



Combined Authority Board

13 November 2024

Title:	Draft 2025/26 Corporate Strategy and budget and Medium-Term Financial Plan 2025-2029
Report of:	Janice Gotts, Executive Director – Resources and Kate McFarlane, Director of Policy and Engagement
Lead Member:	Mayor Dr Nik Johnson
Public Report:	Yes
Key Decision:	No
Voting Arrangements:	A two thirds majority of Board Members is required to approve the budget for consultation.

Recommendations:

A	Note the developing draft Corporate Strategy following refresh.
B	Approve the draft budget for 2025-26 and the Medium-Term Financial Plan 2025-26 to 2028-29 as set out in this report and accompanying appendices for consultation.
C	Note that the budget currently assumes that the Mayoral Precept is maintained at its current Band D equivalent level of £36 and that the Mayor will seek views on whether to maintain the Precept at this level or apply an uplift of 4.99%, resulting in a Band D equivalent of £37.80. This is set out in paragraphs 2.84 and 2.85 of the report and Appendix 1.
D	Note the further work being undertaken in relation to the bus fare cap and that the revenue funding options will be reviewed with partners to identify potential mitigation opportunities for consideration in the final budget. See also paragraph 2.22 of the report.
E	Approve the timetable for consultation and those to be consulted.

Strategic Objective(s):

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

x	Achieving ambitious skills and employment opportunities
x	Achieving good growth
x	Increased connectivity
x	Enabling resilient communities
x	Achieving Best Value and High Performance

1. Purpose

1.1	This report sets out the latest position on the Corporate Strategy refresh and the proposed Combined Authority draft Budget for 2025-26 and the Medium-Term Financial Plan (MTFP) and Capital Programme for the period 2025-26 to 2028-29.
1.2	The current Corporate Strategy was adopted by the Combined Authority in January 2023 and updated in January 2024. Whilst there is no statutory requirement to update and refresh the Corporate Strategy on an annual basis, it is considered good practice to do so and for the strategic objectives in the Corporate Strategy to drive investments and resource allocation in the MTFP.
1.3	According to Chapter 4 of the Constitution, functions reserved to the Combined Authority Board include the adoption of the Corporate Plan, non-mayoral Combined Authority budgets, the Medium-Term Financial Plan and Capital Programme and fiscal strategy to reflect any taxation proposals such as local taxation.
1.4	Chapter 6 of the Constitution sets out the Budget Framework Procedure rules including how the Combined Authority will make decisions on the budget. The process for the approval of the Mayoral budget is set out in the Combined Authorities (Finance) Order 2017. The full Mayoral budget will not be presented until the January meeting of the Board however the Combined Authority's forecast of the Mayoral budget is included within the figures presented here for completeness.
1.5	This report also sets out the proposed timetable for the consultation and approval of the draft budget and MTFP, and the suggested consultees in line with statutory timescales.
1.6	The consultation exercise will request consultees to provide comment on the proposals contained within the report including the proposal for the Mayoral Precept.

2. Proposal

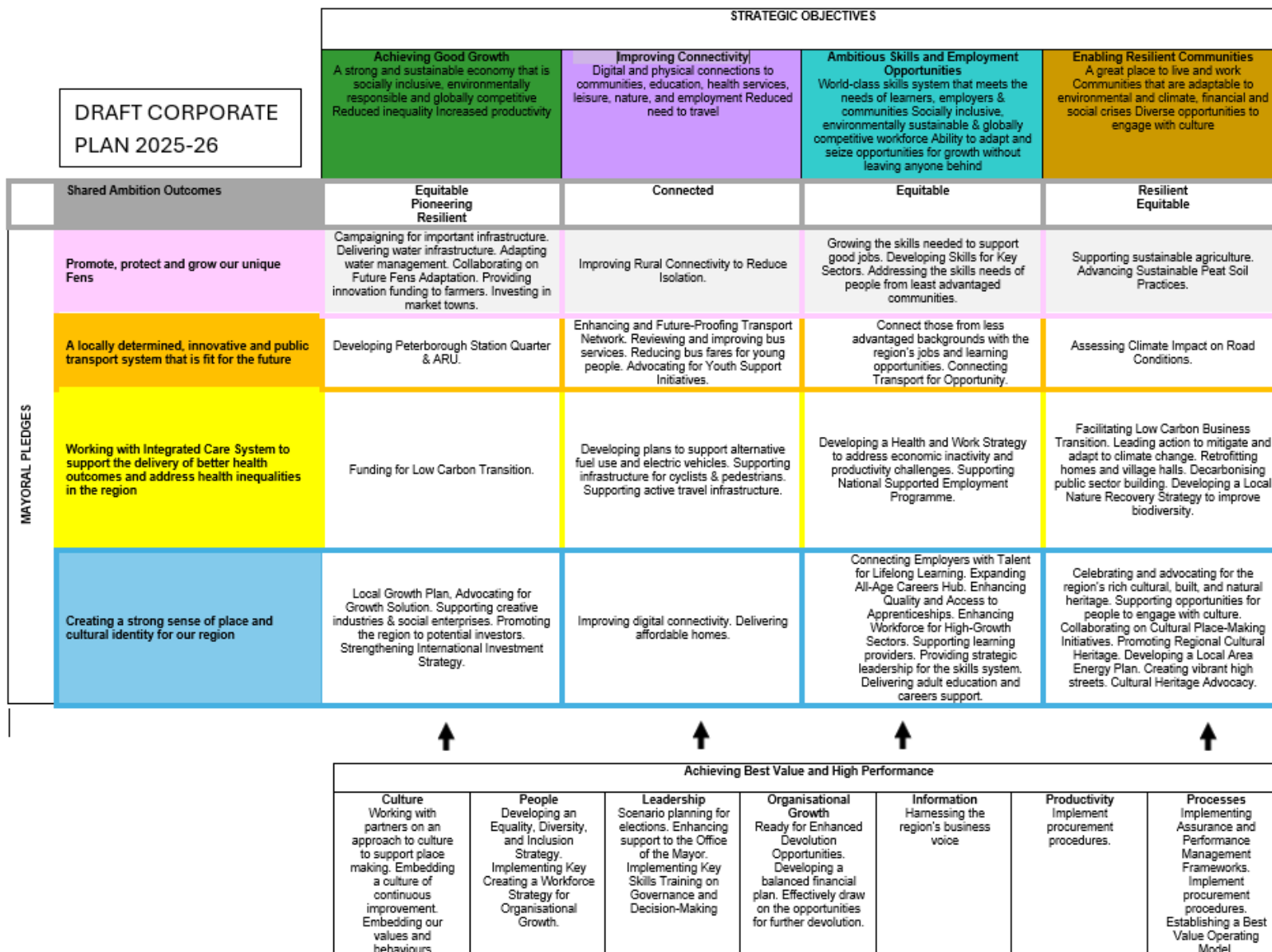
2.1	According to the Constitution, "The draft Budget shall be submitted to the Combined Authority Board for consideration and approval for consultation purposes only before the end of December each year. The Combined Authority Board will also agree the timetable for consultation and those to be consulted. The consultation period shall not be less than four weeks, and the consultees shall include Constituent Authorities, the Local Enterprise Partnership and the Overview and Scrutiny Committee."
2.2	There is no requirement in the Combined Authorities (Finance) Order 2017 for the Combined Authority to consult on its budget, however, Local Authorities have a duty to consult where its decision will impact on residents.
2.3	CORPORATE STRATEGY
2.4	The Combined Authority's Corporate Strategy will be extended for one year to March 2026 and given a simple update against the current strategic objectives and Mayoral pledges. A fuller review of the Corporate Strategy will be undertaken post the 2025 Mayoral election.
2.5	<p>The refresh of the current Corporate Strategy consists of six stages, which ensures a continued focus on continuous improvement and a strong "golden thread" linking what we are setting out to deliver with individual objectives.</p> <ol style="list-style-type: none">1. High level review of existing adopted Corporate Strategy, political, economic, social, technological, legal and environmental (PESTLE) analysis, identifying lessons learned and defining the scope of the refresh (completed).2. Review of corporate performance against Key Performance Indicators (KPIs) and current Directorate Business Plans to build understanding about what has been achieved and what areas need improvement (completed).3. Refreshed deliverables and Corporate Strategy map updated (completed).4. Refreshed draft strategy (to be presented to CA Board in January 2025).

	<p>5. Refreshed business plans for each directorate covering 2025/26. These plans will align with the overall strategy and include objectives, activities, milestones and performance indicators (to be completed by end March 2025).</p> <p>6. Individual objective setting (to be completed in May 2025 as part of the Learning, Excellence, Achievement, Performance (LEAP) performance cycle).</p>
2.6	<p>Stage 1: High level review of existing adopted Corporate Strategy</p> <p>A high-level review of the existing adopted Corporate Strategy & Business Plan including consideration of PESTLE factors from a national, regional and organisational perspective has been completed with input on these from the Combined Authority's Corporate Management Team on 25 September 2024 and the Leaders Strategy Meeting on 16 October 2024. These have been incorporated and summarised in paragraphs 2.11 to 2.13.</p>
2.7	<p>Stage 2: Review of Corporate Performance</p> <p>The Q2 Corporate Performance Report to the end of September 2024 presents 27 KPIs mapped to the Combined Authority's five strategic objectives. The majority of KPIs are progressing in the desired direction, 11 are exceeding their target performance and seven are off target by more than 10%. The Q2 performance report is available elsewhere on the agenda.</p> <p>The Q2 Corporate Performance Report also notes that headline priority activities are progressing in line with original plans, but that these plans are live and can change due to the need to respond and react to new priorities and other external factors. For example, the pre-election period for the general election affected communication campaign plans and the items that could be taken to meetings for decisions. The focus of the new Government presents new opportunities for the Combined Authority but has also resulted in new areas of work, such as the Local Growth Plan, impacting resources available for other planned activities.</p>
2.8	<p>Stage 3: Refreshed Deliverables</p> <p>The directorate deliverables have been reviewed and updated, in collaboration with each directorate. In line with the light-touch corporate strategy refresh, the deliverables have seen minimal changes and the draft new corporate strategy 'plan on a page' is provided below.</p>



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DRAFT CORPORATE
PLAN 2025-26





2.9	Draft budget for 2025-26 and MTFP for the period 2025-26 to 2028-29
2.10	In setting the budget it is important to consider the context under which the budget is prepared and that this is aligned with the Authority's Corporate Strategy. There will be a number of drivers that influence the budget process whether national, regional or organisational. These are set out below:
2.11	National and International Drivers: There are a number of current national and international drivers which influence the position for the region over the course of the MTFP, and include: <ul style="list-style-type: none">• Challenging economic times continue – inflation is expected to average 2.5% this year and increase to 2.6 in 2025 before dropping back slowly to 2% in 2029. This suggests the rapid increase in costs seen over the last few years should not recur, although an average inflation adjusted GDP growth forecast of 1.6% p.a. over that time mean that households finances will likely recover slowly.• Ahead of the Autumn budget business confidence was reported to have dropped following the pessimistic economic messaging from the Government. The new fiscal rules, announced on the 30th, allowing significant additional capital investment from the public sector may improve this while increased employer NI costs may have the opposite effect.• The Government continues to promote greater devolution across the country – from 2025-26 there are integrated settlements for two Mayoral Combined Authorities (early trailblazer authorities of Greater Manchester and West Midlands) with a second tranche planned in 2026-27. The CPCA will be working with Government to be part of the integrated settlement arrangements from 2027-28.• The creation of the Council of Nations and Regions• The Local Growth Plan agenda has been announced as a key part of Government's plan to grow the UK economy in partnership with Mayoral Combined Authorities.• Multi-year settlement for all Government departments at the Spring Budget 2025.• National significance of the region re-enforced by a further £10m announced in the Autumn budget to progress the work of the Cambridge Growth Company• Adapting to future technology opportunities (and challenges)• Significant impact of climate change – focus on adaption and mitigation to deliver net zero targets• Post pandemic challenges – NHS waiting lists still at historic high, with additional funding announced for 2025/26 to attempt to address this. School attendance is improving, but still above pre-COVID levels.• US Election & geopolitical instability – uncertainty in international policy and conflict areas could have unforeseen impacts on the UK, for example supply shortages and inflation.
2.12	Regional Drivers: Specifically, within the region the drivers include: <ul style="list-style-type: none">• Being acknowledged as a global sector leader in knowledge intensive industries – increasingly competing nationally and internationally. Emerging Advanced engineering and manufacturing sector. Nationally important agricultural sector and cluster of agri-tech businesses.• The level of GVA - as a whole, the region produced £60k GVA per filled job in 2021, slightly below the average for England (£61k). There are differences within the region, ranging from GVA per filled job in Fenland at £46.5k to Cambridge at £65.5k.• Job growth has slowed significantly in recent years, with the region's growth rate at just 2% compared to 2.3% for England and 3.8% for the East of England. This slowdown is largely driven by weak employment growth in smaller businesses, which can make it harder to boost local job creation.• The region is seeing population growth and demographic shifts, but these changes are also accompanied by rising inequalities. Rural areas, in particular, face issues like isolation, lack of access to services and uneven economic opportunities.

	<ul style="list-style-type: none"> • Infrastructure constraints – the region has two of the fastest growing cities but challenges remain meeting demands of housing, water and energy supply. • Impact of climate change – requiring greater collaboration and innovative solutions. • Growing Infrastructure needs - sustainable transport network with urban and rural solutions remain a key focus to help relieve congestion and improve connectivity as does the growth of digital capacity and capability • Adoption of our shared ambition – which through our shared values of Igniting Innovation, Embracing Diversity and Championing Collaboration will shape how we act together to deliver what we want to achieve for our region by 2050. These outcomes focus on advancing an Equitable, Pioneering, Connected and Resilient region.
2.13	<p>Organisational Drivers</p> <p>Within the Combined Authority drivers include:</p> <p>Post best value notice, continuing to build on the improvements that the Authority has made, ensuring that these are embedded within business-as-usual activity. Striving to further strengthen the organisation over the longer term and supporting effective decision making through robust governance, clear evidence and collaborative working.</p> <p>Continuing to live our values and behaviors, building on and delivering the shared ambition work through enhanced partnership working.</p> <p>Building on the implementation of key processes to ensure continued good practice and robust governance such as the Single Assurance Framework (SAF), Performance Management Framework and Procurement Framework.</p> <p>Delivering the Corporate Strategy and Mayoral Pledges, with progress tracked through the agreed performance reporting framework.</p> <p>Better communication about who we are, what we do, our impact on residents and businesses, and the importance of region to UK PLC.</p> <p>Improving the life chances and health and wellbeing of residents – most notably through areas such as adult skills, supporting job creation and inclusive growth, and working to address climate change.</p> <p>Working in partnership to develop and deliver the region’s Local Growth Plan in support of the national industrial strategy. Lobbying Government for the best deal for Cambridgeshire and Peterborough leading into the Spring Spending Review.</p> <p>Resource constraints – the Combined Authority’s core funding is not inflation linked and a significant proportion of its funding consists of time limited grants. With a greater demand for services, particularly in relation to economic growth and transport, this presents a challenge over the medium term.</p>
2.14	<p>Autumn Budget 2024</p> <p>The Chancellor of the Exchequer presented the first budget of the new Government to Parliament on 30th October 2024, setting out the national picture for the economy and finance assumptions for the medium term, as well as some specific allocations for 2025-26 only. Whilst the budget announcement is helpful in setting out the national picture for priorities and the various investments and funding stream, it does not detail the individual finance settlements or grant funding streams for Councils or Mayoral Combined Authorities. These are published later in the year, around mid to late December.</p> <p>To “support economic and fiscal stability”, the Chancellor has announced Public Sector Net Financial Liabilities (or Net Financial Debt) will be used to calculate the Government’s fiscal headroom to manage day-to-day spending and future investment.</p> <p>Net financial debt is an official statistic published by the ONS since 2016. It is a comprehensive measure that includes all debt and assets within Public Sector Net Debt, plus additional financial liabilities (including funded pensions and guarantees) and illiquid financial assets (such as equity holdings and loans). It does not include non-financial assets like buildings.</p> <p>The new fiscal rules are:</p> <p>Stability rule: to move the current budget into balance, so day-to-day spending is met by revenues, and the government will only borrow for investment.</p>

	<p>Investment rule: to reduce net financial debt (public sector net financial liabilities) as a proportion of GDP. This rule keeps debt on a sustainable path while allowing the step change needed in investment, by capturing not just the debt that government owes, but also financial assets that are expected to generate future returns.”</p> <p>The rules must be met by 2029-30 at this Budget, and until 2029-30 becomes the third year of the forecast, at which point both rules will target the third year of the rolling forecast period. The OBR has confirmed that the Government is on track to meet its stability rule (with a £9.9bn surplus) and investment rule (with a £15.7bn buffer).</p> <p>Other key financial headlines which will impact across the economy and the public sector are:</p> <p>GDP – Forecasts suggest that the UK will return to pre-pandemic levels of GDP growth in 2025. GDP for 2025 has been revised up, whilst future years’ GDP is revised down compared to spring 2024.</p> <p>Inflation - The Autumn Budget includes CPI in 2024 of 2.5% with inflation remaining slightly above the Band of England target of 2% each year until 2029.</p> <p>Interest Rates – The Bank of England’s Monetary Policy Committee (MPC) sets monetary policy to meet the 2% inflation target (a target maintained in the Autumn Budget) and last reduced interest rates in August 2024 from 5.25% to 5%. At its September 2024 meeting the MPC voted to maintain the Bank Rate at 5%. Whilst CPI fell to 1.,7% in September, it is unclear whether interest rates will remain the same or fall slightly when the MPC next meets on 7 November, particularly with the longer term annual forecast indicating that inflation will be slightly above 2% each year until 2029.</p> <p>Employer National Insurance Contributions will increase to 15%, and the threshold at which this becomes payable has been reduced to £5,000, from April 2025. It has been advised that an allowance has been made for public sector organisations to meet this cost. See also paragraph 2.19 with regard to implications for the Combined Authority.</p>
2.15	<p>As a key partner with Combined Authorities in supporting and promoting the region, it is also important to consider the implications for Local Government within the Government’s budget proposals and how these are able to address the pressures on Council finances.</p> <p>The Chancellor stated that local government would be receiving an additional £1.3bn new grant funding in 2025-26. The main headlines are:</p> <ul style="list-style-type: none"> • Core Spending Power will increase in real terms by approximately 3.2% (including council tax and retained business rates) including: <ul style="list-style-type: none"> ○ £600m increase in Social Care grant funding ○ £86m more for the Disabled Facilities Grant. • Other grants include an increase of £233m for homelessness support taking the total allocation to £1bn for 2025-26 • There is an additional £1bn set aside for SEND and alternative provision, equivalent to 6% real growth. • Additional capital funds for education including £1.4bn capital for school rebuilding and more than £2bn for maintenance. • £500m above the baseline for roads maintenance and £650m for local transport. • Extended Producer Responsibility – Expected to be £1.1bn for 2025-26, with the first year guaranteed by HMT. Allocations are expected to follow in the Autumn. • Household Support Fund to continue for 2025-26 at £1bn. As in previous years this includes the devolved administrations and equates to £842m for English Local Authorities.. • Continuation of the UKSPF at £900m in 2025-26. • The English Devolution White Paper is expected imminently.
2.16	<p>As well as considering the overarching financial picture and economic impact, there were also a number of announcements in the budget for Combined Authorities or the Cambridgeshire and Peterborough region and these include:</p> <ul style="list-style-type: none"> • A recommitment to extending East West Rail, including the first trains between Oxford and Bedford in 2030. Following this the East West Rail company have announced the next round of consultation from the 14th November 2024 including their preference for electrification via battery-electric trains.

	<ul style="list-style-type: none"> Confirmed funding for MHCLG's core Levelling Up Fund projects – providing £1.0 billion in 2025-26 to revitalise high streets, town centres and communities. The paper then advises that to ensure investment is focussed on the growth mission, the government is minded to cancel unfunded Levelling Up Culture and Capital Projects, and the West Midlands culture and inward investment funding, that were announced at Spring Budget 2024, but will consult with potential funding recipients before making a final decision. Following this we have received confirmation of the continuation of funding for Peterborough Station Quarter within the Levelling Up Fund. Continuation of the UK Shared Prosperity Fund for 2025-26, although with a reduced budget of £900m nationally compared to c£1.5bn in 2024-25. £10m allocated to the Cambridge Growth Company to develop plans to address Cambridge's infrastructure needs and support the area's status as a globally renowned centre of excellence. <p>There are a number of other announcements in relation to Combined Authorities elsewhere in the country including an integrated settlement for Greater Manchester and West Midlands from 2025-26, which is planned to be extended to other Combined Authorities in future years. Further to this the Economic and Fiscal Outlook published by the OBR states that existing business rates retention for Authorities with devolution deals has been extended for another year in 2025-26.</p>
2.17	Generally the Autumn Budget has provided much needed support to the Local Government Sector as a whole and provided specific investment in the Cambridgeshire and Peterborough region. However, there are a number of funding announcements which may impact directly on the CPCA which are not yet confirmed.
2.18	The Budget set out the Government's commitment to extend and deepen English devolution by building mayoral capacity and continuing to work with Mayors and local leaders to deliver the growth mission. Based on this, the Government is minded to cease the functions previously delivered by Local Enterprise Partnerships and the Business Board Network and will consult on ending funding for pan-regional partnerships. The detail of what this may mean for the Combined Authority in financial terms has not yet been confirmed. The Local Enterprise Partnership transition funding for the Authority was £250k in 2024-25 and the Mayoral Capacity Fund was £1m. The Authority is awaiting further details on these funding streams, which are anticipated to be announced alongside the Local Government Finance Settlement, and will incorporate them within the budget for 2025/26 as part of the final budget report to January Board.
2.19	Beyond this, the Combined Authority is forecasting a net impact of £118k in 2025-26 (£501k over the medium-term) for the effect of the increase in employers National Insurance. Whilst Local Authorities are receiving funding against which to offset such costs, it does not appear, as yet, that there is a mechanism to compensate Combined Authorities such as the CPCA which do not currently receive funding through the Local Government Settlement. This is currently being followed up with MHCLG.
2.20	The Authority does welcome the continuation of UKSPF for a further year; it was previously only confirmed until March 2025. However, the allocation is at a reduced level nationally compared to the current year. If the national reduction is reflected in the allocation to the CPCA then this will equate to grant funding of c£5.2m in 2025-26, compared to £8.7m in 2024-25, although this is subject to change when the final allocation is confirmed.
2.21	In advance of the Spring Budget the Combined Authority, in partnership with its constituent Councils, will continue to work with Government to further develop the Local Growth proposals for the region as a key element in support of the Industrial Strategy. It will also work alongside other Mayoral Combined Authorities to seek great freedoms and flexibilities through devolution and for the benefit of the region and its residents, businesses and other key stakeholders.
2.22	<p>On 28th October the Prime Minister, in his pre-budget speech, announced that the Government would support a journey fare cap for bus travel of £3 with effect from 1 January 2025, with the previous cap of £2 ending on 31 December 2024.</p> <p>The Authority is currently working to understand what the impact of this will be on passengers across the region and, together with partners, will consider the options for additional support to offset the increase in the cap and potential funding opportunities.</p> <p>It is intended that a further report will be presented to the Board for consideration at the January meeting.</p>
2.23	CPCA BUDGET 2025-26 AND MEDIUM TERM FINANCIAL PLAN

	The budget for the Combined Authority contains a number of assumptions in its preparation and these are set out in the paragraphs which follow alongside Appendix 1 which summaries all the key assumptions.
2.24	Previous budget reports for the CPCA have noted that efficiency has always had to be at the heart of the Combined Authority's operations in order to work within its budget constraints. As part of its funding package when created in 2017 the Authority was granted £8m of 'gainshare' revenue and £12m of 'gainshare' capital for the subsequent 30 years. Whilst the early years of the Combined Authority saw relatively low levels of inflation, the spending power of that 'gainshare' has been eaten away far more rapidly by the high levels of inflation experienced over the pandemic's aftermath. Compared to Q2 2017, the Retail Price Index of inflation has risen by 42% by Q2 2024. Put another way, the Combined Authority would now need to have 'gainshare' revenue funding of £11.4m to have the same spending power as the £8m it had in 2017. This effective reduction in spending power has forced the Authority to continually review its operations to find efficiencies to both maintain the operations of the Authority and to invest in its priority programmes.
2.25	These two factors, combined with income from treasury loans dropping from £9.5m in 2024-25 to £4.4m in 2025-26, and to £950k by 2028-29, mean the resources available to the Combined Authority are reducing over the medium-term.
2.26	The Combined Authority has limited ability to raise funding through alternative means and, as already referenced in the report, its main source of core funding, i.e. gainshare, has been held at the same value since 2017. Therefore, the Authority must continue to operate efficiently and look to achieve best value in its operations; absorbing pressures, such as pay and price inflation, internally where possible in preference to increasing charges. With high inflation, particularly over recent years, this has been challenging. An example of this is the Transport Levy which has increased by 6.1% between April 2021 and April 2024, whilst the Retail Price Index (RPI) has increased by 27.7%. However, the scope to continue to deliver and invest while absorbing these pressures decreases each year and makes the need to negotiate a more sustainable funding settlement with Government a key priority for the Authority.
2.27	Also a pragmatic step to reduce costs and support stronger governance, particularly in relation day to day operations, the Authority has sought to strengthen in-house staff provision as a cost effective alternative to buying in external advice. For example in areas such as procurement, policy and evaluation where the teams have been restructured in consideration of the ongoing needs of the organisation and this will be funded through savings in payments to third party suppliers.
2.28	The overarching objective is to set an affordable and balanced budget that supports delivery of the ambitions and priorities of the Mayor and the Combined Authority as set out in the approved Corporate Plan. The draft Revenue and Capital budgets contained in this report reflect decisions taken by the Combined Authority Board up to and including its meeting in September 2023, in line with agreed accounting policies. Overall affordability remains the key factor in agreeing a balanced budget and this paper aligns areas of expenditure by the current Directorate structure with funding sources.
2.29	The Combined Authority is aware that it cannot achieve its scale of ambition with its resources alone and so will seek to work collaboratively with its Constituent Authorities, the Greater Cambridge Partnership, the Cambridge Growth Company, Homes England, Central Government, local businesses and other local partners to leverage funding sources and ensure that the maximum impact, and value for money can be delivered from the resources devolved to the area.
2.30	Funding summaries for planned and projected Revenue and Capital expenditure over the lifetime of the MTFP are shown in Tables 1 and 2 below. These show the expected fund balances available in each year of the MTFP and are made up of balances on reserves brought forward and expected in year funding. The fact that the overall balances for Revenue and Capital (after planned overprogramming is excluded) at the end of the MTFP period, are positive indicates that the budget is balanced and affordable.



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Table 1 Revenue Funding Summary	2025/26				2026/27			2027/28			2028/29		
	Balance at 1/4/24	Income	Expenditure	Balance at Year End	Income	Expenditure	Balance at Year End	Income	Expenditure	Balance at Year End	Income	Expenditure	Balance at Year End
	£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000
Revenue Single Pot	(17,447)	(12,350)	17,857	(11,940)	(9,500)	13,239	(8,201)	(8,950)	12,738	(4,413)	(8,950)	12,951	(412)
Mayoral Precept for Core	-	-	-	-	-	-	-	-	-	-	-	-	-
Business Board Revenue Funds	(2,275)	(1,038)	1,577	(1,736)	(1,033)	849	(1,920)	(1,028)	194	(2,754)	(1,023)	194	(3,582)
Inflation Reserve	(2,400)	-	-	(2,400)	-	-	(2,400)	-	-	(2,400)	-	-	(2,400)
<i>Subtotal discretionary funds</i>	<i>(22,122)</i>	<i>(13,388)</i>	<i>19,434</i>	<i>(16,076)</i>	<i>(10,533)</i>	<i>14,088</i>	<i>(12,520)</i>	<i>(9,978)</i>	<i>12,932</i>	<i>(9,567)</i>	<i>(9,973)</i>	<i>13,145</i>	<i>(6,395)</i>
Earmarked Reserves	(5,795)	-	3,090	(2,705)	(398)	-	(3,103)	(398)	-	(3,500)	(398)	-	(3,898)
Transport Ringfenced Rev grants	(2,053)	-	-	(2,053)	-	-	(2,053)	-	-	(2,053)	-	-	(2,053)
Environment Grants	(182)	-	-	(182)	-	-	(182)	-	-	(182)	-	-	(182)
Adult Education Budget (AEB)	(3,671)	(12,927)	12,927	(3,671)	(12,927)	12,927	(3,671)	(12,927)	12,938	(3,660)	(12,927)	12,938	(3,649)
Skills Ringfenced Grants	(245)	(77)	-	(322)	(77)	-	(399)	(77)	-	(476)	-	-	(476)
SPF Revenue	(790)	-	-	(790)	-	-	(790)	-	-	(790)	-	-	(790)
Net Zero Hub	(12,137)	(775)	12,723	(189)	(859)	859	(189)	-	-	(189)	-	-	(189)
<i>Subtotal ringfenced funding</i>	<i>(19,079)</i>	<i>(13,779)</i>	<i>25,650</i>	<i>(7,208)</i>	<i>(13,863)</i>	<i>13,786</i>	<i>(7,285)</i>	<i>(13,004)</i>	<i>12,938</i>	<i>(7,351)</i>	<i>(12,927)</i>	<i>12,938</i>	<i>(7,340)</i>
Subtotal non-passenger transport	(46,996)	(27,167)	48,174	(25,989)	(24,793)	27,874	(22,908)	(23,379)	25,870	(20,418)	(23,297)	26,083	(17,632)
Transport Levy	(2,957)	(14,040)	16,996	(0)	(14,907)	14,907	0	(15,185)	15,185	0	(15,489)	15,489	0
Passenger Transport Grants	(1,306)	(411)	1,411	(306)	(411)	717	-	(5,810)	5,810	-	(5,480)	5,480	-
Mayoral Precept Funded Transport	-	(11,208)	11,208	-	(11,393)	11,393	-	(11,580)	11,580	-	(11,771)	11,771	-
Net Passenger Transport Costs	-	-	-	-	-	3,205	3,205	(32,012)	33,842	5,035	(33,862)	33,765	4,938
Bus Services Operational Reserve	(5,647)	-	-	(5,647)	-	-	(5,647)	-	-	(5,647)	-	-	(5,647)
<i>Subtotal passenger transport funding</i>	<i>(9,910)</i>	<i>(25,659)</i>	<i>29,615</i>	<i>(5,953)</i>	<i>(26,711)</i>	<i>30,222</i>	<i>(2,442)</i>	<i>(64,587)</i>	<i>66,417</i>	<i>(612)</i>	<i>(66,602)</i>	<i>66,505</i>	<i>(709)</i>
Total Revenue	(56,905)	(52,825)	77,789	(31,941)	(51,504)	58,096	(25,349)	(87,967)	92,287	(21,029)	(89,899)	92,588	(18,340)

Table 2 Capital Funding Summary	2025/26			2026/27			2027/28			2028/29			
	Balance at 1/4/24	Income	Expenditure	Balance at Year End	Income	Expenditure	Balance at Year End	Income	Expenditure	Balance at Year End	Income	Expenditure	Balance at Year End
	£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000
Capital Gainshare	(27,134)	(12,000)	43,244	4,110	(12,000)	39,062	31,171	(12,000)	18,209	37,380	(12,000)	542	25,922
Recycled Growth Funds	(9,762)	(184)	2,632	(7,314)	(184)	-	(7,498)	(184)	-	(7,682)	(184)	-	(7,866)
<i>Subtotal discretionary funds</i>	<i>(36,896)</i>	<i>(12,184)</i>	<i>45,876</i>	<i>(3,205)</i>	<i>(12,184)</i>	<i>39,062</i>	<i>23,673</i>	<i>(12,184)</i>	<i>18,209</i>	<i>29,698</i>	<i>(12,184)</i>	<i>542</i>	<i>18,056</i>
Transforming Cities Fund	4,642	-	-	4,642	-	-	4,642	-	-	4,642	-	-	4,642
Capital Contingency Reserve	(1,500)	-	-	(1,500)	-	-	(1,500)	-	-	(1,500)	-	-	(1,500)
<i>Subtotal ringfenced funding</i>	<i>(10,544)</i>	<i>(69,788)</i>	<i>79,454</i>	<i>(878)</i>	<i>(27,695)</i>	<i>27,695</i>	<i>(878)</i>	<i>(27,695)</i>	<i>27,695</i>	<i>(878)</i>	<i>(27,695)</i>	<i>27,695</i>	<i>(878)</i>
Grand Funded Total	(44,298)	(81,972)	125,330	(941)	(39,879)	66,757	25,937	(39,879)	45,904	31,962	(39,879)	28,237	20,320
<i>Slippage allowance</i>	<i>(6,884)</i>		<i>(6,611)</i>	<i>(13,495)</i>		<i>(3,668)</i>	<i>(17,163)</i>		<i>(2,479)</i>	<i>(19,642)</i>		<i>(1,536)</i>	<i>(21,177)</i>
Revised Capital Forecast	(51,182)			(14,435)			8,774			12,320			(858)
Prudential Borrowing*	-	-	18,707	18,707	(455)	19,558	37,810	(927)	2,779	39,661	(1,058)	-	38,604

* the figures in the 'income' column for Prudential borrowing are capital repayments financed by the Minimum Revenue Provision reducing the anticipated loan balance.



CAMBRIDGESHIRE & PETERBOROUGH

COMBINED AUTHORITY

2.31	If a decision is made to move to bus franchising this will require the Authority to undertake borrowing during the period of the MTFP to support the purchase/build of two bus depots, as shown in Table 2 above. Outside bus franchising, there are no proposals for any other projects to be funded by borrowing in the draft capital programme
2.32	As explained in more detail from paragraph 2.42 the draft MTFP includes the costs anticipated should a franchised bus network be in place from 2027-28. Given the scale of the cashflows associated with passenger transport in this situation the revenue budget has been presented with transport related income and expenditure clearly separated from the other operations of the Authority.
2.33	The draft budget also assumes that the underspend on the Tiger Pass scheme in 2024-25, currently £1.5m, will be carried forward through reserves to fund the continuation of the scheme beyond May 2025. A decision on this is being sought through the budget monitoring report elsewhere on this agenda. Should the Board decide not to approve this recommendation the budget will be updated before the final draft is presented in January 2025.
2.34	Similarly, in the budget monitoring report the Board is being asked to consider allocating funding of up to £225k over three years to continue to support the Changing Futures project. As the release of this fund would be subject to a business case this has not currently been reflected in MTFP. However, it is intended that the resources will be set aside in a reserve funded from the uncommitted 2024-25 programme response fund.
2.35	There remains a significant inflationary pressure on the staffing budget. The pay budget within the MTFP allows for a 4% in 2025-26 and 3% for each year thereafter, which is in line with many other Local Authorities. While the Combined Authority has set aside this level of funding, the actual pay awards are subject to a national negotiation so are not set by the Combined Authority.
2.36	In response to the fact that much of the Combined Authority's revenue expenditure (excluding that which is ringfenced to specific projects) is relatively stable and not demand led, and that a prudent allocation for both pay and non-pay inflation has been made within these budgets, it is considered that a minimum level of general reserves equal to 2% of non-ringfenced revenue should be maintained for each year of the MTFP, and this has been built into the figures provided.
2.37	The Combined Authority delivers relatively few services directly and commissions the majority of its project work through delivery partners, including Constituent Councils. As the Authority's staff are therefore further removed from the construction of physical projects the majority of staff costs are not capitalised. This, along with the fixed costs which come with any Authority regardless of size, result in a relatively higher proportion of staff costs within the revenue budget than is common in Local Authorities.
2.38	The forecast income from the Combined Authority's Treasury Management portfolio has been updated to reflect both in-year forecasts and expected income based on projected cash balances and interest rates. As cash balances reduce throughout the MTFP, and Bank of England interest rates are forecast to fall over the next 12-18 months, income in future years will be significantly lower than that which is now forecast to be received in 2024-25.
2.39	The Combined Authority maintains two separate Response Funds. The Corporate Response Fund enables the organisation to rapidly react to emerging ideas, concepts, and Central Government policy. Use of this funding requires the approval of the Chief Executive. The Programme Response Fund allows flexibility to respond to relatively larger emerging issues and opportunities. The Programme Response Fund requires Board approval prior to allocation.
2.40	Other principles and assumptions adopted in the development of the proposed draft budget and MTFP are detailed in Appendix A and include: <ul style="list-style-type: none">- Budget preparation has taken account of the level of reserves brought forward from previous financial years, and of expected annual funding streams from 2025-26 onwards to ensure that spending plans continue to be affordable within available resources.- The 2025-26 Budget and MTFP provides a clear presentation of capital and revenue budgets based on the current Directorate structure.- The staffing structure and budgets are delegated from the Chief Executive to members of the Corporate Management Team.

	<ul style="list-style-type: none"> - The Budget and MTFP identifies staffing costs and other contributions to overheads associated with grant funded programmes and these are recharged to the relevant directorate budget line. - The Budget takes a prudent approach to funding – new funding sources are not recognised until funding announcements have been received from Government.
2.41	The attached appendices provide the summary positions and detailed supporting schedules for both Revenue Expenditure (Appendix B) and the Capital Programme (Appendix C).
2.42	BUDGET HIGHLIGHT – BUS REFORM ASSUMPTIONS
2.43	The proposed budget provides the financial resources to support the implementation of Bus Reform in the medium term following the decision expected early in 2025. This includes a reserves strategy to provide greater resilience particularly in the early years. In order to produce a cohesive draft budget an assumption had to be made on the outcome of the Bus Reform work currently being undertaken and, in-line with the preferred option from the Outline Business Case approved by the Board in July 2024, the draft budget reflects the modelled costs and incomes anticipated should the decision be taken to move to a franchised network with the assumption that the new arrangements will commence in 2027-28.
2.44	Whilst these financial preparations do not prejudice that decision they do allow a decision to be made in the knowledge that, should the decision be made to proceed, resource is available for the transition stage and mitigations are in place for immediate risks.
2.45	The revenue impact of the decision in 2025-26 is limited to initial set-up costs expanding the Passenger Transport team and engaging specific support for procurement and IT system development. Some of these costs are specific to developing a franchised network, however there will be costs incurred, although fewer, in negotiating and implementing an Enhanced Partnership – as such the revenue impact in 2025-26 is expected to be relatively small.
2.46	In later years the revenue impact is much more material as income and costs associated with a franchised network, as well as the costs of borrowing, are included which would not be included within the Combined Authority’s budget were the decision be made to pursue an Enhanced Partnership.
2.47	Should the decision be made to continue with an Enhanced Partnership, the budgets earmarked for the development of bus franchising would be pivoted to fund work on the Enhanced Partnership in order to allow work to continue in the interim, and a budget amendment would be brought to a future Combined Authority Board to adjust the 2025-26 budget for this while the more significant impacts for future years budgets would be addressed in the 2026-27 MTFP cycle.
2.48	The capital budgets associated with bus reform in 2025-26 are significant at £22.7m. However, these are ringfenced budgets and borrowing would not be undertaken until (and unless) the decision to franchise were made and the business case for the depots and network enhancements approved.
2.49	As such the wider impact on the CPCA’s budgets is constrained to £9m of capital grants over two years which would be redeployed in-line with funding restrictions where applicable.
2.50	Key Risks and Uncertainties
2.51	<p>There are a number of corporate risks and issues which are particularly relevant to the setting of the Combined Authority’s MTFP, namely:</p> <ul style="list-style-type: none"> • The uncertainty around future funding streams. • The inflationary impact is not currently reflected in the Gainshare funding for the Authority. • Unfunded priorities/asks which may arise whether locally or from national expectations. • The detail of the Local Growth Plan will not be finalised when the budget is set and may require further consideration of future funding priorities once it is agreed. • Bus Reform – The forecast budget requirement for bus reform, whether franchising or an enhanced partnership, is based on a number of assumptions. Whilst these have been extensively reviewed by external auditors, there remains an element of risk particularly covering such a lengthy time period.

- The detail of the English Devolution White Paper is yet to be confirmed in terms of its impact on Mayoral Combined Authorities and further devolution opportunities.

2.52 BUDGET HIGHLIGHT – THE SINGLE ASSURANCE FRAMEWORK AND THEMATIC FUNDS

2.53 During 2024-25 the Combined Authority has implemented the governance approach to funding and project allocations as set out in its Single Assurance Framework (SAF). This approach, designed in-line with the English Devolution Accountability Framework, is a step forward in the Combined Authority’s maturity and demonstrates its ability to make effective long-term decisions with unringfenced funding – an essential part of the case for further devolution and an integrated, single, settlement from Government.

2.54 The underlying principles of the SAF are that the Combined Authority Board make strategic allocations of funding to key priority areas through the Medium-Term Financial Plan. Following this, individual project or programme proposals come forward throughout the year to be approved based on the value of the project: up to £1m delegated to the Chief Executive, £1-5m delegated to the Investment Committee and projects above £5m are reserved to the Board.
This approach ensures the Combined Authority Board retains strategic oversight of the investment programme and control of major projects while enabling operational and tactical decision-making to be made in a timelier manner.

2.55 The impact of the SAF process allowing projects to come forward without relying on the once-a-year budget-setting process, combined with the Board’s capital overprogramming in setting up thematic funds through last year’s MTFP, is that this year there are no new capital investments being approved via the MTFP.

2.56 This is an intentional change, and does not mean the Combined Authority is not funding new initiatives: project concepts and business cases have come to the Investment Committee and Board to make allocations from the thematic funds within the year and will continue to do so throughout the Medium-Term.

2.57 Along with individual projects, the thematic funds have been rephased within the draft MTFP and their proposed allocations are outlined below, including allocations approved to the end of October 2024:

Thematic Funds Summary £'000		2024/25	2025/26	2026/27	2027/28	Total
Climate (revenue)	Budget	1,150	1,100	100	100	2,450
	Allocated	-800	-360	-	-	-1,160
	Remaining	350	740	100	100	1,290
Climate (capital)	Budget	595	3,218	3,519	3,567	10,899
	Allocated	-120	-2,743	-	-	-2,863
	Remaining	475	475	3,519	3,567	8,036
Strategic Growth (capital)	Budget	1,066	5,000	7,400	7,600	21,066
	Allocated	-	-	-	-	-
	Remaining	1,066	5,000	7,400	7,600	21,066
CPCA Levelling Up (capital) ¹	Budget	-	3,750	5,000	1,250	10,000
	Allocated	-	-2,500	-2,500	-	-5,000
	Remaining	-	1,250	2,500	1,250	5,000
Active Travel (capital)	Budget	1,159	3,300	1,000	1,000	6,459
	Allocated	-	-	-	-	-
	Remaining	1,159	3,300	1,000	1,000	6,459

¹ – This Fund was set aside to support projects within Economy and Growth and Place and Connectivity. In-line with the Bus Reform Outline Business Case, £5m of this has been allocated within the draft MTFP to fund capital expenditure within the Bus Reform capital programme.

2.58	BUDGET HIGHLIGHT – CAPITAL PROGRAMME REPROFILE																																																																		
2.59	<p>As part of the updates in rolling forward the MTFP project and programme managers were asked to update their capital budgets to reflect the current anticipated spend and delivery timeframes of their associated projects to ensure the draft MTFP reflects the most up to date information available to give a realistic capital programme.</p> <p>The updated profiles have been incorporated into the proposed capital programme and funding summaries presented throughout the paper however a Directorate level breakdown of the changes is included below and a project-by-project breakdown of the reprofiling is included as Appendix 5, broken down between budgets which have been approved for delivery and those which are still subject to approval via a business case.</p> <p>In the majority of cases these changes reflect slippage on the project delivery timeline and a brief explanation of the reasons for the changes for each project will be included alongside the final draft budget as this will be the decision-point for adjustments to those profiles.</p>																																																																		
2.60	<p>A summary of the movements across the main Service Directorates is shown in the table below:</p> <table border="1" data-bbox="188 775 1347 1234"> <thead> <tr> <th></th> <th>2024/25</th> <th>2025/26</th> <th>2026/27</th> <th>2027/28</th> <th>2028/29</th> </tr> <tr> <th>Capital Reprofiling Summary</th> <th>£'000</th> <th>£'000</th> <th>£'000</th> <th>£'000</th> <th>£'000</th> </tr> </thead> <tbody> <tr> <td>Approved Budgets</td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Economy & Growth Directorate</td> <td>-6,884</td> <td>3,884</td> <td>3,000</td> <td>0</td> <td>0</td> </tr> <tr> <td>Place & Connectivity Directorate</td> <td>-15,910</td> <td>13,187</td> <td>2,573</td> <td>0</td> <td>0</td> </tr> <tr> <td>Approved Budgets Total</td> <td>-22,794</td> <td>17,071</td> <td>5,573</td> <td>0</td> <td>0</td> </tr> <tr> <td>Subject to Business Case</td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Economy & Growth Directorate</td> <td>-5,900</td> <td>250</td> <td>3,450</td> <td>2,200</td> <td>0</td> </tr> <tr> <td>Place & Connectivity Directorate</td> <td>-16,801</td> <td>2,986</td> <td>10,547</td> <td>4,817</td> <td>500</td> </tr> <tr> <td>Subject to Business Case Total</td> <td>-22,701</td> <td>3,236</td> <td>13,997</td> <td>7,017</td> <td>500</td> </tr> <tr> <td>Grand Total</td> <td>-45,495</td> <td>20,307</td> <td>19,570</td> <td>7,017</td> <td>500</td> </tr> </tbody> </table> <p><i>N.B. the net increase of £1.9m is due to £1.9m of unused funds from closed Care Homes Retrofit programme being added to Climate Capital Fund.</i></p>		2024/25	2025/26	2026/27	2027/28	2028/29	Capital Reprofiling Summary	£'000	£'000	£'000	£'000	£'000	Approved Budgets						Economy & Growth Directorate	-6,884	3,884	3,000	0	0	Place & Connectivity Directorate	-15,910	13,187	2,573	0	0	Approved Budgets Total	-22,794	17,071	5,573	0	0	Subject to Business Case						Economy & Growth Directorate	-5,900	250	3,450	2,200	0	Place & Connectivity Directorate	-16,801	2,986	10,547	4,817	500	Subject to Business Case Total	-22,701	3,236	13,997	7,017	500	Grand Total	-45,495	20,307	19,570	7,017	500
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2.63	<p>The Combined Authority Employment and Skills Strategy and Economic Growth Strategy focussed on key challenges and opportunities to deliver on Achieving Good Growth corporate priority and the overarching vision defined in the devolution deal. This included enhancing the global competitiveness, workforce capability, social inclusivity and environmental responsibility of the region in full collaboration with partners. A new 10 year Local Growth Plan is in development that will build on these strategies with the existing and new growth priorities. The Combined Authority has also provided Government with the emerging key Growth Priorities for the development of a National Industrial Strategy, these five key priorities are around sector strengths that contribute to innovation and the globally significant science and technology innovation cluster. Unlocking binding constraints and barriers to deliver intensification, expansion and diffusion of business clusters and sectors.</p>																																																																		
2.64	<p>The Employment and Skills Strategy recognises that to address the systemic skills challenges is a long-term project and therefore a number of longer-term system change outcomes have been identified. We will continue to work with partners to drive forward this ambition.</p>																																																																		
2.65	<p>In terms of employment and skills this means:</p> <ul style="list-style-type: none"> • Inspiring more young people into careers that can transform their life chances, raising social mobility across the Combined Authority, and especially in Peterborough and Fenland. • Tackling the inequalities in access to further (FE) and higher education (HE) that hold back life chances and progress to improve related health and social outcomes. Building FE and HE 																																																																		

	<p>capacity to provide more adults, of all ages, with an education able to improve their access to better jobs and prosperity and raising the proportion of the population in the north of the region gaining a NVQ4 or above qualification. Chief amongst our aspirations to raise life chances through education, is the further development of the University of Peterborough.</p>
2.66	<p>However, filling the higher-level skills gap in Peterborough and the Fens will have limited impact on real lives without effective measures and interventions to significantly grow the business demand for those skills. This includes concurrent development of the innovation and business support ecosystem to grow indigenous high-potential firms and attract new ones more evenly across our region.</p>
2.67	<p>Green and inclusive business growth support is key to local good growth, already being developed through an integrated and powerful array of support that accelerates our growth by strengthening our businesses and workforce capacity for growth. The following services and tailored solutions are being delivered inhouse at the Combined Authority working in conjunction with our partners:</p> <ul style="list-style-type: none"> • Growth Hub Service to engage and support our highest potential firms to speed their growth, build their capacity for growth, and sustain their period of growth, this includes key sectors and new advisers offering specialist sector or themed advice • An Inward Investment Service to better connect into global markets, to engage and persuade firms to locate into our economy or invest in our strategic projects, this is supported by a team of Economic Growth Champions. • A Skills Brokerage Service to link learners and those retraining for new jobs, to employers and skills providers to improve the supply of skills to our growth sectors. • A Business and Social Investment Fund of £9.5m to help SMEs, Third Sector and Social Enterprise grow through organic expansion, offering an integrated range of capital grants, loans and equity products.
2.68	<p>Within the proposed Capital Programme there is a further £21m over the MTFP period to support business growth through the development of a Strategic Innovation and Investment Growth Fund. The projects to be supported by this fund will be approved in the future through SAF prioritisation process, with concept paper currently being consulted with Business Board and Outline Business Case to be prepared for January 2025. The projects to be considered for this fund will have to take account of the National Industrial Strategy and be aligned to the emerging priorities of the new Local Growth Plan. In addition to the £21m Strategic Growth Fund, a further £3m is allocated to the development of a regional creative industries hub in Cambridge and £1.5m for a cultural quarter enhancement.</p>
2.69	<p>Contributing to delivery across all of the Combined Authority there is a portfolio of projects being delivered via the UK Shared Prosperity Fund and Rural England Prosperity Fund. Place based innovation is key to stimulating new growth. As demonstrated in Cambridge, research is fundamental to achieving this - it produces the new ideas and technologies that enable entrepreneurs to start up, existing businesses to scale-up and for new tech-firms to spin-out of universities. Now that the university of Peterborough has completed its first two teaching buildings, as well as the R&D centre, it is time to deliver on the ambition to increase innovation-based business growth in the north of the region by replicating and extending the infrastructure and networks that have enabled Cambridge to become a global leader in innovative growth. Future phases of the university project will help to realise this plus work on developing Innovation adoption and networking between firms, Universities, Institutes and Research organisations across the region.</p>
2.70	<p>Within the proposed Capital Programme there is £10m set aside to support projects within Economy and Growth and Place and Connectivity over the MTFP period. Within the Bus Reform Outline Business Case, £5m of this has been earmarked to fund necessary capital expenditure. The remaining £5m is to currently set aside to help support areas and communities with unlocking local opportunities, particularly in rural areas across the region. It is proposed that this funding is managed through the same processes as the Strategic Innovation and Investment Growth Fund. Alignment with the emerging Local Growth Plan and National Industry Strategy will also be an important consideration. The individual projects to be funded from this sum will be subject to further approval in line with the approved SAF process.</p>
2.71	<p>PLACE AND CONNECTIVITY</p>

2.72	<p>The Combined Authority is the area's Strategic Transport Authority, as such it has responsibility for creating and owning the statutory Local Transport and Connectivity Plan (LTCP) – this sets out the long-term strategy to improve transport for both the people and businesses of Cambridgeshire and Peterborough, with our constituent Councils' Local Plans adhering to the LTCP. Reflecting the impact that digital connectivity has on transport needs, the Combined Authority has rolled Connectivity into the Plan forming the LTCP. The plan was formally adopted in November 2023 Following approval further work will be undertaken to develop other documents within the Plan's suite, such as modal and geographical specific strategies and policies.</p>
2.73	<p>Along with the LTCP the Combined Authority has responsibility for shaping the bus network across the region. This includes paying for concessionary fares as well as supporting bus services to ensure key areas not served by commercial bus services are better connected, stepping in where services have been cut. The Combined Authority, with partners, submitted a refreshed Bus Service Improvement Plan in June 2024 to government The BSIP strongly aligns to the Bus Strategy that sets out our vision for a bus network for the area that is fast, frequent, reliable, and ready to help drive a modal shift in transport. Government made a BSIP + allocation of £2.3m per year for 23/24 and 2024-25 to the Combined Authority. The Tiger Cards were introduced in 2024 and reached 30,000 young people in October this year.</p>
2.74	<p>In 2024 the Board approved the assessment or business case and to undertake public consultation on bus reform which runs until 20 November with the aim of a mayoral decision in early 2025.</p>
2.75	<p>The Strategic Transport team plays a pivotal role in programme managing a robust portfolio of large-scale capital projects designed to deliver significant journey improvements and public health benefits throughout the region. These projects are strategically aligned with the Combined Authority's corporate plan objectives, with a particular focus on enhancing connectivity. Through targeted investments in infrastructure and innovation, the team is driving impactful, sustainable transport solutions that contribute to a healthier, more accessible region. These projects are predominantly funded by the Transforming Cities Fund, a £95m fund devolved to the area with the Combined Authority able to direct to where it will create the greatest impact.</p>
2.76	<p>Alongside annual allocations of Highways maintenance grants, and £42m for the delivery of Peterborough Station Quarter, there is a total of £42m included in the draft Capital Programme for transport schemes across the region to enable continued work on existing priority projects as well introduce and support other programmes and projects that address corporate and mayoral priorities. Projects include improvements to active travel across the region, better rail station and bus stop infrastructure, more funding to support road safety and 'Vision Zero and priority road junction improvements to improve safety and reduce congestion across the region, including in March.</p>
2.77	<p>The Directorate is also responsible for an overall spatial framework for the area and the delivery of the statutory Local Nature Recovery Strategy. It supports implementation of the Climate Action Plan, taking forward the recommendations of the Cambridgeshire and Peterborough Independent Commission on Climate, with wide ranging implications for both the public and private sectors in the Combined Authority.</p>
2.78	<p>The £9m capital and £2m revenue allocated to the climate thematic funds were increased in-year following the closure of the Care Homes retrofit scheme to new applications resulting in a total allocation of c£10.9m capital and £2.45m revenue.</p> <p>Through 2024-25 several projects have been allocated from these thematic funds, and are included in the capital and revenue budgets. There remains £7.6m of capital and £0.74m of revenue still to be allocated from 25/26 onwards which will be awarded, subject to business case, to projects helping delivery the Climate Action Plan and Local Nature Recovery Strategy.</p> <p>The MTFP also includes an allocation to take forward the findings from the Infrastructure Delivery Framework, which is working with partners to identify the obstacles to sustainable growth across the area and set out costed solutions. This work is aligned to support the development of the Local Growth Plan</p>
2.79	<p>Housing also lies within the remit of the Directorate. The programme is due to complete and close in 2025 . Subject to Board approval and aligned to the development of the Local Growth Plan it is intended to enter a Strategic Partnership with Homes England. This will strengthen joint working to address the housing ambitions and needs of the area</p>

2.80	<p>Additionally, the Greater South East Net Zero Hub resides in the Place and Connectivity Directorate. The Hub provides support, advice and guidance across many Local Authority areas to support the drive to net zero emissions, as well as managing major contracts and programmes on behalf of government across that geography.</p>
2.81	<p>CHIEF EXECUTIVE’S OFFICE, RESOURCES AND LEGAL & GOVERNANCE</p>
2.82	<p>These three Directorates cover those services which support the business activity of the Authority, namely Chief Executives Office, Resources and Legal and Governance. These services support the day to day operations as well as leading key work areas, such as the region’s Shared Ambition, in collaboration with partners.</p> <p>Within the Resources Directorate the main areas are set out below:</p> <p>Financial support, advice and reporting including the setting of the annual budget and forecast MTFP, for both the CPCA and the Mayor, as well as the production of the statutory accounts. Finance operates a business partnering arrangement acting as a critical friend and professional support across the Authority. The service supports the work of the statutory S73 Officer who is responsible for the financial affairs of the Authority</p> <p>The Human Resources and Organisational Development team supports the “employee life cycle” for staff throughout the organization as well as ensuring that the relevant policy and procedures are reviewed and revised as necessary. It undertakes an annual staff survey and works to support staff wellbeing and development and promote effective engagement.</p> <p>The Programme Management Office supports the appraisal and decision making process for investment proposals through the Authority’s Single Assurance Framework and the monitoring of performance working with Programme and Project Managers. It also works closely with Internal Audit to review and produce the risk registers for the Authority together with any associated reporting.</p> <p>Internal Audit provides an independent and objective assurance and consultancy service for the Authority working with the Project Management Office to provide a systematic approach to evaluate and improve the effectiveness of risk management, control and governance processes. It is also responsible for the delivery of the approved Audit Plan, reporting to the Audit and Governance Committee.</p> <p>Legal and Governance covers the following areas:</p> <p>Legal Services; providing advice and assistance to Combined Authority Committees, elected members and officers;</p> <p>The Procurement Team that provides advice and support to officers on procurement and contract management and;</p> <p>The Democratic Services Team which organises and supports formal meetings of the Combined Authority, has the Statutory Scrutiny Officer and leads on scrutiny work that supports the Overview and Scrutiny Committee. This team also includes the information governance lead which assists the Combined Authority on issues such as data protection and freedom of information.</p> <p>The Monitoring Officer is based in this service and the officers of all teams support the work of the Monitoring Officer concerning the legality of decision-making, the administration of the ethical framework for elected members and in the role as SIRO (as mentioned above in the details for the Democratic Services Team).</p> <p>The Chief Executive’s Office covers the following areas:</p> <p>The Mayor’s Office which provides day to day support to the Mayor and champions delivery of the Mayoral pledges.</p> <p>The Policy, Insight, Performance and Evaluation Team provides insight and analysis, such as the annual State of the Region report, develops policy positions, oversees the development of the Corporate Strategy, Directorate Business Plans and through the Performance Management Framework ensures the production of quarterly corporate performance reporting. The team also leads on all evaluation activity including the Combined Authority Gateway Review.</p> <p>The Communications, Engagement and Public Affairs Team lead on consultation and engagement activity, liaison with national and regional media and press, delivery of campaigns such as Tiger Bus passes and work with Government Departments.</p> <p>The Executive Support Team: providing executive, PA and admin support to the Corporate and Senior Management Teams along with facilities management and health and safety.</p>

2.83	MAYOR'S BUDGET																					
2.84	<p>The Mayor's Office budget is included within this report for completeness as it draws on, and contributes to, CPCA funding sources. However, the Mayoral budget has a different approval process to the non-Mayoral Combined Authority budget. The process for determining the Mayoral budget is set out in the Combined Authorities (Finance) Order 2017. The Mayor's Budget will be presented in full at the January Board meeting.</p> <p>The budget currently assumes that the Mayoral Precept is maintained at the current Band D equivalent level of £36. The Mayor is proposing to seek views on whether this should be maintained at £36 or increased by 4.99%, in line with the maximum increase available (referendum limit) for upper tier transport authorities, to a Band D equivalent of £37.80. This proposals is estimated to generate c£0.56m and will help to offset rising costs and protect services.</p>																					
2.85	<p>CONSULTATION TIMETABLE</p> <p>The Combined Authority plan to consult on the draft 2025-26 budget, the Medium-Term Financial Plan 2025-2029 and the Mayoral Precept from Monday 18th November 2024.</p> <p>The consultation will run for four weeks, concluding on Monday 23rd December.</p> <p>Participants will be asked to provide feedback on the draft 2025-26 budget, the Medium-Term Financial Plan 2025-2029 and the Mayor of Cambridgeshire & Peterborough's proposals for the Mayoral Precept.</p> <p>The central aim is to create greater awareness of the role and responsibilities of the Combined Authority and ensure consultees can share their views on the proposed spending plans.</p> <p>The Mayor is seeking views on whether the Mayoral Precept should be maintained at the current level (£36 a year for a Band D equivalent property) in 2025-26 or increased by 4.99% in line with the maximum increases available (referendum limit) for upper tier transport authorities.</p> <p>The Combined Authority will seek the views of residents, stakeholders and businesses through a comprehensive digital campaign, underpinned by an online consultation form, and collaboration with our partners and stakeholders. Email responses will also be accepted and hard copies of material made available.</p> <p>Throughout the consultation period, Mayor Dr Nik Johnson will host pop up events across the region to drive increased engagement and raise awareness of the consultation.</p> <p>Consultees who engaged in the process last year and gave their consent to be contacted about future consultations will be invited to take part in the consultation.</p> <p>Last year consultees were asked to prioritise the proposed deliverables within the Corporate Plan but this is not required this year as the strategic objectives and mayoral priorities are unchanged.</p> <p>Responses from the consultation will be shared with the Combined Authority Board to help inform the decision-making process on the final proposals at January's Board Meeting.</p>																					
2.86	<p>The proposed timetable for approving the budget and MTFP is set out below and is in accordance with the key dates and statutory deadlines set out in the Constitution (Budget Framework) and the Finance Order.</p> <table border="1" data-bbox="193 1592 1369 1906"> <thead> <tr> <th data-bbox="193 1592 1102 1626">Proposed Statement and Budget Setting Timetable</th> <th data-bbox="1102 1592 1214 1626">Day</th> <th data-bbox="1214 1592 1369 1626">Date</th> </tr> </thead> <tbody> <tr> <td data-bbox="193 1626 1102 1693">CPCA Board Meeting (to receive and approve the draft Budget and MTFP for consultation)</td> <td data-bbox="1102 1626 1214 1693">Wed</td> <td data-bbox="1214 1626 1369 1693">13/11/24</td> </tr> <tr> <td data-bbox="193 1693 1102 1727">Consultation Period Starts</td> <td data-bbox="1102 1693 1214 1727">Mon</td> <td data-bbox="1214 1693 1369 1727">18/11/24</td> </tr> <tr> <td data-bbox="193 1727 1102 1760">Overview and Scrutiny Committee Meeting (Consultation)</td> <td data-bbox="1102 1727 1214 1760">Tues</td> <td data-bbox="1214 1727 1369 1760">17/12/24</td> </tr> <tr> <td data-bbox="193 1760 1102 1794">Consultation Ends</td> <td data-bbox="1102 1760 1214 1794">Mon</td> <td data-bbox="1214 1760 1369 1794">23/12/24</td> </tr> <tr> <td data-bbox="193 1794 1102 1827">Overview and Scrutiny Committee Meeting</td> <td data-bbox="1102 1794 1214 1827">Mon</td> <td data-bbox="1214 1794 1369 1827">16/01/25</td> </tr> <tr> <td data-bbox="193 1827 1102 1906">CPCA Board Meeting to Approve the 2025/26 Corporate Strategy and budget and Medium-Term Financial Plan 2025-2029</td> <td data-bbox="1102 1827 1214 1906">Wed</td> <td data-bbox="1214 1827 1369 1906">22/01/25</td> </tr> </tbody> </table>	Proposed Statement and Budget Setting Timetable	Day	Date	CPCA Board Meeting (to receive and approve the draft Budget and MTFP for consultation)	Wed	13/11/24	Consultation Period Starts	Mon	18/11/24	Overview and Scrutiny Committee Meeting (Consultation)	Tues	17/12/24	Consultation Ends	Mon	23/12/24	Overview and Scrutiny Committee Meeting	Mon	16/01/25	CPCA Board Meeting to Approve the 2025/26 Corporate Strategy and budget and Medium-Term Financial Plan 2025-2029	Wed	22/01/25
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2.87	<p>Consultees</p> <p>The consultees on the draft budget and MTFP must, as a minimum, include the following organisations:</p> <ul style="list-style-type: none"> • Cambridge City Council 																					

	<ul style="list-style-type: none"> • Cambridgeshire County Council • East Cambridgeshire District Council • Fenland District Council • Huntingdonshire District Council • Peterborough City Council • South Cambridgeshire District Council • The Business Board • CPCA Overview and Scrutiny Committee <p>The draft budget and MTFP will also be considered by other key partner organisations (including the Greater Cambridge Partnership and the Integrated Care Board) as well as the Thematic Committees (in so far as the proposals fall within the remit of those Committees) and it will also be set out on the Combined Authority website.</p>
2.88	BUDGET SCRUTINY PROCESS - NOTES AND RESPONSE
2.89	<p>The Overview and Scrutiny Committee established a budget scrutiny working group in July 2024 to enhance their pre-scrutiny of the Combined Authority’s budget. The new process includes a set of in-year budget scrutiny workshops with senior officers across the Combined Authority to give the working group a deeper insight into the operations of the Combined Authority and how it is performing, both financially and non-financially, against the adopted Corporate Plan and strategic objectives.</p> <p>Undertaking this work ahead of the draft budget enables the Committee to provide informed comments and questions to the Combined Authority to be considered when setting the draft budget.</p> <p>There were two items arising from the working group’s session directly applicable to the draft budget development and are within the papers published for the Scrutiny Committee at its meeting on 7th November:</p> <p>Mitigation of reported in-year underspends – the Committee were concerned about the delivery against the planned capital programme.</p> <p>Work has been undertaken to address this through the draft budget process both by updated profiling of project budgets to reflect the current situation and facilitate more effective project and budget management and by ensuring that true underspends (rather than slippage) in passenger transport are recognised and incorporated into the medium-term financial plan – in this case by establishing an operational reserve for passenger transport services and providing financial resource to enable to Combined Authority to extend the Tiger Pass should it decide to do so elsewhere on this agenda.</p> <p>Timely contingency planning and ensuring there are viable projects on ‘standby’ to utilise funding which becomes available through slippage or other project changes.</p> <p>It is considered that this can be addressed through the agreed overprogramming within the capital programme. Over the next three years there is £81m of capital expenditure, subject to business case, against £49m of income. This is subject to further review as the programme matures and business cases are developed. However it does present the opportunity for the Authority to bring forward business cases from within that £81m more rapidly if there are other items which are reprofiled or are no longer deliverable within the programme.</p> <p>Due to the timings of public meetings, the above feedback, along with other comments not directly applicable to the draft budget, were shared informally with Officers and Leaders in October which enabled the scrutiny work to feed into the draft budget development. The Committee is considering the feedback from the working group at its meeting on 7th November and will formally agree any comments or questions for this Board at that time.</p>
2.90	<p>Following the approval to consult on the draft budget the budget scrutiny working group will have a second set of workshops with senior officers to scrutinise the draft budget to support the Committee’s role. The Committee may then provide formal feedback as a statutory consultee to the Combined Authority’s budget, which will be reported alongside the final draft budget in January.</p>

3. Appendices

3.1.	Appendix 1 – Key Assumptions
3.2.	Appendix 2 – Detailed draft Capital Programme
3.3.	Appendix 3 – Detailed draft Revenue Programme
3.4.	Appendix 4 – Detailed draft Income budgets
3.5.	Appendix 5 – Capital Programme reprofiling

4. Implications

Financial Implications

4.1. The financial implications are contained in the body of the report.

Legal Implications

4.2. Under powers granted by the Combined Authorities (Finance) Order 2017, elected Mayors may raise a Precept on Constituent Authorities Council Tax bills under section 107G of the Local Democracy Economic Development and Construction Act 2009. A Mayoral Precept may only be issued in relation to the costs of the Mayor or of discharging Mayoral Functions. The Mayoral functions are set out in Article 12 of the Cambridgeshire and Peterborough Combined Authority Order 2017

This report is submitted to the Board in accordance with the Budget procedure rules. The CPCA has a statutory duty to have regard to the report of the Chief Finance Officer when making decisions about its budget calculations. The legal and governance processes that need to be completed including consideration by Overview and Scrutiny Committee and the Combined Authority Board.

As a public authority which has the power to levy for transport functions (the Transport Levy) and to raise a Precept, the Cambridgeshire and Peterborough Combined Authority must set a budget every year which is agreed through its formal decision-making processes.

Some savings proposals may only be delivered after specific statutory or other legal procedures have been followed and/or consultation taken place. Where consultation is required, the CPCA cannot rule out the possibility that they may change their minds on the proposal because of the responses to a consultation, and further reports to the CPCA Board may be required.

If General Fund Reserves are used to support the budget, they may need to be reimbursed at the earliest opportunity to provide the necessary, margin of safety in future years.

Apart from statutory duties relating to specific proposals the CPCA must consider the requirements of the public sector equality duty under the Equality Act 2010.

Public Health Implications

4.3. None directly

Environmental & Climate Change Implications

4.4. None directly

Other Significant Implications

4.5. None

Background Papers

4.6. [7th November Overview and Scrutiny Committee Budget Working Group Feedback agenda item](#)