

FINANCE UPDATE

Financial Update Report

3 September 2020

Please note that the following recommendations are subject to consideration and determination by the Board before taking effect.

RECOMMENDATION

It is recommended that:

- The Board note the revised financial information for 2020/21 as set out in this report
- The Board approve the revised total budget for 2020/21 of £647,343.

1. Background/Introduction

To date this year the Economic Connectivity Study has been completed and the scoping is complete for the majority of the remaining work packages previously agreed by this board last year in its financial proposal to the Department for Transport (DfT) in December 2019. The Strategic Economic Corridor Studies and the High Level Strategy have also begun to take shape following the scoping exercise.

This financial report therefore reflects the progress of work completed within the current 2020/21 financial year and a new financial offer to Peninsula Transport of £425,000 from the DfT.

There was an accrual from 2019/20 into 2020/21, which reflects financial prudence on the part of the Sub-national Transport Body (STB) to manage the uncertainty regarding external funding at that time and the need to ensure that enough funding would be available within 2020/21 to progress the High Level Strategy.

The Local Authorities agreed last year to provide local contributions at the same level as that agreed in 2018/19 and 2019/20, although it should be noted that this decision only applies to the 2020/21 financial year.

2. Main Text/Proposal

Financial Contributions

The Financial Contributions for 2020/21 from Peninsula Transport partnership Local Authorities are set out in table I below.

Table I: Financial contribution from Peninsula Transport Local Authorities

Name of Party	Type of Authority	Population	% cost share	Budget
Cornwall Council	Unitary	536,000	23.9%	£38,240
Devon County Council	County	779,000	34.7%	£55,520
Plymouth City Council	Unitary	262,400	11.7%	£18,700
Somerset County Council	County	530,00	23.6%	£37,760
Torbay Council	Unitary	134,400	6.0%	£9,600
Total		2,241,800	100%	£159,820

In addition there was an accrual from 2019/20 of £62,523

The DfT contribution adds a further £425,000.

This makes a revised total budget for 2020/21 of £647,343

Budget position to date

Clearly, with the financial contribution of £425,000 from the DfT, the revised financial position is much more favourable than that reported at the end of the last financial year. The financial contribution from the DfT will allow a significant number of the remaining work packages to be completed to progress the Detailed Transport Strategy and it is recommended that the Board approves this change to the budget.

It should be noted, however, that this is less than the original Peninsula Transport Financial Proposal submitted to the DfT in December 2019 with a combined ask of £960,000 over a three year period (2019/20 - £250,000; 2020/21 - £430,000; and 2021/22 - £280,000).

The funding to be provided by the DfT can only be used to produce specified work packages

- Strategic Economic Corridor Studies
- Carbon Transition Strategy
- Technology and Electric Vehicle Strategy
- Rail Strategy
- Freight Study
- International Gateway Study
- Detailed Transport Strategy

The partnering Authorities will therefore be required to fund any work packages that it wishes to complete but which have not been included in the specific list. It may also be prudent to consider delaying work packages that could be funded by the DfT but which may not be affordable within 2020/21 (refer to separate DfT Funding Report for specific recommendations).

This also means that for the foreseeable future Peninsula Transport will be required to fund its functional, administrative, and communications costs from local contributions. A further decision will therefore be required at the end of the 2020/21 financial year to agree Local Authority contributions for 2021/22.

It was agreed at the outset of the STB that each of the technical leads would retain an amount to undertake the internal activities associated with their technical work-stream. It was noted that these were an estimate at the time and could be subject to change. In 2020/21 each partner authority agreed to forego this retained amount in order to be able to progress the work packages and produce a detailed strategy by the end of 2021/22.

Revised planned expenditure for 2020/2021

All work stream estimates have continued to remain within or under the agreed budget from our technical support and communications organisations. In addition the costs of communications for the Peninsula Rail Task Force were incorporated into the STB budget last year.

The work packages being progressed are modular and a costed programme is set out in a separate part II paper for approval. Based on the assumptions in the part II paper for the work packages and the STB's functional/administrative and communications costs for 2020/21, the anticipated expenditure is £622,264.

Therefore there is a budget proposed of £647,343, an anticipated expenditure of £622,264 and a remaining headroom of £25,079.

The risk of an over-spend can be controlled by postponing work packages if necessary and utilisation of the headroom, should this be required. The budget position, although still tight to achieve everything PT needs to compete nationally, is much improved.

3. Summary/Conclusions/Reasons for Recommendations

Board Members are asked to note that the planned expenditure is affordable and within budget.

Board Members are asked to approve the revised budget of £647,343 for 2020/21.