

## Budget and Performance Report

To: Business Board

Meeting Date: 14 March 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 draft outturn financial position relating to the revenue and capital funding lines within the Business & Skills Directorate for the 21/22 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 January 2022, is set out in Table 1 below.

<b>Table 1. Business Board Revenue Income Budgets 2021/22</b>							
	Dec Budget	Board Adjusts	Revised Budget	Budget to 31 Jan 22	Actuals to 31 Jan 22	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)	-	(1,500)	-	-	(1,500)	-
ESF Growth Service Grant	(600)	-	(600)	-	(14.2)	(600)	-
Growth Hub Grants	(536.5)	-	(536.5)	-	(376.2)	(536.5)	-
LEP Core Funding	(500)	-	(500)	(250)	(500)	(500)	-
<b>Total Business Board Revenue Income</b>	<b>(4,345.3)</b>	<b>-</b>	<b>(4,345.3)</b>	<b>(800)</b>	<b>(378.0)</b>	<b>(4,345.3)</b>	<b>-</b>

- 3.2 A breakdown of the Business & Skills Directorate 'Business Revenue' expenditure for the period to 31 January 2022, is set out in Table 2 below.

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

	Dec Budget	Board Adjusts	Revised Budget	Budget to 31 Jan 22	Actuals to 31 Jan 22	Forecast Outturn	Forecast Outturn Variance
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Business Board Annual Report	30	-	30	-	17.2	28	(2)
Business Board Effectiveness Review	20	-	20	-	-	20	-
Economic Rapid Response Fund	150	-	150	105.5	81.9	146.2	(3.8)
Enterprise Zone Investment	50	-	50	20	-	40	(10)
Growth Co Services	3,224	-	3,224	2,151	846	3,132	(92)
HPC study & roadmap	46	-	46	-	-	35	(11)
Insight & Evaluation Programme	82.5	-	82.5	62.5	82	82.5	-
Local Growth Fund Costs	560.2	-	560.2	309.5	340.1	458	(102.2)
Market Towns & Cities Strategy	120.9	-	120.9	100.8	32.3	120.8	(0.1)
Marketing & Promotion of Services	127.8	-	127.8	23.2	92.8	91.1	(36.7)
Peterborough University Quarter Masterplan	100	-	100	-	-	100	-
Shared Prosperity Fund Evidence Base & Pilot Fund	100	-	100	85	23.5	98.5	(1.5)
St Neots Masterplan	224	-	224	-	7.7	219.8	(4.2)
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)
<b>Total Business Board Revenue Expenditure</b>	<b>4,875</b>	<b>-</b>	<b>4,875</b>	<b>2,897.6</b>	<b>1,563.3</b>	<b>4,611.4</b>	<b>(263.6)</b>

3.3 The forecast outturn shows a decrease in expected expenditure for the year of £263.6k compared to the budget. 'Actual' figures are based on payments made and accrued income where known.

3.4 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. This budget line is also showing a potential underspend due to the delay in claiming however these claims will be accrued where applicable or reprofiled into next year.
- c) Local Growth Fund Costs is currently forecasting a £109.9k underspend for the year. This is the subject of a separate board paper at this meeting.
- d) Marketing & Promotion is currently showing an underspend; however, this is due to internal accounting transfers between budgets not having been actioned.
- e) St Neots Masterplan has been reprofiled and there will be no underspend on this line provided that forecast claims are received.

3.5 Table 3 below, gives an overview of the Energy and Market Towns revenue budget lines which are currently outside the Business Board control and are provided for information purposes.

<b>Table 3. Energy &amp; Market Towns Revenue Expenditure Budgets</b>							
	Dec Budget	Board Adjusts	Revised Budget	Budget to 31 Jan 22	Actuals to 31 Jan 22	Forecast Outturn	Forecast Outturn Variance
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Energy Hub	890	132.9	1,022.9	685.4	544.4	890	-
COP 26	195	-	195	-	145.7	195	-
Green Homes Grant Sourcing Activity	894.9	-	894.9	864.9	257.5	627.8	(267.1)
Green Homes Grant Sourcing Strategy	69.3	-	69.3	69.3	69.3	69.3	-
Green Homes Grant Phase 3	-	250	250	-	-	250	-
Home Improvement Grant	-	250	250	-	-	250	-
Net Zero Design Investment	-	495	495	-	-	495	-

Public Sector Decarbonisation	1,372.3	-1,192.3	180	50	-	178.7	(1.3)
Rural Community Energy Fund	735	-	735	612.5	441.9	670.9	(64.1)
St. Neots Masterplan	224	-	224	-	7.7	219.8	(4.2)
<b>Total Energy Revenue Expenditure</b>	<b>4,380.5</b>	<b>-64.4</b>	<b>4,316.1</b>	<b>2,282.1</b>	<b>1,466.5</b>	<b>3,846.5</b>	<b>(336.7)</b>

- 3.6 The forecast outturn shows a decrease in expected expenditure for the year of £336.7k compared to the budget. 'Actual' figures are based on payments made and accrued income where known.
- 3.7 Variances between the revenue outturn position and the annual budget are set out below:
- The underspend on Green Homes Sourcing Activity is in line with the project reduction and reduced capabilities.
  - Rural Community Energy Fund has awarded the vast majority of its funding, but the remaining expenditure will fall outside of the current financial year.
- 3.8 The current approved Revenue MTFP is shown below in Table 4 enabling the Business Board to understand the current and future approved expenditure.

<b>Table 4. 2021/22 Revenue Budget and MTFP</b>				
	<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	30.0	-	-	-
Business Board Effectiveness Review	20.0	-	-	-
Economic Rapid Response	150.0	-	-	-
Enterprise Zone Investment	50.0	-	-	-
Growth Co Services	3,223.5	3,418	916	-
Growth Hub	-	-	123	246
HPC study and roadmap	46.0	-	-	-
Insight & Evaluation Programme	82.5	75	75	75
Local Growth Fund Costs	560.2	558	-	-
Market Towns & Cities Strategies	120.9	-	-	-
Marketing and Promotion of Services	127.8	90	90	90
Peterborough University Quarter Masterplan	100.0	-	-	-
Shared Prosperity Fund Evidence Base & Pilot Fund	100.0	-	-	-
St Neots Masterplan	224.0	-	-	-
Trade and Investment Programme	32.5	-	-	-
Visitor Economy and R&R Grants	7.6	-	-	-
<b>Total Business &amp; Skills Approved Budgets</b>	<b>4,875.0</b>	<b>4,141</b>	<b>1,204</b>	<b>411</b>
<b>Total Business &amp; Skills Subject to Approval</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Business &amp; Skills Revenue Expenditure</b>	<b>4,875.0</b>	<b>4,141</b>	<b>1,204</b>	<b>411</b>

## 4. 2021/22 Capital Budget

4.1 A breakdown of the Business & Skills Directorate 'Business Capital' income for the period to 31 January 2022, is set out in Table 5 below.

<b>Table 5. Business Board Capital Income Budgets 2021/22</b>							
	Dec Budget	Board Adjusts	Revised Budget	Budget to 31 Jan 22	Actuals to 31 Jan 22	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)	-
<b>Total Business Board Capital Income</b>	<b>(7,300.0)</b>	<b>-</b>	<b>(7,300.0)</b>	<b>(7,300.0)</b>	<b>(7,300.0)</b>	<b>(7,300.0)</b>	<b>-</b>

4.2 A breakdown of the Business & Skills Directorate 'Business Capital' expenditure for the period to 31 January 2022, is set out in Table 6 below.

<b>Table 6. Business Board Capital Expenditure Budgets 2021/22</b>							
	Dec Budget	Board Adjusts	Revised Budget	Budget to 31 Jan 22	Actuals to 31 Jan 22	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	1,298.1	875.8	1,500	(202.3)
Cambridge City Centre (LGF)	691.2	-	691.2	621.9	90.7	691.2	-
CRC Construction & Digital (LGF)	910.8	-	910.8	910.8	910.8	910.8	-
Eastern Agritech Initiative (LGF)	100	-	100	100	161.8	181.5	81.5
Illumina Accelerator (Recycled)	1,000	-	1,000	-	200	1,000	-
March Adult Education (LGF)	313.9	-	313.9	313.9	313.9	313.9	-
Metalcraft (Adv. Mfctg) (LGF)	2,978.9	-	2,978.9	2,978.9	1,963.2	2,978.9	-
Peterborough City Centre (LGF)	680.8	-	680.8	680.8	673.3	680.8	-
South Fen Bus. Park (LGF)	997	-	997	450	19.5	997	-

Start Codon (Equity) (Recycled)	2,225.6	-	2,225.6	1,310.6	455.6	1,000	(1,225.6)
Growth Service - Grants	3,000	-	3,000	3,000	0	2,000	(1,000)
TTP Incubator (LGF)	33.2	-	33.2	33.2	33.2	33.2	-
University of Peterborough Phase 2 (GBF)	14,600	-	14,600	8,025	8,025	14,600	-
<b>Total Business Board Capital Expenditure</b>	<b>29,557.4</b>	<b>-</b>	<b>29,557.4</b>	<b>20,046.9</b>	<b>13,973.9</b>	<b>27,211</b>	<b>(2,346.4)</b>

4.3 The forecast outturn shows a decrease in expected expenditure for the year of £2,346.4k 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:

- Cambridge Biomedical will complete its' spend in April/May of 2022 having been slightly delayed.
- 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.
- Start Codon is currently forecast at spending under half its budget this year; however, officers are working closely with the project to ensure the forecast is accurate. The original profile spend was to spend into 2022/23.
- The Growth Service Equity Grants programme has only just been initiated and this spend will be utilised as soon as possible in the next financial year.

4.5 As requested, Table 7 below, gives an overview of the Energy & Market Towns capital budget lines which are currently outside the Business Board control and are provided for information purposes.

<b>Table 7. Energy &amp; Market Towns Capital Expenditure Budgets</b>							
	Dec Budget	Board Adjusts	Revised Budget	Budget to 31 Jan 2022	Actuals to 30 Jan 2022	Forecast Outturn	Forecast Outturn Variance
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Green Home Grant Capital Programme	78,340	(46,840)	31,500	-	4,487.2	31,500	-
Mkt Town Chatteris	1,000	-	1,000	-	21.7	435.5	(564.5)
Mkt Town Ely	1,000	(344)	656	-	117.5	656	-

Mkt Town Huntingdon	577.7	-	577.7	-	-	577.7	-
Mkt Town Littleport	-	-	-	-	-	-	-
Mkt Town March	1,000	(450)	550	-	-	550	-
Mkt Town Ramsey	1,000	(295)	705	-	-	705	-
Mkt Town Soham	200	-	200	-	18	200	
Mkt Town St Ives	620.1	-	620.1	-	-	620.1	-
Mkt Town Whittlesey	1,000	(500)	500	-	57.5	500	-
Mkt Town Wisbech	1,000	(399)	601	-	19.5	601	-
St Neots Masterplan	190	(170.5)	19.5	-	19.5	19.5	-
<b>Total Energy &amp; Mkt Town Capital Expenditure</b>	<b>85,927.8</b>	<b>(48,998.5)</b>	<b>36,929.3</b>	<b>-</b>	<b>4,740.9</b>	<b>36,364.8</b>	<b>(564.5)</b>

- 4.6 The forecast outturn shows a decrease in expected expenditure for the year of £565.5k 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) Further to the reprofile of the Market Towns in January, Chatteris Market Town reported expected slippage on their project after the cut-off for submission into the January paper.
- 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.

<b>Table 8. 2021/22 Capital Budget and MTFP</b>				
	<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	-	-
Levelling Up Fund	-	2,000	-	-
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	4,250	500	-
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>6,000</b>	<b>500</b>	<b>-</b>
<b>Total Business &amp; Skills Project Costs 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>6,000</b>	<b>500</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										
<b>Capital</b>	<b>20-21</b>	<b>21-22</b>	<b>22-23</b>	<b>23-24</b>	<b>24-25</b>	<b>25-26</b>	<b>26-27</b>	<b>27-28</b>	<b>28-29</b>	<b>Later Years</b>
<b>Opening balance</b>	<b>-10,491.5</b>	<b>-8,921.4</b>	<b>-2,953.8</b>	<b>-191.9</b>	<b>-0</b>	<b>-0</b>	<b>-0</b>	<b>-0</b>	<b>-26.6</b>	<b>-210.6</b>
<i>Forecast Expenditure</i>	<i>1,747.5</i>	<i>6,914.2</i>	<i>3,950.0</i>	<i>750.0</i>	<i>554.7</i>	<i>184.0</i>	<i>184.0</i>	<i>157.4</i>	<i>0</i>	<i>0</i>
<i>Forecast Income</i>	<i>-177.4</i>	<i>-946.6</i>	<i>-1,188.1</i>	<i>-558.1</i>	<i>-554.7</i>	<i>-184.0</i>	<i>-184.0</i>	<i>-184.0</i>	<i>-184.0</i>	<i>-2,024.0</i>
<b>Closing Balance</b>	<b>-8,921.4</b>	<b>-2,953.8</b>	<b>-191.9</b>	<b>-0</b>	<b>-0</b>	<b>-0</b>	<b>-0</b>	<b>-26.6</b>	<b>-210.6</b>	<b>-2,234.6</b>
<b>Revenue</b>	<b>20-21</b>	<b>21-22</b>	<b>22-23</b>	<b>23-24</b>	<b>24-25</b>	<b>25-26</b>	<b>26-27</b>	<b>27-28</b>	<b>28-29</b>	<b>Later Years</b>
<b>Opening balance</b>	<b>-3.3</b>	<b>-159.9</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-62.9</b>	<b>-120.7</b>
<i>Forecast Expenditure</i>	<i>0</i>	<i>606.6</i>	<i>240.2</i>	<i>120.4</i>	<i>90.6</i>	<i>72.7</i>	<i>67.8</i>	<i>0</i>	<i>0</i>	<i>0</i>
<i>Forecast Income</i>	<i>-156.7</i>	<i>-446.7</i>	<i>-240.2</i>	<i>-120.4</i>	<i>-90.6</i>	<i>-72.7</i>	<i>-67.8</i>	<i>-62.9</i>	<i>-57.7</i>	<i>-321.4</i>
<b>Closing Balance</b>	<b>-159.9</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-62.9</b>	<b>-120.7</b>	<b>-442.0</b>
<b>Combined</b>	<b>20-21</b>	<b>21-22</b>	<b>22-23</b>	<b>23-24</b>	<b>24-25</b>	<b>25-26</b>	<b>26-27</b>	<b>27-28</b>	<b>28-29</b>	<b>Later Years</b>
<b>Opening balance</b>	<b>-10,494.8</b>	<b>-9,081.4</b>	<b>-2,953.8</b>	<b>-191.9</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-89.5</b>	<b>-331.2</b>
<i>Forecast Expenditure</i>	<i>1,747.5</i>	<i>7,520.8</i>	<i>4,190.2</i>	<i>870.4</i>	<i>645.2</i>	<i>256.7</i>	<i>251.8</i>	<i>157.4</i>	<i>0</i>	<i>0</i>
<i>Forecast Income</i>	<i>-334.0</i>	<i>-1,393.2</i>	<i>-1,428.3</i>	<i>-678.5</i>	<i>-645.2</i>	<i>-256.7</i>	<i>-251.8</i>	<i>-246.9</i>	<i>-241.7</i>	<i>-2,345.4</i>
<b>Closing Balance</b>	<b>-9,081.4</b>	<b>-2,953.8</b>	<b>-191.9</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-89.5</b>	<b>-331.2</b>	<b>-2,676.6</b>

5.2 The table has not changed since it was presented to the Business Board in January 2022. 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. The invoice for £3,720,959.70 was issued to CCC in January 2022 and has been confirmed as

approved for payment. We are currently waiting receipt of the funds.

- 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. There have been several complications since the last board meeting, and it is now hoped for exchange by the end of February 2022 with completion due for 28<sup>th</sup> March 2022.
- c) The Combined authority made the decision at their meeting on the 27 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.

Table 10. Business Board Enterprise Zones Reserve Fund Summary										
£000's	19/20	2020/21	2021/22	2022/23	2023/24	202/25	2025/26	2026/27	2027/28	Totals
Total CPCA EZ NNDR Income	235.8	548.7	660.3	972.2	1,008.9	1,008.9	1,008.9	1,008.9	1,008.9	2,617.3
Total Expenditure	-279.4	-274.3	-786.5	-691.8	-832.8	-414.8	-414.8	-414.8	-414.8	-4,237.5
Annual surplus (deficit)	0	274.4	-126.2	280.4	176.2	594.2	594.2	594.2	594.2	2,981.5
<b>Cumulative Balance</b>	<b>0</b>	<b>274.4</b>	<b>148.2</b>	<b>428.6</b>	<b>604.8</b>	<b>1,198.9</b>	<b>1,793.2</b>	<b>2,387.3</b>	<b>2,981.5</b>	<b>1,361.3</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 DfT 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.

## 8. Public Health implications

- 8.1 N/A

## 9. Environmental and Climate Change Implications

- 9.1 N/A

## 10. Other Significant Implications

- 10.1 N/A