

CAMBRIDGESHIRE AND PETERBOROUGH COMBINED AUTHORITY BUDGET CONSULTATION - 2019/20

Scope and topic of this consultation:

This consultation covers the draft Cambridgeshire and Peterborough Combined Authority (CPCA) Budget for 2019/20 and the respective medium-term financial plan (MTFP) to 2023, and seeks views on the draft CPCA budget as set out on the following pages.

Background:

The Combined Authority considered a draft budget at its meeting on the 28th November 2018 and approved it to proceed to a consultation process. The Consultation period shall run from 30th November to 4th January 2019. The CPCA Board will receive the results of the consultation at its meeting on the 30th January 2019 and consider the responses as part of the setting of the CPCA 2019/20 budget.

The detailed Board paper is available here: <http://cambridgeshirepeterborough-ca.gov.uk/assets/Transparency/2019-20-Draft-Budget-and-Medium-Term-Financial-Plan-2019-to-2023-Copy.pdf>

We are actively seeking people's views and responses to the consultation including from the Constituent Authorities, residents and businesses and any other interested parties.

Enquiries – For any enquiries about the consultation please contact the Finance team at:

Finance@cambridgeshirepeterborough-ca.gov.uk or telephone on 01480 277180.

How to respond – Please send any responses to this consultation by e-mail to:

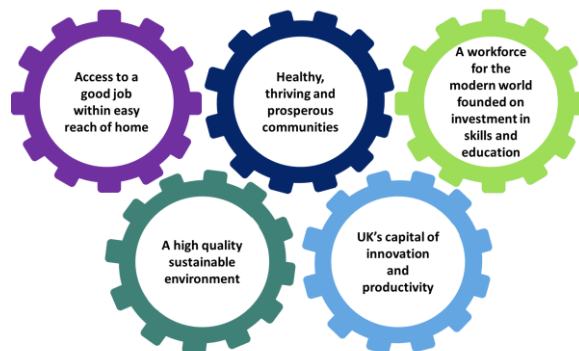
Finance@cambridgeshirepeterborough-ca.gov.uk.

Introduction

The CPCA is ambitious to transform Cambridgeshire and Peterborough and establish the region as a leading place in the world to live, learn and work.

Cambridgeshire & Peterborough 2030 Ambition

**A leading place in the world to live,
learn and work**



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Through the devolution deal the Combined Authority committed to:

- **Double the size of the local economy**
- **Accelerate house building rates to meet local and UK need**
- **Deliver outstanding and much needed transport and digital connectivity**
- **Provide the UK's most technically skilled workforce**
- **Transform public service delivery to seamless and responsive to local need**
- **Grow international recognition for the area's knowledge-based economy**
- **Improve the quality of life by tackling areas suffering from deprivation.**

The CPCA has continued to develop these concepts and resources have been deployed this year to deliver projects to further these ambitions. £28m has been spent on affordable homes. £1.3m of revenue funding is targeted at moving forward major transport priorities such as Cambridge Automated Metro (CAM) and Huntingdon 3rd River Crossing. Capital funding has also been deployed to deliver on key transport priorities such as Soham station, Kings Dyke, Wisbech Rail and A47 as well as progressing with Peterborough University, Digital Connectivity and Market Towns. The MTFP the CPCA is consulting on continues this work whilst recognising the current limitations on resources.

The budget presentation for this year has been changed following feedback from last year's consultation process. The draft MTFP has been separated into revenue and capital budgets to ease wider understanding.

Revenue Budget

The revenue expenditure budget is £23.9m for the operational, day to day expenditure the CPCA needs to function as an authority and includes all of the Business Board (Local Enterprise Partnership) activity.

The 2019-20 proposed revenue spend of £23.9m is fully funded by £23.1m of revenue funding and a £0.8m contribution from prior year balances. The in-year revenue funding sources are £12.1m AEB grant funding, £8m revenue gainshare devolution funding, £1m for Mayoral Capacity Building Fund (which ceases in 2019/20) and £2m balance of funding from Central Government funding sources for LEP activities and the Energy Hub contribution.

A summary table is shown below and the key issues highlighted in the narrative:

	2019/20	2020/21	2021/22	2022/23
	£000's	£000's	£000's	£000's
Income	(23,106.3)	(22,072.7)	(22,079.9)	(22,087.2)
Mayor's Office	352.2	355.1	357.9	360.9
Salaries	5,272.7	5,348.7	5,426.0	5,504.4
Externally Commissioned Support Services	525.0	525.0	525.0	525.0
Overheads	522.0	522.0	522.0	522.0
Governance Costs	237.9	228.8	250.6	50.0
Election Costs	260.0	260.0	260.0	260.0
Capacity Funding	250.0	250.0	250.0	250.0
Financing	490.0	1,615.0	1,743.8	1,925.0
<u>Workstreams</u>				
Economic Strategy	519.9	568.8	567.8	316.8
Feasibility non-capital	3,000.0	6,000.0	3,000.0	717.0
Other Transport Revenue	350.0	250.0	0.0	0.0
Business & Skills	11,760.1	11,793.1	11,710.6	11,656.1
Public Sector Reform	400.0	0.0	0.0	0.0
Other 2018/19 Workstreams	0.0	0.0	0.0	0.0
Net Position for year	833.5	5,643.9	2,533.9	(0.0)
Revenue balance @ 31st March	(9,177.8)	(3,533.9)	(1,000.0)	(1,000.0)

Salaries

The salaries line is the gross cost of all of the employees of the CPCA no matter how the posts are funded. It includes staff coming out of the Local Enterprise Partnership function, now called Business Board, staff delivering the regional energy hub and staff undertaking the new devolved Adult Education function. Whilst agreeing to seek views on its proposals from the wider community at its meeting on 28th November 2018, the CPCA Board asked the joint interim Chief Executives to further review the overhead elements of the revenue budget and

to seek reductions. This work will be considered as part of the budget setting meeting on 30th January 2019.

Business and Skills

A major change due next year is the devolution of the Adult Education Budget (AEB) for the area. This is a revenue grant of £12.1m in 2019/20 that will be paid to service providers and the CPCA will manage. It makes up the majority of the Business and Skills budget line.

Feasibility

Revenue funding is required to develop business cases to support potential capital projects. The Authority is focused on the prioritisation and scheduling of works to bring forward within the capital programme. As part of its 2019/20 budget and MTFP the Authority has identified revenue funding to develop the schemes into deliverable propositions to meet its ambitious plans for Cambridgeshire and Peterborough.

Work will continue to seek out additional funding and new financing models to help accelerate delivery of these priorities.

Inflation

The MTFP extrapolates the Budget for 2019/20 to 2022/23. This includes inflation assumptions on pay at 1.5% per annum, known changes such as the Mayoral Capacity Build Fund ceasing after 2019/20 and completion of projects within the current work programme.

Balances

All local authorities have a responsibility to set a balanced budget against the resources available to it. This budget is balanced against the resources currently available to the Combined Authority. It sets out the current priorities and the revenue implications of delivering the ambitious plans of the Combined Authority. In considering this it has been determined that an appropriate level of balances is set at £1m for the CPCA at this time.

Capital Budget

Capital Programme Development

The Combined Authority's capital programme sets out how capital funding will be used to deliver projects that meet its ambitions. It has been developed over the previous two years, reflects the needs of the area's geography primarily identified via the devolution deal and schemes brought forward by the constituent authorities. Unsurprisingly, it contains a significant emphasis on housing, transport and infrastructure schemes.

The total planned capital expenditure for 2019/20 is £157.9m. The 2019/20 capital programme is funded by £67.2m of housing funding, £33.52m of Growth Fund income (including £17.6m from Growth Fund reserves), Department for Transport capital funding of £23.1m, £17m Transforming Cities funding, £12m of capital gainshare devolution funding for mayoral priorities and £5.1m use of capital gainshare reserves.

Capital Programme Detail

The tables below set out the CPCA's capital programme and how the expenditure is funded.

Direct Control	Reserves	19-20	20-21	21-22	Future
	b/f				Year
Cambridge South Station		0.75	0.75		
King's Dyke CPCA contribution		4.60	6.00	5.80	
Peterborough University - Business case		1.45	1.41	9.74	
Soham Station GRIP 3		0.95			
St Neots River Crossing cycle bridge		2.50	0.95		
Wisbech Garden Town		0.75	0.75	0.75	
Wisbech Rail		0.75	1.75		
Wisbech Access Study				4.00	
Digital Connectivity Infrastructure Programme		1.99	1.96	1.28	
Risk contingency fund		10.00			
Total Committed Expenditure		23.74	13.56	21.57	
Capital Gain Share		(12.00)	(12.00)	(12.00)	
Transforming Cities		(17.00)	(22.00)	(30.00)	
Direct Control in-year Funding Total		(29.00)	(34.00)	(42.00)	0.00
Available in-year funding		(5.26)	(20.44)	(20.43)	

Schemes previously identified and costed					
Ely Rail GRIP 4 next stage		1.00	2.00	2.00	
Market Town pump priming		1.00	2.00	2.00	
Soham Station Delivery			9.00	11.00	
Coldhams Lane roundabout improvements		0.30	2.20		
Fengate Access Study - Eastern Industries Access - Phase 1		0.30			
Fengate Access Study - Eastern Industries Access - Phase 2		0.10	0.10		
March junction improvements		1.00	3.31	1.55	
Regeneration of Fenland Railway Stations		2.70	3.00	3.00	
A10 Foxton Level Crossing		1.50			
A1260 Nene Parkway Junction 15		0.25	1.96	3.85	
A1260 Nene Parkway Junction 32-3		0.20	3.70		
A141 capacity enhancements		1.00	2.00	2.60	
A16 Norwood Dualling		0.05	0.08		
A505 Corridor		0.50			
A605 Oundle Rd Widening - Alwalton-Lynch Wood		0.50			
Total		10.40	29.34	26.00	
Movement on reserves if approved		(25.19)	5.13	8.90	5.57

Potential Future Schemes	Reserves b/f	19-20	20-21	21-22	Future Years
A10 Upgrade			11.00	11.00	450.00
A47 Dualling Study			5.00	5.00	218.00
Cambridge Autonomous Metro			10.00	40.00	1,960.00
Cambridge South Station				10.00	250.00
Huntingdon Third River Crossing					200.00
Peterborough University - Land and Infrastructure for build			10.00	20.00	
Wisbech Garden Town					
Wisbech Rail			8.00	60.00	30.00
A16 Norwood Dualling					9.58
A505 Corridor				100.00	150.00
Alconbury Weald Train Station					
East-West Rail					
Ely Area Capacity Enhancements					
Fengate Access Study - Eastern Industries Access - Phase 1				4.03	4.03
Fengate Access Study - Eastern Industries Access - Phase 2					6.55
M11 Extension					2,500.00
Oxford Cambridge Expressway					
Potential Future Schemes Total		0.00	44.00	250.03	5,778.15

Passported	Reserves	19-20	20-21	21-22	Future years
A47 Junction 18 Improvements		2.00			
Cambridge City Housing Programme (£70m)		16.69	26.12	7.02	0.14
East Cambs - Housing Loan Provision		4.83			
Housing Infrastructure Programme (£60m)		20.66	20.33	10.00	
LTP Schemes with PCC and CCC (potholes)		23.08	23.08	23.08	23.08
Housing Investment Fund (£40m)		23.00	17.00		
Passported Expenditure Total		90.26	86.52	40.10	23.21
DfT Capital Funding (potholes)		(23.08)	(23.08)	(23.08)	(23.08)
Housing - Cambridge City (£70m)	(17.98)	(17.00)	(15.00)		
Housing Infrastructure Fund (£60m)	(23.99)	(9.00)	(18.00)		
East Cambs - Housing Loan Repayment*		(1.18)	(5.33)		
National Priorities Investment Fund	(2.00)				
Housing Investment Fund (£40m)	(22.00)	(6.00)	(12.00)		
Passported Funding Total	(65.97)	(56.25)	(73.40)	(23.08)	(23.08)

*The repayment of this loan appears higher than the expenditure here as the expenditure on this project commenced in 2018-19 and is thus not captured in this table.

Growth Funds	Reserves	19-20	20-21	21-22
Kings Dyke Growth Deal contribution		1.40		
A428 Cambourne to Cambridge		3.00	5.00	
Ely Rail Project		1.35		
In_Collusion (Digital Sector Skills)		0.02		
Wisbech Access Strategy - Delivery Phase		4.00	5.50	
Soham Station Feasibility		1.00		
Haverhill Innovation Centre		0.65	0.65	
Small Grants Programme		0.10	0.10	
Business Growth Programme		4.00	4.70	
Eastern Agritech Initiative		2.50	3.00	
Skills Capital Fund		1.00	1.00	
Major Project Grants		14.00	22.50	
Revenue Recharge to Growth Funds		0.50	0.50	0.50
Growth Funds Expenditure Total	0.00	33.52	42.95	0.50
Growth Fund Income	(25.32)	(15.88)	(35.74)	
Growth Fund Income Total	(25.32)	(15.88)	(35.74)	0.00

The majority of Growth Funds must be spent by March 2021 and so there is no profiled expenditure beyond this other than the continuing monitoring and evaluation revenue costs.

Other Considerations

Local Transport Plan Levy

The Cambridgeshire and Peterborough Combined Authority Order 2017 conferred the local transport planning powers and created the CPCA it as the local transport authority. Cambridgeshire County Council (CCC) and Peterborough City Council (PCC) remain the local highway authorities for existing roads. The Transport Levying Bodies (Amendment) Regulations 2018 came into force on the 1st October 2018 and enables the CPCA to levy CCC and PCC for the cost of delivering the transport functions. For 2019/20 the operation of these services will continue to be delivered through the existing arrangements with CCC and PCC and the levy charged for 2019/20 will be equal to the 2019/20 budgeted cost of delivering these services. For 2019/20 only, funds would then be passported back to CCC and PCC in order to continue to deliver the existing provision of services

Precept

There is no proposal to precept constituent authorities under Section 40 of the Local Government Finance Act 1992 for the 2019/20 financial year.