
Report to: Overview and Scrutiny Committee

Date: 22 January 2021

Subject: **Draft budget 2021/22 and corporate performance**

Director: Angela Taylor, Director, Corporate Services

Author(s): Louise Porter, Corporate Planning & Performance Manager

1. Purpose of this report

- 1.1 To note the current position on the development of a draft budget for 2021/22 and to provide further information on corporate performance matters, including progress against corporate plan priorities, risk management and budget position.

2. Information

Corporate Plan 2020/21

- 2.1 The 2020/21 Corporate Plan sets out the vision and objectives for the organisation and the practical steps for how these will be progressed during the year. The plan is structured around the four overarching strategic objectives of boosting productivity, enabling inclusive growth, delivering 21st Century transport and tackling the climate emergency.
- 2.2 In order to measure the organisation's specific contribution to meeting these four corporate objectives, a set of key performance indicators is being routinely monitored throughout the 2020/21 financial year. A summary of progress against these indicators is provided in **Appendix 1** as part of the wider corporate performance snapshot.
- 2.3 The analysis of performance against objectives to date reflects a positive position overall. Most of the indicators are currently assessed as green.

Corporate risk update

- 2.4 In line with the provisions of the corporate risk management strategy, regular review of the key strategic risks affecting the organisation continues to be undertaken and the corporate risk register updated accordingly.

- 2.5 A summary of the headline strategic risks is included at **Appendix 1** to this report. This summary also includes the key strategic risks related to the ongoing COVID-19 pandemic and the EU exit. These strategic risks are supplemented by detailed operational risks which are being managed through the Combined Authority's Gold command incident response structure, which is coordinating the response to both the Covid-19 pandemic and the EU exit.

Revenue budget position 2020/21

- 2.5 A summary of the 2020/21 spend as at November 2020 compared to the approved revenue budget is attached at **Appendix 2**. A RAG rating has been included to identify budgets that need further review.
- 2.6 There are a number of emerging and continuing 'red' areas of concern to report. These are related to the Covid-19 pandemic. Key impacts are being felt across commercial income, bus station costs, commission from travel card / MCard sales, bus revenues (for gross cost contracts) and transport service costs. Work to ensure a balanced budget position is achieved is continuing and with some further COVID-19 funding recently received from government, coupled with ongoing savings in the year, it is anticipated that there will only be a limited draw on reserves to achieve this.

2021/22 Budget and business planning

- 2.7 Work has been undertaken on the development of budgets and business plans for the 2021/22 financial year. These will be set in the context of the wider financial pressures caused by the COVID-19 pandemic and the new funding framework and responsibilities that will be introduced through the Mayoral Combined Authority model.
- 2.8 It is intended that the four overarching strategic priorities of boosting productivity, 21st Century transport, enabling inclusive growth and tackling the climate emergency will continue to form the basis of the 2021/2022 business plans, in addition to considering objectives which are centred around delivering value for money and improving efficiency during the first year of the Mayoral Combined Authority.
- 2.9 It will however also be necessary to build some flexibility into business plans for 2021/22, given that this will be the first year of the Mayoral Combined Authority and in order to take account of any issues arising from the Covid-19 recovery and the formal exit from the European Union.
- 2.10 A draft 'corporate plan on a page' for 2021/22 has been developed to summarise the proposed organisational priorities for the next financial year and a copy of this draft is provided at **Appendix 3** for information.
- 2.11 The Combined Authority has been receiving regular reports on the work ongoing to establish a balanced budget for 2020/21. This has been a particularly challenging year in which to do this, with funding uncertainties for local authorities and combined authorities continuing as the fair funding review and long term spending review being deferred again as efforts focus on

COVID-19. The continuing uncertainty of the pandemic, the lack of clarity on the national bus funding model and the exit from the EU all contribute to a difficult year for budget setting.

- 2.12 The Order creating the mayoral combined authority is expected to be made later this month or early next and this will confirm the new powers and funding that will come to the authority. Certain funding is ringfenced, and the mechanism for approving and releasing the gainshare is subject to approval from the Combined Authority – and the continuing receipt of it is subject to regular reviews from government.
- 2.13 The draft budget is still being finalised and it is proposed that the finances/corporate working group take a more detailed look at it before it is presented to the Combined Authority in February. At this stage it is anticipated that an element of gainshare will need to be used to fund the costs of a mayor's support office and the costs of the elections, as the remaining reserves will be required to support the risks arising in the year, in particular in relation to bus operations. It is still unknown how the bus industry will be supported post-COVID, when direct government support ends and before patronage recovers to previous levels. As well as continuing existing levels of payments for concessions and tendered services it is expected there will be pressure for the Combined Authority to meet some of all of these additional costs.

3. Clean Growth Implications

- 3.1 The approved business plan and budget for 2020/21 includes actions and costs related to delivering against the corporate priority of tackling the climate emergency.

4. Inclusive Growth Implications

- 4.1 The corporate plan sets out further details regarding the organisation's approach to enabling inclusive growth.

5. Financial Implications

- 5.1 The financial implications are covered in the body of the report and at the supporting appendices.

6. Legal Implications

- 6.1 There are no specific legal implications directly arising from this report.

7. Staffing Implications

- 7.1 There are no staffing implications directly arising from this report.

8. External Consultees

- 8.1 No external consultations have been undertaken.

9. Recommendations

- 9.1 That the Overview and Scrutiny Committee notes and provides comment on the information on corporate performance.

10. Background Documents

- 10.1 None.

11. Appendices

- Appendix 1 – Corporate Performance Snapshot Report
- Appendix 2 – Revenue Budget Monitoring 2020/21
- Appendix 3 – Draft Corporate Plan on a page