

**Report to:** Finance, Resources and Corporate Committee

**Date:** 3 November 2021

**Subject:** **Financial Performance Report**

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Is this a key decision?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Is the decision eligible for call-in by Scrutiny?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Does the report contain confidential or exempt information or appendices?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
If relevant, state paragraph number of Schedule 12A, Local Government Act 1972, Part 1:	
Are there implications for equality and diversity?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

## 1. Purpose of this report

1.1 To consider an update on the:

- i. 2021/22 revenue budget financial position as at 31 August 2021.
- ii. Final audited accounts for 2020/21
- iii. Approved debt cap submission for 2021/22
- iv. Getting Building Fund

## 2. Information

### 2021/22 Revenue Budget as at 31 August 2021

2.1 A summary of the 2021/22 current revenue spend to original budget as at August 2021 is attached at **Appendix 1**.

2.2 A brief narrative and RAG rating is included to help identify those budget lines that are emerging as a concern. The ongoing impact of the national pandemic on this financial year are still emerging and will be brought to the attention of this committee at the earliest opportunity. These are related to the Covid-19 pandemic as mentioned above. Similar to last financial year, key impacts may be felt across commercial income, bus station costs, commission from travel

card / MCard sales, bus revenues (for gross cost contracts) and transport service costs.

- 2.3 Regular forecasts are undertaken during the year and key matters brought to future meetings. At present the key risk remains the impact of the pandemic, and in particular the way in which this impacts on bus recovery. At the time of writing the report, it was still unclear what government funding is available to support this and how any funding will be distributed and how the bus industry will respond to the changing situation.
- 2.4 A further update on the 2021/22 capital expenditure budgets will be provided to the next meeting, as quarter two claims from partners are still being processed at the time of writing.

#### Final audit accounts 2020/21

- 2.5 External audit work on the 2020/21 final accounts were concluded, published and reported / approved by the Governance and Audit Committee on 30 September 2021. The Combined Authority is one of only a handful of local authorities that have completed this work on time. The financial statements have an unqualified opinion, without modification, and with no internal control recommendations relating to the preparation of the accounts.
- 2.6 Further work is to be undertaken on Value For Money, with the auditors due to report no later than 31 December 2021, at which point the final completion report / audit certificate will be issued.

#### 2021/22 Debt Cap submission to HM Treasury

- 2.7 On 22 October 2021, the Combined Authority approved the 2021/22 debt cap submission to the HM Treasury. Further information is provided below.
- 2.8 At present the Combined Authority only has the power to borrow for transport and policing purposes. One of the benefits of the mayoral devolution deal was to extend this to the power to borrow for economic purposes. This was not included in the Order that created the Combined Authority with the then MHCLG requiring that this would follow afterwards, and after the agreement of a debt cap with Treasury. Other combined authorities have debt caps in place but this has not been required for West Yorkshire until now
- 2.9 All authorities are required to set any programme of borrowing in the context that it must be affordable within the budget, meet the requirements of the Prudential Code and be within the approved Treasury Management Strategy. Calculations for an appropriate debt cap have focussed on being at a level to provide headroom above what will be put forward in the budget so as not to restrict the aspirations and abilities of the Combined Authority.
- 2.10 A submission was discussed with the Finance, Resources and Corporate Committee in the summer and made to HM Treasury. The requirement was to only provide figures for this year and next but once agreed this will enable the

Department for Levelling Up, Housing and Communities to progress with the statutory order that will widen the borrowing powers.

- 2.11 HM Treasury offered a debt cap of £248.326 million, for the current year only ie to 31 March 2022, including Police and Crime. This covers existing debt of £150m and allows further borrowing of £98.326m in 2021/22. HMT have advised that there will be a further process to establish a debt cap for subsequent years and we are also awaiting information on the timescale to progress the legislation that will enable borrowing for economic purposes.

#### Getting Building Fund (GBF)

- 2.12 At the September 2021 meeting it was agreed that officers would circulate a full breakdown of the projects to members after the meeting. This is provided today for information at **Appendix 2**, though members are asked to note that the proposed changes are currently going the Assurance Framework processes.
- 2.13 Since the September meeting, a further discussion took place with officials from the Cities and Local Growth Unit in respect of managing spend delivery across your GBF programme and the position has been clarified / improved. The 2021/22 Grant Offer Letter states that GBF funding is to be expended by 31 March 2022, and that the Combined Authority were able to use financial freedoms and flexibilities in the normal way in order to manage capital expenditure between programmes, which means accountable bodies can therefore swap payments to ensure funding is spent within the year. For example, if a GBF project faced delays and capital was needed for a highways project then GBF funding could be used to pay the highways project bill. The highways capital budget could then be used to pay the GBF project later.
- 2.14 The main risk of late spend beyond 31.3.2022 is One City Park but by using our flexibilities, we can manage that and any other projects that slightly overrun but that are in contract / committed.
- 2.15 Following discussion with Wakefield Council, the Wakefield Gigabit Voucher project has been unsuccessful in finding applicants and therefore awarding grants for broadband infrastructure. The project has been affected by the extension to the National Gigabit Broadband Voucher scheme from April 2021. The proposal is therefore not to continue with the project from the GBF.

### **3. Tackling the Climate Emergency Implications**

- 3.1 There are no climate emergency implications directly arising from this report.

### **4. Inclusive Growth Implications**

- 4.1 There are no inclusive growth implications directly arising from this report.

### **5. Equality and Diversity Implications**

5.1 There are no equality and diversity implications directly arising from this report.

## **6. Financial Implications**

6.1 These are contained in the main body of the report.

## **7. Legal Implications**

7.1 There are no legal implications directly arising from this report.

## **8. Staffing Implications**

8.1 There are no staffing implications directly arising from this report.

## **9. External Consultees**

9.1 No external consultations have been undertaken.

## **10. Recommendations**

10.1 That the Committee notes the financial position as reported.

## **11. Background Documents**

11.1 There are no background documents referenced in this report.

## **12. Appendices**

Appendix 1 – 2021/22 Revenue Budget as at 31 August 2021

Appendix 2 – GBF Programme (revised proposals)