



Combined Authority Board

4 September 2024

Title:	2025/26 Medium Term Financial Plan and Corporate Plan Process
Report of:	Janice Gotts, Executive Director - Resources Kate McFarlane, Director – Policy and Engagement
Lead Member:	Mayor Dr Nik Johnson
Public Report:	Yes
Key Decision:	Yes – KD2024/015
Voting Arrangements:	Simple majority of Members present and voting

Recommendations:

A	Approve the proposed arrangements and timeline for the setting of the refreshed Corporate Strategy and the budget and noting that this may be subject to change in accordance with Government announcements or other factors.
B	Note the revised scrutiny arrangements including the feedback from Overview and Scrutiny Committee on the proposed process for the 2025/26 budget and Medium Term Financial Plan as set out in this report.

Strategic Objective(s):

The topics within this report fit under the following strategic objective(s):

<input checked="" type="checkbox"/>	Achieving ambitious skills and employment opportunities
<input checked="" type="checkbox"/>	Achieving good growth
<input checked="" type="checkbox"/>	Increased connectivity
<input checked="" type="checkbox"/>	Enabling resilient communities
<input checked="" type="checkbox"/>	Achieving Best Value and High Performance

The Combined Authority's budget is an important factor in meeting its Corporate Strategy and priorities. A robust budget setting process linked to the Corporate Strategy enables the Board to consider the appropriateness of the financial proposals for the coming financial year and the forecast for the medium term, taking into account assumptions on funding streams, spending commitments and risk.

1. Purpose

1.1	<p>This report provides the Board with an overview of the proposed timeline for the refresh of the Corporate Strategy, including outcomes emerging from the Shared Ambitions work, and the process for setting the 2025/26 Budget and Medium-Term Financial Plan (MTFP) along with proposals for enhancing the budget scrutiny arrangements. This will cover the development and scrutiny of both revenue and capital budgets.</p>
1.2	<p>The draft timetable and process for the refresh of the Corporate Strategy and setting the 2025/26 MTFP is principally the same as the one used for the 2024/25 MTFP, mapped to the new timetable of meetings for this municipal year, and is set out in appendix 1. However, it now includes the proposed scrutiny arrangements approved by Overview and Scrutiny Committee at its meeting on 11 July 2024.</p>
1.3	<p>The changes to the scrutiny timetable provide two notable benefits to the budget setting cycle, namely:</p> <ul style="list-style-type: none">• The Combined Authority (CA) Board will consider the draft budget proposals in mid-November, rather than at the end of the month (last year it was 29th November) and therefore this allows the budget consultation to be initiated two weeks earlier, providing more time for consultees to consider the draft budget before the Christmas period.• It allows for recommendations from the Committee to be fed into Corporate Strategy refresh and budget setting process and inform the Board's thinking in a timelier manner.
1.4	<p>The budget is aligned to the CA's corporate strategy and its strategic objectives and priorities drive investments and resource allocation in the MTFP. The adopted Corporate Strategy has at its core the vision of delivering "A prosperous and sustainable Cambridgeshire and Peterborough. Driven by our values and using our collective voice and strengths, we seek inclusive good growth for an equitable, resilient, healthier and connected region." Its strategic priorities are:</p> <ul style="list-style-type: none">• Achieving good growth• Increasing Connectivity• Ambitious Skills and Employment Opportunities• Enabling Resilient Communities• Achieving Best Value and High Performance
1.5	<p>There is a separate Mayoral Ambition Statement, and the Mayor has four key pledges, which are:</p> <ul style="list-style-type: none">• A locally determined, innovative and public transport system that is fit for the future• Promote, protect and grow our unique Fens• Creating a strong sense of place and cultural identity for our region• Working with the Integrated Care Services (ICS) to support the delivery of better health outcomes and address health inequalities in our region.
1.6	<p>A refresh of the current Corporate Strategy that includes a high-level review of the of political, economic, social, technological, legal and environmental (PESTLE) factors from a national, regional and organisational perspective will be undertaken and include consideration of the outcomes of the Shared Ambition work. A six-month progress review of delivery of the Corporate Strategy priorities and deliverables is proposed as we enter the last period of the current Mayoral term.</p>
1.7	<p>The overarching objective of the MTFP is to set an affordable and balanced budget that supports the delivery of the ambitions and priorities of the Mayor and the Combined Authority in support of the region and its residents.</p>

2. Proposals for the Budget Setting Cycle and Scrutiny

2.1	<p>The Budget Setting Cycle commencing 2025/26</p> <p>In general, the approach to budget setting this year will mirror that of last year, however, there are two factors which are particular to the MTFP preparation this year and which are likely to create additional considerations for the budget-setting process and scrutiny.</p>
2.2	<p>Firstly, the change of Government following the General Election on 4 July, has seen a number of announcements already, with others expected to follow, that will likely impact on the spending priorities and funding for the Combined Authority as well as its constituent Councils. The Chancellor has stated that she will deliver the budget statement on 30th October finalising the national funding allocations for 2024/25 as well as setting out the position for 2025/26. Whilst it is unlikely that this will provide the detailed funding allocations for all Authorities from 2025/26, it could provide an indication of changes which the CA should take into account when formulating its draft MTFP. In previous years MHCLG (formerly DLUHC) has also issued a principles paper in advance of the publication of the Finance Settlement which sought to indicate in broad terms the content of the settlement for Local Government. Changes arising from the Finance Settlement or other announcements between the draft and final budgets being issued will be circulated ahead of the CA Board meeting in January.</p>
2.3	<p>Secondly, the consultation on bus reform is now underway and is currently expected to report back to the Board for a decision on whether to franchise the network in January 2025. At this stage, any assumptions that are included in the draft budget will clearly set out the position of the “core” budget separately from the financial implications of bus franchising. The decision on franchising will be subject to consideration of the outcome of the consultation. The inclusion of the estimated costs, funding or reserves for bus franchising within the budget proposals do not pre-judge the decision to be made, but instead are intended to inform the Board that should franchising proceed that resources are currently in place to meet the immediate costs and risks.</p>
2.4	<p>Further to this, specific work will be undertaken to review the capital/investment programme to confirm that it remains appropriate to the priorities for the region and that the profile of spend best reflects the likely delivery timeline.</p>
2.5	<p>The MTFP will be based upon the best information available at the time of writing setting out clearly the latest assumptions used in its preparation, but it is acknowledged that it may be subject to change as a result of further announcements, scrutiny and other feedback.</p>
2.6	<p>Proposed approach to Overview and Scrutiny budget to support budget pre-scrutiny</p> <p>The Overview and Scrutiny Committee has indicated a desire to enhance its budget scrutiny role this year leading into the MTFP, including the creation of a dedicated budget scrutiny working group. Reflecting on the opportunities this presents the proposed approach to budget scrutiny, incorporating in-year scrutiny of performance, is set out in the table below and was considered at the meeting of the Overview and Scrutiny Committee at its meeting on 11 July 2024.</p>
2.7	<p>The timetable set out below is based on the assumption that the financial implication of bus reform will be scrutinised through the bus reform working group rather than the budget working group. Essentially there are two phases to the scrutiny arrangements. Phase 1 considers the performance against the current budget in 2024/25 and any indications for the future which may arise and phase 2 considers the draft MTFP from 2025/26 onwards.</p>

Event	Purpose	Timing	Participation	Information Provided
<u>Phase 1</u> 3 x 1-hour informal sessions	For the working group to scrutinise delivery of the approved budget and capital programme. This will be split across: <ul style="list-style-type: none"> • Transport and Connectivity • Economy and Growth • Corporate Core (which will include Resources, Legal and Governance and CEX) 	10/09/2024 19/09/2024 23/09/2024	Working Group	Most recent monthly budget monitoring report, link to Corporate Strategy.
Overview and Scrutiny Committee	Working group report back on key findings from informal sessions and O&S committee agree recommendations/comments for CA Board to consider when setting the draft budget.	08/10/2024	Committee	Paper with key findings from 3x1hr sessions. Corporate Strategy draft PESTLE and six-month delivery update
CA Board	To approve the draft budget for consultation	13/11/2024	CA Board	Draft budget and consultation plan
<u>Phase 2</u> 3 x 1-hour informal sessions	For the working group to scrutinise the draft Budget and MTFP, reflecting on their prior feedback. This will be split as per phase 1.	14/11/2024 21/11/2024 02/12/2024	Working Group	Draft Budget and MTFP, link to Corporate Strategy
Overview and Scrutiny Committee	Working group report back on key findings from informal sessions and O&S committee agree recommendations/ comments for the CA Board to consider when setting the final budget.	17/12/2024	Committee	Paper with key findings from the 3 x 1hr sessions (draft budget, MTFP and draft refreshed Corporate Strategy also available)
Overview and Scrutiny Committee	An opportunity for the Committee to review the final proposed budget and reflect on how the Board have incorporated their feedback.	16/01/2025	Committee	Final draft budget, consultation summary and proposed amendments
CA Board	To consider and approve the final draft budget along with feedback from the consultation and any proposed amendments	22/01/2025	CA Board	Final draft budget, consultation summary and proposed amendments

2.8 The main change from previous years is the addition of further scrutiny in respect of the in-year performance of directorates against their agreed budgets, which will be aligned to the Authority's Corporate Strategy. Each of the three sessions for this first phase of the scrutiny process will focus on the performance of the main service areas of the Combined Authority grouped as below:

- Place and Connectivity,
- Economy and Growth, and
- Corporate Core (Resources, Legal and Governance and Chief Executive's Office).

2.9 The working group sessions will then identify key findings and these will be reported to the Overview and Scrutiny Committee at the appropriate public meeting, where the Committee can agree

	recommendations and comments to be fed back to the Combined Authority Board for consideration when developing and setting the draft budget.
2.10	A similar process is then followed during the budget consultation period, with the working group having informal sessions with each of the area's senior officers again to understand and scrutinise the draft budget proposals.
2.11	Again, the key findings from this process will be fed back to the Committee at its public meeting in December. The Committee can reflect on these findings, alongside the draft budget and, as a statutory consultee, agree its formal response to the consultation which the CA Board will then consider when setting the final budget in January.
2.12	At its meeting the Overview and Scrutiny Committee indicated that its members were supportive of the revised approach to scrutiny and confirmed the terms of reference for the Scrutiny working group. The membership of the working group is being finalised prior to commencement of the phase one scrutiny in September.

3. Appendices

Appendix A – Budget and Corporate Strategy refresh approval process timeline

4. Implications

Have the following been taken into account?

Financial Implications

Yes No There are no financial implications arising directly from this report, however, the Combined Authority is required to set a balanced budget each year in consideration of the funding available, spending commitments and risks and mitigations applying.

Legal Implications

Yes No There are no direct legal implications arising from the proposal of this report.

Public Health Implications

Yes No No specific implications

Environmental & Climate Change Implications

Yes No No specific implications

Other Significant Implications

Yes No Not applicable