



WEST OF
ENGLAND
Combined Authority


INVESTMENT PRIORITIES & BUDGET

OVERVIEW & SCRUTINY
23RD JANUARY 2019
KINGSWOOD

West of England
LOCAL
ENTERPRISE
PARTNERSHIP



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WHAT WE WILL COVER

- Funding streams available across the region;
- Recommended approach to prioritisation & financial planning;
- Considerations for 2019/20 revenue budget;
- Q&A

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FUNDING SOURCES (4X WOE COUNCILS)



	Local Growth Fund (Growth Deal) via SEP	Economic Development Fund (programme agreed 2014)	Revolving Infrastructure Fund
Amount	£202m	£500m	£57m
Source	Grant	Retained business rate growth in EZ/Eas	Grant (to be repaid)
Period	15/16 - 20/21	25 years from 14/15	Revolving
Type	Capital	Capital infrastructure focused programme	Capital
Schemes in programme	c40 schemes (9 complete)	c30 schemes (3 complete)	13 approved schemes (8 complete)
Current Status	Overprogrammed by c£24m, but c15 schemes yet to be fully approved	Fully subscribed, but c15 schemes still to be fully approved	Some £5m capital headroom, plus new schemes through repayment

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FUNDING SOURCES (WECA)



	Investment Fund	Transforming Cities Fund
Amount:	£900m	£103m
Source:	Grant paid annually	Grant
Period:	16/17 - 40/41	£80m 17/18 - 21/22 Additional £23m 22/23
Type:	50% capital, 50% revenue	Capital Transport funding to support 'improved public transport & active travel infrastructure'
Schemes in programme:	1 approved, plus feasibility & development projects, plus notional allocations	None yet agreed
Current Status:	£19m spent to date. Other allocations and commitments	Programme to be determined

£1.76bn
funding
within the
Region

Staggered
dates and
grant
conditions

Need to
manage risk
of having to
repay grant

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PRIORITISATION OF WECA FUNDING



We need to make best use of investment whilst complying with grant conditions:

- a) Investment Fund - 5 Year Government gateway review starting **now** - report to be completed late 2020;
- b) Local Growth Fund - has to be spent by March 2021. Slippage in spend is a national issue;
- c) Transforming Cities Fund - has to be spent by 2023;

We need to continue to attract further inward investment including:

- Housing Infrastructure Fund (could be circa £200m);
- Local Majors (transport) Fund;
- Successor of Local Growth Fund (UK Shared Prosperity Fund);
- **Future Business Rate Retention?...**

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5 YEAR GATEWAY REVIEW



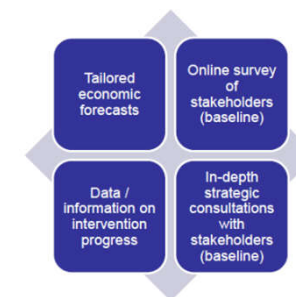
Our Devolution Deal is subject to 5-year Gateway Reviews

SQW to start baseline work in early 2019 - first evaluation report due by December 2020 and the review will take place early 2021

The review will look at the impact of the Investment Fund and will focus on schemes that are underway and/or completed - planning deep dives into specific projects

Need to develop a narrative for:

- (a) What outcomes we are aiming to achieve;
- (b) What schemes we are planning to deliver;
- (c) How funding will be aligned to meet our objectives.



PACE IS IMPORTANT...

Net Present Value (NPV): the value of money, discounted to account for inflation.

An assumed average 3% inflation has been used - based on current CPI and historic trends in the Construction Output Price Index.

Year	Grant	Equivalent Purchasing Power
0	£30m	£30m
10	£30m	£22.3m
20	£30m	£16.6m
30	£30m	£12.7m

Scenario	1: 'Straight Line'	2: 'Slow start'	3: 'Very slow start'
Net Present Value (how much is £900m worth):	£ 605.654m	£ 585.997m	£ 571.465m
How much the delay costs:	£ 0	£ -19.657m	£ -34.189m
Spend estimated by March 2021:	£150m	£60m	£30m

*Source: ONS

Housing - £51m

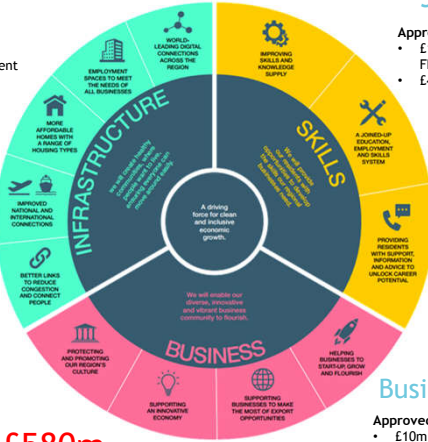
- Approved**
- £1m HIF Business Case development
 - £50m Land Acquisition Fund includes £50m income forecast

Transport - £41m

- Approved**
- £10m early transport priority feasibility and scheme development
 - Potential Allocations**
 - £25m delivery of early transport priorities
 - £6m Metrowest

Unallocated - £580m

INVESTMENT FUND & TCF



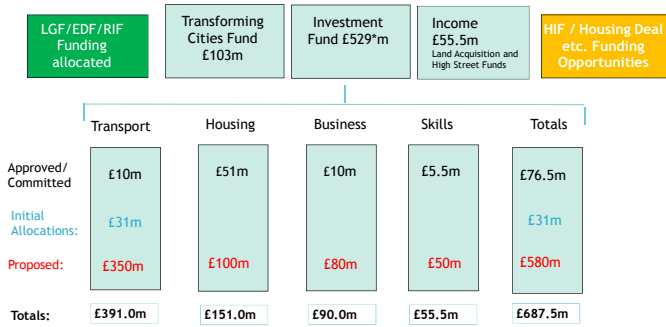
Skills - £5.5m

- Approved**
- £1m business case development for FE colleges capital projects
 - £4.5 skills innovation fund

Business - £10m

- Approved**
- £10m Love Our High Streets

INDICATIVE 20 YEAR FUNDING



WHAT WE HAVE DONE...



- Revised and updated the WECA Business Plan;
- Set an indicative 20 year financial allocation linked to strategic objectives;
- Developed / updated criteria to prioritise projects;
- Pledged to publish an Investment Programme in May 2019...

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WHAT ARE WE LIKELY TO BE INVESTING IN?...

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INFRASTRUCTURE - INVESTMENT

- Rail improvements including *MetroWest* enhancements;
- Bus improvements and *MetroBus* routes linked to the emerging bus strategy;
- Park and ride facilities - alongside targeted investment on reducing congestion;
- Supporting significant schemes that encourage walking & cycling;
- Strategic road network - improvements in resilience and/or enabling future growth;
- Mass transit - exploring new, sustainable public transportation alternatives;
- Infrastructure that will enable the required housing growth and employment space;
- Improving / delivering a high quality digital infrastructure

BUSINESS & SKILLS INVESTMENT



- Targeted action to get people back in to work;
- Provision of strategic employment locations - supporting existing Enterprise Areas and promoting new strategic sites;
- Re-vitalising Industrial Parks - exploring high density start up/growth hubs;
- Targeted support in geographical areas of greatest need;
- Targeted Business Support Programme - including Invest in Bristol & Bath;
- Improving higher and further education facilities which are accessible to all;
- Delivering Innovation - optimising digital investment;
- Improving career support advice and apprenticeship opportunities



2019/20 BUDGET SETTING



OTHER GRANTS / FUNDING ATTRACTED

We will continue to attract funding and seek external investment into the region:

Funding	Amount	Time period
LGF / EDF / RIF / IF / TCF	£1.76bn	various
Adult Education Budget	£17.6m	Per annum
Future Bright	£4.0m	over 2 years
Creative Scale ups	£1.3m	2019/20
Housing Capacity Fund	£3.0m	over 3 years
Growth Hub	£0.3m	2019/20
Energy Hub	£2.8m	over 2 years

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2019/20 BUDGETS



Budget	Coverage
Mayoral Budget:	<ul style="list-style-type: none"> • Mayor running costs (including provision for Elections); • Highways Grants (pass-ported to UAs); • Revenue costs of feasibility studies (from Investment Fund)
WECA Budget:	<ul style="list-style-type: none"> • Staff and running costs; • Transport functions (levy cost to UAs); • Approved Project Spend; • Contribution to Mayoral Fund (inc. revenue feasibilities)
LEP Budget:	<ul style="list-style-type: none"> • Staff cost & management of Local Growth Fund; • Staff costs & management of Economic Development Fund; • Growth Hub / Energy Hub / Creative Scale ups

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	2018/19 Budget £'000s	2019/20 Budget £'000s	Increase (+) / Decrease (-) £'000s
Staff	155	172	17
Premises Services	20	12	-8
Support Services	19	12	-7
Supplies & Services	15	15	0
Project Spend	0	0	0
	209	211	2
Mayoral Election - Transfer to Reserve	388	396	8
Planning, Transport & Housing Strategy	2,775	1,221	-1,554
<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	20,944	19,400	-1,544
Income			
Business Rates Retention Pilot	17,572	17,572	0
Government Grant	0	0	0
Funding Contribution from WECA	3,372	1,828	-1,544
Total Income	20,944	19,400	-1,544

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MAYORAL
BUDGET
2019/20

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	2018/19 Budget £'000s	2019/20 Budget £'000s	Increase(+) / Decrease (-) £'000s
Core Staff	1,334	1,390	56
Project Staff	951	1,942	991
Premises Services	201	215	14
Support Services	192	215	23
Supplies & Services	55	55	0
Project Spend	2,329	24,737	22,408
	5,062	28,554	23,492
<u>Transport Functions</u>			
Concessionary Fares	12,378	12,445	67
Community Transport	1,690	1,690	0
Bus Real Time Information	602	602	0
	14,670	14,737	67
Contribution to Mayoral Fund	3,372	1,828	-1,544
<u>Recommended New Approvals</u>			
Transport Policy	0	500	500
Housing Infrastructure Fund	0	500	500
Mass Transit	0	200	200
Bypass Feasibility	0	200	200
Charfield Station	0	300	300
A420 to Bath Highway	0	100	100
Pre-feasibility fund	0	200	200
Transfer to WECA reserves	0	100	100
Total Expenditure	22,104	47,319	25,215

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WECA
BUDGET
2019/20

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	Funding Source	Budget £000
Infrastructure		
a	High Street regeneration fund	Investment Fund 10,000
b	WECA strategic transport capacity	Investment Fund 500
c	Housing Infrastructure Fund development	Investment Fund 500
d	Mass-transit strategic development	Investment Fund 200
e	Bypass Schemes, Charfield Station & A420 to Bath Highway Feasibility	Investment Fund 600
f	Contribution to Mayoral Capacity Fund	Investment Fund (1,554)
g	Housing Capacity Fund	New Grant 1,000
h	Concessionary Fares	Increased levy 67
i	Pre-feasibility fund to attract investment	WECA virement 200
Business and Skills		
j	Adult Education Budget from Government	Govt funding 11,907
k	Skills Innovation Fund	Investment Fund 1,000
l	Skills Project development	Investment Fund 261
m	Future Bright – two year grant	Grant funding (660)
Investment and Corporate		
n	Virement from contracts to staffing	WECA virement 0
o	Treasury surplus – transfer to reserves	WECA virement 100
p	Other Costs	(6)
Total:		24,115



**WEST OF
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**WECA
BUDGET
2019/20**

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	2018/19 Budget £'000s	2019/20 Budget £'000s	Increase(+) / Decrease (-) £'000s
Staff	1,197	1,916	719
Premises Services	135	141	6
Support Services	111	142	31
Supplies & Services	62	62	0
Project Spend	0	2,429	2,429
Total Expenditure	1,505	4,690	3,185
Income			
UA Contribution	440	440	0
Other Government Grants	75	3,206	3,131
DCLG Core & Capacity Grant	500	500	0
Interest on Balances	198	400	202
Use of Reserves	292	144	-148
Total Income	1,505	4,690	3,185



**WEST OF
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**LOCAL
ENTERPRISE
PARTNERSHIP
BUDGET
2019/20**

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		2019/20 £000	Total Funding £000
a	Creative Scale ups	1,300	1,300
b	South West Local Energy Hub	1,224	2,800
c	Growth Hub	328	328
d	LEP Capacity Funding	200	200
e	Careers Hub	154	154
Totals:		3,206	4,782

**NEW GRANTS
ATTRIBUTABLE
TO THE LEP
2019/20**

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KEY MESSAGES...

- We continue to attract significant inward investment;
- The budget is a continuation of established practices & approvals;
- Any increased staff costs relate to new functions and new funding;
- No drawdown on Investment Fund for WECA capacity;
- Highways grants - similar treatment as past years;
- Volatility in some medium term income streams - e.g. Mayoral Capacity Fund, Business Rates Retention Pilot...



ANY
QUESTIONS?