

23rd SEPTEMBER 2019

Q1 REVENUE BUDGET & CAPITAL PROGRAMME REPORT

Purpose of Report

This report provides the Q1 position for the revenue and capital programme of the Sheffield City Region (SCR) Mayoral Combined Authority (MCA) for the financial year 2019/20.

Thematic Priority

All

Freedom of Information and Schedule 12A of the Local Government Act 1972

The paper will be available under the Mayoral Combined Authority Publication Scheme

Recommendations

SCRMCA are asked to consider and note the 2019/20 Q1 position for the Mayoral Combined Authority's revenue budget and capital programme, and in particular to:

1. Consider and Note the forecast underspend of c. £204k on the MCA/LEP Revenue Budget;
2. Consider and Note the forecast spend on the MCA/LEP Revenue Programmes is to budget;
3. Consider and Note the forecast overspend of c. £615k on the South Yorkshire Transport Revenue Budget;
4. Consider and Note the changes to the South Yorkshire Transport Capital Programme.
5. Consider and Note the budget variations requested in 2.6.

1. Introduction

- 1.1** The Mayoral Combined Authority operates a number of revenue budgets, as well as capital and revenue programmes. This paper summarises the Q1 position of those budgets and programmes for the financial year 2019/20.
- 1.2** The report is structured to provide Members with an early indication of the forecast outturn position in relation to:
 - South Yorkshire Transport Revenue budget
 - MCA / LEP Revenue budget
 - Revenue Programme activity, and the
 - South Yorkshire Transport Capital Programme
- 1.3** A separate report is being presented to Members on progress on delivering the 2019/20 LGF capital programme.
- 1.4** The approved budget in respect of the above revenue and capital programmes incorporate the budget variations to revenue programme activity already approved by the MCA up to and including 3 June 2019.

2. Proposal and justification

2.1 The key issues regarding the financial performance of the SCRMCAs are set out below.

2.2 South Yorkshire Transport Revenue Budget

The South Yorkshire Transport revenue budget as originally approved was £62.828m made up of £59.736m of SYPTE operational expenditure and SCRMCAs transport revenue expenditure of £3.092m.

The current forecast is for a £138k overspend on the SCRMCAs transport revenue budget and a £477k overspend on the SYPTE operational budget producing an overall overspend of £615k against the South Yorkshire transport revenue budget.

SYPTE officers are reviewing whether it may be possible to mitigate the forecast overspend with the release of at least some of the provision made for known risks made at 2018/19 year end.

See **Appendix 1** for further detail.

2.3 MCA/LEP Revenue Budget

The revenue budget is deployed to cover the day-to-day activity of running the MCA and LEP in its delivery of the Strategic Economic Plan (SEP). Typical costs include staffing, accommodation, business support, international trade and investment marketing and the commissioning of specific pieces of work as part of implementing the SEP and developing the Local Industrial Strategy and work towards the Shared Prosperity Fund (SPF).

The 2019/20 Q1 outturn position on the core activities funded through the revenue budget is shown in the table below.

	Budget	Outturn	Variance	Variance %
Expenditure	£'000	£'000	£'000	£'000
Net Revenue Expenditure	£6,506	£6,302	(£204)	(3%)
Non-specific Income	(£6,506)	(£6,506)	£0	0%
	£0	(£204)	(£204)	(3%)

There is currently an anticipated underspend of £204k in net revenue expenditure. Further information on the revenue budget's Q1 outturn position can be found in **Appendix 2**.

2.4 Revenue Programme activity

Following the variations approved by the MCA on the 3 June 2019, as at Q1 all of the revenue programmes are forecast to spend to budget. The overall budget for revenue programmes in 2019/20 is now £9.724m.

See **Appendix 3** for further detail.

2.5 South Yorkshire Transport Capital Programme

The budget for the South Yorkshire Capital Programme has increased from £31.666m as originally approved to £43.941m. The increase is due to a combination of underspends in 2018/19 being carried forward to 2019/20 (£6.880m) and additional grant funding notified after the Capital Programme had been approved (£5.395m).

Further details on the changes to the capital programme are contained in **Appendix 4**.

2.6 Budget Variation Requests

Members are asked to note and approve the following virements between budget heads within the MCA/LEP revenue budget:

- Transfer £218k from Business Support to Staffing to reflect the fact that the 6 members of the SCR Finance Team became employees of the SCR with effect from 1 July 2019 (previously they were employees of SCC and therefore charged as Business Support).
- Transfer £24k from Premises to Staffing to cover the proportion of the Building Manager's salary costs chargeable to the MCA/LEP budget.

3. Consideration of alternative approaches

- 3.1** The Authority's constitution requires that the Annual Revenue Budget is subject to monitoring to ensure that expenditure remains within the overall resources available and that any change to the overall level of resources are referred to the Authority for consideration.

It similarly requires the Capital Programme is subject to monitoring (schemes promoted by the Authority and those directly managed by SYPTE) to ensure that it remains within approved funding and that variations in excess of £250,000 or which require additional borrowing are approved by the Authority.

This report fulfils these responsibilities. Hence, no alternative course of action considered.

4. Implications

4.1 Financial

This paper provides information on the MCA's revenue budget and capital programme at Q1.

The main financial risk concerns:

- Ensuring that the LEP / MCA revenue spend is managed within budget and potential savings realised in preparation for the reduction of resources that will be available in 2020/21.

4.2 Legal

This report supports the MCA meeting its responsibility under the Financial Regulations 2018 to ensure that the Authority's expenditure remains within the resources available to it.

4.3 Risk Management

The main financial risk, as set out in paragraph 4.1 (ensuring that MCA / LEP revenue budgets are managed within budget) is being mitigated through the budget review work, which is subject to regular reporting through to the Chief Executive, as well as to the LEP and MCA.

4.4 Equality, Diversity and Social Inclusion

There are no equality, diversity and social inclusion implications arising directly from this paper.

5. Communications

5.1 None

6. Appendices/Annexes

- 6.1 Appendix 1 – South Yorkshire Transport Revenue Budget
Appendix 2 – MCA / LEP Revenue Budget
Appendix 3 – Revenue Programme activity
Appendix 4 – South Yorkshire Local Transport Capital Programme

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Background papers used in the preparation of this report are available for inspection at: 11 Broad Street West, Sheffield S1 2BQ

Other sources and references: None