<i>(12,522)</i>	<i>49,312</i>	<i>(5,087)</i>	<i>(12,184)</i>	<i>33,577</i>	<i>16,306</i>	<i>(12,184)</i>	<i>16,242</i>	<i>20,363</i>	<i>(12,000)</i>	<i>12,942</i>	<i>21,305</i>
Transforming Cities Fund	2,525	-	1,730	4,255	-	1,500	5,755	-	-	5,755	-	-	5,755
Capital contingency reserve	(1,500)	-	-	(1,500)	-	-	(1,500)	-	-	(1,500)	-	-	(1,500)
Transport Ringfenced Cap grants	(4,726)	(47,170)	47,630	(4,266)	-	-	(4,266)	-	-	(4,266)	-	-	(4,266)
Highways Capital Grants	-	(27,695)	27,695	-	(27,695)	27,695	-	(27,695)	27,695	-	(27,695)	27,695	-
SPF Capital	(24)	(4,462)	4,462	(24)	-	-	(24)	-	-	(24)	-	-	(24)
Net Zero Retrofit Grants	139	(35,419)	35,280	-	-	-	-	-	-	-	-	-	-
Housing	(9,693)	-	5,287	(4,406)	-	4,406	-	-	-	-	-	-	-
<i>Subtotal ringfenced funding</i>	<i>(15,804)</i>	<i>(114,746)</i>	<i>120,354</i>	<i>(10,196)</i>	<i>(27,695)</i>	<i>32,101</i>	<i>(5,790)</i>	<i>(27,695)</i>	<i>27,695</i>	<i>(5,790)</i>	<i>(27,695)</i>	<i>27,695</i>	<i>(5,790)</i>
Grand Total	(55,156)	(127,268)	171,396	(11,028)	(39,879)	67,178	16,271	(39,879)	43,937	20,328	(39,695)	40,637	21,270

4.6	There remains a significant inflationary pressure on the staffing budget. The pay budget within the MTFP has been increased by 4% in 2024-25 and for each year thereafter, which is in line with many other Local Authorities.
4.7	In response to the fact that much of the Combined Authority's revenue expenditure (excluding that which is ringfenced to specific projects) is relatively stable and not demand led, and that a prudent allocation for both pay and non-pay inflation has been made within these budgets, it is considered that a minimum level of general reserves equal to 2% of non-ringfenced revenue should be maintained for each year of the MTFP, and this has been built into the figures provided.
4.8	The Combined Authority delivers relatively few services directly and commissions the majority of its project work through delivery partners, including Constituent Councils. As the Authority's staff are therefore further removed from the construction of physical projects the majority of staff costs are not capitalised. This, along with the fixed costs which come with any Authority regardless of size, result in a relatively higher proportion of staff costs within the revenue budget than is common in Local Authorities.
4.9	There are currently no projects funded by borrowing in the draft capital programme.
4.10	The forecast income from the Combined Authority's Treasury Management portfolio has been increased from that included in the 2023-24 budget to reflect the recent rises in UK interest rates and forecast cash volumes available for investment. It is, however, forecast that the income from Treasury Management in 2024-25 and in future years will be significantly lower than that which is now forecast to be received in 2023-24.
4.11	The Combined Authority maintains two separate Response Funds. The Corporate Response Fund enables the organisation to rapidly react to emerging ideas, concepts, and Central Government policy. Use of this funding requires the approval of the Chief Executive. The Programme Response Fund allows flexibility to respond to relatively larger emerging issues and opportunities. The Programme Response Fund requires Board approval prior to allocation.
4.12	Other principles and assumptions adopted in the development of the proposed draft budget and MTFP are detailed in Appendix A and include: <ul style="list-style-type: none"> • Budget preparation has taken account of the level of reserves brought forward from previous financial years, and of expected annual funding streams from 2024-25 onwards to ensure that spending plans continue to be affordable. • The 2024-25 Budget and MTFP provides a clear presentation of capital and revenue budgets based on the current Directorate structure. • The staffing structure and budgets have been delegated from the Chief Executive to members of the Corporate Management Team for them to control. • 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 takes a prudent approach to funding – new funding sources are not recognised until funding agreements have been received from Government.
4.13	The attached appendices provide the summary positions and detailed supporting schedules for both Revenue Expenditure (Appendix B) and the Capital Programme (Appendix C). New proposals for investments in both capital and revenue are included in Appendices D (Capital) and E (Revenue) and the major proposed investments are described in the relevant sections relating to Directorate Budgets (below).

5. DIRECTORATE BUDGETS

	EMPLOYMENT AND GROWTH
5.1	The Employment and Skills Strategy and Economic Growth Strategy, both approved by the Board in 2022, set out challenges and opportunities to deliver on the overarching vision defined in the devolution deal.

5.2	The Employment and Skills Strategy recognises that to address the systemic skills challenges is a long-term project and therefore a number of longer-term system change outcomes have been identified. We will continue to work with partners to drive forward this ambition.
5.3	<p>In terms of employment and skills this means:</p> <ul style="list-style-type: none"> • Inspiring more young people into careers that can transform their life chances, raising social mobility across the Combined Authority, and especially in Peterborough and Fenland. • Tackling the inequalities in access to further (FE) and higher education (HE) that hold back life chances and progress to improve related health and social outcomes. Building FE and HE capacity to provide more adults, of all ages, with an education able to improve their access to better jobs and prosperity and raising the proportion of the population in the north of the region gaining a NVQ4 or above qualification. Chief amongst our aspirations to raise life chances through education, is the further development of the University of Peterborough.
5.4	However, filling the higher-level skills gap in Peterborough and the Fens will have limited impact on real lives without effective measures to significantly grow the business demand for those skills. This will require concurrent development of the innovation and business support eco-system to grow indigenous high-value firms and attract new ones more evenly across our region.
5.5	<p>Green and inclusive business growth support is key to levelling-up, already well underway through an integrated and powerful array of support that accelerates our recovery by strengthening our businesses and workforce capacity for growth. The Growth Works Service is coming to an end in December 2023, having delivered strong jobs growth, and the following existing services will be replaced by a series of tailored solutions that will be delivered in conjunction with our partners:</p> <ul style="list-style-type: none"> • A Growth Coaching Service to engage and support our highest potential firms to speed their growth, build their capacity for growth, and sustain their period of growth. • An Inward Investment Service to better connect us into global markets, to engage and persuade firms to locate into our economy or invest in our strategic projects. • A Skills Brokerage Service to link learners and those retraining for new jobs, to employers and skills providers to improve the supply of skills to our growth sectors. • A Capital Growth Investment Fund to help SMEs, grow through organic expansion, offering an integrated range of grants, loans and equity products unavailable
5.6	Within the proposed Capital Programme there is a further £20m over the MTFP period to support both skills provision and business growth through the development of a Strategic Growth Fund. The projects to be supported by this fund will be approved in the future through the new SAF prioritisation process, however it is anticipated that at least £5m of this fund will be used to help fund important infrastructure at Peterborough University. In addition to the £20m Strategic Growth Fund, a further £3m will be allocated to the development of a regional creative industries hub in Cambridge.
5.7	Contributing to delivery of Levelling Up across all of the Combined Authority will be the portfolio of projects being delivered via the UK Shared Prosperity Fund and Rural England Prosperity Fund. Place based innovation is key to levelling-up. As demonstrated in Cambridge, research is fundamental to achieving this - it produces the new ideas and technologies that enable entrepreneurs to start up, existing businesses to scale-up and for new tech-firms to spin-out of universities. Now that the university of Peterborough has started delivery from its first building with the second being ready for occupation and the third being built, it is time to deliver on the ambition to increase innovation-based business growth in the north of the region by replicating and extending the infrastructure and networks that have enabled Cambridge to become a global leader in innovative growth. Future phases of the university project will help to realise this
5.8	Within the proposed Capital Programme there is a further £10m over the MTFP period to help support areas and communities across the region to 'level-up' further. The individual projects to be funded from this sum will be subject to further approval in line with the approved SAF process.
	PLACE AND CONNECTIVITY
5.9	The Combined Authority is the area's Strategic Transport Authority, as such it has responsibility for creating and owning the statutory Local Transport and Connectivity Plan (LTCP) – this sets out the long-term strategy to improve transport for both the people and businesses of Cambridgeshire and

	<p>Peterborough, with our constituent Council's Local Plans adhering to the LTCP. Reflecting the impact that internet connectivity has on transport needs, the Combined Authority has rolled Connectivity into the Plan forming the LTCP. Following public engagement, formal public consultation and significant discussions with key stakeholders it is hoped that the final document will be approved by the Board soon. Following approval further work will be undertaken to develop other documents within the Plan's suite, such as modal and geographical specific strategies and policies.</p>
5.10	<p>Along with the LTCP the Combined Authority has responsibility for shaping the bus network across the region. This includes paying for concessionary fares as well as supporting bus services to ensure key areas not served by commercial bus services of the County are better connected. The Combined Authority with partners have revised our Bus Service Improvement Plan that was previously submitted to government following collaborative working with our local bus services, the Greater Cambridge Partnership and the Local Highways Authorities. The BSIP, which remains in draft form, strongly aligns to the emerging Bus Strategy that sets out our vision for a bus network for the area that is fast, frequent, reliable, and ready to help drive a modal shift in transport. Government made a BSIP + allocation of £4.6 million to the Combined Authority earlier this year in two £2.3m tranches. Proposals for the first tranche of funding are included in the Bus Strategy item elsewhere on this agenda. In order to both encourage more utilisation of the buses by the young people in the region, as well as to help with the cost of living crisis, it is proposed that a significant part of the revenue headroom in the MTFP (£3.85m), along with £550k of the BSIP+ allocation mentioned above, be used to reduce the single fares for those under 25 travelling on buses within the region to £1 per journey until May 2025.</p>
5.11	<p>The landscape for bus provision across the region has changed markedly over the last couple of years, giving a need to revisit the strategy for taking the bus network forward. There are significant challenges – lower patronage, cuts in commercially-viable services and increasing unreliability due to traffic and driver shortages. Meanwhile, the ambitions for what the bus network needs to achieve are growing, as set out in the Combined Authority's Local Transport and Connectivity Plan to dramatically boost bus provision and in parallel cut private vehicle travel by 15%. Achieving this will see bus patronage more than double, compared to 2019 levels, with some 60-75 million passenger journeys anticipated. Therefore, the Combined Authority has undertaken a review of the subsidised network, with a set of recommendations for the Board to consider elsewhere on this agenda. The Combined Authority is also continuing work, agreed by the Board in September, to audit the outline business case for bus reform, which includes an assessment of the case for franchising or an enhanced partnership. This is due to be reported to the Board in January.</p>
5.12	<p>The Transport team also programme manage a portfolio of large capital projects delivering journey improvements and public health benefits across the region to help deliver the Combined Authority's corporate plan objectives, in particular to enhance connectivity. These projects are predominantly funded by the Transforming Cities Fund, a £95m fund devolved to the area with the Combined Authority able to direct to where it will create the greatest impact.</p>
5.13	<p>A total of £36.5m is included in the draft Capital Programme for additional transport schemes across the region to enable continued work on existing priority projects as well introduce and support other programmes and projects that address corporate and mayoral priorities. Projects include improvements to active travel across the region, better rail station and bus stop infrastructure, more funding to support road safety and 'Vision Zero and priority road junction improvements to improve safety and reduce congestion in both March and on the A16 in Peterborough.</p>
5.14	<p>The Directorate is also responsible for an overall spatial framework for the area and the delivery of the statutory local Nature Recovery Strategy. It supports implementation of the Climate Action Plan, taking forward the recommendations of the Cambridgeshire and Peterborough Independent Commission on Climate, with wide ranging implications for both the public and private sectors in the Combined Authority.</p>
5.15	<p>A further £9m of Capital and £2m of revenue is included in the MTFP proposals to help deliver the Climate Action Plan and Local Nature Recovery Strategy, as well as developing innovative ways to support infrastructure being affected by climate change (e.g. the Fen roads) and to support the delivery of new requirements on biodiversity for constituent councils. The MTFP proposals also include an allocation to take forward the findings from the Infrastructure Delivery Framework, which is working with partners to identify the obstacles to sustainable growth across the area and set out costed solutions.</p>

5.16	Housing also lies within the remit of the Directorate. The CPCA Board paper on the future of Housing (June 2022) recognised that there is a need to deliver genuinely affordable housing across the Combined Authority Area, however with no further financial support from DLUHC beyond the end of the current programme the CPCA does not have the financial support to deliver anything significant and regional housing support will have to come through Homes England.
5.17	Whilst there are no immediate prospects of significant funding being received from government to develop further housing in the region, it is considered that the CPCA should retain some basic capability to bid for any future Housing grant or funding opportunities that may arise, particularly through further devolution. The current Housing Loans programme has recently been completed with the final loan repayment received.
CHIEF EXECUTIVE'S OFFICE AND RESOURCES AND PERFORMANCE	
5.18	These two Directorates cover those services which support the business of the Authority. The Chief Executive's Office includes policy, communications and the secretariat. Resources and Performance comprises finance, legal, governance and audit, procurement, HR and the Programme Management Office. Two of the three statutory officers, the Monitoring Officer and the Chief Finance Officer, are based in this Directorate. Additionally, the Greater South East Net Zero Hub resides in the Resources and Performance Directorate. The Hub provides support, advice and guidance across many local authority areas to support the drive to net zero emissions, as well as managing major contracts and programmes on behalf of government across that geography.
MAYOR'S BUDGET	
5.19	The Mayor's Office budget is included within this report for completeness as it draws on CPCA funding sources. However, the mayoral budget has a different approval process to the non-Mayoral Combined Authority budget. The process for determining the mayoral budget is set out in the Combined Authorities (Finance) Order 2017.

6. BUDGET OPTION – IMPROVEMENTS TO THE BUS NETWORK

6.1	The Combined Authority has recently undertaken a review of the existing bus network. Last year the existing bus network was saved by the injection of additional funding of around £3.6m which was generated by a Council Tax precept, levied by the Mayor, of £12 per year for a Band D property. Ongoing funding equivalent to £3.6m, plus inflation, is needed to maintain the bus network at a basic level of service.
6.2	Further investment is, though, needed to secure the bus network for the future. This includes improvements to bus stops and bus shelters, the development of bus depots which can handle low carbon emissions buses (including electric), short term funding to help routes which are nearly commercially viable become fully commercial viable (which will save public subsidy for these routes in the future) and better synchronisation of the public bus network with other networks (e.g. school transport, hospital transport and business funded transport) to maximise the efficiency of the network for the public purse. Funds are provided within the MTFP to begin this process of securing the bus network for the future, and it is anticipated that the efficiencies and reductions in public subsidy generated by this approach will provide options to either reinvest the funds or to reduce the local tax burden in the future.
6.3	These investments, together with the funding of the reduced fare of £1 a journey for everyone who is under the age of 25, will see the single biggest revenue investment in our bus network since the Combined Authority was established.
6.4	However, despite these investments, the network will not be able to serve a significant minority of the population. To improve this position will require investments in both new services and more frequent buses on some existing services to both strengthen and shape the services needed for the future. A further investment of up to £7.5m per annum in the bus network would enable both more routes and more frequent services on existing routes to be developed, serving far more people more conveniently than is currently the case.

6.5	<p>If the Board were to choose to invest in the additional and more frequent services mentioned in above this could not be met from current resources. A range of funding options (or a combination of them) could be considered including:</p> <ul style="list-style-type: none"> • Seeking contributions from Constituent Councils, including greater increases in the Transport Levy from Cambridgeshire County Council and Peterborough City Council • Utilising some of the unringfenced funding proposed to be used on other priorities contained in this report for Revenue and/or Capital enhancements to the bus network • Cutting other service areas funded by unringfenced funding and redirecting that funding into enhancing bus services • Increasing the Mayoral precept (to fund the gap would require an increase in the precept of £24 a year for a Band D property compared to the existing precept) • Introducing a Supplementary Business Rate (this is subject to a successful referendum amongst business rate payers and funding from it would not be deliverable until April 2025 at the earliest).
6.6	<p>Whilst final decisions on whether to invest in further improvements to the bus service, if so how much to invest and how to fund any required investment will be taken at the Board on 31st January, it is proposed that the Combined Authority consult on the possibility of increasing the Band D Council Tax precept by £24 a year from its current level so that it can be considered as an option in January.</p>

7. CONSULTATION TIMETABLE

7.1	<p>The Combined Authority will consult on our plans from Thursday 30th November to Thursday 11th January.</p> <p>We will consult with residents, business and key stakeholders and our objective is to build awareness of our role and our responsibilities, our financial obligations and gain feedback and input on our plans. Our central aim is to create greater awareness of the role and responsibilities of the Combined Authority, demonstrate the impact we are already having on communities and business across our region and ensure audiences have the opportunity to share their views about what is important to them. We will do this by focusing on a small number of Mayor-led face-to-face events alongside a comprehensive digital campaign. Both will be underpinned by an online consultation form where consultees can have their say.</p> <p>We will ask audiences to prioritise proposed deliverables within the Corporate Plan and give their views on how their priorities could be funded.</p> <p>Responses from the consultation will help to share the proposals that Combined Authority Board will consider at their meeting in January. We will also ask respondents to sign up to receive future updates from the Combined Authority to maintain engagement.</p> <p>The consultation strategy has been created to learn lessons from last year's consultation and align to best practice from other Mayoral Combined Authorities.</p>																							
7.2	<p>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.</p>																							
7.3	<table border="1"> <thead> <tr> <th data-bbox="181 1711 1209 1756">Proposed Statement and Budget Setting Timetable</th> <th data-bbox="1214 1711 1321 1756">Day</th> <th data-bbox="1326 1711 1481 1756">Date</th> </tr> </thead> <tbody> <tr> <td data-bbox="181 1762 1209 1839">CPCA Board Meeting (to receive and approve the draft Budget and MTFP for consultation)</td> <td data-bbox="1214 1762 1321 1839">Wed</td> <td data-bbox="1326 1762 1481 1839">29/11/23</td> </tr> <tr> <td data-bbox="181 1845 1209 1890">Consultation Period Starts</td> <td data-bbox="1214 1845 1321 1890">Thu</td> <td data-bbox="1326 1845 1481 1890">30/11/23</td> </tr> <tr> <td data-bbox="181 1897 1209 1942">Overview and Scrutiny Committee Meeting (Consultation)</td> <td data-bbox="1214 1897 1321 1942">Mon</td> <td data-bbox="1326 1897 1481 1942">tbc</td> </tr> <tr> <td data-bbox="181 1948 1209 1993">Consultation Ends</td> <td data-bbox="1214 1948 1321 1993">Thu</td> <td data-bbox="1326 1948 1481 1993">11/01/23</td> </tr> <tr> <td data-bbox="181 2000 1209 2045">Overview and Scrutiny Committee Meeting</td> <td data-bbox="1214 2000 1321 2045">Mon</td> <td data-bbox="1326 2000 1481 2045">29/01/23</td> </tr> <tr> <td data-bbox="181 2051 1209 2128">CPCA Board Meeting to Approve the 2023-25 Corporate Strategy refresh and the 2024-25 to 2027-28 Budget and MTFP</td> <td data-bbox="1214 2051 1321 2128">Wed</td> <td data-bbox="1326 2051 1481 2128">31/01/23</td> </tr> </tbody> </table>			Proposed Statement and Budget Setting Timetable	Day	Date	CPCA Board Meeting (to receive and approve the draft Budget and MTFP for consultation)	Wed	29/11/23	Consultation Period Starts	Thu	30/11/23	Overview and Scrutiny Committee Meeting (Consultation)	Mon	tbc	Consultation Ends	Thu	11/01/23	Overview and Scrutiny Committee Meeting	Mon	29/01/23	CPCA Board Meeting to Approve the 2023-25 Corporate Strategy refresh and the 2024-25 to 2027-28 Budget and MTFP	Wed	31/01/23
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7.4	<p>Consultees</p> <p>The consultees on the draft budget and MTFP must, as a minimum, include the following organisations:</p> <ul style="list-style-type: none"> • Cambridge City Council • Cambridgeshire County Council • East Cambridgeshire District Council • Fenland District Council • Huntingdonshire District Council • Peterborough City Council • South Cambridgeshire District Council • The Business Board • CPCA Overview and Scrutiny Committee <p>The draft budget and MTFP will also be considered by other key partner organisations (including the Greater Cambridge Partnership and the Integrated Care Board) as well as the Thematic Committees (in so far as the proposals fall within the remit of those Committees) and it will also be set out on the Combined Authority website and a communications campaign will be run to encourage public engagement.</p>
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8. Background

8.1	<p>It is a statutory requirement for the Authority to set and approve a budget every year and good practice to develop a longer-term Corporate Strategy which drives a Medium-Term Financial Plan. The proposals in this report strengthen this best practice in line with the work being undertaken through the Improvement Programme.</p>
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9. Appendices

9.1	Appendix A. Assumptions underpinning the draft MTFP
9.2	Appendix B. Detailed proposed Capital Programme
9.3	Appendix C. Detailed proposed Revenue Programme
9.4	Appendix D. New Capital Investment proposals
9.5	Appendix E. New Revenue Investment proposals

10. Implications

Financial Implications

10.1	The financial implications are contained in the body of the report.
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Legal Implications

10.2	<p>Under powers granted by the Combined Authorities (Finance) Order 2017, elected Mayors may raise a precept on Constituent Authorities Council Tax bills under section 107G of the Local Democracy Economic Development and Construction Act 2009. A Mayoral Precept may only be issued in relation to the costs of the Mayor or of discharging Mayoral Functions. The Mayoral functions are set out in Article 12 of the Cambridgeshire and Peterborough Combined</p> <p>Further, under Section 25 of the Local Government Act 2003, the Authority's Chief Financial Officer (the Treasurer) is required to report on the robustness of the estimates made for the purposes of the budget and levy calculations and the adequacy of the proposed reserves. This information enables a longer-term view of the overall financial position to be taken.</p>
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	<p>This report is submitted to the Board in accordance with the Budget procedure rules. The CPCA has a statutory duty to have regard to the report of the Chief Finance Officer when making decisions about its budget calculations. The legal and governance processes that need to be completed including consideration by Overview and Scrutiny Committee and the Combined Authority Board.</p> <p>As a public authority which has the power to levy for transport functions and to raise a precept, the Cambridgeshire and Peterborough Combined Authority must set a budget every year which is agreed through its formal decision-making processes.</p> <p>Some savings proposals may only be delivered after specific statutory or other legal procedures have been followed and/or consultation taken place. Where consultation is required, the CPCA cannot rule out the possibility that they may change their minds on the proposal because of the responses to a consultation, and further reports to the CPCA Board may be required.</p> <p>If General Fund Reserves are used to support the budget, they may need to be reimbursed at the earliest opportunity to provide the necessary, margin of safety in future years.</p> <p>Apart from statutory duties relating to specific proposals the CPCA must consider its obligations under the Equality Act.</p>
Public Health Implications	
10.3	None directly
Environmental & Climate Change Implications	
10.4	None directly
Other Significant Implications	
10.5	None
Background Papers	
10.6	None