



CAMBRIDGESHIRE AND PETERBOROUGH COMBINED AUTHORITY BOARD	AGENDA ITEM No: 2.3
29 JANUARY 2019	PUBLIC REPORT

BUDGET MONITOR UPDATE

1.0 PURPOSE

- 1.1 This report provides an update of the 2019/20 financial position as at 30th November 2019 and recommends the Board to approve a virement between two capital budget lines.

<u>DECISION REQUIRED</u>	
Lead Member:	Councillor Steve Count, Portfolio for Investment and Finance
Lead Officer:	Jon Alsop, Head of Finance (Section 73 Officer)
Forward Plan Ref: n/a	Key Decision: No
The Combined Authority Board is recommended to: a) note the updated financial position of the Combined Authority for the year.	Voting arrangements N/A

2.0 BACKGROUND

Budget 2019/20 Update

- 2.1. At its September 2019 meeting, the Board approved a refreshed Medium-Term Financial Plan (MTFP), including balanced revenue and capital budgets for 2019/20. This report presents the progress made against these budgets along with any changes in line with subsequent Executive Committee and Board decisions.

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

REVENUE BUDGET

- 2.3. A summary of the financial position of the Authority, showing 'Revenue' income and expenditure for the eight-month period to 30 November 2019, is set out in the table below. A more detailed breakdown of income and expenditure for the year to date is shown at **Appendix 1**.

<u>2019/20 Revenue</u>	<u>19-20 Budget (Nov) £'000</u>	<u>Actuals to 30 November 2019 £000</u>	<u>Forecast Outturn (Nov) £'000</u>	<u>Forecast Outturn Variance £'000</u>	<u>Para ref:</u>
Income					
Grant Income	(30,213.0)	(22,447.3)	(30,213.0)	0.0	2.6
Total Income	(30,213.0)	(22,447.3)	(30,213.0)	0.0	
Expenditure					
Mayor's Office	379.9	238.9	368.0	(11.9)	2.7 (a)
Operational Budget:					
Combined Authority Staffing	5,122.1	3,341.4	5,081.8	(40.3)	2.7 (b)
External Support Services	505.0	255.6	363.7	(141.3)	2.7 (c)
Corporate Overheads	748.7	554.9	803.7	55.0	2.7 (d)
Governance	205.0	85.0	143.3	(61.7)	2.7 (e)
Election Provision	260.0	0.0	260.0	0.0	
Capacity Funding	125.0	81.6	125.0	0.0	
Financing Costs/(Income)	(1,480.0)	(1,116.2)	(1,600.9)	(120.9)	2.7 (f)
Workstream/Programme Budget:					
Transport	16,252.7	9,827.1	15,852.7	(400.0)	2.7 (g)
Business and Skills	9,669.0	4,238.6	9,324.6	(344.4)	2.7 (h)
Economic Strategy	2,907.0	213.3	2,319.1	(587.9)	2.7 (i)
Strategy and Performance	498.0	232.0	405.9	(92.1)	2.7 (j)
Housing	957.5	90.9	457.5	(500.0)	2.7 (k)
Total Expenditure	36,149.9	18,043.0	33,904.5	(2,245.4)	

- 2.4. The Forecast Outturn as set out in the table above shows a 'favourable' variance of Total expenditure against budget of £2.2m. 'Actual' figures for the period to 30 November 2019 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.
- 2.5. The current approved budget shows total revenue expenditure for the year of £36.1m against grant income receivable in year of £30.2m. The difference of £5.9m was to be funded by £4.8m from specific reserves, including funds received in the previous financial year in advance of need, and £1.1m which was approved to be drawn down from the 'non-specific' revenue reserve.

The forecast outturn predicts an improved revenue position for the year of £2.2m.

- 2.6. The majority of revenue grant income has been received 'in advance'. These funds have been apportioned to show the amount relevant to the eight-month period to 30th November 2019.

Operational Budgets

2.7. Variances between the predicted revenue outturn position and the annual budget for the main budget headings are set out below:

- (a) Mayor's budget: In year savings are expected due mainly to the departure of the Chief of Staff.
- (b) Staffing Costs: Combined Authority Staffing expenditure currently shows a favourable variance of £40.3k at year end due to the timing of recruitment to vacant posts in the 'Delivery and Strategy' and 'Housing' staffing budgets.
- (c) External support services: The favourable variance in this area (£141.3k) is due to the lower than expected costs to date of external legal and professional fees. The majority of these costs have been charged directly to projects.
- (d) Corporate Overheads are expected to be c£55k overspent at year end due to ongoing recruitment costs and corporate subscriptions.
- (e) Governance: There is a predicted underspend of £61.7k on corporate governance costs as the Business Board allowances budget was originally based on 12 private sector members for the full financial year. That the delay in recruitment to 6 of these posts will create a saving against budget.
- (f) Financing costs/(income): There is an anticipated £120.9k favourable outturn against the budget for the year. This is due to cash balances currently held by the Authority available for investment being greater than expected.
- (g) Transport and Infrastructure: The actual expenditure to date reflects the expected cost profile of the transport programme throughout the year. Increased costs against the Cambridgeshire Autonomous Metro (CAM), Strategic Bus Review and Huntingdon Third River Crossing are expected in the second half of the financial year.

The Board approved the CAM outline business case (OBC) procurement exercise in July. This process has now been concluded with contractors appointed for each element of the OBC. Expenditure against these elements is expected to increase throughout the year resulting in spend to profile by year end.

- (h) Business and Skills: The variance in Business and Skills includes the reprofiling of the Work Readiness Programme according to academic years. A recommendation will come to the Board at year end to carry forward any unspent balance on this activity for use in 2020/21.

Adult Education Budget (AEB) funding is provided in line with the academic year, with grant funded providers having their first payment made in August and the tendered providers not drawing down until September. As the 2019-20 academic year is the first year of AEB devolution, 100% of the AEB expenditure for this financial year is expected between August and March. Hence there is limited expenditure shown against these budget lines for the year to date.

For clarity the AEB programme budget line has been split into two parts, one for 'grant funded' providers who are paid in advance according to an agreed payment profile, and 'procured' providers who are paid in arrears based on actual performance. This separation is designed to make it clear whether the tendered providers are delivering to profile.

The delivery body for the Health and Social Care Work Academy received their first tranche of funding in the previous financial year and have been delivering within this funding envelope to date. Based on the programme's current spend profile, drawdown of new funding commenced from November 2019.

The budget for the 19-20 revenue elements of the St Neots Masterplan implementation were rolled into the Market Town Masterplan implementation line in the MTFP refresh. For clarity, these budgets have been separated here.

- (i) Economic Strategy: The Rural Communities Energy Fund is a grant fund awarded by the Energy Hub. The governance arrangements were approved at the September Board and the programme made its first awarding decisions in October.
- (j) Strategy and Performance (£92.1k): A revised timetable for phase two of the Strategic Spatial Framework is being prepared to reflect the Board's requirement for the Non-Statutory Spatial Framework to incorporate the recommendations of the Independent Economic Commission's CPIER review and the Local Transport Plan. It is anticipated that changes to the timetable will result in a reported underspend for the year, but that this 'slippage' will be required to continue the work into 2020/21.
- (k) Housing: There is a £500k reduction in planned spend on the Garden Villages budget in 2019-20 due to a delay in contract negotiation. Expenditure is now expected in the early part of 2020-21.

The Community Land Trust and £100k homes budgets were established via the MTFP refresh in September and has not incurred limited expenditure to date.

2.8. The year to date 'Capital' position of the Combined Authority (as at 30 November) is shown at **Appendix 2**.

- 2.9. Many of the capital programmes show little or limited spend to date. These apparent underspends are due mainly to suppliers not yet having charged for services provided, or where commissioned activities are work in progress.
- 2.10. Capital underspends may also be due to differences from assumptions made in the profiling of expenditure forecasts across multi-year projects. Specific variances of forecast outturn against the revised 2019/20 budget are as follows:
- 2.11. Coldhams Lane roundabout improvements (£0.40m under): The outturn forecast being dependent on the approval of the next tranche of funding for the project.
- 2.12. A1260 Nene Parkway (£0.38m under): Spend to date has been on the development of the Strategic Outline Business Case (SOBC). Further costs will be dependent on the outcome of the SOBC.
- 2.13. A505 Corridor (£0.83m under): The outturn forecast reflects the revised expenditure profile against the project. Costs are now expected to be incurred in 20/21 and 21/22.
- 2.14. Highways Maintenance Capital Grants (£0.46m over): This reflects the actual balances which have been received and passed over to the Local Highways Authorities in year.
- 2.15. Ely Area Capital Enhancements (£0.82 under): The outturn forecast is based on Network Rail advising that expenditure will continue into 2020/21.
- 2.16. The budget for St Neots Masterplan Capital has been increased in line with the business plan approved by the July 2019 CA Board.

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 position for the year to 30th November 2019.

6.2 Appendix 2 – Capital position for the year to 30th November 2019

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

Appendix 1: CPCA Revenue 2019/20

	19-20 Budget (Nov) £'000	Actuals to 30 November 2019 £'000	Forecast Outturn (Nov) £'000	Forecast Outturn Variance £'000
Expenditure				
Mayor's Office				
Mayor's Allowance	85.0	69.5	85.0	0.0
Mayor's Office Expenses	25.0	16.4	25.0	0.0
Mayor's Office Accommodation	52.4	36.0	52.4	0.0
Mayor's Office Staff	217.5	117.0	205.6	(11.9)
Total Mayoral Costs	379.9	238.9	368.0	(11.9)
Combined Authority Staffing Costs				
Salaries				
Chief Executive	269.0	227.5	272.1	3.1
Business and Skills	1,655.2	995.0	1,615.2	(40.0)
Delivery and Strategy	1,217.6	643.8	1,153.0	(64.6)
Housing	362.0	212.0	315.9	(46.1)
Corporate Services	1,408.3	1,164.1	1,515.6	107.3
Travel	100.0	68.6	100.0	0.0
Apprenticeship Levy	10.0	0.0	10.0	0.0
Training, Conferences & Seminars	100.0	30.4	100.0	0.0
Total Combined Authority Staffing Costs	5,122.1	3,341.4	5,081.8	(40.3)
Externally Commissioned Support Services				
External Legal Counsel	200.0	33.8	60.0	(140.0)
Finance Service	90.0	69.7	90.0	0.0
Democratic Services	90.0	69.0	90.0	0.0
Payroll	10.0	5.0	8.0	(2.0)
HR	25.0	11.2	25.0	0.0
Procurement	25.0	17.0	25.0	0.0
Finance System	15.0	15.7	15.7	0.7
ICT external support	50.0	34.1	50.0	0.0
Total Externally Commissioned Support Ser	505.0	255.6	363.7	(141.3)
Corporate Overheads				
Accommodation Costs	339.2	259.2	339.2	0.0
Software Licences, Mobile Phones cost etc.	20.0	7.7	20.0	0.0
Communications	50.0	23.5	50.0	0.0
Website Development	29.5	0.0	29.5	0.0
Recruitment Costs	160.0	151.0	185.0	25.0
Insurance	30.0	25.5	30.0	0.0
Audit Costs	85.0	34.0	85.0	0.0
Office running costs	25.0	17.6	25.0	0.0
Corporate Subscriptions	10.0	36.4	40.0	30.0
Total Corporate Overheads	748.7	554.9	803.7	55.0
Governance Costs				
Committee/Business Board Allowances	185.0	85.0	123.3	(61.7)
Meeting Costs	0.0	0.0	0.0	0.0
Governance Projects	20.0	0.0	20.0	0.0
Total Governance Costs	205.0	85.0	143.3	(61.7)
Election Costs				
Election costs	260.0	0.0	260.0	0.0
Total Election Costs	260.0	0.0	260.0	0.0
Capacity Funding				
Capacity Funding	125.0	81.6	125.0	0.0
Total Capacity Funding	125.0	81.6	125.0	0.0
Financing Costs				
Interest Receivable on Investments	(1,480.0)	(1,116.2)	(1,600.9)	(120.9)
Total Financing Costs	(1,480.0)	(1,116.2)	(1,600.9)	(120.9)
Total Operational Expenditure	5,485.8	3,202.2	5,176.6	(309.2)

	<u>19-20 Budget</u> <u>(Nov)</u> £'000	<u>Actuals to 30</u> <u>November</u> <u>2019</u> £'000	<u>Forecast</u> <u>Outturn (Nov)</u> £'000	<u>Forecast</u> <u>Outturn</u> <u>Variance</u> £'000
<u>Transport</u>				
CAM	1,907	808	1,907	0.0
A14 Revenue Feasibility	150	0	0	(150.0)
Huntingdon 3rd River Crossing	300	9	50	(250.0)
Bus Review Implementation	800	150	800	0.0
Cambridge South - Interim Concept	100	97	100	0.0
Transport Levy PCC	3,631	2,421	3,631	0.0
Transport Levy CCC	8,738	5,825	8,738	0.0
Local Transport Plan	377	320	377	0.0
Sustainable Travel	150	99	150	0.0
Schemes, Studies and Monitoring	100	100	100	0.0
Total Transport	16,253	9,827	15,853	(400.0)
<u>Business and Skills</u>				
Work Readiness Programme (Hamptons)	110.0	83.2	83.2	(26.8)
Skills Brokerage	344.2	61.4	344.2	0.0
University of Peterborough Taught Degree Aw	201.9	92.8	190.0	(11.9)
University of Peterborough	235.0	110.2	235.0	0.0
Skills Strategy Programme Delivery	150.0	154.0	150.0	0.0
AEB Devolution programme - Grant	5,576.3	3,451.5	5,576.3	0.0
AEB Devolution programme - ITP	1,282.3	136.1	1,000.0	(282.3)
AEB Programme Costs	115.4	46.1	100.0	(15.4)
Health and Social Care Work Academy	1,500.0	-	1,500.0	0.0
EU Exit Funding	90.9	82.7	90.9	0.0
Growth Company Development	63.0	20.7	55.0	(8.0)
Total Business and Skills	9,669.0	4,238.6	9,324.6	(344.4)
<u>Economic Strategy</u>				
Growth Hub	92.2	35.6	92.2	0.0
Market Town Strategy Implementation	200.0	61.7	150.0	(50.0)
Energy Hub	615.4	12.9	500.0	(115.4)
Rural Communities Energy Fund	1,052.5	0.0	800.0	(252.5)
St Neots Masterplan Revenue	171.9	2.7	171.9	0.0
Trade and Investment Programme	100.0	7.7	80.0	(20.0)
CPCA LIS Implementation	200.0	67.3	150.0	(50.0)
LEP Capacity Funding	400.0	14.8	300.0	(100.0)
Skills Advisory Panel (SAP)	75.0	10.6	75.0	0.0
Total Economic Strategy	2,907.0	213.3	2,319.1	(587.9)
<u>Strategy, Planning and Performance</u>				
Monitoring and Evaluation Framework	163.0	116.9	163.0	0.0
Public Service Reform	100.0	77.3	100.0	0.0
Non-Statutory Spatial Framework (Phase 2)	130.0	37.9	112.9	(17.1)
Cambridgeshire and Peterborough Land Comr	105.0	0.0	30.0	(75.0)
Total Strategy and Performance	498.0	232.0	405.9	(92.1)
<u>Housing</u>				
War Veterans Homelessness Support Grant	90.9	90.9	90.9	0.0
CLT / £100k Housing	166.6	0.0	166.6	0.0
Garden Villages	700.0	0.0	200.0	(500.0)
Total Housing	957.5	90.9	457.5	(500.0)
Total Workstream expenditure	30,729.6	14,511.0	28,805.3	639.3
Total Revenue Expenditure	36,595.3	18,043.0	34,349.9	(2,245.4)

Appendix 2: CPCA Capital Programme - 2019/20

Capital	19-20 Budget (Nov) £m	Actuals to 30 November 2019 £m	Forecast Outturn (Nov) £m	Forecast Outturn Variance £m
Kings Dyke CPCA Contribution	2.50	0.35	0.46	(2.05)
Cambridge South Station	0.75	0.18	0.75	0.00
A10 SOBC Capital	0.25	0.02	0.15	(0.10)
Peterborough University - Business case	1.52	0.07	1.52	0.00
Soham Station	0.95	0.27	0.95	0.00
St Neots River Crossing Cycle Bridge	0.60	0.00	0.45	(0.15)
St Neots Masterplan Capital	0.33	0.05	0.33	0.00
Wisbech Garden Town	1.75	0.05	1.75	0.00
Wisbech Rail	1.48	0.76	1.48	0.00
Wisbech Access Strategy	0.30	0.30	0.30	0.00
Digital Connectivity Infrastructure	0.84	0.31	0.84	0.00
A47 Dualling	0.41	0.11	0.41	0.00
Total Committed Direct Control Expenditure	11.67	2.46	9.38	(2.30)
Costed but not Committed				
Ely Rail Capacity next stage	1.00	0.00	0.00	(1.00)
Market Town pump priming	0.50	0.00	0.50	0.00
Coldhams Lane roundabout improvements	0.53	0.07	0.13	(0.40)
Eastern Industries Access - Phase 1	0.43	0.01	0.15	(0.28)
University Access	0.10	0.02	0.03	(0.07)
March junction improvements	1.08	0.28	0.50	(0.58)
Investment into CAM Innovation Company	0.30	0.00	0.30	0.00
Regeneration of Fenland Railway Stations	0.09	0.00	0.09	0.00
Regeneration of Fenland Railway Stations - Non Platforms	0.61	0.11	0.61	0.00
A1260 Nene Parkway Junction 15	0.36	0.00	0.10	(0.26)
A1260 Nene Parkway Junction 32-3	0.32	0.05	0.19	(0.14)
A141 Capacity enhancements	1.27	0.11	0.50	(0.77)
A16 Norwood Dualling	0.05	0.00	0.13	0.08
A505 Corridor	1.00	0.06	0.17	(0.83)
A605 Oundle Rd Widening - Alwalton-Lynch Wood	0.51	0.04	0.40	(0.11)
Schemes Previously Identified and Costed Total	8.15	0.74	3.80	(4.35)
Cambridge City Housing Programme	20.61	7.37	20.61	0.00
Housing Investment Fund expenditure	34.18	24.35	34.18	0.00
Housing Infrastructure Programme	7.00	0.00	7.00	0.00
Highways Maintenance Capital Grants	23.08	15.69	23.54	0.46
A47 J18 improvements	3.85	1.94	3.00	(0.85)
A605 Stanground East (whittlesea Access)	2.80	0.14	0.36	(2.44)
Passported/Ringfenced Total	91.52	49.50	88.69	(2.83)
Growth Funds				
King's Dyke Crossing (Growth Fund)	0.78	0.00	0.45	(0.33)
A428 Cambourne to Cambridge	0.00	0.00	0.00	0.00
Ely Area Capacity Enhancements	2.32	1.05	1.50	(0.82)
In Collusion	0.02	0.02	0.02	0.00
Wisbech Access Strategy - Delivery Phase	1.00	0.43	1.00	0.00
Agri-tech	3.69	0.51	2.00	(1.69)
M11 Junction 8	0.00	0.00	0.00	0.00
Soham Station Feasibility	1.00	1.00	1.00	0.00
Haverhill Innovation Centre	1.35	0.26	1.60	0.25
Small Grants Programme	0.10	0.04	0.06	(0.04)
Whittlesea and Manea Railway Stations	0.03	0.00	0.03	0.00
iMET Phase 3	0.30	0.00	0.00	(0.30)
Lancaster Way Phase 2	0.15	0.00	0.15	0.00
TeraView Loan	0.12	0.12	0.12	0.00
Project Living Cell	1.35	0.00	1.35	0.00
Illumina Accelerator Global Expansion	1.00	0.00	0.00	(1.00)
Growth Funds Total	13.21	3.44	9.28	(3.93)
Total	124.55	56.14	111.14	(13.41)