

Report To: Greater Cambridge City Deal Executive Board

1 October 2015

Lead Officer: Chris Malyon, Chief Finance Officer Cambridgeshire County Council

Greater Cambridge City Deal Financial Monitoring

1. Purpose

- 1.1 The primary purpose of this report is to provide the Executive Board with the financial monitoring position for the period ending 31st August 2015. The report also seeks to facilitate a discussion regarding the future utilisation of the uncommitted resources within the non-project resource pool through the establishment of a framework upon which proposals can be evaluated.

2. Recommendations

- 2.1 It is recommended that the Executive Board:-
- a) Note the financial position as at 31st August 2015;
 - b) Agree to the funding of the on-going revenue commitments, as set out in paragraph 4 for the five years of phase 1 of the Programme;
 - b) Agree the proposed framework for considering new proposals to be funded from the non-project resource pool.

3. Reasons for Recommendations

- 3.1 The Executive Board will be receiving regular financial monitoring reports that set out expenditure against budget profiles as this is a general “yard stick” of progress on implementation of both programme and non-project activity. The recommendations also provide an opportunity for the Executive Board to establish a framework against which future proposals that are to be resourced from the non-project resource pool are evaluated.

4. Background

- 4.1 On 28th January 2015 the Executive Board agreed the capital programme for the first five years of the City Deal Partnership as set out below:-

Project	£m
Milton Road Bus Priority	23.04
Madingley Bus Priority	34.56
Histon Bus Priority	4.28
A428/M11 Bus Segregation	24.48
City Centre Improvements/Cross City Cycle Improvements	22.66
A1307 Corridor Including Bus Priority	39.00
Chisolm Trail	8.40

Year 1 to 5 Pipeline Development	10.60
Year 6 to 10 Programme Development	9.00
Programme Management and early scheme development	4.50
Total	180.52

4.2 At the subsequent meeting in March the Board agreed to the pooling of a proportion of the New Homes Bonus (NHB) received by the three local authorities appertaining to the City Deal area. The report highlighted that there was a degree of uncertainty around whether NHB would survive the forthcoming Comprehensive Spending Review (CSR). It was therefore agreed to adopt a relatively prudent approach to the utilisation of this pooled resource and not to exceed commitments beyond the availability of the relative NHB for 2015/16.

4.3 The Executive Board therefore agreed to fund the following expenditure from the non-project pool.

Activity	Budget £000
Programme Central Co-Ordination Function	150
Strategic Communications	60
Economic Assessment	10
Smarter Greater Cambridge	20
Inward Investment & Account Management	60
Housing	200
Total	500

4.4 A commitment was also made to agree a forward funding commitment against these items for 2016/17. Some of the items will of course be required throughout the duration of phase 1 of the City Deal programme. The "Total" column below has therefore been included in order to project forward the potential balance within the current pool (ie excluding further contributions). Given the on-going nature of these activities the Executive Board is asked to confirm their funding for Phase 1 of the Programme in order that the resources that are available for other projects can be clearly identified.

Activity	2015/16 £000	2016/17 £000	Total £000
Available Funding	4,586	4,086	4,586
Programme Central Co-ordination Function	150	150	750
Strategic Communications	60	60	300
Economic Assessment	10	10	50
Smarter Greater Cambridge	20	20	40
Inward Investment & Account Management	60	90	170
Housing	200	200	400
Total Budget	500	530	1,710
Funding to be carried forward (see note below)	4,086	3,556	2,876

4.5 In addition the Executive Board considered a further proposal on the establishment of a City Deal Skills Service at the subsequent meeting in June. The Executive Board agreed to adopt the model of the Skills Service and its governance as set out in the

paper and requested officers establish it so that it can start work at the beginning of the next academic year (September 2015). The annual operating cost of the service was set out in the paper in the sum of £255,956.

- 4.6 In the first year, the service will also require start-up costs which will include basic equipment such as laptops, phones, stationery. It is expected that those working in the service will operate flexibly and generally not have an office base so no costs for that have been included.
- 4.7 Funding for the service will come from a variety of sources. The Enterprise Partnership has agreed to contribute £50,000 per year. The County Council can contribute one post in kind valued at £50,000, and efficiencies by joining the service up with the existing Skills Service operated by the Enterprise Partnership will generate savings of £25,000.
- 4.8 The net cost expected to be met by the City Deal pooled funding is therefore £130,956. This is an additional revenue budgetary provision that will be added to the budgetary provisions set out in the above table.
- 4.9 Whilst there is a commitment to this funding position this has to be subject to review following the announcement of the outcomes of the Comprehensive Spending Review and the associated grant settlement for 2016/17.

5. Financial Position for the period ending 31st August 2015

5.1 To date the projects that are core to the delivery of the City Deal objectives, and for which the £100m commitment from the Government has been received, have been termed for budgetary purposes as 'the programme'. The costs that are ancillary to the programme have been termed as 'non-programme costs'. Going forward it would be more appropriate to use the terms revenue and capital. This would not prevent the Board from agreeing the utilisation of any element of the resource pool to support a project of a capital nature. The following paragraphs therefore set out the current financial position of both revenue and capital for the period ending 31st August 2015.

5.2 Capital

5.2.1 Attached as an Appendix to this report are programme costs incurred to the end of August 2015. An attempt has been made to profile the expenditure over the five years of the programme but at this point the sums are relatively indicative. Project leads will continue to work on refining these profiles in order that forward projections of expenditure become more robust.

5.2.2 A summary of the expenditure as at the end of August is set out in the table below:-

Project Description	Budget to date £	Expenditure to date £	Variance £	2015-16 Budget £
Histon Road Bus Priority	120,550	65,272	55,278	183,850
Milton Road Bus Priority	134,700	75,414	59,286	203,400
Chisholm Trail	48,000	21,893	26,107	320,000
A428 to M11 Bus Priority	50,000	375	49,625	270,000
Madingley Road Bus Priority	50,000	0	50,000	270,000
City Centre Capacity Improvements	124,000	181,090	-57,090	194,386
A1307 Bus Priority	133,586	59,323	74,263	262,350
Cross-City Cycle	7,500	16,278	-8,778	96,000

Improvements				
Western Orbital	23,000	56,938	-33,938	130,000
City Deal	0	2,384	-2,384	0
Total	691,336	478,967	212,369	1,929,986

5.3 Revenue

5.3.1 Very little revenue expenditure has been incurred to date. Although a full year provision was made for budgetary purposes for a number of activities it was always known that the full year impact would not be incurred in 2015/16. This is partly due to recruitment timelines, partner organisation governance processes, and lead-in times for some activities. However as the profile of expenditure could not be estimated at the point of agreeing the budget, a full year affect was provided for with an expectation that such funding would be carried forward to support the on-going delivery of these activities.

5.3.2 The actual expenditure incurred as at the end of August is as follows:-

Budget Line	Description	Actual to 31 st August £
Programme Co-ordination	Project Management	16,876
Miscellaneous	Meeting Costs	645
Total		17,521

6. Resource Pool Resource Availability

6.1 The table in section 4.4 sets out the potential available resources from the existing resource pool as agreed in the March budget report. If the subsequent decision is made to fund the net cost of the City Deal Skills programme as highlighted in section 4.8 (in the sum of £654,780 over the period of phase 1 of the programme) the residual resource available is just over £2.2m. Although some minor costs have been incurred that had no specific budgetary provision there will be some savings from the associated delay in various activities such as staff recruitment that will negate these costs.

6.2 The above resource assumes that no further New Homes Bonus contributions will be made to the pool. This position will be reviewed following the outcome of the forthcoming CSR and local finance settlement. The Executive Board could however consider how it might wish to utilise the residual resource whilst retaining an element of contingency for any projects that could arise in the coming four years.

6.3 Although the unallocated sum within the pool is available it is important to ensure that this is not seen as 'free' money. This is a resource made available by all three local authorities and as a result other activities have not been funded in order to facilitate the outcomes and aspirations that were set out in the City Deal proposal. It is therefore important that resources are allocated to activities that support those outcomes.

6.4 The following activities could be used as an aide memoire by the Board during their deliberations on this issue. Whilst resources have already been allocated to these activities, should the Board give some steer as to their potential priorities, Officers could develop a range of options for further consideration:-

- Economic assessment
- Communications
- Smart/digital

- Economic development
- Finance
- Governance
- Housing
- Infrastructure programme
- Strategic planning
- Skills

6.5 The critical point must be that any investment by the Executive Board must be in an activity relevant to facilitating or pursuing the growth of the high value Greater Cambridge economy, and developing streamlined decision making, consistent with the principles of the City Deal. The above is not an exclusive schedule but is intended to support the development of a set of criteria against which resources can be allocated.

6.6 The Executive Board have the ability to consider at length the potential options available to them as the current unallocated is retained to support the objectives of the City Deal Programme. It is important however not to over commit the available resource until such time as the potential for future funding has been clarified. An update on the potential pool going forward will be presented to the Executive Board following the outcome of the Comprehensive Spending Review is known.

7. Implications

7.1 In the writing of this report, taking into account financial, legal, staffing, risk management, equality and diversity, climate change, community safety and any other key issues there were no significant implications.

8. Background Papers

- a) Capital Programme report at January Executive Board meeting
- b) Partnership Budget report at March Executive Board meeting

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