

Agenda Item 4	Appendix
Budget Outturn Report 2023-24 – Detailed Variance Explanations	B

Revenue Forecast Variances >£200k

1. CEX Net Staffing Costs		Variance	-£263k
2023-24 Budget	£1,716k	Expenditure	£1,453k

During 2023-24 there has been an external review of the current staffing structure within the CEX office, during this time vacant posts were not recruited to which has created an overall saving within this budget. However, these savings have been offset by some increased costs within the communications revenue budget within the CEX office as there was a need for external support during this time.

2. Growth Co Services		Variance	-£1,439k
2023-24 Budget	£4,388k	Forecast expenditure	£2,949k

The contract delivering Growth Co Services with GEG has finished in December 2023. Growth Co services comprises of funds for grant and inwards investments. Despite the positive result towards increasing employment numbers in the region, not all the funds allocated to the programme has been utilised by the end of the contract in December 2023. This is partially due to the slow start in previous year.

3. New Economy Team		Variance	-£230k
2023-24 Budget	£230k	Forecast expenditure	-

The recruitment of the 'New Economy' team was delayed in 23/24 as the structure was reviewed to ensure it would meet future objectives. There has also been difficulty in recruiting the right people as the first attempt at advertising and interviewing resulted in only two of the six roles being appointed to, and those at the end of 23/24. A second recruitment exercise is underway but the appointment of the remaining 4 roles will now happen in 24/25. As the new roles will join the team later than expected a revision to the original spend profile is required across 24/25 and 25/26.

4. AEB Devolution Programme and Free Courses for Jobs		Variance	-£2,057k
2023-24 Budget	£13,035	Forecast expenditure	£10,979k

The underspend is due to the lack of flexibility of the current commissioning approach that fixes the funding allocation for the year, meaning in-year allocations cannot be flexed to match our provider's capacity to deliver.

This lack of flexibility is a problem given the changing demands for skills requirements from employers and wider stakeholders.

In March, the Skills and Employment Committee approved the introduction of the Dynamic Purchasing System (DPS) which will be utilised for procurement across the CPCA Skills system including Bootcamps, as this will support the implementation of a more flexible and agile approach to commissioning.

The unused funds will be transferred to reserved and utilised in the future for further initiatives related to the AEB programme.

5. AEB Innovation Fund		Variance	-£695k
2023-24 Budget	£779k	Forecast expenditure	£84k

The underspend is due to delay to the development and delivery of the programmes included within the AEB Innovation funds' suite.

The largest of them is the setting up of the Cambridge Community funds (£240k). It aims to support AEB initiatives focus to support area and population not reached by the mainstream AEB provision. The programme went live in March 24, and it will disburse the funds during the 24/25 financial year.

Further £350k were ringfenced for match funding to external proposals. This was not utilised as no proposals were received.

The unused funds will be slipped to 24/25 to complete the activities planned.

6. Bootcamp Wave 4		Variance	-£482k
2023-24 Budget	£1,519k	Expenditure	£1,038k

As previously reported, the number of enrolments on the Wave 4 bootcamps is significantly lower than the original bid anticipated. This is in-line with the trend being experienced by Bootcamps nationally.

Increased focus work on matching the offer with employer requirements of the region has been undertaken in the last quarter of 23/24, which enabled bespoke Skills Bootcamp courses created such as an Introduction to Engineering course in collaboration with two key engineering employers in Peterborough, plus a Sustainability and Environmental Management course in line with LSIP priority needs around Green Skills.

DfE extended the course delivery deadline for MCA's, enabling course completions to take place up until July 2024. This means job outcomes will be claimed up until Jan/Feb 2025, as a result, expenditure for Wave 4 will continue in the 2024-25 FY.

7. FE coldspots (rev)		Variance	-£207k
2023-24 Budget	£225k	Expenditure	£18k

The FE cold spot programme suffered delays during the development and the delivery plan.

The revenue side of the programme aims to identify area with low Further Education provisions and create the development plan of the capital phase.

At present the first stage of the revenue programme is concluding. This requires the contracted consultant to identify and evaluate the FE cold spots in the area.

The underspend will be slipped to 24/25 as this will provide the funds to complete the revenue stage of the programme.

8. Health & Care Sector Work Academy		Variance	£982k
2023-24 Budget	-	Expenditure	£982k

Following agreement with the sponsoring department the Health & Care Sector Work Academy programme had its final enrolments by 31st March 2023, with courses and costs continuing into 2023/24, utilising underspend from the prior period.

This work is funded by a ringfenced grant and a balancing payment for the remainder of the grant was made in-year once the final position on the programme was agreed.

9. Multiply		Variance	£204k
2023-24 Budget	£1,495k	Expenditure	£1,699k

In-line with the policy agreed with the Skills and Employment Committee the Multiply programme was over-committed, as the historical trend is that contracted commitment in the skills sector is then under-delivered.

In the case of Multiply providers exceeded expectations and supported more learners than the grant provided for, this overspend will be met by the Adult Education Budget reserve.

10. Skills Bootcamp Wave 3		Variance	-£385k
2023-24 Budget	£669k	Expenditure	£284k

The programme is now complete. The forecast reflects the actual cost incurred by the programme, which is lower than budget due to lower than anticipated enrolment numbers. Mitigation actions have been put in place to encourage greater uptake in future waves as set out in explanation 6.

11. Delivering Health and Wellbeing Strategy (skills)		Variance	-£500k
2023-24 Budget	£500k	Expenditure	-

The underspend is due to delay in the development of the programme, which is in part due to wider project levers, including awaiting the outcome of the WorkWell bid. The announcement came in mid-May that the Cambridgeshire and Peterborough area had been successful in securing the programme, making them one of only 15 vanguard areas nationally, led by the Integrated Care Board.

A meeting occurred on the 20th May to move the project forward, and will continue following approval of the budget carry forward.

12. Bus Service Improvement Plan		Variance	-£2,000k
2023-24 Budget	£2,000k	Expenditure	-

Following recommendation by the Transport and Infrastructure Committee the November CA Board agreed to allocate it's BSIP+ funding against four of five foundational activities including more, and more reliable, bus services, integrated ticketing and improving the availability of service information.

All of these activities were scheduled for 2024/25 so the in-year allocation is to be carried forward to meet these commitments.

13. Development of Bus Franchising		Variance	-£613k
2023-24 Budget	£1,050k	Expenditure	£437k

The work on bus reform has developed during this financial year at pace including the development of the Business Case which is currently being audited by Grant Thornton.

In recognition of the long-term responsibilities under either Enhanced Partnership or Franchising, the CPCA have also worked to bring in more permanent members of staff which will also reduce consultant fees.

The total budget has not been drawn down, primarily due to the audit process still being underway and costs associated with the public consultation not yet being incurred. As the public consultation will now be carried out in the next financial year the unspent funding will be required in 2024/25, in addition to the funding already allocated to support the development work which will be delivered at pace following the completion of the audit and consultation.

14. Concessionary Fares		Variance	-£1,363k
2023-24 Budget	£8,915k	Expenditure	£7,552k

The underspend on Public Transport Concessionary Fares is due to payment for transport providers remaining at pre-covid rates. The Department for Transport have issued a new funding model for concessionary fares for 2024/25 so payment at pre-covid rates will not continue in the new-year.

Year-end surpluses and deficits across all Transport Levy funded workstreams will be held within a transport levy reserve and taken into account when setting the 2024-25 levy for the area.

15. S106 Supported Bus Services		Variance	£326k
2023-24 Budget	-	Expenditure	£326k

The spend here represents bus services that are either supported from S106 receipts or are provided as extra services which other local authorities pay directly for. The expenditure is offset by income received

16. Supported Bus Services		Variance	-£597k
2023-24 Budget	£7,355k	Expenditure	£6,758k

The variance on the supported bus service is due to two factors, first a £300k budget allocation in September 2023 for the expansion of the DRT pilot network – which was not scheduled for implementation until 2024/25 and this budget will be required in the new-year.

The remainder of the variance is due to re-procured routes costing less than envisioned, likely due to planned procurement exercises delivering better value than an emergency response.

17. LEVI (Local Electric Vehicle Infrastructure)		Variance	-£379k
2023-24 Budget	£403k	Expenditure	£24k

Delays in negotiation of funding agreements with delivery partners mean this project is behind schedule, the funding is not time-sensitive and so the work will be completed in 2024/25.

18. GSE Net Zero Hub Revenue		Variance	-£10,546k
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2023-24 Budget	£16,937k	Expenditure	£6,391k
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The figures above are the cumulative figures for those revenue projects with major variances which are detailed below:

- 1. Net Zero Hub**

Budget £5,296k Expenditure £2,608k Variance **-£2,688k**

Funding has been committed to September 2024 (budget cycle for this MoU) but was incorrectly profiled only for 2023/24. While there have been some delays in recruitment the programme is otherwise on track.
- 2. GSE Green Homes Grant Ph 3 (LAD 3)**

Budget £2,429k Expenditure £609k Variance **-£1,820**

As previously reported, while delivery accelerated toward the end of the extended project delivery window it still did not deliver the whole of the original allocation. The LAD3 scheme closed in September 2023 and agreed relevant funding has been repaid to DESNZ
- 3. GSE Home Improvement Grant (HUG 1)**

Budget £433k Expenditure £158k Variance **-£275k**

The project did not deliver the full allocation of funding, an extension was not approved and the scheme closed in March 2024 with funding repaid to DESNZ
- 4. GSE Local Energy Advice Demonstrator**

Budget £2,170k Expenditure £1,150k Variance **-£1,020k**

Year 1 funding has been committed to projects. There are 3 projects which have submitted change requests to DESNZ to move funding and expenditure into 24-25.
- 5. GSE Public Sector Decarbonisation**

Budget £1,222k Expenditure £230k Variance **-£992k**

Funding has been committed to September 2025, 3 new team members are being recruited to provide additional delivery capacity into the programme.
- 6. GSE Rural Community Energy Fund (RCEF)**

Budget £445k Expenditure £215k Variance **-£230k**

This was a £2.9m grant programme with final delivery in 2023/24. A minority of projects did not fully spend their allocations resulting on an underspend on the programme.
- 7. Community Energy Fund**

Budget £1,000k Expenditure £46k Variance **-£954k**

This was a new programme from DESNZ in 23/24 so funding expenditure profiles were not certain. Funding has now been committed by the NZ Hub Board and will be spent in 24/25
- 8. HUG2 A Revenue**

Budget £3,942k Expenditure £1,375k Variance **-£2,567k**

A more detailed explanation of the reasons behind the variance on this programme is provided under the capital item 43.

19. Overheads Recharged to grant funds		Variance	-£247k
2023-24 Budget	-£377k	Recharges	-£624k
<p>A number of grant-funded programmes came into place which were not anticipated when the budget was set in 2022/23. As such a greater number of staff were recharged to grant funded projects resulting in an increased level of recharged overhead costs.</p> <p>The overhead recharge rate is reviewed annually and includes items which scale with number of employees, or total funding, such as software licences, payroll services, audit fees, and recruitment costs.</p>			

20. R&P Net Staffing Costs		Variance	£292k
2023-24 Budget	£2,337k	Expenditure	£2,630k
<p>Some in-year vacant posts across the Resources & Performance directorate have been filled by relatively more costly interim/ agency staff while permanent placements are found. The most significant of these is the appointment of the permanent Director of Legal who will be joining the Combined Authority in June.</p>			

Capital forecast variances >£500k

21. Business Growth Fund		Variance	-£950k
2023-24 Budget	£950k	Expenditure	-
<p>The forecast reflects the changes in the timescale for the launch of the programme, which was originally planned for this financial year, but which will now occur early in 24/25.</p> <p>This follows the appointment of the delivery organisations through competitive tender.</p>			

22. College of West Anglia – Net Zero		Variance	-£876k
2023-24 Budget	£876k	Expenditure	-
<p>The COWA- Net Zero project's start has been pushed back as securing the funding and financing package to support the project took longer than anticipated.</p> <p>A submission for outline planning permission has now been submitted, and construction is expected to commence in November 2024 with completion forecast for September 2025.</p>			

23. The Growth Service Company		Variance	-£1,213k
2023-24 Budget	£4,516k	Expenditure	£3,303k
<p>Growth Co services comprise of funds for grant and inward investment. Despite the positive result of meeting the target for increasing employment numbers in the region, not all the funds allocated to the programme have been utilised by the end of the contract in December 2023. The unused funds will be repurposed by the Combined Authority on other programmes to help economic development and support business.</p>			

24. Market Town – March & March Future Highstreet Fund Allocation		Variance	-£536k
2023-24 Budget	£1,434k	Expenditure	£899k
<p>The Combined Authority Board approved an additional £1m allocation to March within the Market Town programme in 23/24.</p> <p>This expenditure has been captured in a separate funding head to the budget and so the two have been combined in this appendix, this will be addressed for the 24/25 reporting cycle.</p> <p>The programme will complete in 2024/25 as anticipate albeit having slipped slightly.</p>			

25. UK Rural Shared Prosperity Fund		Variance	-£729k
2023-24 Budget	£804k	Expenditure	£75k
<p>Delay in the issue of the Memorandum of Understanding from the funding department had a knock-on impact on agreeing grants with our constituent authorities resulting in the original 3 year scheme being reprofiled to predominantly deliver in the final year – 2024/2025.</p> <p>Regular catch-ups are in place with our constituent authorities and a strategic quarterly meetings act as gateway reviews to ensure projects remain on-track to deliver by March 2025, and reallocate funds where this has become impossible.</p> <p>The result of these mitigations are already being seen – the GFAs have been signed and districts have claims ready to submit which total £1,000,000. Close monitoring of the scheme will continue to ensure the funds are fully defrayed and deliverables are met.</p>			

26. University of Peterborough Phase 2		Variance	-£3,000k
2023-24 Budget	£3,000k	Expenditure	£3,000k
<p>The Combined Authority approved the investment of a further £3m into its subsidiary, the Peterborough R&D Property Company Ltd, to enable the fulfilment of the project's purpose after the private sector partner had to withdraw from the project. The subscription was expected in March 2024 but is now anticipate in June, the delay does not impact on the ability of the company to continue to operate.</p>			

27. Care Home Retrofit Programme		Variance	-£500k
2023-24 Budget	£500k	Expenditure	-
<p>Following limited uptake on the Care Homes Retrofit programme, 4 projects came forward with a combined potential ask of £286k, which are expected to claim in 2024/25.</p> <p>The Environment and Sustainable Communities Committee took the decision in March to continue with those applications in-train but to review the programme, alongside their wider project portfolio in June with the intention of recommending reallocation of funding which will not be required by the programme to other priorities.</p>			

28. Huntingdonshire Biodiversity		Variance	-£524k
2023-24 Budget	£800k	Expenditure	£276k
<p>Delays in finalising the legal agreement mean that although works have started some of the programme will slip into 2024/25.</p>			

29. Digital Connectivity Infrastructure Programme		Variance	-£802k
2023-24 Budget	£1,726k	Expenditure	£924k
<p>Two of the four workstreams have suffered delays due to announcements coming forward later than originally anticipated (i.e. Rural Gigabit Voucher top-up and Smart Poles project), both of these are now anticipated to come forward in 2024/25.</p>			

As technology and data collection requirements have evolved and expanded, the scope of the sensor technology deployment and data collection project are being reviewed to ensure the data will support an evidence base and decision making on several key strategy areas including NetZero.

30. Affordable Housing Grant Programme		Variance	-£949k
2023-24 Budget	£11,672k	Expenditure	£10,733k
<p>The CPCA is reliant on the delivery of housing from our partner agencies.</p> <p>Two major sites have completed and had final payments however others have pushed back their completion dates. Further completions are expected now later in 24/25 or early in 25/26 in-line with agreement long-stop dates.</p>			

31. A10 Upgrade		Variance	-£1,814k
2023-24 Budget	£3,116k	Expenditure	£1,302k
<p>The Combined Authority continue to work with the County Council in preparing an outline business case (OBC) for improvements to the A10. The governance decisions made by the Transport and Infrastructure Committee (TIC) at the Combined Authority, supported by a working group of CPCA and CCC officers, chaired by CPCA officers. The aim is to engage with the public later this year, having secured approval by TIC and aligning business case work with the Local Transport and Connectivity Plan and the protocols/policies of central government.</p> <p>Of note - the busway consultation, led by GCP, is separate from the A10 engagement and will be aligned but not included in the A10 project discussions.</p>			

32. A1260 Nene Parkway J32/3		Variance	-£2,964k
2023-24 Budget	£9,392k	Expenditure	£6,428k
<p>The original project scope has been delivered under-budget, with little use of the risk contingency. A change request has been discussed with DfT on the options to enhance the existing project and area with those un-utilised funds.</p> <p>If a change request is approved the underspend will be allocated to those enhancements, otherwise the funding will be reallocated within the transport portfolio in-line with Transforming Cities Fund criteria.</p>			

33. A141 & St Ives		Variance	-£5,671k
2023-24 Budget	£7,001k	Expenditure	£1,330k
<p>The Combined Authority continue to work with partners on the revalidation of the original Strategic Outline Business Case to ensure clear, consistent alignment with national and local policy - as part of this work it is important to test the merits of both strategic passenger transport initiatives and an additional option examining a limited road-based intervention in conjunction with passenger transport and active travel initiatives. This additional work has included additional transport modelling that assess the effectiveness of each of the options outlined.</p> <p>The ability to demonstrate to central government that we have examined all the possible options, whilst continuing to ensure alignment with our own local policy objectives outlined in the Local</p>			

Transport and Connectivity Plan, will put us in a stronger position when seeking funding for the scheme.

34. A16 Norwood Dualling		Variance	-£908k
2023-24 Budget	£1,221k	Expenditure	£313k
The A16 Norwood business case development was due to complete by the end of March 2024, this has been delayed due to a lack of capacity at the contracted consultancy but is underway and expected to complete by the end of July 2024.			

35. Active Travel 4		Variance	-£3,452k
2023-24 Budget	£3,720k	Expenditure	£268k
The Active Travel funding was due to be awarded in 23-24			
36. BP Roundabout		Variance	-£550k
2023-24 Budget	£550k	Expenditure	-
Delays in the contract award process and legal agreements mean that this project did not commence until April 2024.			

37. Fengate Access Phase 1 Upgrade		Variance	-£4,226k
2023-24 Budget	£7,563k	Expenditure	£3,297k
The original project scope has been delivered under-budget, with little use of the risk contingency. A change request has been discussed with DfT on the options to enhance the existing project and area with those un-utilised funds.			
If a change request is approved the underspend will be allocated to those enhancements, otherwise the funding will be reallocated within the transport portfolio in-line with Transforming Cities Fund criteria.			

38. King's Dyke (Level Crossing)		Variance	£1,700k
2023-24 Budget	-	Expenditure	£1,700k
Due to timing of evidence on project expenditure in 2023, a claim against the project budget was not accrued as anticipated in the final 2022/23 accounts. As the expenditure was expected in 2022/23 the budget was not requested to be carried forward.			
The project is funded by the Transforming Cities Fund so the funding which wasn't spent in 2022/23 is available to pay for the spend in 2023/24 so neither the overall funding, nor the project, are impacted.			

39. Local Highways Maintenance & Pothole (with PCC and CCC)		Variance	£3,982k
2023-24 Budget	£30,604	Expenditure	£34,586k
As part of the budget 2023 the government announced extra funding in year of £4,100,000 for pothole repair which was passported through to Cambridgeshire County Council and Peterborough City Council. This spend is matched extra grant income.			

The £118k balance is funding retained by the Combined Authority and used to fund its expenditure on the bus Real Time Passenger Information network.

40. March Junction Improvements		Variance	-£1,723k
2023-24 Budget	£5,573k	Expenditure	£3,850k

The original project scope has been delivered under-budget, with little use of the risk contingency. A change request has been discussed with DfT on the options to enhance the existing project and area with those un-utilised funds.

If a change request is approved the underspend will be allocated to those enhancements, otherwise the funding will be reallocated within the transport portfolio in-line with Transforming Cities Fund criteria.

41. Transport Modelling		Variance	-£932k
2023-24 Budget	£2,340k	Expenditure	£1,408k

An amended profile for the project has been agreed with the appointed consultants which resulted in some tasks have been slipped into 2024/25, this has also impacted the timeline for involvement of Cambridgeshire's transport team and associated costs.

42. Wisbech Access Strategy		Variance	-£533k
2023-24 Budget	£532k	Expenditure	-£10k

Issues with the acquisition and subsequent demolition of a property have delayed this project meaning some spend will slip into 2024/25.

The apparent negative spend is due to project costs from 2022/23 coming in slightly lower than forecast when making year-end adjustments.

43. GSE Net Zero Hub Capital		Variance	-£17,458k
2023-24 Budget	£32,584k	Expenditure	£15,126k

The figures above are the cumulative figures for the three capital retrofit projects with major variances detailed below:

GSE Green Home Grant Capital - HUG 1

Budget £2,799k Expenditure £1,991k Variance -£809k

The project did not deliver the full allocation of funding, an extension was not approved and the scheme closed in March 2024 with funding repaid to DESNZ

GSE Green Home Grant Capital - LAD 3

Budget £7,447k Expenditure £11,699k Variance £4,252k

Following a slow start, a reduced project budget was agreed with DESNZ followed by a 6-month extension. Within the extension the programme delivered better than anticipated and this increased spend was taken into account in a reduced return of funding to DESNZ so there is no wider impact on CA Budgets.

HUG2 A Capital 23/24

Budget £22,338k Expenditure £1,437k Variance -£20,901k

The under delivery is due to four major factors, and is reflected in the performance of other providers of the HUG2 scheme across the country:

- Changes by government to the technical specification and processes between the HUG1 and HUG2 schemes created delay for our major delivery partners.
- Delays in getting our delivery partners to the point of batch submission within the constraints of the restrictive scheme rules for year 1.
- Delays from the batch approval system
- In particular the experience for bricks and mortar properties was much more complex and led to significant delays in identifying and submitting properties for batch approval.

The systems within the programme nationally have now been tested and used and the major delivery partners are now in contract so most of the major causes for delay in the first year of the contract are not expected to impact year 2.

Year 2 delivery within the HUG2 bid was a cautious figure and the delivery capacity of the appointed installers across the territory allow a peak of over 400 properties per month to be completed. A revised delivery profile has been agreed with DESNZ which applies prudent assumptions regarding weather and other constraints giving a year 2 target of 1,880 properties, which will enable the Hub to recover a significant proportion of the underspend in 2024/25.