

REPORT SUMMARY SHEET

WECA AND MAYORAL BUDGET OUTTURN, APRIL – DECEMBER 2018

Purpose

This report presents the forecast revenue and capital financial outturn budget monitoring information for WECA and the Mayoral budget for the financial year 2018/19 based on actual data for the period April - December 2018.

Summary

- The WECA Financial Regulations require that the WECA Committee considers the revenue and capital monitoring position at regular intervals throughout the financial year.
- Appendix 1 sets out the Mayoral Fund's forecast outturn revenue position for the 2018/19 financial year, which, overall, is £163k lower than the original budget, largely due to slippage on grant funded feasibility projects.
- Appendix 2 sets out WECA's estimated outturn revenue position for the 2018/19 financial year. This shows the current forecast is for the net outturn to match the original budget at year end.
- Appendix 3 outlines the current capital budget forecast for the 2018/19 financial year.

Recommendations

- 1. That the Mayoral Fund and WECA revenue and capital budget outturn forecasts as set out in Appendices 1,2 and 3 are noted.**
- 2. That a delegation is given to the WECA S151 Officer in order to make all necessary adjustments to Mayoral and WECA Budgets.**

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REPORT TO: WECA COMMITTEE

DATE: 1 FEBRUARY 2019

**REPORT TITLE: WECA & MAYORAL BUDGET OUTTURN APRIL –
DECEMBER 2018**

**DIRECTOR: MALCOLM COE, DIRECTOR OF INVESTMENT AND
CORPORATE SERVICES**

AUTHOR: MALCOLM COE

Purpose of Report

- 1 This report presents the forecast revenue and capital financial outturn budget monitoring information for WECA and the Mayoral budget for the financial year 2018/19 based on actual data for the period April 2018 to December 2018.

Recommendations

The WECA Committee agrees:

- a) The Mayoral Fund and WECA revenue and capital budget outturn forecasts as set out in Appendices 1,2 and 3 are noted.
- b) Delegation to the WECA S151 Officer in order to make all necessary adjustments to Mayoral and WECA Budgets.

Background / Issues for Consideration

- 2 The WECA Financial Regulations require that the WECA Committee considers the revenue and capital monitoring position at regular intervals throughout the financial year.

Mayoral Fund

- 2.1 **Appendix 1** details the Mayoral Fund's forecast outturn revenue position for the 2018/19 financial year, which, overall, is £163k lower than the original budget, largely due to slippage on grant funded feasibility projects. Variations and items of note within individual budget lines are:

- 2.1.1 A contribution of £388k will be made to an earmarked reserve in line with budget to meet the estimated costs of the next Mayoral Election in 2021.
- 2.1.2 A further £400k (in addition to the original £1.2m allocation) was approved by the Committee towards Joint Spatial Plan Scheme Development. This is within the forecast outturn of £892k. The remainder of the variance of £92k represents re-phasing of expenditure from last Financial Year. In total, the programme is forecast to drawdown within the maximum £1.6m revised allocation.
- 2.1.3 Priority transport infrastructure feasibility studies are forecast to drawdown on the following phasing against the original £3.150m approval:

Priority Infrastructure Feasibility Studies	17/18 £000	18/19 £000	19/20 £000	Total £000
Southern Orbital		155	95	250
Mass Transit Options		300	50	350
East of Bath Strategic Link	20	120	110	250
Freezing Hill/A420 Junction	22	78		100
Bristol Temple Meads Masterplan		889	1,111	2,000
Wraxall Road Roundabout	25	175		200
Total	67	1,717	1,366	3,150

- 2.1.4 The overall contribution required from the WECA Budget is forecast to be £3.209m in 2018/19, which is £163k lower than the original budget. This relates to slippage on grant funded feasibility projects which will be required in 2019/20 when the spend is now forecast to be incurred.

WECA

- 2.2 **Appendix 2** details WECA's estimated outturn revenue position for the 2018/19 financial year. This shows the current forecast is for the net outturn to match the original budget at year end. The main points to note are:

Transport Levy

- 2.2.1 A £460k underspend was reported to the last WECA Committee with corresponding recommendations for the allocation of this underspending. The core assumptions and projections remain largely unchanged within this monitoring report with the exception of a forecasted overspend within the concessionary fares element of the transport levy.
- 2.2.2 The transport levy is set at the beginning of the financial year based on anticipated demand and spend based on the previous year's activity. Adjustments are made at the end of the financial year to reflect the actual outturn position with any underspending being returned to the constituent authorities – with overspends being reimbursed by the councils through a year-end levy adjustment.
- 2.2.3 The 2018/19 transport levy incorporates adjustments based on the 2017/18 outturn, to maintain the current revenue neutral position for constituent councils. The levy was further adjusted to provide a £400k one-off contribution to each of the constituent councils, (total £1.2m), from the revenue element of the Investment Fund.

Figure 1: 2018/19 Transport Levy

Authority	Current 2018/19 Levy	Proposed adj 17/18 variances	Proposed adj - Investment Fund contribution	Proposed Substitute 2018/19 Levy
	£000's	£000's	£000's	£000's
B&NES	4,273	138	-400	4,011
BCC	7,912	-619	-400	6,893
SGC	2,485	17	-400	2,102
TOTAL	14,670	-464	-1,200	13,006

2.2.4 Bristol City Council have agreed that any overspend in 2018/19 will be reimbursed to WECA when out-turn figures are confirmed. For the other two constituent councils, forecasted overspending on the transport levy in 2018/19 will be funded through a WECA reserve – with reimbursement to the reserve being made through the adjusted 2019/20 levy.

Other variations

2.2.5 Staff costs are forecast to be £47k greater than budgeted which reflects the inclusion of new Adult Education Budget (AEB) posts, brought in to prepare for AEB implementation. This is fully funded by a specific grant.

2.2.6 The first £1m allocation of the £2m Mayoral Capacity Funding was received at the end of May 2018 with £524k forecast to be spent in 2018/19. Progress is being made to recruit the additional resources covered from this funding. As the funding runs for two years, the commitments will cover this full period and any unspent funds in the current financial year will be carried forward.

2.2.7 The £3m Housing Capacity Fund forms part of the interim housing package for the West of England. The first instalment of £900k has been received for 2018/19 and £689k is forecast to be spent in the current year.

This funding is supporting the creation of the West of England Strategic Housing Delivery Unit which includes direct WECA staff costs, specific resources to support related staff secondments from the constituent councils to the WECA, and the engagement of professional consultancy where appropriate. As the funding runs for three years, the commitments will cover this full period and any unspent funds in the current financial year will be carried forward.

2.2.8 There is a £3.209m forecast contribution to the Mayoral Fund. This mainly funds Joint Spatial Plan scheme development and Transport Feasibility studies (£2.609m) and the future costs of Mayoral Elections (£0.388m).

2.2.9 Income – the WECA 5% share of Business Rates under the 100% Business Rates Retention (BRR) Pilot is currently estimated to be £400k lower than budgeted. As previously reported to this Committee in April 2018, the MHCLG wrote to all 100% Pilot authorities setting out an overpayment error affecting the s31 Business Rate grants paid to pilot authorities. Government

have subsequently confirmed this error will be corrected from 2018/19 onwards. The impact is estimated at £400k per annum and provision was included for this as part of the final accounts process for 2017/18 within the Business Rates Reserve. The ongoing implications have been considered as part of the 2019/20 Budget and Medium Term Financial Plan.

2.2.10 Further drawdowns from earmarked reserves approved in April 2018 are forecast to take place in 2018/19 including;

	£000
Transport work packages	160
ICT and accommodation set up costs	90
HR advisor support	60
Total Reserves as approved in April 2018	310
End of year reserve for Concessionary Fares	400
Business Rates smoothing Reserve	400
Total Reserves to be used for 2018/19	1,110

2.2.11 Project spend consists of the following expenditure, funded by grants, reserves or approved drawdowns from the Investment Fund (£000's);

Project Spend		
Transport Work Packages		160
National Evaluation Framework		25
Cultural Strategy		100
Great Bristol Suburban Rail Feasibility Study		100
Talent Institute Feasibility Study		40
Visitor Economy		100
HIF Bid		1,000
Skills Capital Project Development		900
Apprenticeship Grant for Employers		239
		2,664

2.2.12 Futurebright – forecast expenditure of £1.170m is currently projected. Recruitment to the project is somewhat behind the profile initially set, though the recent widening of eligibility criteria negotiated with DWP, so that all candidates in work and in receipt of means tested benefits, will widen the recruitment pool. The forecast will be monitored closely as marketing activity takes place. The programme runs to July 2020.

2.2.13 Interest on investment balances is forecast at £1.024m for 2018/19, which is £504k higher than budgeted, reflecting an average higher rate of return due to

- 1) an increase in interest rates following the rise in the Bank of England Base Rate earlier in the year and
- 2) a second long-term strategic investment in the CCLA Property Fund, taking the holding in this diversified fund to £10m, which is currently generating a net return of circa 4%.

Summary budget position for WECA

2.2.14 The overall forecast performance of the WECA budget is an underspend of £268k when compared with the original budget (due to the concessionary fares adjustment). However, the previous forecast reported to the last Committee was an underspend of £460k. At that Committee it was resolved to allocate £460k of additional resources to the following priorities:

- ICT development including a new website and intranet £200k
- Transforming Cities Fund: Future Mobility Zones £100k
- Transfer to General Reserves £160k

2.2.15 Whilst £268k of this transfer will be available in 2018/19, the balance of the £460k transfer will be actioned, subject to final out-turn, early in the 2019/20 financial year upon receipt of the adjusted transport levy income.

Capital

2.3 **Appendix 3** outlines the current capital budget forecast for the 2018/19 financial year. The main points to note are:

2.3.1 The majority of Real-Time Information capital expenditure is programmed to be spent in 2018/19 (£504k). Migration is planned to be fully completed early in 2019/20.

2.3.2 2017/18 underspends on Economic Model Development (£0.285m) and Transport Schemes Business Case Development (£2.280m) are carried forward into the 2018/19 capital budget, funded by Investment Fund drawdown. Any underspends in 2018/19 will likewise be carried forward into 2019/20 if appropriate.

2.3.3 The Highways and Transport grant payments are in line with Budget and the additional Pothole Action Fund allocation of £1.241m is included in the capital budget. This grant has been paid to Constituent Authorities.

2.3.4 5G Smart Tourism Project – following the successful bid to the test-bed and trials programme, a capital budget of £5m is included in the capital plan, fully funded by DCMS capital grant. All expenditure must be incurred in the 2018/19 Financial Year.

Consultation

3 Consultation has been carried out with the Chief Executives, S151 Officers and Monitoring Officer.

Other Options Considered

4 None.

Risk Management/Assessment

- 5 This report forms a core part of the WECA's governance and risk management process. The forecast budgets presented in this report take account of known financial risks and their potential impact on the outturn financial position.

Public Sector Equality Duties

- 6 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.

- 6.1 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.

- 6.2 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.

- 6.3 All key service delivery functions continue to be delivered by the relevant constituent councils and impact assessments for service delivery, particularly highways and transport are included as appropriate within their individual Budget reports.

Finance Implications, including economic impact assessment where appropriate:

- 7 The financial implications are contained within the body of the report. There are no Economic Impacts arising as a result of this report.

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

Legal Implications:

- 8 This report monitors how WECA and the Mayoral Fund are performing against the financial targets set in February 2018 through the Budget setting process in accordance with the WECA Order 2017 and the Combined Authorities Financial Order 2017.

Advice given by: Shahzia Daya, Director of Legal Services

Human Resources Implications:

- 10 These are set out in the body of the report, including the use of interim staffing resources and the proposals for the on-going WECA staffing resources.

Advice given by: Alex Holly, Head of Human Resources

Appendices & Background papers:

Appendix 1: Mayoral Fund Revenue Position

Appendix 2: WECA Revenue Position

Appendix 3: Mayoral Fund and WECA Capital Position

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 Way, Bristol BS1 6ER; email: democratic.services@westofengland-ca.gov.uk

APPENDIX 1

Mayoral Fund April to December 18/19			
	£000s		
	Budget	Forecast	Variance
EXPENDITURE			
Staff	155	158	-3
Suppliers & Services			
Expenses	15	15	0
Election costs	388	388	0
Support Services	19	19	0
Property costs	20	20	0
Joint Spatial Plan Scheme Development	400	892	-492
Transport Feasibility Studies	2,375	1,717	658
Capital RCCOs			
Transport Grants	5,183	5,183	0
Highways Maintenance Grants	10,254	10,254	0
Highways Incentive Grants	2,135	2,135	0
Total Supplies & Services	20,789	20,623	166
Total Expenditure	20,944	20,781	163
INCOME			
Business Rates Retention Income	17,572	17,572	0
Funding from WECA	3,372	3,209	-163
Total Income	20,944	20,781	-163
NET TOTAL - Under / (Over) Spent	0	0	0

APPENDIX 2

WECA Fund April to December 2018/19			
	£000's		
	Budget	Forecast	Variance
EXPENDITURE			
Staff	1,395	1,442	-47
Supplies & Services			
Expenses	55	74	-19
Support Services	128	128	0
Property Costs	136	136	0
Project spend	235	2,664	-2,429
Implementation & set up costs	90	90	0
Concessionary fares	12,378	12,775	-397
Community transport	1,690	1,690	0
RTI Costs	602	602	0
Mayoral Capacity Fund	1,000	524	476
Housing Capacity Fund	900	689	211
Futurebright	2,333	1,170	1,163
WECA Contribution to Mayoral Fund	3,372	3,209	163
Total Supplies & Services	22,919	23,751	-832
Total Expenditure	24,314	25,193	-879
INCOME			
Levy from CA's doe WECA T	14,670	13,006	-1,664
Contribution re Concessionary Travel Overspend	0	268	268
Net Business Rates Retention Income	1,105	705	-400
Investment Fund - Revenue Contribution	3,447	6,624	3,177
Interest Balance	520	1,024	504
Grant Income -	4,233	2,712	-1,521
WECA Reserves	310	1,110	800
Other Income	29	12	-17
Total Income	24,314	25,461	1,147
NET TOTAL - Under / (Over) Spent	0	268	268

APPENDIX 3

WECA & Mayoral Capital Programme Monitor 2017/18 to 2020/21					Funding			
	2017/18 Outturn £000	2018/19 Budget £000	2019/20 Budget £000	2020/21 Indicative £000	Investment Fund £000	Grant £000	RCCO £000	Total £000
WECA Capital								
Infrastructure								
Economic Model & Scheme Prioritisation	115	285			400			400
Business Case Development	37	2,280	478		2,795			2,795
Real Time Information	0	504	55		559			559
5G Smart Tourism	0	5,000				5,000		5,000
Metrowest	0	0		6,000	6,000			6,000
	152	8,069	533	6,000	9,754	5,000	0	14,754
WECA Capital - Other								
IT & Building Alterations	418	50			418		50	468
	418	50	0	0	418	0	50	468
Mayoral Capital								
Highways & Transport Grants	20,475	17,572	17,572	17,572		20,475	52,716	73,191
Pothole Action Grant	891					891		891
Pothole Action Grant	619					619		619
Pothole Action Grant	0	1,241				1,241		1,241
	21,985	18,813	17,572	17,572	0	23,226	52,716	75,942
Grand Total	22,555	26,932	18,105	23,572	10,172	28,226	52,766	91,164

Note : RCCO indicates a Revenue Contribution to Capital Outlay