



**CAMBRIDGESHIRE  
& PETERBOROUGH**  
COMBINED AUTHORITY

<b>CAMBRIDGESHIRE AND PETERBOROUGH COMBINED AUTHORITY BOARD</b>	<b>AGENDA ITEM No: 2.1</b>
<b>31 JULY 2019</b>	<b>PUBLIC REPORT</b>

## **BUDGET MONITOR UPDATE**

### **1.0 PURPOSE**

- 1.1 This report provides an update of the 2019/20 forecast outturn position against the Board approved budget for the year.

<b><u>DECISION REQUIRED</u></b>	
<b>Lead Member:</b>	<b>Councillor Steve Count, Portfolio for Investment and Finance</b>
<b>Lead Officer:</b>	<b>Jon Alsop, Head of Finance (Section 73 Officer)</b>
<b>Forward Plan Ref: Not applicable    Key Decision: No</b>	
The Combined Authority Board is recommended to: a) note the updated financial position of the Combined Authority for the year.  b) note the status of the audit of the 2018/19 statement of accounts	<b>Voting arrangements</b> N/A

### **2.0 BACKGROUND**

#### **Budget 2019/20 Update**

- 2.1. At its January 2019 meeting, the Board approved the Medium Term Financial Plan, including balanced revenue and capital budgets for 2019/20. The Board decision on the 27<sup>th</sup> May 2019 amended this budget by approving the carry forward of identified underspends from 2018/19 based on the provisional

outturn position for the Combined Authority for the year ended 31 March 2019.

- 2.2. This paper provides an update on the forecast outturn position for the year to 31 March 2020.

## REVENUE BUDGET

- 2.3. A summary of the revenue budgetary position of the Authority is shown in the table below, a more detailed breakdown of forecast income and expenditure for the year is shown at **Appendix 1**.

<b>2019/20 Revenue</b>	<b>Original Budget (June Board) £'000</b>	<b>Budget Adjustments £'000</b>	<b>Revised Budget £'000</b>	<b>Forecast Outturn £'000</b>	<b>Variance (Outturn - Orig Bud) £'000</b>	<b>Para ref:</b>
<b>Income</b>						
Grant Income	(23,099.2)		(23,099.2)	(18,172.5)	4,926.7	2.9
<b>Total Income</b>	<b>(23,099.2)</b>	<b>0.0</b>	<b>(23,099.2)</b>	<b>(18,172.5)</b>	<b>4,926.7</b>	
<b>Expenditure</b>						
Mayor's Office	353.7		353.7	353.7	0.0	
<b>Operational Budget:</b>						
Combined Authority Staffing	5,045.2		5,045.2	5,045.2	0.0	
External Support Services	375.0		375.0	375.0	0.0	
Corporate Overheads	474.2		474.2	474.2	0.0	
Governance	67.0		67.0	67.0	0.0	
Election Provision	260.0		260.0	260.0	0.0	
Capacity Funding	125.0		125.0	125.0	0.0	
Financing Costs	(800.0)		(800.0)	(800.0)	0.0	
<b>Workstream/Programme Budget:</b>						
Non-transport Feasibility Studies	1,000.0	(235.0)	765.0	765.0	(235.0)	2.7
Transport Feasibility Studies	500.0		500.0	500.0	0.0	
Transport	4,173.5	276.7	4,450.2	4,450.2	276.7	2.8
Business and Skills	11,829.1	235.0	12,064.1	7,137.4	(4,691.7)	2.7 & 2.9
Economic Strategy	558.8		558.8	558.8	0.0	
Strategy and Performance	716.9		716.9	716.9	0.0	
<b>Total Expenditure</b>	<b>24,678.4</b>	<b>276.7</b>	<b>24,955.1</b>	<b>20,028.4</b>	<b>(4,650.0)</b>	
<b>Total (Income) less Total Expenditure</b>	<b>1,579.2</b>	<b>276.7</b>	<b>1,855.9</b>	<b>1,855.9</b>	<b>276.7</b>	

## Overall Position

- 2.4. At its June meeting, the Board agreed a revenue budget for the year which would require a draw down from reserves of £1,579.2k. This included an approved carry forward of underspends from the previous financial year of £616.4k.
- 2.5. The revenue budget forecast has been updated to reflect changes in the expected income receivable from Central Government for the devolved adult education budget, and to allow for additional costs associated with the publication and consultation of the Local Transport Plan and to allow for revenue costs associated with the University of Peterborough project which had previously been budgeted for as capital.
- 2.6. The updated revenue forecast for the year requires a draw down from reserves of £1,855.9k, an increase of £276.7k over the original budget. The amount available for draw down from the General Reserve, according to the unaudited statement of accounts for 2018/19, is £11,185k.

## **Budget Adjustments**

- 2.7. The virement of £235k from the non-transport feasibility budget to Business and Skills reflects the decision taken at the May Board to approve the recommendations of the Skills Committee to allocate funding in support of the University of Peterborough action plan.
- 2.8. The increase of £276.7k to Transport is to fund a more comprehensive engagement process for the draft Local Transport Plan consultation, as approved by the Board in May. This decision was made under delegated authority by the Chief Executive.

## **Forecast Variances**

- 2.9. The £4.9m variance on grant income and Business and Skills expenditure reflects that only the element of the 2019/20 academic year Adult Education Budget which is applicable to the 2019/20 financial year has so far been received. The original assumption had been that the Combined Authority would receive the entire academic year allocation up-front. This change in income is matched by an equal and opposite reduction in the expenditure line. This is purely a change in how the income and expenditure is recorded and does not affect grant allocations or service provision.

It is intended that the 2019/20 budgets be updated to reflect this change in allocation as part of the mid-year Medium Term Financial plan (MTFP) refresh, which is due to be brought to the Board for review in September.

## **CAPITAL PROGRAMME**

- 2.10. A detailed breakdown of forecast income and expenditure for the year is shown at **Appendix 2**.

## **Budget Adjustments**

- 2.11. As mentioned in paragraph 2.7 the May CPCA Board approved an increase of £235k to the University of Peterborough project's revenue budget, this was matched by a reduction in its capital allocation.
- 2.12. The Cambridge City Housing Programme budget has been updated to reflect the expected profile of expenditure against the £70m affordable housing programme for Cambridge as presented to the Board in May.
- 2.13. The LTP Schemes with Peterborough City Council (PCC) and Cambridgeshire County Council (CCC) budget line has also been updated to reflect the allocation of Local Highways Maintenance Capital grants totalling £23,541,459 to Cambridgeshire County Council and Peterborough City Council in line with the Department for Transport formula.

## **Statement of Accounts 2018/19**

- 2.14. Ernst and Young LLP (EY) have been auditing the CPCA's 2018/19 statement of accounts in accordance with their agreed audit plan. However, as was reported to the Audit and Governance Committee on the 19<sup>th</sup> July, due to capacity issues, EY are unlikely to be able to complete their audit by the publication deadline of 31st July 2019.
- 2.15. According to the Accounts and Audit Regulations 2015, where an audit of accounts has not been concluded before the date specified (31<sup>st</sup> July), an authority must publish a notice stating that it has not been able to publish the statement of accounts and its reasons for this.
- 2.16. The Audit and Governance Committee were advised that in the event of the audit not being completed by EY before 31st July, then we would publish "as soon as reasonably practicable" after the audit has been completed and after receipt of the audit report.
- 2.17. The Committee approved the version of the accounts presented to them, and provided delegated authority for the S73 Officer to make any minor changes to the accounts as required by the auditors, and for the S73 Officer and Audit Chair to sign the accounts before publication. If significant or material changes would be required as a result of the audit, then a post-audit revised version of the accounts would be brought back to the Committee for final approval/sign off.

### **3.0 FINANCIAL IMPLICATIONS**

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

### **4.0 LEGAL IMPLICATIONS**

- 4.1. The Combined Authority is required to prepare a balanced budget in accordance with statutory requirements.

### **5.0 SIGNIFICANT IMPLICATIONS**

- 5.1. There are no other significant implications.

### **6.0 APPENDICES**

- 6.1 Appendix 1 - Detailed breakdown of the revenue forecast for the year to 31<sup>st</sup> March 2020.
- 6.2 Appendix 2 – Capital forecast for the year to 31<sup>st</sup> March 2020

<u>Source Documents</u>	<u>Location</u>
None	n/a

Appendix 1: CPCA Revenue 2019/20					
	Original Budget (June Board)	Budget Adjustments	Revised Budget	Forecast Outturn	Variance (Outturn - Orig Bud)
	£'000	£'000	£'000	£'000	£'000
<b>Income</b>					
Gain Share Revenue	(8,000.0)		(8,000.0)	(8,000.0)	0.0
Mayoral Capacity Fund	(1,000.0)		(1,000.0)	(1,000.0)	0.0
LEP Core Funding from BEIS	(500.0)		(500.0)	(500.0)	0.0
Energy Hub Contribution (Staff Costs)	(463.6)		(463.6)	(463.6)	0.0
Growth Hub - BEIS	(246.0)		(246.0)	(246.0)	0.0
EZ contribution to LEP activity	(250.0)		(250.0)	(250.0)	0.0
AEB Funding	(12,139.6)		(12,139.6)	(7,212.9)	4,926.7
Growth Fund Contribution	(500.0)		(500.0)	(500.0)	0.0
<b>Total Income</b>	<b>(23,099.2)</b>	<b>0.0</b>	<b>(23,099.2)</b>	<b>(18,172.5)</b>	<b>(4,926.7)</b>
<b>Expenditure</b>					
<b>Mayor's Office</b>					
Mayor's Allowance	85.0		85.0	85.0	0.0
Mayor's Office Expenses	25.0		25.0	25.0	0.0
Mayor's Office Accommodation	52.4		52.4	52.4	0.0
Mayor's Office Staff	191.3		191.3	191.3	0.0
<b>Total Mayoral Costs</b>	<b>353.7</b>	<b>0.0</b>	<b>353.7</b>	<b>353.7</b>	<b>0.0</b>
<b>Combined Authority Staffing Costs</b>					
Salaries					
Chief Executive	246.2		246.2	246.2	0.0
Business and Skills	1,746.3		1,746.3	1,746.3	0.0
Transport	574.2		574.2	574.2	0.0
Housing	393.5		393.5	393.5	0.0
Strategy & Planning	680.2		680.2	680.2	0.0
Corporate Services	1,204.8		1,204.8	1,204.8	0.0
Travel	100.0		100.0	100.0	0.0
Training, Conferences & Seminars	100.0		100.0	100.0	0.0
<b>Total Combined Authority Staffing Costs</b>	<b>5,045.2</b>	<b>0.0</b>	<b>5,045.2</b>	<b>5,045.2</b>	<b>0.0</b>
<b>Externally Commissioned Support Services</b>					
Payments to LAs for services	300.0		300.0	300.0	0.0
Procurement	25.0		25.0	25.0	0.0
ICT external support	50.0		50.0	50.0	0.0
<b>Total Externally Commissioned Support Services</b>	<b>375.0</b>	<b>0.0</b>	<b>375.0</b>	<b>375.0</b>	<b>0.0</b>
<b>Corporate Overheads</b>					
Accommodation Costs	339.2		339.2	339.2	0.0
ICT consumables	20.0		20.0	20.0	0.0
Insurance	25.0		25.0	25.0	0.0
Audit Costs	70.0		70.0	70.0	0.0
Office running costs	20.0		20.0	20.0	0.0
Recruitment costs	0.0		0.0	0.0	0.0
<b>Total Corporate Overheads</b>	<b>474.2</b>	<b>0.0</b>	<b>474.2</b>	<b>474.2</b>	<b>0.0</b>
<b>Governance Costs</b>					
Committee/Business Board Allowances	47.0		47.0	47.0	0.0
Meeting Costs	10.0		10.0	10.0	0.0
Miscellaneous	10.0		10.0	10.0	0.0
<b>Total Governance Costs</b>	<b>67.0</b>	<b>0.0</b>	<b>67.0</b>	<b>67.0</b>	<b>0.0</b>
<b>Election Costs</b>					
Election costs	260.0		260.0	260.0	0.0
<b>Total Election Costs</b>	<b>260.0</b>	<b>0.0</b>	<b>260.0</b>	<b>260.0</b>	<b>0.0</b>
<b>Capacity Funding</b>					
Capacity Funding	125.0		125.0	125.0	0.0
<b>Total Capacity Funding</b>	<b>125.0</b>	<b>0.0</b>	<b>125.0</b>	<b>125.0</b>	<b>0.0</b>
<b>Financing Costs</b>					
Interest Receivable on Investments	(800.0)		(800.0)	(800.0)	0.0
<b>Total Financing Costs</b>	<b>(800.0)</b>	<b>0.0</b>	<b>(800.0)</b>	<b>(800.0)</b>	<b>0.0</b>
<b>Total Operational Expenditure</b>	<b>5,546.4</b>	<b>0.0</b>	<b>5,546.4</b>	<b>5,546.4</b>	<b>0.0</b>

	<u>Original Budget (June Board)</u>	<u>Budget Adjustments</u>	<u>Revised Budget</u>	<u>Forecast Outturn</u>	<u>Variance (Outturn - Orig Bud)</u>
	£'000	£'000	£'000	£'000	£'000
<b>Workstream Revenue Budgets</b>					
<b><u>Non-Transport Feasibility Funding</u></b>					
Non-Transport Feasibility Funding	1,000.0	(235.0)	765.0	765.0	(235.0)
<b>Total non-transport Feasibility Funding</b>	<b>1,000.0</b>	<b>(235.0)</b>	<b>765.0</b>	<b>765.0</b>	<b>(235.0)</b>
<b><u>Transport</u></b>					
Feasibility Studies non-capital	500.0		500.0	500.0	0.0
CAM	1,127.0		1,127.0	1,127.0	0.0
A10 SOBC	500.0		500.0	500.0	0.0
Huntingdon 3rd River Crossing	396.5		396.5	396.5	0.0
Bus Review Implementation	1,000.0		1,000.0	1,000.0	0.0
Cambridge South - Interim Concept	100.0		100.0	100.0	0.0
Garden Villages	700.0		700.0	700.0	0.0
Local Transport Plan	100.0	276.7	376.7	376.7	276.7
Sustainable Travel	150.0		150.0	150.0	0.0
Schemes, Studies and Monitoring	100.0		100.0	100.0	0.0
<b>Total Transport</b>	<b>4,673.5</b>	<b>276.7</b>	<b>4,950.2</b>	<b>4,950.2</b>	<b>276.7</b>
<b><u>Business and Skills</u></b>					
Work Readiness Programme (Hamptons)	110.0		110.0	110.0	0.0
Skills Brokerage	250.0		250.0	250.0	0.0
Reclaimed Skills Funding	(250.0)		(250.0)	(250.0)	0.0
University of Peterborough	0.0	235.0	235.0	235.0	235.0
Skills Strategy Programme Delivery	150.0		150.0	150.0	0.0
AEB Devolution Programme	11,506.1		11,506.1	6,579.4	(4,926.7)
Growth Company Development	63.0		63.0	63.0	0.0
<b>Total Business and Skills</b>	<b>11,829.1</b>	<b>235.0</b>	<b>12,064.1</b>	<b>7,137.4</b>	<b>4,926.7</b>
<b><u>Economic Strategy</u></b>					
Growth Hub	69.9		69.9	69.9	0.0
Development of a Market Towns Strategy	200.0		200.0	200.0	0.0
St Neots Masterplan	18.9		18.9	18.9	0.0
Trade and Investment Programme	50.0		50.0	50.0	0.0
Industrial Strategy Programme Delivery	200.0		200.0	200.0	0.0
Independent Economic Commission	20.0		20.0	20.0	0.0
<b>Total Economic Strategy</b>	<b>558.8</b>	<b>0.0</b>	<b>558.8</b>	<b>558.8</b>	<b>0.0</b>
<b><u>Strategy and Performance</u></b>					
Monitoring and Evaluation Framework	170.9		170.9	170.9	0.0
Public Service Reform	100.0		100.0	100.0	0.0
Communications	50.0		50.0	50.0	0.0
Website Development	29.5		29.5	29.5	0.0
Non-Statutory Spatial Framework (Phase 2)	261.5		261.5	261.5	0.0
Cambridgeshire and Peterborough Land Commission	105.0		105.0	105.0	0.0
<b>Total Strategy and Performance</b>	<b>716.9</b>	<b>0.0</b>	<b>716.9</b>	<b>716.9</b>	<b>0.0</b>
<b>Total Workstream expenditure</b>	<b>18,778.3</b>	<b>276.7</b>	<b>19,055.0</b>	<b>14,128.3</b>	<b>4,650.0</b>
<b>Total Revenue Expenditure</b>	<b>24,678.4</b>	<b>276.7</b>	<b>24,955.1</b>	<b>20,028.4</b>	<b>4,650.0</b>
<b>Net Revenue Position</b>	<b>1,579.2</b>	<b>276.7</b>	<b>1,855.9</b>	<b>1,855.9</b>	<b>(276.7)</b>

<b>Appendix 2: CPCA Capital Programme - 2019/20</b>					
<b>Direct Control</b>	<b>Original Budget (June Board) £m</b>	<b>Budget Adjustments £m</b>	<b>Revised Budget £m</b>	<b>Forecast Outturn £m</b>	<b>Variance (Outturn - Orig Bud) £m</b>
Kings Dyke CPCA Contribution	4.60		4.60	4.60	0.00
Cambridge South Station	0.75		0.75	0.75	0.00
Peterborough University - Business case	1.75	(0.24)	1.52	1.52	(0.24)
Soham Station GRIP 3	0.95		0.95	0.95	0.00
St Neots River Northern Crossing cycle bridge	3.00		3.00	3.00	0.00
Wisbech Garden Town	1.75		1.75	1.75	0.00
Wisbech Rail	1.48		1.48	1.48	0.00
Wisbech Access Study	0.30		0.30	0.30	0.00
Digital Connectivity Infrastructure	2.15		2.15	2.15	0.00
A47 Dualling	0.41		0.41	0.41	0.00
<b>Total Committed Direct Control Expenditure</b>	<b>17.14</b>	<b>(0.24)</b>	<b>16.91</b>	<b>16.91</b>	<b>(0.24)</b>
<b>Schemes Previously Identified and Costed</b>					
Ely Rail Capacity next stage	1.00		1.00	1.00	0.00
Market Town pump priming	1.00		1.00	1.00	0.00
Coldhams Lane roundabout improvements	0.53		0.53	0.53	0.00
Eastern Industries Access - Phase 1	0.43		0.43	0.43	0.00
Eastern Industries Access - Phase 2	0.10		0.10	0.10	0.00
March junction improvements	1.08		1.08	1.08	0.00
Regeneration of Fenland Railway Stations	2.98		2.98	2.98	0.00
A10 Foxton Level Crossing	2.00		2.00	2.00	0.00
A1260 Nene Parkway Junction 15	0.38		0.38	0.38	0.00
A1260 Nene Parkway Junction 32-3	0.32		0.32	0.32	0.00
A141 Capacity enhancements	1.27		1.27	1.27	0.00
A16 Norwood Dualling	0.05		0.05	0.05	0.00
A142 Capacity Study	0.15		0.15	0.15	0.00
A14 Junctions Improvement feasibility study	0.15		0.15	0.15	0.00
A505 Corridor	1.38		1.38	1.38	0.00
A605 Oundle Rd Widening - Alwalton-Lynch Wood	0.51		0.51	0.51	0.00
<b>Schemes Previously Identified and Costed Total</b>	<b>13.33</b>	<b>0.00</b>	<b>13.33</b>	<b>13.33</b>	<b>0.00</b>
<b>Passported</b>					
	<b>Original Budget (June Board) £m</b>	<b>Budget Adjustments £m</b>	<b>Revised Budget £m</b>	<b>Forecast Outturn £m</b>	<b>Variance (Outturn - Orig Bud) £m</b>
Cambridge City Housing Programme	23.42	(2.81)	20.61	20.61	(2.81)
East Cambs - Housing Loan Provision	6.50		6.50	6.50	0.00
Housing Infrastructure Programme	26.95		26.95	26.95	0.00
Highway Maintenance Capital Passported Schemes	23.08	0.42	23.50	23.50	0.42
Housing Investment Fund	23.00		23.00	23.00	0.00
National Productivity Investment Fund	5.05		5.05	5.05	0.00
<b>Passported/Ringfenced Total</b>	<b>108.00</b>	<b>(2.39)</b>	<b>105.61</b>	<b>105.61</b>	<b>(2.39)</b>
<b>Growth Funds</b>					
King's Dyke Crossing (Growth Fund)	0.78		0.78	0.78	0.00
A428 Cambourne to Cambridge	4.00		4.00	4.00	0.00
Ely Rail Improvements	2.32		2.32	2.32	0.00
In Collusion	0.02		0.02	0.02	0.00
Wisbech Access Strategy - Delivery Phase	4.72		4.72	4.72	0.00
Agri-tech	3.69		3.69	3.69	0.00
Soham Station Feasibility	1.00		1.00	1.00	0.00
Haverhill Innovation Centre	0.65		0.65	0.65	0.00
Small Grants Programme	0.10		0.10	0.10	0.00
Whittlesea and Manea Railway Stations	0.03		0.03	0.03	0.00
iMET Phase 3	0.30		0.30	0.30	0.00
M11 Junction 8	1.00		1.00	1.00	0.00
Lancaster Way Phase 2	0.86		0.86	0.86	0.00
<b>Growth Funds Total</b>	<b>19.47</b>	<b>0.00</b>	<b>19.47</b>	<b>19.47</b>	<b>0.00</b>
<b>Total</b>	<b>157.94</b>	<b>(2.63)</b>	<b>155.31</b>	<b>155.31</b>	<b>(2.63)</b>