

## Budget and Performance Report

To:	Business Board
Meeting Date:	10 January 2022
Public report:	Yes
Lead Member:	Chair of the Business Board, Austen Adams
From:	Finance Manager, Vanessa Ainsworth
Key decision:	No
Recommendations:	The Business Board is recommended to:

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 Combined Authority 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 30 November 2021, is set out in Table 1 below.

	Nov Budget	Board Adjusts	Revised Budget	Budget to 30 Nov 2021	Actuals to 30 Nov 2021	Forecast Outturn	Forecast Outturn Variance
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Enterprise Zone Receipts	(1,208.8)	-	(1,208.8)	-	-	(1,208.8)	-
ERDF - Growth Service Grant	(1,500.0)	-	(1,500.0)	-	-	(1,500.0)	-
ESF Growth Service Grant	(600.0)	-	(600.0)	-	(14.2)	(600.0)	-
Growth Hub Grants	(536.5)	-	(536.5)	-	(248.2)	(536.5)	-
LEP Core Funding	(500.0)	-	(500.0)	(250.0)	(250.0)	(500.0)	-
Total Business Board Revenue Income	(4,345.3)	-	(4,345.3)	(800.0)	(378.0)	(4,345.3)	-

3.2 The forecast outturn shows no change in expected income for the year compared to the budget. 'Actual' figures are based on payments made and accrued income where known.

3.3 A breakdown of the Business & Skills Directorate 'Business Revenue' expenditure for the period to 30 November 2021, is set out in Table 2 below.

Table 2. Business Board Revenue Expenditure Budgets 2021/22							
	Nov Budget	Board Adjusts	Revised Budget	Budget to 30 Nov 2021	Actuals to 30 Nov 2021	Forecast Outturn	Forecast Outturn Variance
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Business Board Annual Report	15.0	-	30.0	-	9.7	30.0	-
Business Board Effectiveness Review	35.0	-	20.0	-	-	20.0	-
Economic Rapid Response Fund	150.0	-	150.0	75.5	79.4	117.2	(32.8)
Enterprise Zone Investment	50.0	-	50.0	-	-	50.0	-
Growth Co Services	3,331.7	-	3,331.7	1,376.0	167.9	3,131.7	(200.0)
HPC study & roadmap	46.0	-	46.0	-	-	46.0	-
Insight & Evaluation Programme	82.5	-	82.5	42.5	28.0	82.1	(0.4)
Local Growth Fund Costs	560.2	-	560.2	247.6	253.4	450.3	(109.9)
Market Town & Cities Strategy	120.9	-	120.9	80.6	23.1	97.4	(23.5)
Marketing & Promotion of Services	97.8	-	97.8	18.5	94.7	102.7	4.9
Peterborough University Quarter Masterplan	100.0	-	100.0	-	-	100.0	-
Shared Prosperity Fund Evidence Base & Pilot Fund	100.0	-	100.0	45.0	-	55.0	(45.0)
St Neots Masterplan	224.0	-	224.0	-	7.7	77	(147.0)
Trade & Investment Programme	32.5	-	32.5	32.5	32.5	32.5	-
Visitor Economy & R&R Grants	7.6	-	7.6	7.6	7.3	7.3	(0.3)

Total Business Board Revenue Expenditure	4,953.2	-	4,953.2	1,925.8	703.7	4,399.2	(554)
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- 3.4 The forecast outturn shows a decrease in expected expenditure for the year of £554k 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:
- a) 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.
  - b) 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.
  - c) Local Growth Fund Costs is currently forecasting a £109.9k underspend for the year. Please see item 6 of this paper for further details.
  - d) The £23.5k potential underspend in Market Towns & Cities Strategy is due to potential work surrounding the Levelling Up Funds not yet being commissioned. It is likely this budget will spend to its limit.
  - e) Marketing & Promotion is currently forecasting a small overspend, however, this is being scrutinised to ensure it lands within budget limits.
  - 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 Business Board meeting, Table 3 below gives an overview of the Energy and Market Towns revenue budget lines.

	Nov Budget	Board Adjusts	Revised Budget	Budget to 30 Nov 2021	Actuals to 30 Nov 2021	Forecast Outturn	Forecast Outturn Variance
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Energy Hub	890.0	-	890.0	535.1	417.0	735.4	(154.6)
COP 26	195.0	-	195.0	-	66.1	195.0	-
Green Homes Grant Sourcing Activity	894.9	-	894.9	834.9	125.2	482.0	(412.9)
Green Homes Grant Sourcing Strategy	69.4	-	69.4	69.4	69.4	69.4	-
Public Sector Decarbonisation	1,372.3	-	1,372.3	457.4	-	290.0	(1,082.3)
Rural Community Energy Fund	735.0	-	735.0	490.0	250.1	822.8	87.8
St. Neots Masterplan	224.0	-	224.0	-	7.7	77.0	(147.0)
Total Energy Revenue Expenditure	4,380.6	-	4,380.6	2,386.8	935.5	2,671.6	(1,709.0)

3.7 The forecast outturn shows a decrease in expected expenditure for the year of £1,709k compared to the budget. 'Actual' figures are based on payments made and accrued income where known

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

- a) The Public Sector Decarbonisation project with a £1.08m underspend is being reprofiled into future financial years at the January CA Board meeting.
- b) The underspend on Green Homes Sourcing Activity is currently being reviewed as a decision from BEIS is currently awaited whether this funding will have to be partially returned alongside the capital funding.

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

	21/22	22/23	23/24	24/25
	£000's	£000's	£000's	£000's
Business Board Annual Report	30	-	-	-
Business Board Effectiveness Review	20	-	-	-
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	-	-	-
Total Business & Skills Approved Budgets	4,953	4,012	1,185	611
Total Business & Skills Subject to Approval	-	-	-	-
Total Business & Skills Revenue Expenditure	4,953	4,012	1,185	611

## 4. 2021/22 Capital Budget

4.1 A breakdown of the Business & Skills Directorate 'Business Capital' income for the period to 30 November 2021, is set out in Table 5 below.

	Nov Budget	Board Adjusts	Revised Budget	Budget to 30 Nov 2021	Actuals to 30 Nov 2021	Forecast Outturn	Forecast Outturn Variance
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Getting Building Fund	(7,300.0)	-	(7,300.0)	(7,300.0)	(7,300.0)	(7,300.0)	-
Total Capital Income	(7,300.0)	-	(7,300.0)	(7,300.0)	(7,300.0)	(7,300.0)	-

4.2 A breakdown of the Business & Skills Directorate 'Business Capital' expenditure for the period to 30 November 2021, is set out in Table 6 below.

	Nov Budget	Board Adjusts	Revised Budget	Budget to 30 Nov 2021	Actuals to 30 Nov 2021	Forecast Outturn	Forecast Outturn Variance
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
AEB Innovation Fund (LGF)	323.7	-	323.7	323.7	251.1	323.7	-
Cambridge Biomedical MO Building (LGF)	1,702.3	-	1,702.3	711.1	182.4	1,702.3	-
Cambridge City Centre (LGF)	691.2	-	691.2	478.9	86.9	691.2	-
CRC Construction & Digital (LGF)	910.8	-	910.8	910.8	910.8	910.8	-

Eastern Agritech Initiative (LGF)	100.0	-	100.0	100.0	128.6	195.9	95.9
Ely Area Capacity (Recycled)	-	-	-	-	-	-	-
Illumina Accelerator (Recycled)	1,000.0	-	1,000.0	-	100.0	1,000.0	-
March Adult Education (LGF)	313.9	-	313.9	313.9	313.9	313.9	-
Metalcraft (Adv. Mfctg) (LGF)	2,978.9	-	2,978.9	1,885.3	1,358.7	2,978.9	-
Peterborough City Centre (LGF)	680.8	-	680.8	514.5	581.0	680.8	-
South Fen Bus. Park (LGF)	997.0	-	997.0	450.0	25.3	997.0	-
Start Codon (Equity) (Recycled)	2,225.6	-	2,225.6	810.6	455.6	1,000.0	(1,225.6)
Growth Service - Grants	3,000.0	-	3,000.0	3,000.0	-	3,000.0	-
TTP Incubator (LGF)	33.2	-	33.2	33.2	33.2	33.2	-
University of Peterborough Phase 2 (GBF)	14,600.0	-	14,600.0	5,350.0	13,400.0	14,600.0	-
Total Business Board Capital Expenditure	29,557.4	-	29,557.4	14,882.0	17,827.5	28,422.7	(1,129.7)

4.3 The forecast outturn shows a decrease in expected expenditure for the year of £1,130k compared to the budget. 'Actual' figures are based on payments made and accrued income where known.

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

- a) Eastern Agritech is forecasting an overspend against budget of £95.9k. 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.
- b) Start Codon is currently forecast at spending half its budget this year; however officers are working closely with the project to ensure the forecast is accurate.

4.5 As requested at the last Business Board meeting, Table 7 below, gives an overview of the Energy & Market Towns capital budget lines.

	Nov Budget	Board Adjusts	Revised Budget	Budget to 30 Nov 2021	Actuals to 30 Nov 2021	Forecast Outturn	Forecast Outturn Variance
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Green Home Grant Capital Programme	78,340.0	-	78,340.0	-	537.3	53,075.5	(25,264.5)
Mkt Town Chatteris	1,000.0	-	1,000.0	-	21.7	1,000.0	-
Mkt Town Ely	656.0	344.0	1000.0	-	117.5	656.0	(344.0)
Mkt Town Huntingdon	577.7	-	577.7	-	-	577.7	-
Mkt Town Littleport	-	-	-	-	-	-	-
Mkt Town March	1,000.0	-	1,000.0	-	-	550.0	(450.0)
Mkt Town Ramsey	1,000.0	-	1,000.0	-	-	1,000.0	-
Mkt Town Soham	200.0	-	200.0	-	18.0	200.0	-
Mkt Town St Ives	620.1	-	620.1	-	-	620.1	-
Mkt Town Whittlesey	1,000.0	-	1,000.0	-	57.5	500.0	(500.0)
Mkt Town Wisbech	1,000.0	-	1,000.0	-	-	601.3	(398.7)
St Neots Masterplan	190.0	-	190.0	-	19.5	190.0	-
Total Energy & Mkt Town Capital Expend	85,583.8	344.0	85,927.8	-	771.5	58,970.6	(26,957.2)

- 4.6 The forecast outturn shows a decrease in expected expenditure for the year of £26,957k compared to the budget. 'Actual' figures are based on payments made and accrued income where known.
- 4.7 Variances between the revenue outturn position and the annual budget are set out below:
- a) Green Home Capital Grant Programme has experienced significant issues with the supply chain and is in discussions with BEIS regarding the project outcome. It is likely that approximately £22m will need to be returned to BEIS, however this is awaiting a decision from ministers.
- 4.8 The current approved Capital MTFP is shown below in Table 8, enabling the Business Board to understand the current and future approved expenditure.





Combined	20-21	21-22	22-23	23-24	24-25	25-26	26-27	27-28	28-29	Later Years
Opening balance	- 10,495	-9,081	-2,954	-192	0	0	0	0	-90	-331
Forecast Expenditure	1,747	7,521	4,190	870	645	257	252	157	0	0
Forecast Income	-334	-1,393	-1,428	-678	-645	-257	-252	-247	-242	-2,345
Closing Balance	-9,081	-2,954	-192	0	0	0	0	-90	-331	-2,677

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.£3,272,654 being returned to the recycled fund hopefully in the current financial year.
- b) The Combined Authority Board has approved the sale of the iMet building as per the discussions at the last Business Board meeting. Once the sale of the building is completed this is expected to return c. £2.4m to recycled capital funds. It is understood this will exchange prior to Christmas 2021 and be completed during January 2022.
- c) The Combined Authority made the decision at its meeting on 27th 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 the next ten years, 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>	0	274	148	429	605	1,199	1,793	2,387	2,982	

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 the 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.

## 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.