



Combined Authority Board

4 September 2024

Title:	Budget Monitoring Update Report 2024/25 – end of Quarter 1
Report of:	Janice Gotts, Executive Director Resources
Lead Member:	Mayor Dr Nik Johnson
Public Report:	Yes
Key Decision:	No
Voting Arrangements:	Simple majority of Members present and voting

Recommendations:

A	Note the financial performance of the Combined Authority with actuals as at the 30 th June 2024.
B	Note the decisions taken by the Chief Executive under powers delegated by the Board as set out in section 7 of 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 proposals within this report enable an understanding of the financial resources employed during the year which will support all five of the Combined Authority's strategic objectives. This allows support for the continuation of the Authority's programmes in an efficient manner, within means as well as providing the information to support effective decision making.

1. Purpose

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| 1.1 | This report provides the Board with an update on the income and expenditure received to the end of June 2024 and forecasts of financial performance to the end of the financial year 2024/25. |
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2. Background

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| 2.1 | This report presents the year to-date actual and budgeted expenditure and income along with full year budgets and forecasts for the 2024/25 financial year. |
| 2.2 | The figures presented in the body of the report and appendix 1 show the spend and forecast against approved budgets, appendix 2 sets out the project budgets which have been allocated subject to business case approval and shown as "Subject to Approval". |
| 2.3 | Following the introduction of the Investment Committee as part of revised governance arrangements, the budget update report has been expanded to include a summary of the position of the thematic funds in section 6. Section 7 also reports the investment decisions approved by the Chief Executive as part of the delegated authority provided through the Strategic Assurance Framework (SAF) and approved by the Board. |
| 2.4 | As a general rule of thumb, where a budget is showing a year to-date (YTD) variance, but is not forecasting a variance at year end, this should indicate that the timing of actual expenditure within the year has not matched to what was expected when the budget was profiled at the start of the year but that this will even out and there will not be an overall over- or under-spend at the end of the year. |

3. Revenue Expenditure Position

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| 3.1 | The table on the following page contains a summary for the financial year 2024/25. More detail is provided for the Mayor's Office, the Chief Exec's Office and Resources and Performance as these budgets are not reviewed in more detail by the Thematic Committees. All figures are in thousands of pounds (£'000) and a more detailed breakdown is shown at Appendix 1a. |
| 3.2 | Spend is on track across the majority of the Combined Authority's budgets with no material to-date revenue variances within Corporate areas or Economy and Growth, with the only profiled overspends in those areas at this point being £477k on the UK Shared Prosperity Fund (UKSPF) programme and £50k relating to audit costs. The UKSPF variance is due to the timing of the transfer of staffing costs between core skills funding and the UKSPF project budget; the movement will be reflected in the next reporting cycle, eliminating this variance. |
| 3.3 | There are two services within Place and Connectivity with significant variances at this point in the year which are the Net Zero Hub and Passenger Transport. |
| 3.4 | The Net Zero Hub has a combination of to-date variances which are currently forecast to even out over the year across their core budget, the Local Energy Advice Demonstrator and Public Sector Decarbonisation programme. However, there is a £4.3m forecast underspend on the revenue element of the HUG2 retrofit programme – this is the result of the forecast having been updated for the change request agreed with the Department for Energy Security and Net Zero (DESNZ), but the budget not yet formally having had the decision made to match the change. This will be brought to the next meeting of the Combined Authority Board alongside a full report on the Net Zero delegated decisions and budgets. There is a summary attached at Appendix 3 regarding the position. |
| 3.5 | The recovery of operational costs incurred by the CPCA on the HUG2 programme is capped at 15% of total programme costs. As such, if average per-property capital costs are lower than the £18k assumed by DESNZ, there is a risk that the CPCA will be unable to recover its operational costs delivering the programme. This is an issue which is shared across the Hubs nationally and discussions have been ongoing with DESNZ and their delivery partners since March as to how this risk can be mitigated. At present there is no confirmed position from DESNZ on this issue and therefore it remains a risk. |

3.6	<p>The Passenger Transport budget is showing significant spend to-date variances across supported bus services (£2.6m underspend variance on £3.8m to-date budget), concessionary fares (£1.3m underspend variance on £2.5m to-date budget), and reduced fares for under 25s (the Tiger Pass, nil spend against £1.2m budget). An element of these will be due in part to timing, including the introduction of the changes when compared to the budget assumptions as well as the submission and payment of invoices, further detail is set out below:</p> <ul style="list-style-type: none"> • The Tiger Pass was launched on the 28th May 2024 and the first invoices for reimbursements from Operators were not due until July, as such there is no spend showing as at the end of June. The launch of the passes has been a success with over 20,000 passes issued at the time of writing. Due to the summer period and that there has not been sufficient time for trend and cost data to be forecast to the end of the year there is currently no variance shown at year end – this will be updated for the Board’s next update in November when we will have data for more than a full quarter. • The Combined Authority has announced 30 new and improved precept-funded routes which are due to go live throughout the Autumn. As these services will only be operating for the latter half of the 2024/25 financial year the full-year costs will not be seen leading to an underspend against the budget. The procurement for those routes is underway and the de minimis services (of which there are 14) will be running from September. The procurement for the other routes will conclude in the autumn with more services becoming operational. Those contracts are for 24 months with a break clause after 12 months. Any forecast underspends confirmed over the next month will be considered in the 2025/26 Medium-Term Financial Planning cycle. • The Department for Transport announced a new, post-COVID, funding model for concessionary fares to go live in 2024/25 and it was widely anticipated that this would result in a significant increase in the costs of the concessionary fares scheme. To date this increase does not appear to have been realised, and therefore the spend on concessionary fares has been lower than anticipated. This trend will be reviewed with an updated position and forecast reported at the Board’s meeting in November.
3.7	<p>The position against the revenue budget will be monitored throughout the year taking into account any adjustments required for timing differences as previously noted. Longer term implications arising from the in-year position will also feed in to the preparation of the MTFP.</p>

Revenue Position. Figures in £'000 Year to-date (YTD) as at 30 th June	YTD Budget	YTD Actuals	YTD Variance	Full-Year Budget	Forecast Outturn	Forecast Variance	Change in Forecast	Appendix 3 Ref
Mayor's Office	3,341	3,338	-3	11,199	11,199	-	-	
Precept	3,312	3,312	-	11,041	11,041	-	-	
Mayor's Office	29	26	-3	158	158	-	-	
Chief Execs Office	693	637	-56	3,932	3,931	-	-	
Comms and Engagement	145	61	-83	325	325	-	-	
Monitoring and Evaluation	35	-	-35	279	279	-	-	
Response Funds	48	136	88	1,094	1,093	-	-	
Strategy and Vision	68	41	-26	305	305	-	-	
CEX Office Staffing	398	399	1	1,929	1,929	-	-	
Resources and Performance	900	980	80	4,110	3,742	-368	50	
Digital Services and Support	56	53	-3	442	442	-	-	
Finance and Procurement	80	216	135	428	478	50	50	
Human Resources & Organisational Development	19	6	-13	100	100	-	-	
Legal, Governance and Member Services	93	39	-55	347	347	-	-	
Other Employee Costs and Corporate Overheads*	-65	-29	36	-295	-295	-	-	
Resources and Performance Staffing	716	695	-20	2,669	2,669	-	-	
Economy and Growth	4,648	4,460	-188	25,847	26,321	474	474	
Place and Connectivity	9,781	1,289	-8,492	44,742	40,348	-4,394	-4,394	1
Grand Total	19,363	10,704	-8,659	89,411	85,541	-3,870	-3,870	

* This budget group includes recharges to grants of costs across Finance and Procurement, Human Resources & Organisational Development and Legal, Governance and Member services as well as itself so total income from recharges can be larger than the gross costs.

4. Capital Expenditure

4.1	A summary of the 2024/25 Capital Programme is shown on the next page. A project-level breakdown of the capital programme is included in Appendix 1b.
4.2	There are 4 areas of material to-date variances with no year-end variance forecast, indicating timing differences, these will be looked at in detail with budget holders over the next reporting cycle to ensure that they are due to timing differences (e.g. delayed claims or accelerated delivery) rather than unrecognised 'real' under- or overspends. The four service areas are Market Towns, UKSPF, Digital Connectivity and the Housing Grant Programme.
4.3	The Net Zero Hub has a year to-date variance of £12.3m and a forecast variance for the year of £23.3m underspend. This is entirely from the HUG2 retrofit programme where initiation of the project in 2023/24 was delayed and submission of housing lots once contracts were in place has been slow.
4.4	The Net Zero Hub, along with the other Hubs across the country, report monthly to DESNZ on delivery and following a change request submitted at the end of 2023/24 have agreed a revised delivery profile to the current end of the project delivery window in March 2025. The revised forecast spend, and associated reduction in forecast income, reflect the now agreed change request and a separate paper at the Board's next meeting will go into greater detail on both this and the other budgets within the NZ Hub including the request to reduce the budgets to align with the agreed change request.
4.5	As the HUG2 programme is fully funded by a ringfenced grant the reduction in delivery should not impact on wider CPCA budgets. As noted in paragraph 3.5, there remains a risk regarding the recovery of operational costs which is linked to the delivery of the programme and this is being followed up with DESNZ.
4.6	There is one other material change to forecast spend, this is a £2.9m increase to the Highways Capital Maintenance and Pothole budget in-line with confirmation from DfT that the provisional allocation of additional funding for 2024/25 would be provided. This grant has now been received and passed to the local highways authorities to fund delivery of their responsibilities.
4.7	The figures presented here include manual accruals for expenditure where delivery has taken place but claims are awaiting payment. This has been done to give a more realistic picture to the Board on the level and timeliness of delivery that has been carried out across the area.
4.8	In addition to the approved budgets which are monitored in the tables below, there are also <i>Subject to Approval (STA)</i> budgets of £5.1m revenue and £24.0m capital allocated to individual projects which are subject to a business case being approved before the project can progress. These are listed in Appendix 2a and 2b respectively.

Capital Expenditure £'000 Year to-date (YTD) as at 30 th June	YTD Budget	YTD Actuals	YTD Variance	Full-Year Budget	Forecast Outturn	Forecast Variance	Change in Forecast	Appendix 3 Ref
Economy and Growth	2,688	1,273	-1,416	25,808	25,808	-	-	
Business	-	295	295	9,212	9,212	-	-	
Growth	-	76	76	-	-	-	-	
Market Town	1,272	602	-671	8,304	8,304	-	-	
SPF	1,116	-	-1,116	5,292	5,292	-	-	
University	300	300	-	3,000	3,000	-	-	
Place and Connectivity	48,618	34,361	-14,257	145,786	121,542	-24,245	-20,404	
Climate Action and Spatial Planning	100	-7	-107	9,180	9,180	-	-	
Digital Connectivity	809	-	-809	3,142	3,142	-	-	
Energy Hub	12,767	389	-12,378	51,069	27,756	-23,313	-23,313	2
Housing	2,733	1,870	-863	6,236	6,236	-	-	
Public Transport	55	-	-55	16,353	16,353	-	-	
Strategic Transport	32,153	32,108	-45	59,756	58,824	-932	2,909	
Resources and Performance	10	12	2	78	78	-	-	
Accommodation	-	-	-	36	36	-	-	
Digital Services and Support	10	12	2	42	42	-	-	
Human Resources	-	-	-	50	50	-	-	
Grand Total	51,316	35,645	-15,671	171,673	147,428	-24,245	-20,404	

5. Income

- 5.1 The table in 5.4 sets out the Combined Authority's income for the financial year and a more detailed breakdown is provided in Appendix 1c.
- 5.2 There is one material change to forecast on income to report at this stage, a £23.8m reduction of the HUG2 capital grant forecast to be drawn down this year. As reported in summary above and in detail in another report on the Board's agenda this is matched to a corresponding reduction in anticipated delivery and spend.
- 5.3 Notification has been received that MHCLG will be releasing the Mayoral Capacity and LEP core funding grants which were paused when the Combined Authority's external auditors issued their letter of concern in 2021/22, these total £3.9m for the period from 2021/22 to date. As the narrative from Government has consistently been that these were paused rather than withdrawn, this income has been budgeted for within the MTFP so does not represent a funding windfall to the Authority.

5.4	Combined Authority income £'000 Year to-date (YTD) as at 30 th June	YTD Income	Full-year Budget	Forecast Outturn	Forecast Variance	Change in Forecast
	Mayor's Office	-3,312	-11,041	-11,041	-	-
	Economy and Growth	-13,503	-27,535	-27,507	29	-173
	Place and Connectivity – Net Zero	-3,829	-50,874	-27,100	23,774	23,774
	Place and Connectivity – other P&C	-32,035	-63,173	-63,200	-27	-27
	Resources and Performance	-22,723	-34,171	-36,671	-2,500	-400
	Grand Total	-75,403	-186,794	-165,518	21,276	23,174

6. Thematic Funds

- 6.1 Within the Medium-Term Financial Plan the Board approved in January 2024 the Board created 5 'Thematic funds' and assigned budgets over the current and following 3 financial years to deliver projects which fit within those thematic areas.
- This was a significant step forward in the Combined Authority's maturity as an organisation as it demonstrated the allocation of non-specific funding to key areas of investment – something which will become a fundamental part of the Combined Authority's responsibilities should a single settlement agreement be reached with Central Government, as this would result in the removal of existing ringfences on funding sources.
- 6.2 Alongside these allocations the Board approved the broad parameters of these funds as set out in the appendices to the January Medium-Term Financial Plan and these funds are being led by the Directors of the relevant areas as set out in italics in the table in 6.6.
- Allocations to projects from the thematic funds is then done in-line with the decision-making arrangements within the Combined Authority's Constitution, including the Single Assurance Framework (SAF).
- 6.3 The Investment Committee, chaired by the Mayor, has been stood up in-line with the SAF, had an induction and training session on the 10th July, and had its inaugural decision-making meeting on the 29th August. The Board has the first report on the concept papers which have flowed via the Investment Committee on their agenda for consideration today and the Investment Committee will meet monthly going forward to enable rapid decision-making for projects which are below the £5m threshold above which decisions are reserved to this Board.
- 6.4 A key outcome of the Investment Committee being in place is that decisions are now being taken to allocate funding from the thematic funds, approved by the Board as part of the Medium-Term Financial Plan in January 2024, to individual projects.
- As funding is allocated the project budgets will appear in the relevant revenue and capital tables within budget update reports, but a new table has been added to the report to ensure the Board have an overview of the amounts allocated from the funds and the amounts remaining.

6.5	<p>As the SAF process has only been live since mid-July, there have only been two allocations from the funds to-date, both taken under delegation by the Chief Executive and reported in more detail in section 7.</p> <p>Through the Medium-Term Financial Plan (MTFP) process Directors will be considering the phasing of the funds given allocations to-date along with knowledge of potential idea generation and proposing alterations within the draft MTFP where appropriate.</p>																																																																																																											
6.6	<table border="1"> <thead> <tr> <th colspan="2" data-bbox="165 376 730 412">Thematic Funds Summary £'000</th> <th data-bbox="746 376 826 412">2024/25</th> <th data-bbox="842 376 922 412">2025/26</th> <th data-bbox="938 376 1018 412">2026/27</th> <th data-bbox="1034 376 1114 412">2027/28</th> <th data-bbox="1129 376 1209 412">Total</th> </tr> </thead> <tbody> <tr> <td data-bbox="165 412 571 524" rowspan="3"> Climate Strategies (revenue) <i>Place & Connectivity</i> </td> <td data-bbox="587 412 730 443">Budget</td> <td data-bbox="746 412 826 443">1,150</td> <td data-bbox="842 412 922 443">1,100</td> <td data-bbox="938 412 1018 443">100</td> <td data-bbox="1034 412 1114 443">100</td> <td data-bbox="1129 412 1209 443">2,450</td> </tr> <tr> <td data-bbox="587 443 730 474">Allocated</td> <td data-bbox="746 443 826 474">-390</td> <td data-bbox="842 443 922 474">-260</td> <td data-bbox="938 443 1018 474">-</td> <td data-bbox="1034 443 1114 474">-</td> <td data-bbox="1129 443 1209 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7. Chief Executive Decisions taken under Delegation from Board

7.1	<p>As set out in summary above, following review by the technical officer group business cases are then taken for approval through one of three routes depending on their value:</p> <ul style="list-style-type: none"> • up to £1m, the Chief Executive has delegated authority to approve; • £1m to £5m, the Investment Committee has delegated authority to approve, and; • over £5m, is subject to Board approval following recommendation from the Investment Committee.
7.2	<p>Since the SAF process went live in June, the Chief Executive has considered and approved two business cases below the £1m threshold: £200k for the Cambridgeshire Local Area Energy Plan and £450k for the Climate Action Plan and Delivery and these are included within the table at paragraph 6.6.</p>
7.3	<p>The Local Area Energy Plan investment of £200k (£170k 2024/25; £30k 2025/26) will create a local energy system infrastructure plan for Cambridgeshire that will help to achieve net zero ambitions, unlock housing and other clean economic growth more quickly and cost effectively than 'business as usual', engage stakeholder and communities in delivery, whilst identifying opportunities for communities to benefit financially from energy system change and tackle inequality in infrastructure provision.</p>
7.4	<p>The current Climate Action Plan 2022-25 is to be reviewed to provide an updated Climate Action Plan for the CPCA for years 2025-29 with an appropriate evidence base to agree the areas objectives, actions with roles and responsibilities and identify future funding requirements to enable future business planning to mitigate and adapt to climate change and meet net zero targets. The investment request is for £450k (£220k 2024/25; £230k 2025/26).</p>

8. Appendices

8.1	Appendix 1. Detailed breakdown of capital and revenue income and expenditure budgets for the financial year 2024/25.
8.2	Appendix 2. Subject to Approval budgets
8.3	Appendix 3. Material Variance Explanations

9. Implications

Financial Implications

9.1	The report is for noting and therefore has no direct financial implications. Receiving regular updates on the organisation's financial position is a key part of good financial governance.
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Legal Implications

9.2	The Combined Authority is required to prepare a balanced budget in accordance with statutory requirements. This report monitors how the Combined Authority and the Mayoral Fund performed against the financial targets set in January 2024 through the Budget setting process in accordance with the Cambridgeshire and Peterborough Combined Authority Order 2017 and the Combined Authorities Financial Order 2017.
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Public Health Implications

9.3	A number of the projects in delivery or planned to be delivered have direct Public Health benefits.
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Environmental & Climate Change Implications

9.4	A number of the projects in delivery or planned to be delivered have direct Environmental and Climate Change benefits.
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Other Significant Implications

9.5	There are no other significant implications.
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Background Papers

9.6	Link to January 24 Board appendix detailing Revenue additions including Climate Strategies
9.7	Link to January 24 Board appendix detailing Capital additions including the four capital thematic funds in para 6.4