

WEST OF ENGLAND COMBINED AUTHORITY COMMITTEE

31 January 2020

REPORT SUMMARY SHEET

MAYORAL BUDGET SETTING REPORT 2020/21

Purpose

To consider and approve a budget for the West of England Combined Authority Mayoral functions for 2020/21.

Summary

This report includes the following key information:

- The Mayoral Budget relates to those functions that fall under the specific responsibility of the Mayor in accordance with the West of England Combined Authority (WECA) Order 2017.
- Provision has been included in the budget for the relevant allowance for the Mayor, including an inflationary increase; a new allowance for the Deputy WECA Mayor; and costs relating to a Political Advisor, PA Support, running costs and expenses.
- The Mayor is responsible for the payment of £17.572m of transport related annual capital grant funding that was previously distributed directly by the Department for Transport (DfT). For 2020/21 it is proposed that no changes are made to the distribution of the funding level to the constituent councils as set out in the Roads Funding announcement by DfT in January 2017.
- The Business Rates Retention Pilot (as approved in 2017/18) will continue in 2020/21 with a proportion of Business Rates, (5%), collected by the constituent councils allocated to the WECA.
- A Contribution from WECA (Investment Fund) of £640k is proposed for the Mayoral Budget in 2020/21 to meet the running costs of the Mayoral office and election cost provision.
- Total funding for the Mayoral Revenue Budget is £18.212m for 2020/21.

Recommendations

Members of the Combined Authority Committee are asked to:

1. Approve the Mayoral Budget for 2020/21 together with the funding contribution from the WECA Budget of £0.640M as set out in Appendix 1.
2. Agree the specific Highways and Transport Capital Grant allocations totalling £17.572M to the constituent councils for 2020/21 as set out in Appendix 1.

Contact officer: Malcolm Coe

Position: Director of Investment and Corporate Services

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**REPORT TO: WEST OF ENGLAND COMBINED AUTHORITY
COMMITTEE**

DATE: 31 January 2020

REPORT TITLE: MAYORAL BUDGET SETTING REPORT 2020/21

**DIRECTOR: MALCOLM COE – DIRECTOR OF INVESTMENT &
CORPORATE SERVICES**

AUTHOR: MALCOLM COE

Purpose of Report

- 1 To consider and approve a budget for the West of England Combined Authority Mayoral functions for 2020/21.

Recommendations

- a) **Approve the Mayoral Budget for 2020/21 together with the funding contribution from the WECA Budget of £0.640M as set out in Appendix 1.**
- b) **Agree the specific Highways and Transport Capital Grant allocations totalling £17.572M to the constituent councils for 2020/21 as set out in Appendix 1.**

Background / Issues for Consideration

- 2.1 The Mayoral Budget relates to those functions that fall under the specific responsibility of the Mayor in accordance with the West of England Combined Authority (WECA) Order 2017. For 2020/21, these functions primarily relate to the payment of Highways and Transport Capital grants.
- 2.2 The budget proposal also includes the costs of the Mayor and related office expenses and election costs
- 2.3 The funding for the Mayoral budget comes from the Retained Local Business Rates Pilot, (which meets the majority of Transport Costs), and a contribution from the West of England Combined Authority (Investment Fund).
- 2.4 As required by the Combined Authorities (Finance) Order 2017, the Mayor must keep a fund (to be known as the Mayor's General Fund) in relation to receipts arising, and liabilities incurred, in the exercise of the Mayor's general functions.

2.5 The proposed Mayoral budget for 2020/21 is set out at Appendix 1.

Mayoral Costs

- 3.1 Provision has been included for the relevant allowance for the Mayor. Additional costs relate to a Political Advisor, PA support, running costs and expenses which have all been previously approved by this committee.
- 3.2 In addition, following a review from an independent re-numeration panel, the WECA Committee, (in October 2019), approved the introduction of a new allowance for the Deputy WECA Mayor and an inflationary increase in relation to the Mayor's allowance. Further recommendations from the re-numeration panel are being considered at this committee meeting. The relative increase in costs have been incorporated within the 2020/21 budget to be funded through Investment Fund drawdown.
- 3.3 Mayoral elections are held every 4 years with the costs associated with administering the election reflected in an appropriate charge to the Mayoral Fund. An annual provision is included in order to spread the costs over the election term period.
- 3.4 The proposed 2020/21 Mayoral running costs are detailed in *Figure 1* below, along with future year forecasts which reflect inflationary and anticipated pay increases.

Figure 1 – Mayoral Running Costs (Medium Term Forecast)

	2019/20	2020/21	2021/22	2022/23
<u>Mayoral Expenses / Support</u>	<u>£000s</u>	<u>£000s</u>	<u>£000s</u>	<u>£000s</u>
Staffing	172	206	212	218
Premises	12	13	14	15
Supplies and Services	15	15	15	15
Support Services	12	10	11	12
	211	244	252	260
Mayoral Election Costs	396	396	396	396
Investment Fund Contribution:		640	648	656

* 3% pay award assumed for 2020/21 and 2021/22 dropping to 2.5% per annum from 2022/23

Transport and Highways Capital Grants

4.1 The West of England Combined Authority is the Transport Authority and assumes a number of functions and responsibilities as part of this role. The Mayor is responsible for the payment of £17.572m of transport related annual capital grant funding that was previously distributed directly by the Department for Transport (DfT), incorporating:

- Highways maintenance grants

- Highways incentive grants
 - Integrated transport grants
- 4.2 Funding is transferred as a Revenue Contribution to Capital Outlay (RCCO) to the WECA Capital programme before distribution to the constituent councils as capital grants.
- 4.3 For 2020/21 it is proposed that no changes are made to the distribution of the funding level to the constituent councils as set out in the Roads Funding announcement by DfT in January 2017. As a devolution area, the constituent councils will automatically receive the highest level of Highways Incentive Grants, worth approx. £2.1m in 2020/21 to the region.
- 4.4 The specific grant distributions to the constituent councils is detailed in *Figure 2*. Details of the highways and transport priorities and schemes supported by the funding is set out within individual council budget papers.

Figure 2 – Highways and Transport Capital Grant allocation for 2020/21

	B&NES 2020/21 £000's	BCC 2020/21 £000's	SGC 2020/21 £000's	TOTAL 2020/21 £000's
Highways Maintenance	3,034	3,132	4,088	10,254
Highways Incentive	632	652	851	2,135
Integrated Transport	1,163	2,743	1,277	5,183
TOTAL	4,829	6,527	6,216	17,572

Planning, Transport & Housing Strategy

- 5.1 The WECA Committee on 30th October 2017 agreed an allocation of £3.150m to commence feasibility studies for priority schemes. The funding is provided as revenue grant to the relevant constituent councils in order to deliver the feasibility studies accordingly. The final phase of this funding of £1.221m, (drawn down from the Investment Fund), was fully utilised in 2019/20.

Mayoral Budget Funding

- 6.1 The Business Rates Retention Pilot (as approved in 2017/18) will continue in 2020/21 with a proportion of Business Rates, (5%), collected by the constituent councils allocated to the WECA. The majority of this funding (£17.572m) is payable directly to the Mayoral Budget to replace the highways and transport grant funding which would have been received from the DfT.

- 6.2 2020/21 is final year of the Pilot with 75% Business Rates Retention being implemented nationally from April 2021. From 2021/22 onwards it is assumed that government will provide highways and transport capital grants direct to the three Unitary Authorities at the same funding level.
- 6.3 A Contribution from WECA of £640k is proposed for the Mayoral Budget in 2020/21 to meet the running costs and election cost provision. This will be allocated from the WECA Investment Fund.
- 6.4 Total funding for the Mayoral Revenue Budget is £18.212m for 2020/21.

Consultation

- 7 The contents of this report have been shared, and discussed with, the finance leads and Section 151 Officers of BANES, South Gloucestershire and Bristol City Councils.

Other Options Considered

- 8 The proposed Mayoral budget is based on current forecast costs and previously agreed proposals for Transport grants. No other options are proposed at this stage.

Risk Management/Assessment

- 9 The key risk in this report relates to the medium to long term sustainability of funding. Highways and Transport grants will need to be funded by Government subsequent to the current Business Rate retention pilot coming to an end.

Public Sector Equality Duties

- 10 The public sector equality duty created under the Equality Act 2010 means that public authorities must have due regard to the need to:
- Eliminate unlawful discrimination, harassment and victimization and other conduct prohibited by the Act.
 - Advance equality of opportunity between people who share a protected characteristic and those who do not.
 - Foster good relations between people who share a protected characteristic and those who do not.
- 10.1 The Act explains that having due regard for advancing equality involves:
- Removing or minimising disadvantages suffered by people due to their protected characteristics.
 - Taking steps to meet the needs of people from protected groups where these are different from the needs of other people.
 - Encouraging people from protected groups to participate in public life or in other activities where their participation is disproportionately low.
- 10.2 The general equality duty therefore requires organisations to consider how they could positively contribute to the advancement of equality and good relations. It requires equality considerations to be reflected in the design of policies and the delivery of services, including policies, and for these issues to be kept under review.

Finance Implications, including economic impact assessment where appropriate:

- 11 Financial implications are contained within the proposed budget as detailed as Appendix 1 to this report.

Advice given by: Malcolm Coe, Director of Investment & Corporate Services

Legal Implications:

- 12 The Budget proposals have been developed in accordance with appropriate Local Government Regulations, including the specific funding and related governance requirements set out in the The West of England Combined Authority Order 2017 and The Combined Authorities (Finance) Order 2017.

Advice given by: Shahzia Daya, Director of Legal

Climate Change Implications

- 13 On 19 July 2019, the West of England Combined Authority declared a climate emergency, recognising the huge significance of climate change and its impact on the health, safety and wellbeing of the region's residents. The Combined Authority is committed to taking climate change considerations fully into account as an integral part of its governance and decision making process.

Each report/proposal submitted for Combined Authority / Joint Committee approval is assessed in terms of the following:

Will the proposal impact positively or negatively on:

- * The emission of climate changing gases?
- * The region's resilience to the effects of climate change?
- * Consumption of non-renewable resources?
- * Pollution to land, water or air?

Particular projects will also be subject to more detailed environmental assessment/consideration as necessary as part of their detailed project-specific management arrangements

- 13.1 The Mayoral budget relates purely to the running costs of the Mayor's office along with costs of administering the election process.

Human Resources Implications:

- 14 The funding for all appropriate staffing costs for the Mayoral office is included in the Budget proposal.

Advice given by: Alex Holly, Head of Human Resources

Appendices:

Appendix 1 – Mayoral Revenue Budget 2020/21

Background papers:

Mayoral Budget Setting Report 2019/20 – approved by the WECA Committee in February 2019.

West of England Combined Authority Contact:

Any person seeking background information relating to this item should seek the assistance of the contact officer for the meeting who is Ian Hird / Tim Milgate on 0117 332 1486; or by writing to West of England Combined Authority, 3 Rivergate, Temple Quay, Bristol BS1 6EW; email: democratic.services@westofengland-ca.gov.uk

Appendix 1

WECA Mayoral Budget 2020/21

Table 1: The Mayoral Budget - 2020/21

	2019/2020 Budget £'000s	2020/21 Budget £'000s	Increase (+) / Decrease (-) £'000s
Staff	172	206	34
Premises Services	12	13	1
Support Services	12	15	3
Supplies & Services	15	10	-5
Project Spend	0	0	0
	211	244	33
Mayoral Election - Transfer to Reserve	396	396	0
Planning, Transport & Housing Strategy	1,221	0	-1,221
<u>Contribution to Highway Grants</u>			
Integrated Highway	5,183	5,183	0
Highway Maintenance Grants	10,254	10,254	0
Highway Incentive Grants	2,135	2,135	0
	17,572	17,572	0
Total Expenditure	19,400	18,212	-1,188
<u>Income</u>			
Business Rates Retention Pilot	17,572	17,572	0
Government Grant	0	0	0
Funding Contribution from WECA	1,828	640	-1,188
Total Income	19,400	18,212	-1,188

Table 2: Highways & Transport Grant allocation

	B&NES 2019/20 £000's	BCC 2019/20 £000's	SGC 2019/20 £000's	TOTAL 2019/20 £000's
Highways Maintenance	3,034	3,132	4,088	10,254
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TOTAL	4,829	6,527	6,216	17,572