

**ITEM: 9**

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

**DATE: 2 FEBRUARY 2018**

**REPORT TITLE: MAYORAL BUDGET SETTING REPORT 2018/19**

**AUTHOR: Tim Richens – Director of Investments & Corporate Services**

**Purpose of Report**

1. To consider and approve a Budget in respect of Mayoral Functions for 2018/19.

**Issues for Consideration**

2. This report deals with the proposed Mayoral Budget for 2018/19 as set out at Appendix 1.

**The Budget Proposal**

3. This Mayoral Budget covers the financial year 2018/19 and builds on the first year position to reflect all decisions and funding allocations made to date.
  - 3.1 As set out in Appendix 1, the Mayoral Budget provides for the running costs for the Mayor's Office together with an annual provision for future election costs.
  - 3.2 The key element of the Mayoral Budget relates to the provision of significant funding amounting to £17.572M directly to the constituent councils for Highways and Transport works and improvements.
  - 3.3 The budget also reflects the start of significant investments in feasibility and business case work to bring forward priority infrastructure schemes – this begins the process of delivering improvements in infrastructure across the West of England Combined Authority area.
  - 3.4 Funding for the Mayoral Budget comes from a combination of retained business rates under the 100% Pilot for Highways and Transport costs, together with use of the WECA Investment Fund.
  - 3.5 The total Mayoral Budget for 2018/19 is estimated at £20.944M

**Financial Implications**

4. There financial implications are set out in the specific Budget proposals included at Appendix 1 to this Report.

**Legal Implications**

5. 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.

**Human Resources Implications**

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

**Environmental Implications**

7. None arising directly from this report.

**Social Implications**

8. None arising directly from this report.

**Equality Impact Assessment**

9. All key service delivery functions will 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.

**Risks, Mitigations and Opportunities**

10. The estimates produced for the purposes of the proposed Budget are based on reasonable assumptions and in accordance with standard accounting practice. Robust financial management arrangements and controls including budget monitoring and reporting are in place. Financial risks will be managed alongside those for the WECA more widely as set out in the WECA Budget proposal also on this Agenda.

**RECOMMENDATIONS**

The WECA is recommended to:-

1. **Approve the Mayoral Budget for 2018/19 together with the funding contribution from the WECA Budget of £3.372M as set out in Appendix 1.**
2. **Agree the specific Highways and Transport Capital Grant allocations totalling £17.572M to the constituent councils for 2018/19 as set out in Appendix 1, Annex 2 (table 2).**

## ITEM 9

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**APPENDIX 1**

**MAYORAL BUDGET 2018/19**

**1. Budget Summary**

- 1.1. 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.
- 1.2. For 2018/19 these functions primarily relate to the payment of Highways and Transport Capital grants.
- 1.3. The Budget proposal also includes the costs of the Mayor and related office expenses and election costs.
- 1.4. The funding for the Mayoral budget comes from the Retained Local Business Rates Pilot to meet the majority of Transport Costs together with grant funding from the Department for Transport and a contribution from the West of England Combined Authority.
- 1.5. The 2018/19 represents the first year for the Mayoral Budget to be agreed in accordance with the provisions of the Combined Authorities Finance Order 2017.
- 1.6. The proposed Mayoral budget for 2018/19 is set out at Annex 1 (Table 1)

**2. Mayoral Costs**

- 2.1. Provision has been included for the relevant allowance for the Mayor which is subject to regular review by the Independent Remuneration Panel. Additional costs related to a single policy support officer, PA support, running costs and expenses are also provided for. These reflect the actual experience of costs for the current financial year following the mayoral elections in May 2017.
- 2.2. Mayoral elections will be held every 4 years and the costs associated with this are an appropriate charge to the Mayoral Fund. An annual provision is now included to spread the costs of this over the election term period.

### 3. Transport and Highways Capital Grants

- 3.1. 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 streams previously distributed directly by the Department for Transport (DfT), including:
- Highways maintenance grants
  - Highways incentive grants
  - Integrated transport grants
- 3.2. As proposed capital grants, funding is transferred (where appropriate) as a Revenue Contribution to Capital Outlay (RCCO) to the WECA Capital programme before distribution to the constituent councils.
- 3.3. For 2018/19 it is again proposed that no changes are made to the distribution of this funding to the constituent councils as set out in the Roads Funding announcement by DfT in January 2017. This results in a grant distribution to the constituent councils as set out at Annex 1 (Table 2). Details of the specific highways and transport priorities and schemes supported by this funding is then set out within the Budgets for each of the constituent councils and appropriate arrangements are in place to support the monitoring of this funding by the WECA.
- 3.4. As a devolution area, the constituent councils will automatically receive the highest level of Highways Incentive Grants worth a total of £1.061M in 2018/19 to the area.
- 3.5. Going forwards, distribution may change to reflect future proposals and priorities including meeting the costs of the Key Route Network which will be considered further during the course of the financial year.

### 4. Planning, Transport & Housing Strategy

- 4.1. The WECA Committee meeting on 15<sup>th</sup> September 2017 agreed the allocation of £1.2M over two years (2017/18 and 2018/19) to support the development of business cases for priority schemes in support of the Joint Strategic Plan. This is provided as a revenue grant to Bath & North East Somerset Council who are leading the commissioning of this work on behalf of the WECA.
- 4.2. A further £3.15M was agreed by the WECA Committee on 30<sup>th</sup> October to be allocated to feasibility studies for priority schemes. The funding is provided as revenue grant to the relevant constituent council to deliver the feasibility studies accordingly.

## 5. Mayoral Budget Funding

- 5.1. **The Business Rates Retention Pilot** - as agreed in 2017/18, the Pilot will continue to incorporate funding for the core Highways and Transport Grants from the DfT. This provides for a degree of stability and flexibility on how this funding might be used going forwards.
- 5.2. A proportion of Business Rates (5%) collected by the constituent councils will therefore be allocated to the WECA, the majority of which (£17.572M) is payable directly to the Mayoral Budget to replace the grant funding which would have been received from the DfT.
- 5.3. **A Contribution from WECA** of £3.372M is proposed for the Mayoral Budget in 2018/19 to meet the costs of the already agreed JSP scheme development and priority feasibility studies, together with the running costs and election cost provision. This would be allocated from WECA Investment funds.
- 5.4. In the future, the Mayor may be able to propose a **Supplementary Business Rate** of up to 2p per £ of rateable value in agreement with local business for infrastructure schemes. Full details of this scheme and how it will operate have yet to be set out by Government.
- 5.5. Total funding for the Mayoral Revenue Budget is £20.944M for 2018/19

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ANNEX 1

Table 1 – The Mayoral Budget (Fund) 2018/19.

	2017/18 Revised Budget	2018/19 Budget	Total Increase (+) / Decrease (-)
	£000's	£000's	£000's
<b>Revenue Expenditure</b>			
<u>Mayoral Expenses / Support</u>			
Staffing	135	155	20
Travel	0	2	2
Premises	0	20	20
Supplies & Services	15	13	-2
Support Services	15	19	4
	165	209	44
Mayoral Election Costs (May 2021) - transfer to Reserve	1,645	388	-1,257
Planning, Transport & Housing Strategy	1,475	2,775	1,300
<u>Contributions to Capital - Highways &amp; Transport Grants</u>			
Integrated Transport Grants	5,183	5,183	0
Highways Maintenance Grants	11,328	10,254	-1,074
Highway Incentive Grants	1,061	2,135	1,074
	17,572	17,572	0
<b>Total Expenditure</b>	<b>20,857</b>	<b>20,944</b>	<b>87</b>
<b>Income</b>			
Business Rates Retention Pilot	17,572	17,572	0
Government Grant	0	0	0
Funding contribution from WECA (Investment Fund)	3,285	3,372	87
<b>Total Income</b>	<b>20,857</b>	<b>20,944</b>	<b>87</b>

Table 2 - Highways &amp; Transport Grant Allocations

	<b>B&amp;NES</b>	<b>BCC</b>	<b>SGC</b>	<b>TOTAL</b>
	2018/19	2018/19	2018/19	2018/19
	£000's	£000's	£000's	£000's
<b>Highways Maintenance</b>	3,034	3,132	4,088	<b>10,254</b>
<b>Highways Incentive</b>	632	652	851	<b>2,135</b>
<b>Integrated Transport</b>	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>