



Agenda Item No: 2.2

## Budget and Performance Report

To: Business Board

Meeting Date: 12 January 2021

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 and 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 June 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 Budgets

- 3.1 A breakdown of the Business & Skills Directorate 'Business Revenue' expenditure for the period to 31<sup>st</sup> October, is set out in Table 1 in Appendix 1.
- 3.2 The forecast outturn as set out in Table 1 shows an increase in expected costs for the year of £71,601 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.
- 3.3 Variances between the predicted outturn position and the annual budget for the main budget headings are set out below:
  - a. The Growth Hub has received additional funding throughout the course of the year and is currently increasing staffing and programme delivery as per the BEIS conditions of funding. It is almost certain that this budget will be fully sent by the end of the financial year.
  - b. As reported at the last Business Board, LGF Programme Costs are running 50% over budget due to 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 in year, is within the total available within the top-slice reserve, 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.

- c. As reported at the last Business Board, Marketing and Promotion is currently forecasting an underspend. This is due to the difficulties in recruiting to the Marketing & Business Engagement 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 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.
- d. Again, as reported at the last Business Board, St. Neots Masterplan project has changed and it is currently unsure if the full revenue budget will be spent in-year. There will be a new capital project for St. Neots and the revenue budget will assist in the delivery of this.
- e. Strengthening LEP's is currently forecasting a minor underspend of £9.5k. However, the nature of this reactive budget line means that it is highly likely this budget will be fully consumed come the end of the financial year.

3.4 A breakdown of the Business & Skills Directorate 'Business Revenue' income for the period to 31<sup>st</sup> October, is set out in Table 2 in Appendix 1.

3.5 To provide transparency and completeness on the Business budgets, all revenue income will be reported to the Board as part of this report from this meeting forward. This will allow the Board to understand the various income streams, note the effect of any increases and be able to understand any delays or lack of receipt.

3.6 The Forecast Outturn as set out in Table 2 shows an increase in funds to the approved budget of approximately £30.5k. This is due to the reprofiling of a number of the loan repayments from the LGF projects.

3.7 A breakdown of the Business and Skills Directorate Revenue Expenditure for funding lines under direct control of the Skills Committee for the period to 31<sup>st</sup> October 2020, is set out in Table 3 in Appendix 1. This data is provided for information purposes only, and full analysis is available in the Skills Committee Reports.

3.8 A breakdown of the Business and Skills Directorate Revenue Income for funding lines under direct control of the Skills Committee for the period to 31<sup>st</sup> October 2020, is set out in Table 4 in Appendix 1. This data is provided for information purposes only, and full analysis is available in the Skills Committee Reports.

## 4. Capital Budget

4.1 A breakdown for the Business & Skills Directorate 'Business Capital' expenditure for the period to 31<sup>st</sup> October, is set out in Table 5 in Appendix 1.

4.2 The Forecast Outturn as set out in Table 5 shows a decrease in expected costs for the year of £8.4m 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.
- 4.4 Variances between the predicted capital outturn position and the annual budget for the main budget headings are set out below:
  - a. The LGF Projects are showing a minor underspend of £23.5k on the £72m budget. This is due to some small under claims and sums awarded. This sum will be monitored closely over the course of the next few months to ensure that it is brought in as close as possible to budget.
  - b. Some Market Town Masterplans have been approved at recent CA Boards with some more being presented in January. Whilst these plans are currently active, it is unlikely that the capital projects will begin in earnest until the new financial year.
  - c. As referred to in 3.3d, the St. Neots Masterplan has undergone changes and is currently being reworked but will fall into the 2021/22 financial year
- 4.5 A breakdown for the Business & Skills 'Business Capital' income for the period to 31<sup>st</sup> October, is set out in Table 6. in Appendix 1.
- 4.6 The Forecast Outturn as set out in Table 6 shows that expected income for the year is in line with the original budget.

## Significant Implications

### 5. Financial Implications

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

### 6. Legal Implications

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

### 7. Other Significant Implications

- 7.1 There are no significant implications.