



CAMBRIDGESHIRE AND PETERBOROUGH COMBINED AUTHORITY BOARD	AGENDA ITEM No: 4.2
25 OCTOBER 2017	PUBLIC REPORT

BUDGET UPDATE REPORT 2017/18

1.0 PURPOSE

- 1.1 Constituent members when agreeing to the establishment of the Cambridgeshire and Peterborough Combined Authority (CPCA) considered the resource allocations from central government and the initial expenditure plans which have since been further developed. This report provides an update of the 2017/18 budget.

<u>DECISION REQUIRED</u>	
Lead Member:	Cllr Steve Count, Portfolio Holder for Fiscal Strategy
Lead Officer:	Alex Colyer, Interim Chief Finance Officer
Forward Plan Ref:	n/a Key Decision: No
<p>The Combined Authority is asked to approve the following recommendations:</p> <ol style="list-style-type: none">1. Note the budget updates as requested for approval in other Board reports on this meeting's agenda.2. Approve the use of interest receivable balances to cover committed additional support costs as set out in paragraph 3.6.3. Note the budget updates as requested for approval as set out for approval in paragraph 3.54. Approve funding of £30.6k for the contribution to phase 1 of the development of a National Evaluation Framework.	<p>Voting arrangements</p> <p>Simple majority of all Members</p>

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| 5. Note the updated budget and indicative resources for 2017/18 and 2018/19 to 2020/21 as set out in Appendices A and B | |
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2.0 BACKGROUND

- 2.1 This report is an update to the 'Budget Report 2017/18 to 2018/19' as presented to the Board on 26 July 2017 and the revised Operational budget as presented to the Board at the Extraordinary meeting on 4th September 2017.

3.0 MAIN ISSUES

STATEMENT OF ACCOUNTS 2016/17

- 3.1 The Combined Authority's Constitution delegates the statutory requirement of the Authority to consider and approve its Accounts to the Audit and Governance Committee.
- 3.2 At their meeting on 21st September 2017, the Audit and Governance Committee:
- Received and approved the audited Statement of Accounts 2016/17
 - Received and approved the Annual Governance Statement 2016/17 as included within the Statement of Accounts.
 - Noted the proposal for the appointment of EY as the Combined Authority's external auditors from 1st April 2018.
- 3.3 In accordance with The Account and Audit Regulations 2015 s.19 the final draft of the Statement of Accounts (including the Annual Governance Statement and Narrative Report), External Auditors Report and Notice of Audit Conclusion were published on the CPCA website by the due date.

BUDGETARY CONTROL

- 3.4 Currently the forecast outturn, against the net Operational budget of the Authority, is a favourable variance for the year of £33.2k.
- 3.5 There are a number of forecast under and overspends against the existing 2017/18 Operational budget. Additional costs have been incurred to provide legal support, democratic services support and finance support until such time as the recently approved establishment posts have been filled and support service arrangements with constituent councils have been agreed. These additional costs have been partially mitigated by underspends in the staffing budget due to recruitment delay and are expected to be more than offset by interest receivable on cash balances.

- 3.6 The Board is asked to approve the use of the additional interest receipts to manage the support costs overspend.

BUDGET UPDATE

- 3.7 The net Operational budget for 2017/18 presented at the Board meeting held on 4th September is shown at Appendix A. Appendix A summarises budget adjustments brought for approval at the meeting and provides an updated budget for 2017/18.
- 3.8 Appendix B provides a summary of the budget for 2017/18, a draft budget for 2018/19 and forecasts for 2019/20 and 2020/21.

BUDGET APPROVAL REQUESTS FROM OTHER BOARD REPORTS

3.9 St Neots Masterplan

- 3.10 In Agenda paper 2.1, the Board was recommended to note that an investment programme of up to £5.8m is needed to unlock the growth potential of St Neot's town centre.
- 3.11 At this stage no provision has been made for funding the identified works within the Combined Authority's budget. The Board was also recommended to request that officers work with the St Neots Masterplan Partnership to develop a business case for collective investment in the proposed programme, and bring forward investment proposals to this Board as part of that approach at a later date.

3.12 Priority Transport and Infrastructure Schemes

- 3.13 In Agenda paper 3.1, the Board was recommended to agree a total budget allocation of £4.53m for the rolling programme of priority transport and infrastructure schemes. The funding to be split between £3.53m in 2017/18 and £1.0m in 2018/19.

3.14 Proposals for budgetary adjustments requiring Board approval:

The following recommendation is requested for approval by the Board:

- 3.15 To provide funding of £30.6k for the Combined Authority's contribution to phase 1 of the development of a National Evaluation Framework and the Local Growth Initiatives National Evaluation Panel.
- 3.16 The National Evaluation Framework is being developed by a group of eleven localities which are in receipt of devolution, growth and city deal funding and who need to implement a monitoring and evaluation process. Phase one of the commissioned work will include the development of a national framework on which monitoring and evaluation can be delivered at a local level, then to translate the national framework into 'tailored' local frameworks that will feed in to the five year gateway review process that is a condition of these funding deals.

3.17 **Urgent Funding Requests**

3.18 In agenda item 3.2, the Board is recommended to agree to meeting funding requests from various bodies to replace funding which the Greater Cambridgeshire Greater Peterborough Local Enterprise Partnership is not in a position to fund.

3.19 At this stage, it is not anticipated that there will be any long term financial implications arising but the Board will receive a further update on this matter at its meeting in December.

3.20 **VAT**

3.21 Currently, there is no statutory mechanism for allowing the recovery of VAT on Combined Authority expenditure.

3.22 It is planned that an Order will be laid before parliament by the Secretary of State on 30th October 2017 to specify the Combined Authority for the purpose of section 33 of the Value Added Tax Act 1994, which will enable CPCA to recover that input tax.

4.0 **FINANCIAL IMPLICATIONS**

4.1 There are no other matters to bring to the Board's attention other than those highlighted in other sections of the report

5.0 **LEGAL IMPLICATIONS**

5.1 None.

6.0 **OTHER IMPLICATION**

6.1 There are no matters to bring to the Board's attention.

7.0 **APPENDICES**

7.1 The movements on the 2017/18 budget is shown at Appendix A

7.2 The updated budget for 2017/18 and 2018/19 and the forecasts for 2019/20 and 2020/21 are shown at Appendix B

<u>Source Documents</u>	<u>Location</u>
None	

Appendix A

	<u>Budget</u> <u>2017/18</u> <u>(per 4 Sept</u> <u>Board)/(£k)</u>	<u>Budget</u> <u>adjustments</u> <u>(per 25 Oct</u> <u>Board)/(£k)</u>	<u>Updated</u> <u>Budget</u> <u>2017/18</u> <u>(£k)</u>
<u>Combined Authority Staffing Costs (inc NI 'er and Pen 'er)</u>			
Chief Executive, Delivery Directors and Assistant Director	607.4		607.4
Statutory Officers (Legal Counsel and Chief Finance Officer)	290.0		290.0
Professional Support (Finance, Legal and Scrutiny)	158.6		158.6
Programme Managers and Programme Support	137.1		137.1
Administrative Support	51.9		51.9
less, recharge to capital	-218.0		-218.0
Total Combined Authority Staffing Costs	1,027.0	0.0	1,027.0
<u>Mayoral Office Costs</u>			
Mayoral Allowance	76.0		76.0
Mayoral Staffing Costs	59.0		59.0
Mayoral Expenses	11.0		11.0
Total Mayoral Office Costs	146.0	0.0	146.0
Total CPCA Staffing Costs and Mayoral Office Costs	1,173.0	0.0	1,173.0
<u>Support provided by Constituent Authorities</u>			
Governance: PCC Legal Support	47.0		47.0
Governance: PCC & CCC Democratic Services Support	64.0		64.0
Fiscal: PCC Finance Systems & Support	104.2		104.2
Transport & Infrastructure: PCC & CCC Transport Services	25.0		25.0
Employment & Skills: City College Support to Skills Strategy	7.0		7.0
Total Support provided by Constituent Authorities	247.2	0.0	247.2
Total Operational Budget before Corporate Overheads	1,420.2	0.0	1,420.2
<u>Corporate Overheads</u>			
Recruitment of the Combined Authority Chief Executive and other CA posts	50.0		50.0
Accommodation	24.2		24.2
Website, email/ICT infrastructure	20.0		20.0
Insurance	18.7		18.7
Audit Costs	40.0		40.0
Office running costs	19.0		19.0
Communications	40.0		40.0
Total Corporate Overheads	211.9	0.0	211.9
Net Operational Budget	1,632.1	0.0	1,632.1

	<u>Budget</u> <u>2017/18</u> <u>(per 4 Sept</u> <u>Board)(£k)</u>	<u>Budget</u> <u>adjustments</u> <u>(per 25 Oct</u> <u>Board)(£k)</u>	<u>Updated</u> <u>Budget</u> <u>2017/18</u> <u>(£k)</u>
Election costs	1,044.0		1,044.0
<u>Governance Costs</u>			
Remuneration for independent member of audit & governance committee	1.5		1.5
Adverts and fees for remuneration panel	0.5		0.5
Total Governance Costs	2.0	0.0	2.0
<u>Workstream/Programme Costs</u>			
<u>Fiscal</u>			
Development of an Investment Fund Strategy	50.0		50.0
Development of a Market Towns Strategy	75.0		75.0
Contribution to Local Growth Initiatives National Evaluation		30.6	30.6
Total Fiscal	125.0	30.6	155.6
<u>Economic Strategy</u>			
Independent Economic Commission: Developing Economic Strategy	145.0		145.0
Total Economic Strategy	145.0	0.0	145.0
<u>Transport and Infrastructure</u>			
Transport & Infrastructure Schemes	4,200.0		4,200.0
a) Dualling of A47 and Upgrading of A10			
b) Extension to A47			
c) Cambridge Transport Study			
d) Wisbech Garden Town Study			
National Productivity Investment Fund	3,290.0		3,290.0
Local Transport Plan	200.0		200.0
Rapid, Mass Transport Strategic Options Appraisal	100.0		100.0
Priority Transport Schemes		3,530.0	3,530.0
Total Transport and Infrastructure	7,790.0	3,530.0	11,320.0
<u>New Homes & Communities</u>			
To provide a programme delivery support to manage the £170m Housing Programme.	240.0		240.0
Development of housing strategy and assurance frameworks; plus housing delivery management.	150.0		150.0
Housing consultancy to support plans for Housing Programme	10.0		10.0
Modular Housing	25.0		25.0
Housing Investment Fund Programme - Quick Wins	2,570.0		2,570.0
Total New Homes & Communities	2,995.0	0.0	2,995.0
<u>Employment & Skills</u>			
University of Peterborough - Business Case	3,840.0		3,840.0
Skills Hub	461.0		461.0
Total Employment & Skills	4,301.0	0.0	4,301.0
<u>Strategic Planning</u>			
Non Statutory Spatial Plan	150.0		150.0
Total Strategic Planning	150.0	0.0	150.0
<u>Income</u>			
Recharge to Housing Capital Grant	-240.0		-240.0
Total Income	-240.0	0.0	-240.0
Net Workstream Budget	15,266.0	3,560.6	18,826.6
Total Budget	17,944.1	3,560.6	21,504.7

Appendix B

	<u>Updated Budget 2017/18 (£k)</u>	<u>Draft Budget 2018/19 (£k)</u>	<u>Forecast 2019/20 Budget (£k)</u>	<u>Forecast 2020/21 Budget (£k)</u>
Funding				
Gain Share	20,000.0	20,000.0	20,000.0	20,000.0
Housing (General)	30,000.0	15,000.0	15,000.0	30,000.0
Housing (Cambridge)	10,500.0	17,000.0	17,000.0	15,000.0
LTP Capital Grant (to be confirmed)	31,496.0	31,496.0	31,496.0	31,496.0
Total Funding Receivable	91,996.0	83,496.0	83,496.0	96,496.0
Expenditure				
Combined Authority Staffing Costs (inc NI 'er and Pen 'er)				
Chief Executive, Delivery Directors and Assistant Director	607.4	741.6	741.6	741.6
Statutory Officers (Legal Counsel and Chief Finance Officer)	290.0	303.4	303.4	303.4
Professional Support (Finance, Legal and Scrutiny)	158.6	287.4	287.4	287.4
Programme Managers and Programme Support	137.1	274.3	274.3	274.3
Administrative Support	51.9	124.5	124.5	124.5
less, recharge to capital	-218.0	-457.9	-457.9	-457.9
Total Combined Authority Staffing Costs	1,027.0	1,273.3	1,273.3	1,273.3
Mayoral Office Costs				
Mayoral Allowance	76.0	84.5	84.5	84.5
Mayoral Staffing Costs	59.0	95.5	95.5	95.5
Mayoral Expenses	11.0	12.0	12.0	12.0
Total Mayoral Office Costs	146.0	192.0	192.0	192.0
Total CPCA Staffing Costs and Mayoral Office Costs	1,173.0	1,465.3	1,465.3	1,465.3
Support provided by Constituent Authorities				
Governance: PCC Legal Support	47.0	0.0	0.0	0.0
Governance: PCC & CCC Democratic Services Support	64.0	59.0	59.0	59.0
Fiscal: PCC Finance Systems & Support	104.2	50.0	50.0	50.0
Transport & Infrastructure: PCC & CCC Transport Services	25.0	0.0	0.0	0.0
Employment & Skills: City College Support to Skills Strategy	7.0	0.0	0.0	0.0
Total Support provided by Constituent Authorities	247.2	109.0	109.0	109.0
Total Operational Budget before Corporate Overheads	1,420.2	1,574.3	1,574.3	1,574.3
Corporate Overheads				
Recruitment of the Combined Authority Chief Executive and other CA posts	50.0	0.0	0.0	0.0
Accommodation	24.2	24.2	24.2	24.2
Website, email/ICT infrastructure	20.0	20.0	20.0	20.0
Insurance	18.7	18.7	18.7	18.7
Audit Costs	40.0	40.0	40.0	40.0
Office running costs	19.0	20.0	20.0	20.0
Communications	40.0	40.0	40.0	40.0
Total Corporate Overheads	211.9	162.9	162.9	162.9
Net Operational Budget	1,632.1	1,737.2	1,737.2	1,737.2

	<u>Updated</u> <u>Budget</u> <u>2017/18 (£k)</u>	<u>Draft Budget</u> <u>2018/19 (£k)</u>	<u>Forecast</u> <u>2019/20</u> <u>Budget (£k)</u>	<u>Forecast</u> <u>2020/21</u> <u>Budget (£k)</u>
Election costs	1,044.0	260.0	260.0	260.0
<u>Governance Costs</u>				
Remuneration for independent member of audit & governance committee	1.5	1.5	1.5	1.5
Adverts and fees for remuneration panel	0.5	0.5	0.5	0.5
Total Governance Costs	2.0	2.0	2.0	2.0
Local Transport Plan (to be confirmed)	31,496.0	31,496.0	31,496.0	31,496.0
<u>Workstream/Programme Costs</u>				
<u>Fiscal</u>				
Development of an Investment Fund Strategy	50.0	0.0	0.0	0.0
Development of a Market Towns Strategy	75.0	0.0	0.0	0.0
Contribution to Local Growth Initiatives National Evaluation	30.6	0.0	0.0	0.0
Total Fiscal	155.6	0.0	0.0	0.0
<u>Economic Strategy</u>				
Independent Economic Commission: Developing Economic Strategy	145.0	0.0	0.0	0.0
Total Economic Strategy	145.0	0.0	0.0	0.0
<u>Transport and Infrastructure</u>				
Transport & Infrastructure Schemes	4,200.0	3,250.0	1,300.0	0.0
National Productivity Investment Fund	3,290.0	0.0	0.0	0.0
Local Transport Plan	200.0	300.0	0.0	0.0
Rapid, Mass Transport Strategic Options Appraisal	100.0	0.0	0.0	0.0
Priority Transport Schemes	3,530.0	1,000.0	0.0	0.0
Total Transport and Infrastructure	11,320.0	4,550.0	1,300.0	0.0
<u>New Homes & Communities</u>				
Programme delivery support to manage the £170m Housing Programme.	240.0	240.0	240.0	240.0
Development of housing strategy and assurance frameworks; plus housing delivery management.	150.0	0.0	0.0	0.0
Housing consultancy to support plans for Housing Programme	10.0	0.0	0.0	0.0
Modular Housing	25.0	0.0	0.0	0.0
Housing Investment Fund Programme - Quick Wins	2,570.0	1,820.0	170.0	0.0
Total New Homes & Communities	2,995.0	2,060.0	410.0	240.0
<u>Employment & Skills</u>				
University of Peterborough - Business Case	3,840.0	0.0	0.0	0.0
Skills Hub	461.0	231.0	0.0	0.0
Total Employment & Skills	4,301.0	231.0	0.0	0.0
<u>Strategic Planning</u>				
Non Statutory Spatial Plan	150.0	0.0	0.0	0.0
Total Strategic Planning	150.0	0.0	0.0	0.0
<u>Workstream Income</u>				
Recharge to Housing Capital Grant	-240.0	-240.0	-240.0	-240.0
Total Workstream Income	-240.0	-240.0	-240.0	-240.0
Net Workstream Budget	18,826.6	6,601.0	1,470.0	0.0
Total Expenditure Budget	53,000.7	40,096.2	34,965.2	33,495.2
Total Funding less Total Expenditure Budget	38,995.3	43,399.8	48,530.8	63,000.8
To be allocated in year or to Reserves for future years Programmes	-38,995.3	-43,399.8	-48,530.8	-63,000.8
Net Budget	0.0	0.0	0.0	0.0