



# Combined Authority Board

**24 July 2024**

Title:	2024/25 Budget Update Report
Report of:	Rob Emery, Assistant Director Finance
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 restated 2024/25 revenue budget and capital programme updated for approved carry-forwards.
B	Approve the minor changes to the improvement plan budget as set out in section 3.4
C	Note variances forecast overachievement of Treasury Management Income

## Strategic Objective(s):

The proposals within this report impact on all four of the Combined Authority's strategic objectives as understanding the budget available for 24-25 and current forecasts against it allows the continuation of the delivery of the Authority's programmes in an efficient manner, and within its means.

## 1. Purpose

1.1	This report provides the Board with an overview of the full year budget for 2024-25. This is made up by the budget agreed at MTFP plus slippage from the 2023-24 financial year approved by the Board at their meeting in June 2024.
1.2	The position presented is based on the Combined Authority's accounts before external audit, as such there is a possibility that the position will be changed following audit findings – as part of the reporting on the audit of the accounts any such changes will be reported at that time.

## 2. Background

2.1	This report presents the full year budget for the 2024-25 financial year alongside the forecast expenditure for the current year. Work has been focused on profiling the budget and a light touch approach was to forecast was undertaken on the May 2024 figures. More detailed work is now being undertaken on forecast outturns and this will be presented to the Board at the September meeting.
2.2	Actual expenditure figures to May 2024 haven't been included as they are materially distorted by the accounting entries for accruals for 2023/24 closure which hadn't been cleared by 2024/25 transactions. Profiled budgets and actual expenditure and income will be reported to the September Board meeting.

2.3	The figures presented here include both approved and subject to approval budgets for the current financial year – this is so that the Board can see a everything forecast to be spent this year.
2.4	The body of the report will focus on the full year budget by directorate. Appendices 1 and 2 contain details of the full year budget by programme.

### 3. Revenue Expenditure Position

3.1	The table on the following page contains a summary of the full year budget 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	<p>It can be seen from the table that the 2024/25 Base budget is £18m higher than the 2023/24 outturn, and the addition of slippage of unspent 2023/24 budgets increases this gap to £33m. It will require a considerably increase in activity to deliver all of the current programme forecast for 2024/25</p> <p>The main areas with substantial increases between 23/24 actuals and 24/25 budgets are:</p> <ul style="list-style-type: none"> <li>• <b>Net Zero budgets</b> - £9.8m increase reflecting substantial increase in HUG2 delivery, the start of delivery on the Local Energy Advice Demonstrator and an increase in the Public Sector Decarbonisation expenditure.</li> <li>• <b>Passenger Transport</b> - £16.6m increase reflecting £7m precept funded routes, £4m subsidising fares for under 25s, £2m of Bus Service Improvement grant funded initiatives and £2.3m forecast increase in concessionary fares following the DfT's new funding formula.</li> <li>• <b>Business Growth</b> - £1.5m across two new teams (Team Cambridgeshire and New Economy) and delivering sector business strategies.</li> </ul>
3.3	<p>To ensure a prudent budget position the Medium-Term Financial Plan was built based on 24/25 target operating models rather than 23/24 actual establishments.</p> <p>Actual budget allocated have then been made based on the current approved establishment at the start of 24/25, leaving a balance which has been kept on the '<i>unallocated staffing budget</i>' reported within the Resources and Performance staffing budgets.</p> <p>As and when changed to the establishment are approved this budget will be vired to the relevant budget and reported to the CA Board.</p>
3.4	<p>There are two adjustments to the improvement plan budget to reflect prior-year events which the Combined Authority Board are asked to approve:</p> <ol style="list-style-type: none"> <li>a) £30k of the improvement plan budget for 22/23 was expected to be spend in-year but the evidence to accrue the expenditure was not available. As such the 23/24 budget should have been £30k higher to account for this spend, which would then have correspondingly increased the budget carried forward into 24/25. To rectify this the Board are asked to approve the replacement of this £30k into the 24/25 improvement plan budget to meet planned costs.</li> <li>b) The Local Government Association (LGA) awarded the Combined Authority £50k to support the improvement programme, £21k of this was spent in 23/24 which left £29k to be spent in 24/25. This was reported net in the prior year as the grant was received that year however this needs to be shown as increased budget in 24/25 as there is no new income to offset so the Board are asked to approve this adjustment to the improvement plan budget.</li> </ol>
3.5	<p>A number of minor corrections have been identified since the 23/24 slippage was approved following year-end processes, these have been adjusted in the reported figures:</p> <ul style="list-style-type: none"> <li>• The £21k HR budget carry forward has been removed as this was a formulae error showing the actual overspend on this budget last year and the £85k carry forward on the Development of a Cultural Strategy budget carry forward has been reduced to £35k due to a double count between the 23/24 and 24/25 budgets.</li> <li>• A further £105k of accruals were identified and adjusted on the LEVI revenue budget. As a result of this, the agreed carry forward of unspent funds from 2023/24 needs to be reduced by £105k.</li> <li>• Spend of £40k on the Peterborough Bus Depot budget in 23/24 has been deducted from the 24/25 budget to balance.</li> </ul>

Revenue Position. Figures in £'000	24-25 Base Budget	Slippage and other changes	24/25 Current Budget	Forecast Outturn	Forecast Variance	23/24 Outturn
<b>Mayor's Office</b>	<b>11,199</b>	-	<b>11,199</b>	<b>11,199</b>	-	<b>3,733</b>
Precept	11,041	-	11,041	11,041	-	3,624
Mayor's Office	158	-	158	158	-	109
<b>Chief Execs Office</b>	<b>3,064</b>	<b>868</b>	<b>3,932</b>	<b>3,931</b>	-	<b>2,712</b>
Comms and Engagement	325	-	325	325	-	183
Monitoring and Evaluation	190	89	279	279	-	137
Response Funds	645	449	1,094	1,093	-	786
Strategy and Vision	50	255	305	305	-	154
CEX Office Staffing	1,854	75	1,929	1,929	-	1,453
<b>Resources and Performance</b>	<b>3,862</b>	<b>248</b>	<b>4,110</b>	<b>4,110</b>	-	<b>3,889</b>
Digital Services and Support	295	147	442	442	-	709
Finance and Procurement	352	77	428	428	-	340
Human Resources & Organisational Development	100	-	100	100	-	89
Legal, Governance and Member Services	347	-	347	347	-	212
Other Employee Costs and Corporate Overheads	-319	24	-295	-295	-	-90
R&P Staffing	3,088	-	3,088	3,088	-	2,630
<b>Economy and Growth</b>	<b>23,793</b>	<b>2,054</b>	<b>25,847</b>	<b>25,847</b>	-	<b>22,533</b>
<b>Place and Connectivity</b>	<b>32,774</b>	<b>11,968</b>	<b>44,742</b>	<b>44,742</b>	-	<b>23,911</b>
<b>Grand Total</b>	<b>74,692</b>	<b>15,138</b>	<b>89,830</b>	<b>89,829</b>	-	<b>56,778</b>

\* 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 at the top of the next page. A project-level breakdown of the capital programme is included in Appendix 1b.
4.2	<p>It can be seen from the table that the 2024/25 Base budget was similar to the 2023/24 outturn, but the addition of £59m slippage of unspent 2023/24 budgets lead the current 2024/25 budget being roughly 50% greater than 2023/24. The largest increased delivery budgets in 24/25 are commented on below:</p> <ul style="list-style-type: none"><li>• £50m of the difference between years, and £21m of the approved slippage, is from <b>the Net Zero Hub HUG2</b> capital programme where a revised delivery profile has been agreed with DESNZ following a significantly delayed start to the programme in 2023/24.</li><li>• All six projects in <b>strategic transport</b> with slippage greater than £1m are underway with substantial spend in 23/24 indicating that continued high spend is a reasonable expectation.</li><li>• £3m of further investment into the <b>Peterborough R&amp;D property company</b> is awaiting finalisation of the revised Shareholders Agreement with the company and the Combined Authority's anticipated new partner in the company – this is now expected by the end of September at which point all £3m will be expended.</li></ul>
4.3	In addition to the approved budgets which are monitored in the tables below, there are also £36.3m of Subject to Approval (STA) budgets agreed for the year. These are listed in Appendix 2b. The Combined Authority has approved the creation of the Investment Committee which met for the first time in June and will be considering project business cases to allocate and release these STA funds for delivering projects from July.

## 5. Income

5.1	The lower table on the following page sets out the Combined Authority's income for the financial year and a more detailed breakdown is provided in Appendix 1c.
5.2	<p>There is one forecast variance on income. Due to a combination of slippage of 23/24 expenditure and grant income received in advance treasury balances have been higher than anticipated when the budget was set. Interest rates have also been higher than anticipated as Bank of England base rates were expected to drop earlier than they are now forecast to.</p> <p>These factors have combined to ensure that the interest due from deals already in place will exceed the budget set for Treasury Income in the MTFP. An allowance has been made in the forecast for further income for liquidity balances.</p>
5.3	Discussions are ongoing with Government over the release of the Mayoral capacity funds and LEP core funding for 22/23 to 24/25. Previous communications indicated these funds were paused, however the announcement of the General Election and dissolution of Parliament impacted on the previously anticipated timeframe for resolving this.

Capital Expenditure £'000	24-25 Base Budget	Slippage and other changes	24-25 Current Budget	Forecast Outturn	Forecast Variance	23/24 outturn
<b>Economy and Growth</b>	<b>16,800</b>	<b>9,008</b>	<b>25,808</b>	<b>25,808</b>	-	<b>9,122</b>
Business Growth	6,834	2,378	9,212	9,212	-	7
Market Town	-	-	-	-	-	3,756
SPF	5,504	2,800	8,304	8,304	-	3,331
University	4,462	830	5,292	5,292	-	725
	-	3,000	3,000	3,000	-	1,303
<b>Place and Connectivity</b>	<b>95,551</b>	<b>50,235</b>	<b>145,786</b>	<b>145,786</b>	-	<b>100,046</b>
Climate Action and Spatial Planning	7,320	1,860	9,180	9,180	-	280
Digital Connectivity	2,340	802	3,142	3,142	-	924
Energy Hub	30,038	21,081	51,119	51,119	-	15,126
Housing	5,287	949	6,236	6,236	-	10,994
Public Transport	16,178	175	16,353	16,353	-	9,120
Strategic Transport	34,388	25,368	59,756	59,756	-	63,602
<b>Resources and Performance</b>	<b>42</b>	<b>36</b>	<b>78</b>	<b>78</b>	-	<b>194</b>
Accommodation	-	36	36	36	-	131
Digital Services and Support	42	-	42	42	-	64
<b>Grand Total</b>	<b>112,393</b>	<b>59,280</b>	<b>171,673</b>	<b>171,673</b>	-	<b>109,362</b>

Combined Authority income £'000	Full-year Budget	Forecast Outturn	Variance
Mayor's Office	-11,041	-11,041	-
Chief Execs Office	-	-	-
Economy and Growth	-27,535	-27,535	-
Place and Connectivity – Net Zero	-66,552	-66,552	-
Place and Connectivity – other P&C	-47,495	-47,495	-
Resources and Performance	-33,771	-36,271	-2,500
<b>Grand Total</b>	<b>-186,394</b>	<b>-188,894</b>	<b>-2,500</b>

## 6. Appendices

6.1	Appendix 1. Detailed breakdown of capital and revenue income and expenditure budgets for the financial year 2024-25.
6.2	Appendix 2. Subject to Approval budgets

## 7. Implications

### Financial Implications

7.1	The financial implications of the decisions are set out in the body of the report.
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### Legal Implications

7.2	<p>The Combined Authority is required to prepare a balanced budget in accordance with statutory requirements.</p> <p>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.</p>
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### Public Health Implications

7.3	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

7.4	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

7.5	There are no other significant implications.
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### Background Papers

7.6	None
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