

## Budget and Performance Report

To:	Business Board
Meeting Date:	8 November 2021
Public report:	Yes
Lead Member:	Chair of the Business Board, Austen Adams
From:	Vanessa Ainsworth, Finance Manager
Key decision:	No
Forward Plan ref:	N/A
Recommendations:	The Business Board is recommended to:

- a) Note the outturn financial position relating to the revenue and capital funding lines within the Business & Skills Directorate for the 20/21 financial year

### 1. Purpose

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

### 2. Background

- 2.1 The Business Board has requested a summary of the revenue and capital funding lines available within the Business & Skills Directorate, to assist in ensuring financial decisions relating to the revenue and capital funding lines under their control are well informed, financially viable, and procedurally robust.
- 2.2 At the January 2021 Combined Authority Board Meeting, the Board approved a Medium-Term Financial Plan (MTFP) which includes balanced revenue and capital budgets for 2021/22. This report shows the actual expenditure to date and forecast outturn position against those budgets.

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

### 3. 2021/22 Revenue Budget

3.1 A breakdown of the Business & Skills Directorate 'Business Revenue' income for the period to 31 August 2021, is set out in Table 1 below.

<b>Table 1. Revenue Income Budgets 2021/22</b>							
	<b>July Budget</b>	<b>Board Adjusts</b>	<b>Revised Budget</b>	<b>Budget to 31 Aug</b>	<b>Actuals to 31 Aug</b>	<b>Forecast Outturn</b>	<b>Forecast Outturn Variance</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Enterprise Zone Receipts	(1,209)	-	(1,209)	-	-	(1,209)	-
ERDF - Growth Service Grant	(1,500)	-	(1,500)	-	-	(1,500)	-
ESF Growth Service Grant	(600)	-	(600)	(150)	-	(600)	-
Growth Hub Grants	(246)	-	(246)	(150)	(128)	(537)	(291)
LEP Core Funding	(500)	-	(500)	(500)	(250)	(500)	-
<b>Total Income</b>	<b>(4,055)</b>	<b>-</b>	<b>(4,055)</b>	<b>(800)</b>	<b>(378)</b>	<b>(4,345)</b>	<b>(291)</b>

3.2 The forecast outturn shows an increase in expected income for the year of £291k due to the previously reported increase in the Growth Hub grant for 2021-22. 'Actual' figures are based on actual receipts and accrued income where known.

3.3 A breakdown of the Business & Skills Directorate 'Business Revenue' expenditure for the period to 31 August 2021, is set out in Table 2 below.

**Table 2. Revenue Expenditure Budgets 2021/22**

	July Budget	Board Adjusts	Revised Budget	Budget to 31 Aug	Actuals to 31 Aug	Forecast Outturn	Forecast Outturn Variance
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Business Board Annual Report	-	15	15	-	-	15	-
Business Board Effectiveness Review	-	35	35	-	-	20	(15)
Economic Rapid Response Fund	150	-	150	25	23	117	(33)
Enterprise Zone Investment	50	-	50	8	-	50	-
Growth Co Services	3,332	-	3,332	1,250	46	3,131	(200)
HPC study & roadmap		46	46	-	-	46	-
Insight & Evaluation Programme	83	-	823	8	-	83	-
Local Growth Fund Costs	371	189	560	185	157	519	(41)
Market Town & Cities Strategy	121	-	121	25	20	73	(48)
Marketing & Promotion of Services	98	-	98	48	54	108	10
Peterborough University Quarter Masterplan	-	100	100	-	-	100	-
Shared Prosperity Fund Evidence Base & Pilot Fund	100	-	100	45	-	100	-
St Neots Masterplan	219	5	224	86	2	212	(12)
Trade & Investment Programme	33	-	33	33	6	33	-
Visitor Economy & R&R Grants	8	-	8	7	7	7	(1)
<b>Total Expenditure</b>	<b>4,564</b>	<b>390</b>	<b>4,953</b>	<b>1,719</b>	<b>316</b>	<b>4,623</b>	<b>(324)</b>

- 3.4 The forecast outturn shows a decrease in expected expenditure for the year of £323.7k compared to the budget. 'Actual' figures are based on payments made and accrued income where known.
- 3.5 Variances between the revenue outturn position and the annual budget are set out below:
- The recently approved budget for the Business Board Effectiveness review is currently forecasting an underspend of £15k and this is discussed further in paper 3.2 Business Board Annual Report later in this meeting.
  - The Economic Rapid Response budget has been spent or committed with a small amount held in reserve to allow for quick reactive responses to emerging opportunities as per the title of the budget.
  - Growth Co. Services are showing a small spend so far this year which is due to the legal arrangements for the contracts and services still being drawn up to enable the transfer of funds from the CPCA to Growth Co. The CA Board approved the Service Level Agreement at its September meeting which enables the provision for administrative costs to be recharged between the companies. Now that this document has been

approved, the other agreements will follow in quick succession. This budget line is also showing a potential underspend due to the delay in claiming which will be reprofiled into next year.

- d) Local Growth Fund Costs is currently forecasting a £41k underspend for the year. This is due to uncommitted funds for legal costs, which may alter during the year dependent on the outcome of certain projects.
- e) The £47.6k potential underspend in Market Towns & Cities Strategy is due to potential work surrounding the Levelling Up Funds not yet being commissioned. It is extremely likely this budget will spend to its limit.
- f) St Neots Masterplan is currently going through revisions as part of the Market Town programme, and this will be reprofiled into next year.
- g) Several projects were only approved recently and have therefore not yet spent any funds, but these have primarily been committed.

3.6 As requested at the last board meeting, Table 3 below, gives an overview of the Energy revenue budget lines.

	<b>July Budget</b>	<b>Board Adjusts</b>	<b>Revised Budget</b>	<b>Budget to 31 Aug</b>	<b>Actuals to 31 Aug</b>	<b>Forecast Outturn</b>	<b>Forecast Outturn Variance</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Energy Hub	890	-	890	276	281	846	(44)
COP 26	195	-	195	25	-	195	-
Green Homes Grant Sourcing Activity	895	-	895	562	204	983	88
Green Homes Grant Sourcing Strategy	69	-	69	69	35	69	-
Public Sector Decarbonisation	1,372	-	1,372	75	-	1,372	-
Rural Community Energy Fund	735	-	735	178	73	971	236
<b>Total Expenditure</b>	<b>4,157</b>	<b>-</b>	<b>4,157</b>	<b>1,185</b>	<b>594</b>	<b>4,437</b>	<b>280</b>

3.7 The current approved Revenue MTFP is shown below in Table 4 enabling the Business Board to understand the current and future approved expenditure.

	<b>21/22</b>	<b>22/23</b>	<b>23/24</b>	<b>24/25</b>
	<b>£000's</b>	<b>£000's</b>	<b>£000's</b>	<b>£000's</b>
Business Board Annual Report	15	-	-	-
Business Board Effectiveness Review	35	-	-	-
Economic Rapid Response	150	150	200	200
Enterprise Zone Investment	50	-	-	-
Growth Co Services	3,332	3,139	795	-
Growth Hub	-	-	25	246
HPC study and roadmap	46	-	-	-
Insight & Evaluation Programme	83	75	75	75
Local Growth Fund Costs	560	558	-	-
Market Towns & Cities Strategies	121	-	-	-
Marketing and Promotion of Services	98	90	90	90
Peterborough University Quarter Masterplan	100	-	-	-
Shared Prosperity Fund Evidence Base & Pilot Fund	100	-	-	-
St Neots Masterplan	224	-	-	-
Trade and Investment Programme	33	-	-	-
Visitor Economy and R&R Grants	8	-	-	-
<b>Total Business &amp; Skills Approved Budgets</b>	<b>4,953</b>	<b>4,012</b>	<b>1,185</b>	<b>611</b>
Total Business & Skills Subject to Approval	-	-	-	-
<b>Total Business &amp; Skills Revenue Expenditure</b>	<b>4,953</b>	<b>4,012</b>	<b>1,185</b>	<b>611</b>

## 4. 2021/22 Capital Budget

4.1 A breakdown of the Business & Skills Directorate 'Business Capital' income for the period to 31 August 2021, is set out in Table 5 below.

	<b>July Budget</b>	<b>Board Adjusts</b>	<b>Revised Budget</b>	<b>Budget to 31 Aug</b>	<b>Actuals to 31 Aug</b>	<b>Forecast Outturn</b>	<b>Forecast Outturn Variance</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Getting Building Fund	(7,300)	-	(7,300)	(7,300)	(7,300)	(7,300)	-
<b>Total Income</b>	<b>(7,300)</b>	<b>-</b>	<b>(7,300)</b>	<b>(7,300)</b>	<b>(7,300)</b>	<b>(7,300)</b>	<b>-</b>

4.2 A breakdown of the Business & Skills Directorate 'Business Capital' expenditure for the period to 31 August 2021, is set out in Table 6 below.

<b>Table 6. Capital Expenditure Budgets 2021/22</b>							
	<b>July Budget</b>	<b>Board Adjusts</b>	<b>Revised Budget</b>	<b>Budget to 31 Aug</b>	<b>Actuals to 31 Aug</b>	<b>Forecast Outturn</b>	<b>Forecast Outturn Variance</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
AEB Innovation Fund (LGF)	324	-	324	319	154	319	(5)
Cambridge Biomedical MO Building (LGF)	1,702	-	1,702	525	21	1,702	-
Cambridge City Centre (LGF)	691	-	691	225	26	691	-
CRC Construction & Digital (LGF)	911	-	911	650	447	911	-
Eastern Agritech Initiative (LGF)	100	-	100	145	50	200	100
Ely Area Capacity (Recycled)	-	-	-	-	-	-	-
Illumina Accelerator (Recycled)	1,000	-	1,000	-	-	1,000	-
March Adult Education (LGF)	314	-	314	314	309	314	-
Metalcraft (Adv. Mfctg) (LGF)	2,979	-	2,979	868	655	2,979	-
Peterborough City Centre (LGF)	681	-	681	95	45	681	-
South Fen Bus. Park (LGF)	997	-	997	450	-	997	-
Start Codon (Equity Recycled)	2,226	-	2,226	275	161	2,226	-
Growth Service - Grants	3,000	-	3,000	1,500	-	3,000	-
TTP Incubator (LGF)	33	-	33	33	33	33	-
U.O.P. Phase 2 (GBF)	14,600	-	14,600	14,600	14,600	14,600	-
<b>Total Expenditure</b>	<b>29,557</b>	<b>-</b>	<b>29,557</b>	<b>19,999</b>	<b>16,501</b>	<b>29,653</b>	<b>95</b>

4.3 Variances between the revenue outturn position and the annual budget are set out below:

- a) AEB Innovation Fund will underspend by £4.6k due to the allocation of projects. Any underspend will be transferred into the Recycled Funds upon completion of all the projects.
- b) Eastern Agritech is forecasting an overspend against budget of £99.8k. This is due to several projects being granted extensions beyond the original March 2021 funding

deadline. These costs are covered by the corresponding underspend of these projects in 2020-21.

4.4 As requested at the last board meeting, Table 7 below, gives an overview of the Energy and Market Town capital budget lines.

<b>Table 7. Energy &amp; Market Towns Capital Expenditure Budgets</b>							
	<b>July Budget</b>	<b>Board Adjusts</b>	<b>Revised Budget</b>	<b>Budget to 31 Aug</b>	<b>Actuals to 31 Aug</b>	<b>Forecast Outturn</b>	<b>Forecast Outturn Variance</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Green Home Grant Capital Programme	78,340	-	78,340	-	165	71,829	(6,511)
Mkt Town Chatteris	1,000	-	1,000	-	5	1,000	-
Mkt Town Ely	656	-	656	-	118	656	-
Mkt Town Huntingdon	578	-	578	-	-	578	-
Mkt Town Littleport	-	-	-	-	-	-	-
Mkt Town March	1,000	-	1,000	-	-	1,000	-
Mkt Town Ramsey	1,000	-	1,000	-	-	1,000	-
Mkt Town Soham	200	-	200	-	18	600	400
Mkt Town St Ives	620	-	620	-	-	620	-
Mkt Town St Neots	220	-	220	-	2	220	-
Mkt Town Whittlesey	1,000	-	1,000	-	-	1,000	-
Mkt Town Wisbech	1,000	-	1,000	-	-	1,000	-
St Neots Masterplan	190	-	190	-	-	190	-
<b>Total Expenditure</b>	<b>85,804</b>	<b>-</b>	<b>85,804</b>	<b>-</b>	<b>307</b>	<b>79,693</b>	<b>(6,111)</b>

4.5 The current approved Capital MTFP is shown below in Table 8 enabling the Business Board to understand the current and future approved expenditure.

	<b>21/22</b>	<b>22/23</b>	<b>23/24</b>	<b>24/25</b>
	<b>£000's</b>	<b>£000's</b>	<b>£000's</b>	<b>£000's</b>
AEB Innovation Fund	324	-	-	-
Cambridge Biomedical MO Building	1,702	-	-	-
Cambridge City Centre	691	-	-	-
CRC Construction & Digital Refurbishment	911	-	-	-
Eastern Agritech Initiative	100	-	-	-
Ely Area Capacity – (Recycled Funds)	-	-	-	-
Illumina Accelerator	1,000	1,000	-	-
March Adult Education	314	-	-	-
Metalcraft (Advanced Manufacturing)	2,979	-	-	-
Peterborough City Centre	681	-	-	-
South Fen Business Park	997	-	-	-
Start Codon (Equity)	2,226	-	-	-
Growth Service - Capital Grant & Equity Fund	3,000	3,000	3,000	-
TTP Incubator	33	-	-	-
Getting Building Fund – U. O. P. Phase 2	14,600	-	-	-
<b>Total Approved Business &amp; Skills Capital Projects</b>	<b>29,234</b>	<b>4,000</b>	<b>3,000</b>	<b>-</b>
<b>Total Business &amp; Skills Projects Subject to Approval</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Business &amp; Skills Capital Projects</b>	<b>29,234</b>	<b>4,000</b>	<b>3,000</b>	<b>-</b>



## 5. Business Board Summary Funding Overview

5.1 A summary of the Business Board 'Recycled Capital & Revenue' funds for the next ten years, is set out in Table 9 below.

Table 9. Recycled Capital & Revenue Funds										
Capital	20-21	21-22	22-23	23-24	24-25	25-26	26-27	27-28	28-29	Later Years
<b>Opening balance</b>	<b>-10,491</b>	<b>-8,921</b>	<b>-2,954</b>	<b>-192</b>	<b>-0</b>	<b>-0</b>	<b>-0</b>	<b>-0</b>	<b>-27</b>	<b>-211</b>
<i>Forecast Expenditure</i>	1,747	6,914	3,950	750	555	184	184	157	0	0
<i>Forecast Income</i>	-177	-947	-1,188	-558	-555	-184	-184	-184	-184	-2,024
<b>Closing Balance</b>	<b>-8,921</b>	<b>-2,954</b>	<b>-192</b>	<b>-0</b>	<b>-0</b>	<b>-0</b>	<b>-0</b>	<b>-27</b>	<b>-211</b>	<b>-2,235</b>
Revenue	20-21	21-22	22-23	23-24	24-25	25-26	26-27	27-28	28-29	Later Years
<b>Opening balance</b>	<b>-3</b>	<b>-160</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-63</b>	<b>-121</b>
<i>Forecast Expenditure</i>	0	607	240	120	91	73	68	0	0	0
<i>Forecast Income</i>	-157	-447	-240	-120	-91	-73	-68	-63	-58	-321
<b>Closing Balance</b>	<b>-160</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-63</b>	<b>-121</b>	<b>-442</b>
Combined	20-21	21-22	22-23	23-24	24-25	25-26	26-27	27-28	28-29	Later Years
<b>Opening balance</b>	<b>-10,495</b>	<b>-9,081</b>	<b>-2,954</b>	<b>-192</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-90</b>	<b>-331</b>
<i>Forecast Expenditure</i>	1,747	7,521	4,190	870	645	257	252	157	0	0
<i>Forecast Income</i>	-334	-1,393	-1,428	-678	-645	-257	-252	-247	-242	-2,345
<b>Closing Balance</b>	<b>-9,081</b>	<b>-2,954</b>	<b>-192</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-90</b>	<b>-331</b>	<b>-2,677</b>

5.2 The table has not changed since it was last presented to the Business Board. There are three items which are expected to contribute to the Recycling Fund soon however the amounts are not yet finalised and so have not yet been recognised:

- a) Following the recommendation from the Business Board to reject the project change request for the Wisbech Access Strategy, Business Board officers are working with the Combined Authority's transport team to establish what the final amount spent on Wisbech Access Strategy attributable to Local Growth Funds is. This is expected to result in c.£3.7m being returned to the recycled funds and is discussed further in the Strategic Funding Management Review Paper 2.2 at this meeting.
- b) The CA Board have approved the sale of the iMet building as per the discussions at the last Business Board meeting. Once the sale of the building completes this is expected to return c. £2.4m to recycled capital funds.
- c) The Combined authority made the decision at their meeting on the 27<sup>th</sup> October to reimburse the Business Board their investment into OneCAM Ltd company in full.

This means that there will be an additional £995k returned to the recycled funds although the timing of this will depend on the timeframe for putting the company into dormancy.

- 5.3 A summary of the Business Board 'Enterprise Zones' Reserve Fund for a nine year period, is set out in Table 10 below.

£000's	19/20	20/21	21/22	22/23	23/24	24/25	25/26	26/27	27/28	Totals
Total CPCA EZ NNDR Income	236	549	660	972	1,009	1,009	1,009	1,009	1,009	2,617
Total Expenditure	-279	-274	-787	-692	-833	-415	-415	-415	-415	-4,238
Annual surplus (deficit)	0	274	-126	280	176	594	594	594	594	2,982
<b>Cumulative Balance</b>	<b>0</b>	<b>274</b>	<b>148</b>	<b>429</b>	<b>605</b>	<b>1,199</b>	<b>1,793</b>	<b>2,387</b>	<b>2,982</b>	

\*\* N.B. Rates figures shown are for the previous financial year

- 5.4 Income for the Enterprise Zones is for a 25-year period through to 2041/42 and should be viewed as long term. The Business Board is currently entering into the third year of revenue of this programme with payments being made by local councils one year in arrears.
- 5.5 Expenditure is based upon the contribution to Department for Transport for the A14 (in the region of £100k), an annual flat fee contribution of £250k to the Business Board's running costs, three years of contribution to the Growth Service, 25% of Business Board members remuneration & expenses and other projects approved at Business Board meetings.
- 5.6 Business Board Equity Investment data was provided at the last Business Board meeting, and work is currently underway with the companies to establish realistic exit deadlines and potential worth to the Business Board. It was hoped to bring the data to this meeting but due to COVID illnesses, this will be brought to the next board meeting.

## Significant Implications

### 6. Financial Implications

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

### 7. Legal Implications

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

### 8. Appendices

- 8.1 None.

## 9. Background Papers

9.1 None.