

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

**DATE: 29 January 2021**

**REPORT TITLE: MAYORAL BUDGET SETTING REPORT 2021/22**

**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 2021/22.

#### **Impact of Covid-19 pandemic**

- 2 The Combined Authority has actively reviewed its key activities and work programme to reflect changing priorities as a result of the Covid-19 pandemic. There are no specific impacts relevant within this report.

#### **Recommendations**

The WECA Committee:

- a) **Approve the Mayoral Budget for 2021/22 together with the funding contribution from the WECA Budget of £0.645M as set out in Appendix 1.**
- b) **Agree the specific Highways and Transport Capital Grant allocations totalling £17.572M to the constituent councils for 2021/22 as set out in Appendix 1.**
- c) **Notes the Mayoral Fund 2020/21 forecasted revenue outturn as detailed in Appendix 2.**

## 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 2021/22, these functions primarily relate to the payment of Highways and Transport Capital grants to the Unitary Authorities.
- 2.2 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.
- 2.3 The proposed budget includes the costs of the Mayor, related office expenses and support costs. There is also an annual allocation in respect of the four-yearly WECA election costs. Funding will be drawn down against the WECA Election reserve in the 2021/22 financial year to fund the associated costs of the May 2021 WECA election.
- 2.4 The funding for the Mayoral budget comes from the West of England 100% Business Rates Retention Pilot, (Highways and Transport capital grants), and a contribution from the West of England Combined Authority (Investment Fund).
- 2.5 The proposed Mayoral budget for 2021/22 is set out at **Appendix 1**.
- 2.6 Monitoring against the Mayoral budget is reported to each meeting of the WECA committee. The current forecasted outturn position for the 2020/21 financial year is detailed in **Appendix 2**.

## Mayoral Costs

- 3.1 Revenue budget provision has been made for the WECA Mayor and Deputy Mayor's approved allowances alongside the related costs of the political advisor, Personal Assistant and a modest allocation for running costs and expenses. All areas of this budget are consistent with approvals already made through the WECA committee.
- 3.2 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.
- 3.3 The proposed 2021/22 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)**

<u>Budget Heading</u>	<u>2020/21</u> <u>£000s</u>	<u>2021/22</u> <u>£000s</u>	<u>2022/23</u> <u>£000s</u>	<u>2023/24</u> <u>£000s</u>	<u>2024/25</u> <u>£000s</u>
Staffing	206	211	217	225	233
Premises	13	13	13	13	13
Supplies and Services	15	15	15	15	15
Support Services	10	10	11	12	13
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	244	249	256	265	274
Mayoral Election Costs	396	396	396	396	396
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

<b>Investment Fund Contribution:</b>	<b>640</b>	<b>645</b>	<b>652</b>	<b>661</b>	<b>670</b>
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\* 1% pay award assumed for 2021/22 and 2% thereafter.

### Transport and Highways Capital Grants

- 4.1 The West of England Combined Authority is the designated Transport Authority and assumes a number of functions and responsibilities as part of this role. The Mayor is responsible for the payment 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 2021/22 it is again 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 £2.1m in 2021/22 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 Unitary Authority budget papers.

**Figure 2 – Highways and Transport Capital Grant allocation for 2021/22**

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

## **Mayoral Budget Funding**

- 5.1 The Business Rates Retention Pilot (as approved in 2017/18) will continue in 2021/22 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.
- 5.2 2021/22 is intended to be the final year of the Pilot with 75% Business Rates Retention Scheme due to be implemented nationally from April 2022. From 2022/23 onwards it is assumed that government will provide highways and transport capital grants direct to the three Unitary Authorities at the same funding level.
- 5.3 A Contribution from WECA of £645k is proposed for the Mayoral Budget in 2021/22 to meet the operating costs of the mayoral office and election cost provision. As per previous years, this will be allocated from the WECA Investment Fund.
- 5.4 For 2021/22, the total funding for the Mayoral Revenue Budget is £18.217m as detailed in **Appendix 1**.

## **Mayoral Fund Outturn Revenue Position**

- 6.1 **Appendix 2** details the Mayoral Fund's forecast outturn revenue position for the 2020/21 financial year based on actual information to the end of December 2020, which, overall, is **£17k** lower than the original budget.
- 6.2 A contribution of £396k will be made to an earmarked reserve, in line with budget, to meet the estimated costs of the next WECA Mayoral Election in 2021.

## **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, previously agreed proposals for Transport grants and approvals made through the WECA Committee. 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 in April 2022.

## **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 in 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 and, as such, has no direct impact on climate change issues.

#### **Human Resources Implications:**

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

Advice given by: Alex Holly, Head of Human Resources

#### **Appendices:**

Appendix 1 – Mayoral Revenue Budget 2021/22

Appendix 2 - Mayoral Fund Forecasted Revenue Outturn 2020/21

#### **Background papers:**

*Mayoral Budget Setting Report 2020/21 – approved by the WECA Committee in January 2020.*

*Mayoral and WECA Budget Monitoring reports as presented to each meeting of the WECA Committee*

#### **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 on 07436 600313; or by email: [democratic.services@westofengland-ca.gov.uk](mailto:democratic.services@westofengland-ca.gov.uk)

## Appendix 1

### WECA Mayoral Budget 2020/21

#### The Mayoral Budget – 2021/22

	2020/21 Budget £'000s	2021/22 Budget £'000s	Increase (+) / Decrease (-) £'000s
Staff	206	211	5
Premises Services	13	13	0
Support Services	15	15	0
Supplies & Services	10	10	0
Project Spend	0	0	0
	<b>244</b>	<b>249</b>	<b>5</b>
Mayoral Election – Transfer to Reserve	396	396	0
Mayoral Revenue Expenditure:	<b>640</b>	<b>645</b>	<b>5</b>
<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
	<b>17,572</b>	<b>17,572</b>	<b>0</b>
<b>Total Expenditure</b>	<b>18,212</b>	<b>18,217</b>	<b>5</b>
<u>Income</u>			
Business Rates Retention Pilot	17,572	17,572	0
Contribution from WECA Investment Fund	640	645	5
<b>Total Income</b>	<b>18,212</b>	<b>18,217</b>	<b>5</b>

#### Highways & Transport Grant allocation 2021/22

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

## Appendix 2

### Mayoral Fund 2020/21 Forecasted Outturn as @ December 2020

	2020/21 Budget £'000s	2020/21 Outturn £'000s	Variance £'000s
Staff	206	204	-2
Premises Services	13	12	-1
Support Services	15	1	-14
Supplies & Services	10	10	0
Project Spend	0	0	0
	<b>244</b>	<b>227</b>	<b>-17</b>
Mayoral Election - Transfer to Reserve	396	396	0
<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
	<b>17,572</b>	<b>17,572</b>	<b>0</b>
<b>Total Expenditure</b>	<b>18,212</b>	<b>18,195</b>	<b>-17</b>
<u>Income</u>			
Business Rates Retention Pilot	17,572	17,572	0
Funding Contribution from WECA	640	623	-17
<b>Total Income</b>	<b>18,212</b>	<b>18,195</b>	<b>-17</b>