



Report title: 2021/22 budget and medium-term financial plan 2021 to 2025

To: Overview and Scrutiny Committee

Meeting Date: 25th January 2021

From: Jon Alsop
Chief Finance Officer

Recommendations: The Overview and Scrutiny Committee is recommended to

a) Note the consultation responses and updates to the Combined Authority's 2021-22 Budget, Medium Term Financial Plan and Capital Programme.

1. Purpose

1.1 This paper provides an update to the preparation and approval of the Combined Authority and Mayoral budgets for 2021/22 and of the Medium-Term Financial Plan (MTFP) for the period 2021/22 to 2024/25.

2. Background

2.1 According to the Constitution, functions reserved to the Combined Authority Board include the adoption of the non-mayoral Combined Authority budgets, the Medium-Term Financial Plan and the Capital Programme.

2.2 The process of the approval of the Mayoral budget is set out in the 'The Combined Authorities (Finance) Order 2017'

Budget Development Timetable

2.3 According to the Constitution, "The draft Budget shall be submitted to the Combined Authority Board for consideration and approval for consultation purposes only, before the end of December each year. The Combined Authority Board will also agree the timetable for consultation and those to be consulted. The consultation period shall not be less than four weeks, and the consultees shall include Constituent Authorities, the Local Enterprise Partnership and the Overview and Scrutiny Committee."

The approved budget setting timetable for the draft budget and MTFP is as follows:

Proposed Budget Setting Timetable 2021/22 Budget and MTFP	Day	Date
Overview and Scrutiny Committee Meeting	Mon	23/11/20
CPCA Board Meeting (to review and approve Draft 2021/22 Budget and MTFP)	Wed	25/11/20
Budget Consultation Period Starts	Thu	26/11/20
Overview and Scrutiny Committee Meeting (Consultation)	Mon	14/12/20
Budget Consultation Ends	Thu	31/12/20
Overview and Scrutiny Committee Meeting	Mon	25/01/21
CPCA Board Meeting to Approve 2021/22 Budget and MTFP	Wed	27/01/21

Key Dates and Statutory Deadlines

Date	Activity
31 st December 2020	Deadline for Draft CA budget to the CA for consideration and approval for consultation (Budget Framework).
Not less than 4 weeks Duration	Consultation period (Budget Framework)
31 st January 2021	Deadline for the Mayor to notify the CA of the Mayor's draft budget for 2020/21 (Finance Order)
31 st January 2021	Deadline for proposed CA budget to be submitted to the CA Board, including consultation responses and the Mayor's budget (Budget Framework)
Within five working days of above	CA Board shall meet to consider the budget and may agree a report (Budget Framework)
At least five working days of report published if amendments to the Mayor's Budget are proposed	CA Board shall meet to re-consider the budget (Budget Framework)
6 th February 2021	Deadline for CA to report on the Mayor's draft budget (Finance Order)
At least five days from receipt of report	Deadline for the Mayor to respond to the CA report (Finance Order)
5 Days after end of deadline period above	Deadline CA to veto or approve Mayor's draft budget (Finance Order)
14 th February 2021	Deadline for the issue of the Transport Levy to Local Highways authorities in accordance with the Local Government Finance Act 1992
28 th February 2021	Deadline for the issue of any precept to a billing authority in accordance with s40 of the Local Government Finance Act 1992

Consultation

- 2.4 Following the approval of the draft budget and MTFP for consultation purposes by the Board on 25th November 2020, the Combined Authority contacted the agreed list of consultees seeking views on the consultation document. The Communications team posted the consultation document on the Combined Authority's website (link below), directly contacted almost 4,000 businesses and other local stakeholders, and invited feedback and comments from members of the public through social media which was seen by 11,000 users across Twitter, Facebook, Instagram and LinkedIn.

The direct e-mail campaign resulted in 2,057 opened e-mails and 193 click throughs to the draft budget consultation. The social media campaign resulted in 47 clicks through to the draft budget consultation.

[Consultation document](#)

- 2.5 The draft budget and MTFP were discussed at the Overview and Scrutiny Committee meeting held on 14th December 2020 as part of the consultation process, several questions were asked of Officers at the meeting, but no formal consultation response was submitted.
- 2.6 The Combined Authority received 9 responses to the consultation from both public sector entities and private individuals by the deadline date. These and the draft responses provided by Combined Authority officers are summarised below:

Consultation Response	Combined Authority Officer Response
Request for confirmation that the Combined Authority will not be issuing a Council Tax precept in 2021-22.	As set out in the budget papers the Combined Authority will not be issuing a Council Tax precept in 2021-22 and no precept is included in later years.
Requested confirmation and assurance that subsidised bus services will continue once the Combined Authority takes on direct delivery of services from April 2021.	From 1 st April 2021 the Combined Authority will take direct responsibility for the delivery of bus passenger transport, including all the existing subsidised contracts in force at that point.
Expressing disappointment at the lack of financial support for the A47 improvements.	As was set out in the paper to the Transport and Infrastructure Committee on the 4 th November, the Combined Authority, and the Mayor, are committed to seeing the A47 dualled between Peterborough and Walton Highway and this is reflected by its inclusion in the 2021-22 Business Plan. We currently expect that next stage of work to be funded by Highways England and thus no provision is required from the Combined Authority budget.
Commented that the Mayor's budget is high, and questioned whether the budget for the	Noted the response, although the Mayor's budget is not a formal part of the Combined

Mayor's expenses, including attendance at conferences, could be reduced due to COVID.	Authority's budget consultation and was included only for completeness.
Expressing support for dualling the A10 between Cambridge and Ely as well as affordable housing and highlighted local issues in improving walking and cycling options due to narrow adopted highways and whether funding is available for this.	Noted the feedback.
Expressed general appreciation and support for the Combined Authority's work and particularly for improvements to the A141.	Noted the feedback.
Objection to the length of the consultation documentation.	Noted the feedback

2.7 Two further responses were received, one offering an individual's services and the other asking several detailed queries not directly related to the budget consultation. The details of the former have been passed to the relevant directorate, and the latter was passed to the Legal and Governance team who have been in contact with the respondent and they are submitting an FOI outside of the consultation process.

2.8 A further response from a senior officer of one of the constituent councils was received on 11th January 2021. A summary of the consultation comments received and the proposed CPCA response to the points made is shown in the table below...

Reference	Summary of consultation comment	Proposed CPCA response
2.6 and 6.4 Overheads And revenue costs in Appendix 3	What are your base assumptions here? There are £5.4m of total revenue staffing costs but only £2m is recharged to either projects or externally - what are the other costs for?	The majority of staffing costs are funded from revenue gainshare. Only some are charged directly to other dedicated funding streams e.g. to the Local Growth Fund top slice, to the Adult Education Budget, the Housing Fund, the Growth Service, or recharged to subsidiaries.
6.1	I assume staffing costs will go up from 2.0% to 2.75%	The majority of our Constituent Councils are proposing cost of living inflation of between 2% and 2.5% in their own budgets. Police and Fire will be affected by the pay freeze so are expecting to budget for zero %. Whilst there may be pressure to budget at 0%, we believe 2% to be prudent.
6.10	Are the Alconbury Weald receipts forecast deliverable - as they are required to support other projects?	There is an agreement for 30% of the LEP (Business Board)'s share of Enterprise Zone receipts from Alconbury Weald to contribute to A14 upgrade works (DfT). We are currently expecting to generate the forecast income, but CPCA only pay

		30% of what we actually get in so there is no exposure if the funds do not materialise.
8.3	Climate change will be a big issue. I assume part of the climate change commission's function is also to generate additional funding to help support these additional requirements?	The terms of reference of the Commission require it to consider both risks and opportunities, including opportunities for economic sectors with a strength in the Cambridgeshire and Peterborough area. It is also examining how existing inequalities can be reduced, and assessing whether its recommendations would have differential impacts. Its work is likely therefore to inform future decisions on spending for a wide range of public and private organisations, including the Combined Authority. Having an authoritative evidence base will also assist in making the case for additional investment in the Cambridgeshire and Peterborough area to mitigate and adapt to climate change impacts
9.1/9.2 and Table 4	How is the recycling of Housing Grant working (or is remit outside the 4 years shown in the tables?)	The revolving fund is expected to continue beyond the lifetime of the MTFP. The MTFP shows the latest expected cashflows, then for the fund to keep revolving.
Section 12	Corporate Services - are there any TUPE implications of starting up these new systems (From PCC/CCC)?	Yes – the process of delivering Transport functions in-house will include the TUPE of staff from CCC and PCC.
Section 14	Is it possible to increase detail on what these schemes are and mean (there is more detail for example in Section 13)	Greater detail on these projects will be included within the Business Plan, which is due to go to the Board for review in January.
General Revenue	Given issues with revenue budgets in the past couple of years, is there enough funding for delivery of the revenue portion of your activities (in 10.1 you are left with £3m at the end of the time-period)?	Revenue balances are increasing over the lifetime of the MTFP. In addition, we are expecting £1m of mayoral capacity fund for 21/22, which has been recently announced. All budgets, revenue and capital will be monitored closely, to ensure expenditure is controlled.
Appendix 3 – Debt charges	You have £750k of ongoing debt charges - does this take account of lower borrowing costs and also slippage and cost overruns?	Yes, the borrowing provision has been updated to reflect changes in PWLB rates. This is still a 'provision' as there is no current borrowing requirement.
General	What are your COVID implications (will there be additional slippage/costs)?	Potentially some minor slippage on LGF projects anticipated. Capital budgets will be looked at on a 'case by case basis' and monitored closely.

Schemes and Studies – not currently in the MTFP	£100k p.a. has been requested from 2021/22 until 2024/25. The funding would be used to undertake a number of studies to identify future schemes for delivery that would benefit all road users. The funding will also ensure that there is a future pipeline of schemes to support Peterborough's growth agenda and thus ensures both the Council and the CPCA are able to successfully secure future additional funding i.e. DfT grants.	Noted. Proposals have been received for consideration and further discussion.
Sustainable travel - not currently in the MTFP	£150k p.a has been requested from 2021/22 until 2024/25. Funding will be used to target interventions in schools, businesses and neighbourhoods as well as to develop our Local Cycling and Walking Infrastructure Plan, ensuring it is LTN 1/20 compliant, so that we can bid for further Govt funding.	Proposals have been received for consideration and further discussion. The transport team have since requested a framework for evaluating the overall effectiveness of the sustainable transport interventions.
A1260 Nene Parkway Junction 15	The £5m budget is unlikely to cover the funding needed to complete the scheme. Detailed cost information will be updated as part of the current detailed design / full business case process	A1260 schemes are funded for the current stage. Work is being done to develop the design and create greater cost certainty. At the end of the stage, design proposals and cost estimates for delivery can be considered.
A1260 Nene Parkway Junction 32-3	The £2.5m budget is unlikely to cover the funding needed to complete the scheme. Detailed cost information will be updated as part of the current detailed design / full business case process.	The MTFP doesn't show the 'approved' and £4m 'subject to approval' balances in 20/21. Any unspent in 20/21 would be available to carry forward to support completion of the scheme.
Fengate Access Studies Phase 2 (University Access).	The £1.98m budget will not cover the funding needed to complete the scheme. Cost information will be provided as part of the business case process	The construction figure in the MTFP reflects the intention to seek funding from DfT through the Major Roads Network application. There is already an application with DfT which was submitted prior to the SOBC. The SOBC will be shared with DfT once it has been reviewed.

Updates since the draft Budget

- 2.9 Since the draft Budget and MTFP were approved for consultation in November, a number of changes are required to be made to reflect subsequent Board decisions made, and recommendations made by the Transport and Infrastructure Committee. These are:

1. Approving £1.2m of 'subject to approval' budget, and reprofiling £815k of this from 2020-21 to 2021-22 for the Fenland Stations Regeneration Outline Business Case
 2. Approving £2m of 'subject to approval' budget, and reprofiling £500k from 2020-21 into 2021-22 for the next stage of the A10 project.
 3. Approving £630k of 'subject to approval' budget, and reprofiling £320k from 2020-21 into 2021-22 for the A16 Norwood project.
- 2.10 As all the affected projects were already included in the CPCA's total budget, the effect is only to increase the opening capital balances, and correspondingly increase expenditure in 2021 by the reprofiled amounts.
- 2.11 As presented in the Transport Levy paper elsewhere on the January Combined Authority Board's agenda, the forecast expenditure on public transport functions is now based on a more accurate, whole-service, costing exercise carried out since November. This is reflected in an updated "Transport CPCA Bus Operations" expenditure line, and a correspondingly adjusted "Transport Levy" income, thus having a net nil effect on balances across years.
- 2.12 The responses to the consultation were presented to the Mayor and Leaders of the constituent Councils at the Leaders Strategy meeting on 13th January. The Leaders concluded that the comments did not include any suggestions that were specific or relevant enough to justify making any amendments to the budget or MTFP in advance of them being presented to the Board for approval on 27th January 2021.

Significant Implications

3. Financial Implications

- 3.1 The budget, MTFP, and capital programme form the CPCA's financial planning for delivery of projects and programmes over the next 4 years.

4. Legal Implications

- 4.1 The budget setting process is as set out in the CPCA Constitution.

5. Other Significant Implications

- 5.1 The budget, MTFP and capital programme will support the delivery of projects and programmes over the next 4 years and will therefore have significant implications for the community of the area and beyond.

6. Appendices

- 6.1 None

<u>Source Documents</u>	<u>Location</u>
CPCA Constitution	https://cambridgeshirepeterborough-ca.gov.uk/assets/Uploads/Constitution-Final-2020-12-21.pdf
Consultation document	https://cambridgeshirepeterborough-ca.gov.uk/news/consultation-on-the-draft-2021-22-budget/