

## Budget and Performance Report

To: Business Board

Meeting Date: 10 November 2020

Public report: Yes

Lead Member: Austen Adams, Chair of the Business Board

From: Vanessa Ainsworth, Finance Manager

Key decision: No

Recommendations: The Business Board is recommended to:

Note the update and financial position relating to the revenue and capital funding lines within the Business & Skills Directorate.

## 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 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 July 2020 Combined Authority Board Meeting, the Board approved a refreshed Medium-Term Financial Plan (MTFP) in relation to the COVID-19 pandemic, including balanced revenue and capital budgets for 2019/20. 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 revised MTFP.

## 3. Revenue Budget

- 3.1 A breakdown of the Business & Skills Directorate 'Business Revenue' expenditure for the period to 30<sup>th</sup> September, is set out in Table 1 in Appendix 1.
- 3.2 A breakdown of the Business and Skills Directorate Revenue Expenditure for funding lines under direct control of the Skills Committee for the period to 30<sup>th</sup> July 2020, is set out in Table 2 in Appendix 1. This data is provided for information purposes only, and full analysis is available in the Skills Committee Reports.
- 3.3 The Forecast Outturn as set out in the table above shows an increase in expected costs for the year of £12,699 compared to the budget. 'Actual' figures are based on payments made and accrued expenditure where known. The year to date costs may therefore be understated due to the delay between goods and services being provided by suppliers, and invoices being raised and paid.
- 3.4 Variances between the predicted revenue outturn position and the annual budget for the main budget headings are set out below:
  - a. The £198,412 overspend for the LGF Programme Board reflects the changes in staffing levels, increased legal costs, additional appraisal costs for the COVID-19 Grant Scheme and other additional monitoring and appraisal processes. This increase in costs, whilst exceeding the allocated budget, is within the financial limits of the top-slice figure, therefore having no detrimental effect on the overall CPCA budget. These costs will decrease next year and the remainder of the top-slice will be utilised to fund the staff required for the final two years of project monitoring and report writing.

- b. Marketing and Promotion is currently forecasting an underspend of £87k. This is due to the difficulties in recruiting to the post during COVID-19 and therefore the knock-on effect of creating and producing marketing and promotional campaigns and material. The role of Business & Market Engagement Officer was recruited as a 12-month fixed term contract, and it is proposed that any possible underspend within this budget line will be requested to apply for the monies to be carried forward to ensure that the costs of this role are met.
- c. Due to the changes in the St. Neots Masterplan project, it is currently unsure if the full revenue budget will be spent in-year. There will be a new capital project for the St. Neots Masterplan, and the revenue budget will assist in the delivery of this.
- d. Strengthening LEP's is currently forecasting a minimal underspend of £7k, however, the nature of this reactive budget line means that it is highly likely this budget will be consumed in full come the end of the financial year end.
- e. The £45,037 underspend within the Inward Investment budget line is due to the reduction in inward investment activities carried out under contract by Opportunity Peterborough, in the run up to the redesign and procurement of the new service. This underspend will be provisioned against new business cases to be produced in support of the CPCA's spending review submissions and the mobilisation costs of the new Inward Investment Service.

## 4. Capital Budget

- 4.1 A breakdown for the Business & Skills Directorate 'Capital' expenditure for the period to 30<sup>th</sup> September, is set out in Table 3 in Appendix 1.
- 4.2 The Forecast Outturn as set out in the table above shows a decrease in expected costs for the year of £5,443,479 compared to the budget. 'Actual' figures are based on payments made and accrued expenditure where known. The year to date costs may therefore be understated due to the delay between goods and services being provided by suppliers, and invoices being raised and paid.
- 4.3 A full breakdown of LGF Projects is contained within the LGF Update Programme Management Review Paper presented to this meeting. The balance remaining on the LGF Projects is addressed with the new projects that are being presented to this meeting in the Growth Deal Project Proposals paper.
- 4.4 Variances between the predicted capital outturn position and the annual budget for the main budget headings are set out below:
  - a. The St. Neots Masterplan project is currently undergoing re-evaluation following the removal of the cycle bridge element. A new project budget line will be created upon receipt of a revised plan however, it is probable this will roll into 2021/22.
  - b. The LGF Projects underspend of £2.557m is largely due to a project withdrawing and this underspend is addressed within the LGF proposals papers submitted to this meeting.

## Significant Implications

### 3. Financial Implications

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

### 4. Legal Implications

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

### 5. Other Significant Implications

- 5.1 There are no significant implications

### 6. Appendices

- 6.1 Appendix 1 – Business Performance Report