

18th NOVEMBER 2019

Q2 REVENUE BUDGET & CAPITAL PROGRAMME REPORT

Purpose of Report

This report provides the Q2 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

Cross cutting – financial

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 Q2 position for the Mayoral Combined Authority's and LEPs revenue budget and capital programme.

1. Introduction

- 1.1 The Mayoral Combined Authority operates a number of revenue budgets, as well as capital and revenue programmes, some on behalf of the LEP. This paper summarises the Q2 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 23 September 2019.

2. Proposal and justification

- 2.1 The key issues regarding the financial performance of the SCRMCA are set out below.
- 2.2 South Yorkshire Transport Revenue Budget

Currently a £93k underspend is anticipated on the SYPTE operational budget. The key elements are a significant increase in spending on child concessions (£638k) and departure

charges (£237k) being offset by an underspend on statutory concessions (£534k) as a result of decreasing patronage and some operation savings.

These savings have masked the adverse consequence of patronage decline, i.e. reducing viability of the regional bus network, to which operators have been responding by cutting services along unprofitable routes and seeking increased reimbursement rates for concessionary fares. This could put greater pressure on the bus tendered services budget, as SYPTTE will have to intervene where bus network coverage is deemed inadequate.

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 Q2 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	£6,283	(£223)	(3%)
Non-specific Income	(£6,506)	(£7,105)	(£600)	(9%)
	£0	(£822)	(£823)	(12%)

There is currently an anticipated underspend of £223k in net revenue expenditure. This has been achieved by active management on staffing vacancies as part of the budget review instigated in light of the income reduction that has been identified for 2020/21. Additional income of £600k will be delivered in year from additional LEP grant and investment income. Further information on the revenue budget's Q2 outturn position can be found in **Appendix 2**.

2.4 Revenue Programme activity

As at Q2 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 at Q2 of £43.8m is more or less unchanged from that at Q1.

There is currently a forecast underspend of £929k.

Further details on the capital programme and how it is being financed are contained in **Appendix 4**.

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 Q2.

The main financial risk is the level of spend in 2019/20 in the light of the budget reduction anticipated for 2020/21. This has been mitigated by a budget review and the positive management action on vacancies in year.

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 List any relevant appendices/annexes here:

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