

## COMBINED AUTHORITY MEETING

22 JULY 2024

### FINANCE UPDATE

#### Report of the Interim Director of Resources (S73 Officer)

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#### **1.0 Purpose of the Report**

- 1.1 Note the allocation of Road Renewal Funding, and
- 1.2 Update the Quarter 1 budget monitoring position for the Combined Authority.

#### **2.0 Recommendations**

- 2.1 The Combined Authority is asked to:
  - 2.1.1 Approve that the additional Road Renewal Fund allocation totalling £5.064m is passported through to the constituent councils as outlined in paragraphs 4.1 to 4.4;
  - 2.1.2 Note the first quarter financial information as outlined in paragraphs 4.5 to 4.8.

#### **3.0 Background**

- 3.1 Previous reports to the Combined Authority have set the overall budget for the Combined Authority, including allocations from the Mayoral Investment Fund. This report provides an update on financial matters and funding streams.

#### **4.0 Analysis**

##### Transport Funding

- 4.1 As part of its Network North announcement in November 2023 on the reallocation of transport funding from the cancelled HS2b scheme the government confirmed additional funding allocations for Local Roads Maintenance to local highway authorities, including York and North Yorkshire. The 'Roads Renewal Funding' outlined allocations to both local authorities up to 2034.
- 4.2 This funding for highways maintenance on local roads in York and North Yorkshire has previously been allocated direct to each Council, however as a result of the establishment of the York and North Yorkshire Combined Authority (Y&NYCA), and as part of its role as the Transport Authority for York and North Yorkshire the Department for Transport (DfT) will now allocate future funding via the combined authority.

- 4.3 Some of the additional allocations are for 2024-25 and the two councils were asked by DfT to submit to Y&NY CA their indicative spending plans with a list of the road maintenance schemes to be undertaken. Before final confirmation of the additional allocations DfT required that these spending plans be published on the Y&NY CA website.
- 4.4 DfT will make the payment to the Y&NY CA for these additional allocations in early July and consequently there is the need for a clear and simple process to allow for the funding to then be reallocated to York and North Yorkshire in line with the allocations outlined in the funding offer letters from DfT. The additional funding totals £5.064m and is split £4.704m to North Yorkshire Council and £360k to City of York Council.

#### 2024/25 Quarter 1 Update

- 4.5 The table below provides a summary of the first quarter financial activity for both the core budget and individual projects, comparing the quarter 1 budget to the quarter 1 actuals. However, work still needs to be done to create an accurate budget profile across the year, especially for programmes such as Net Zero and Brownfield Housing. Clearly, these key delivery programmes require work to plan and agree individual schemes before they enter the delivery phase. Therefore, it is to be expected that at this early stage in the programme only a small amount of non-staffing expenditure has been incurred.
- 4.6 This report therefore just provides a high level summary of the budget position. Future reports will develop to include more information on organisational performance and a forecast for the year. Future reports will also consider a Medium Term Financial Strategy for the Combined Authority.
- 4.7 Overall, at this early stage of the financial year, good progress is being made across all areas. An underspend is currently expected for the core budget, mainly due to staff vacancies from posts currently being recruited to and a budget expectation to repay the cost of the Mayoral election in Q1. It is pleasing to report that over £19m Core funding has been received including £234k LEP grant funding which will be added to the Combined Authority budget contingency.
- 4.8 Whilst grant income for programme grants far outweighs scheme expenditure further work will be undertaken to develop scheme profiling to align with budget reporting for such schemes as Brownfield housing and net zero. There are no significant issues to raise.

## Budget Monitoring Quarter 1 (April - June)

Core	2024/25 Budget		2024/25 Budget		Apr-Jun Actual		Apr-Jun Variance Actual Vs Q1 Budget	
	Full Year £000		Q1 £000		Q1 £000		£000	
<b>Core (including Capital Gainshare)</b>								
<b>Income</b>								
Mayoral Investment Fund	-£	18,000	-£	18,000	-£	18,000	£	-
Mayoral Capacity Funding	-£	1,000	-£	1,000	-£	1,000	£	-
Other Government Grant (Dept for Business & Trade)	-£	240	£	-	-£	234	-£	234
Funding for Regional Transport officer & Regional Rail Officer	-£	118	£	-	£	-	£	-
Interest on cash investments	-£	500	-£	125	-£	0	£	125
<b>Total Income</b>	-£	19,858	-£	19,125	-£	19,234	-£	109
<b>Expenditure</b>								
Staffing Expenditure (incl Mileage)	£	2,224	£	515	£	284	-£	232
Non-Staffing Expenditure	£	4,372	£	2,928	£	147	-£	2,781
<b>Total Expenditure</b>	£	6,596	£	3,444	£	431	-£	3,013
<b>Net (surplus)/deficit</b>	-£	13,262	-£	15,681	-£	18,803	-£	3,122

Programmes	2024/25 Budget		2024/25 Budget		Apr-Jun Actual		Apr-Jun Variance Actual Vs Q1 Budget	
	Full Year £000		Q1 £000		Q1 £000		£000	
<b>Revenue &amp; Capital Programmes</b>								
<b>Total Programmes Income</b>	-£	24,503	-£	14,660	-£	5,520	£	9,140
<b>Expenditure</b>								
Staffing Expenditure (incl Mileage)	£	2,360	£	590	£	434	-£	156
Non-Staffing Expenditure	£	22,935	£	5,820	£	73	-£	5,746
<b>Total Expenditure</b>	£	25,295	£	6,410	£	507	-£	5,903
<b>Net (surplus)/deficit</b>	£	792	-£	8,250	-£	5,013	£	3,237

Overall Position	2024/25 Budget		2024/25 Budget		Apr-Jun Actual		Apr-Jun Variance Actual Vs Q1 Budget	
	Full Year £000		Q1 £000		Q1 £000		£000	
<b>Core and Programmes</b>								
<b>Total Income</b>	-£	44,361	-£	33,785	-£	24,754	£	9,031
<b>Total Expenditure</b>	£	31,890	£	9,853	£	938	-£	8,915
<b>Total Net (surplus)/deficit</b>	-£	12,471	-£	23,932	-£	23,816	£	115

## 5.0 Financial Implications

5.1 The financial implications are set out in the body of the report.

## 6.0 Legal Implications

6.1 The CA is required to agree a balanced budget annually and to monitor that budget throughout the year. In addition, there is a fiduciary duty not to waste public resources, to secure value for money and ensure that good financial governance arrangements are in place.

## 7.0 Equalities Implications

7.1 It is not expected that the budget outlined in this report will have any adverse impacts on people with protected characteristics. Future investment decisions will be underpinned by an Equality Impact Assessment.

## 8.0 Environmental Implications

8.1 There are no environmental implications arising from the content of this report.

## 9.0 Combined Authority Areas Impacted (Council Areas/Wards/Divisions)

9.1 York and North Yorkshire.

## 10.0 Recommendations

10.1 The Combined Authority is asked to:

Approve that the additional Road Renewal Fund allocation totalling £5.064m is passported through to the constituent councils as outlined in paragraphs 4.1 to 4.4;

10.2 Note the first quarter financial information as outlined in paragraphs 4.5 to 4.8.

## 11.0 Reasons For Recommendations

11.1 To ensure that the Combined authority is updated with the latest financial position.

## 12.0 Contact Details

For further information please contact the authors of this Report.

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**Background papers [If applicable) - None**

**Appendices – None**

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