



<b>Combined Authority Board</b>	Agenda Item
<b>31 January 2024</b>	<b>9</b>
<b>Title:</b> Mayoral Budget 2024-25	
<b>Report of:</b>	Mayor Dr Nik Johnson
<b>Lead Member:</b>	Mayor Dr Nik Johnson
<b>Public Report:</b>	Yes
<b>Key Decision:</b>	No
<b>Voting Arrangements:</b>	The Mayoral budget proposed by the Mayor will be approved unless at least two thirds of the members of the Board from constituent councils vote against it.

#### Recommendations:

A	To note the proposed Mayoral budget for 2024-25, including the proposal to increase the precept by £24 per annum to £36 for a Band D property, and to provide comments to the Mayor regarding the proposed Mayoral Budget
B	To approve the draft Mayoral Budget, including the proposed Mayoral precept noted above.
C	To note the proposed routes to be funded by the proposed precept and the process by which these routes will be finalised and approved
D	Delegate minor changes to the Mayor's budget, due to finalisation of council tax base figures, to the Executive Director of Resources and Performance

#### Strategic Objective(s):

The proposals within this report fit under the following strategic objective(s):

x	Achieving ambitious skills and employment opportunities
x	Achieving good growth
x	Increased connectivity
x	Enabling resilient communities
x	Achieving Best Value and High Performance

#### 1. Purpose

1.1	This report recommends the Board approve my Budget proposals for the Medium-Term Financial Plan period covering 2024-25 to 2027-28, including the proposal to implement an increase in the Mayoral General Precept equivalent to £24 per annum for a Band D property to help fund improvements to the bus network.
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## 2. Proposal

2.1 My draft budget assumes that the costs of running my office remain the same throughout the MTFP period, and I will continue to seek efficiencies in the way my office is run throughout my time as Mayor to maximise the funding that can be put into transport and other front line projects and services.

In addition the following two assumptions, which were put in place when my budget was approved last year, are proposed to continue:

- Roles in the my office have been combined with those in communications, executive support and policy development and reside within the Chief Executive's office for managerial and budget responsibility.
- Reflecting on previous guidance that my budget should include all the costs directly due to having a Mayor of Cambridgeshire and Peterborough the costs of the 4-yearly mayoral election are shown in my budget rather than the Combined Authority's.

2.2 The table below shows my proposed budget for the current year and the 4 years of the Medium Term Financial Plan. Apart from the £10.9m funded by the existing Mayoral precept and the proposed increased precept, the costs of my office are met by a charge against the Combined Authority's unringfenced revenue funds. My allowance was set at £86,121 in 2022-23 following the recommendation of an Independent Remuneration Panel and it is increased each year in line with the award for local government employees negotiated nationally. The figures below also include employer's national insurance contributions from the Combined Authority.

2.3 My draft budget will be deemed to be approved if the Combined Authority does not make a report to the Mayor by 8th February 2024.

2.4

23/24 £000's		24/25 £000's	25/26 £000's	26/7 £000's	27/28 £000's
	<b>Mayor's Budget</b>				
102	Mayor's Allowance	106	110	114	118
10	Mayor's Conference Attendance	10	10	10	10
18	Mayor's Office Expenses	18	18	18	18
24	Mayor's Office Accommodation	24	24	24	24
-	Election Costs	-	780	-	-
3,624	Existing Precept contribution to passenger transport	3,679	3,740	3,811	3,884
-	Proposed additional precept contribution to passenger transport	7,357	7,480	7,623	7,769
<b>3,778</b>	<b>Total Mayoral Office costs</b>	<b>11,194</b>	<b>12,162</b>	<b>11,600</b>	<b>11,823</b>

### 2.5 MAYORAL PRECEPT

2.6 I am proposing to increase the Mayoral General Precept to an annual charge of £36.00 for a band D property and, based on forecasts from the areas' collection authorities, this would raise around £10.9m in 2024-25.

2.7 Last year, the combined authority had to step in at very short notice and rescue 23 routes that the then bus operator felt no longer capable of running. Our choice was either see communities cut off from the rest of the region or find a way to invest in saving what for many is an essential public service. That's why we introduced the £1 per month Mayoral Precept. As successful as this measure was, we're still up against those pressures, and if anything, with inflation having wreaked havoc, they've gotten worse. At the same time, demand for better public transport continues to grow as people rightly want to be

	able to rely on buses, safe in the knowledge that they can build things like a working day, medical appointments, or the school-run around them.
2.8	It's no secret that public services up and down the country are under enormous financial pressure, and with cost-of-living crises affecting near enough every household, decisions about how to fund essential improvements cannot be taken lightly. For us here in Cambridgeshire and Peterborough it comes down to either leaving things as they are and watching a broken system fall apart or begin to build up our abilities to deliver the types of enhanced services that a huge majority of residents have made clear they support.
2.9	My argument is that for less than 10p a day per average household the combined authority can invest £11m per year in our bus network, enabling more routes and more frequent services, serving far more people more conveniently than is currently the case. What's more, this will accompany a huge reduction in the price of travel for everyone under the age of 25, with bus fares cut in half from £2 to £1. I believe that we can't afford to do nothing. To me that's not responsible government. As I see it, the collective benefits of a better bus network vastly outweigh the modest cost to households with quality public transport helping unclog our roads, clean up our air, and massively increase equal access to the wealth of social and economic opportunities that our region presents. In my view, that's a price worth paying.
2.10	I do not take any increase in costs to the residents of Cambridgeshire and Peterborough lightly, particularly given the cost of living crisis which has impacted so many people across our area. However I believe that my proposals contained in this budget, together with some of the proposals contained in the proposed Combined Authority budget later on this Board Agenda, can help to alleviate some of the pressure of the cost of living crisis for those who experience it most.
2.11	Many people I have spoken to since I became Mayor complain that they are struggling to meet the costs of maintaining and running a car. Figures show that nationally the costs of insuring a car have risen by more than 50% over the last year for many drivers. In addition other costs of motoring have also increased over the last 12 months. Lots of these people have told me that they would use buses more than their cars if there were more convenient, and more frequent, bus services available to them. These include young people trying to get to school, college and university; people who need to get to work by specific times; people who need to travel from our rural communities to access critical services (such as hospitals) in larger communities and people who simply want to travel around the area for leisure, enjoying some of the many sights and facilities our great region has on offer.
2.12	I am pleased that we have been able to propose reduced fares for under 25s as part of our main Combined Authority budget which we will consider later today, but to enable those people who don't enjoy regular and frequent bus services that are convenient for them we need to fund additional services to help them access the facilities I mention above.
2.13	There are several options available to address this funding need, which include: reducing service levels, increasing the transport levy, seeking contributions from constituent councils, making cuts to other projects in the CPCA's portfolio and the use of one-off reserves and, finally the Mayor's power to increase a precept.
2.14	Reducing service levels would be a net nil sum gain. The main areas of unringfenced revenue funding where services could be reduced fall within the scope of passenger transport, so bus services would need to be cut in one area to pay for improvements in another. I do not believe this would be fair or equitable to the residents and communities across our region.
2.15	The Combined Authority is able to increase its transport levy, the charge it makes on Cambridgeshire County Council and Peterborough City Council as the local Highways Authorities, by an inflationary amount each year. This year the high inflation levels would allow the levy to be increased by 8.9% however doing so, as with seeking contributions from the constituent councils directly, would simply shift the burden from the Combined Authority onto the already impossibly stretched budgets of the Councils in the area and force them to come up with the funds. As such the transport levy proposed as part of the Combined Authority's budget later in this agenda includes only a 2% increase in the levy,

	with the Combined Authority shouldering the £3.8m difference this creates over the 4-years between this and the maximum allowed increase.
2.16	While it would be possible to provide some of the proposed investment in bus services in 2024-25 through a range of cuts to existing and proposed Combined Authority commitments and the use of one-off reserves both these responses are inherently short term – they would provide funding in 2024-25 but do nothing to enable the Combined Authority to continue those services in 2025-26 and beyond. Recent examples of a number of Councils across the country have given stark examples of the dangers in taking short-term solutions for long-term problems.
2.17	Increasing the Mayoral precept by £2 a month for a Band D property will enable us to place significant investment into our bus services. As part of our recent consultation on the budget and Medium Term Financial Plan, undertaken between the 30 <sup>th</sup> November and the 15 <sup>th</sup> January, we asked residents whether they would be willing to pay more Council Tax for improved bus services. I am pleased to say that the majority (52%) of those who responded agree with me that they would support the proposed increase in the Mayoral precept to improve bus services. Less than one third (30%) of those who responded believed that there should be no Mayoral precept used to support the bus network.
2.18	We asked respondents to the consultation to propose new routes for buses and where more frequent buses on existing routes would be beneficial. We had a large number of responses, not all of which we can fund within the proposed precept. I am proposing that the routes attached as Appendix C to this report, which cover all of the areas administered by our constituent councils across the Region, are the ones that we will initially seek to fund from the investment. We believe that all of these new routes and increased frequency on existing routes should be deliverable within the available investment, but until precise assessments have been completed and negotiations have been undertaken with bus operators we will not know the precise funding required. I will ask Officers to update the Transport & Infrastructure Committee and the Board at their March meetings regarding progress on these assessments and negotiations. If any of the investment remains available once the proposed routes are funded then I will ask for a further report to be brought to a future Transport & Infrastructure Committee and Board meeting to propose that we fund some of those additional routes we cannot currently fund.
2.19	Whilst I personally strongly support a franchising solution for the future bus network across the Region the decision on whether to adopt a franchise or enhanced partnership will be decided later in the year following the current audit of the business cases and the consultation on the preferred option that will follow that. None of the funding proposed in this report presupposes either a franchise or enhanced partnership solution for the bus network in the future.

### 3. Background

3.1	In accordance with the Combined Authorities (Finance) Order 2017, the Mayor must, before the 1 <sup>st</sup> February in any financial year, notify the Combined Authority of the Mayor's draft budget in relation to the following financial year.
3.2	The process and timetable for approving the Mayor's budget is set out in <b>Appendix A</b> .

### 4. Appendices

4.1	Appendix A. Process for approving the Mayoral budget
4.2	Appendix B. Calculation of aggregate amounts under section 42a (2) and (3) of the Local Government Finance Act 1992 (updated in the Localism Act 2011)
4.3	Appendix C. Proposed bus routes to be funded through the proposed precept

## 5. Implications

### Financial Implications

5.1 Contained within the body of the report.

### Legal Implications

6.1 This report is submitted to the Board in accordance with the Budget procedure rules contained in the Constitution.

A Mayoral Precept may only be issued in relation to the costs of the Mayor or of discharging Mayoral Functions. The Mayoral functions are set out in Article 12 of the Cambridgeshire and Peterborough Combined Order 2017.

The Finance Order sets out the process and the timetable for determining the general component of the precept.

**Stage 1**

- i) The Mayor must before 1st February notify the CPCCA of the Mayor's draft budget in relation to the following financial year.
- ii) The draft budget must set out the Mayor's spending and how the Mayor intends to meet the costs of the Mayor's general functions, and must include "the relevant amounts and calculations".
- iii) "The relevant amounts and calculations" mean:
  - a) estimates of the amounts to be aggregated in making a calculation under sections 42A, 42B, 47 and 48;
  - b) estimates of other amounts to be used for the purposes of such a calculations;
  - c) estimates of such a calculation; or
  - d) amounts required to be stated in a precept.

**Stage 2**

The CPCA must review the draft budget and may make a report to the Mayor on the draft.

- i) Any report:
  - a) must set out whether or not the CPCA would approve the draft budget in its current form; and
  - b) may include recommendations, including recommendations as to the relevant amounts and calculations that should be used for the financial year
- ii) The Mayor's draft budget shall be deemed to be approved by the CPCA unless the Combined Authority makes a report to the Mayor before 8th February.

**Stage 3**

Where the CPCA makes a report, it must specify a period of at least 5 working days within which the Mayor may:

- a) decide whether or not to make any revisions to the draft budget; and
- b) notify the CPCA of the reasons for that decision and, where revisions are made, the revised draft budget.

**Stage 4**

When any period specified by CPCA at stage 3 has expired, the CPCA must determine whether to:

- a) approve the Mayor's draft budget (or revised draft budget, as the case may be), including the statutory calculations; or
- b) veto the draft budget (or revised draft budget) and approve the Mayor's draft Budget incorporating CPCA's recommendations contained in the report to the Mayor (including recommendations as to the statutory calculations).

	<p>c) The Mayor's draft budget (or revised draft budget) shall be deemed to be approved unless vetoed within 5 working days beginning with the day after the date on which the period specified in stage 3 expires.</p> <p>d) Any decision to veto the Mayor's budget and approve the draft budget incorporating the CPCA's recommendations contained in the report to the Mayor must be decided by a two-thirds majority of the members (or substitute members acting in their place) of the CPCA present and voting on the question at a meeting of the authority (excluding the Mayor).</p> <p>e) Immediately after any vote is taken at a meeting to consider a question under stage 4, there must be recorded in the minutes the names of the persons who cast a vote for the decision or against the decision or who abstained from voting.</p>
Public Health Implications	
7.1	The proposed precept supports additional bus routes and more frequent services. Research evidence has demonstrated the public health benefits of increased bus usage, including its links to physical activity through walks to/from bus stops, its links to mental wellbeing as it improves access to services, facilities and communities and its link to reducing air contamination as fewer car journeys are made.
Environmental & Climate Change Implications	
8.1	As more people are likely to use increased bus routes and more frequent services in preference to the alternative of car journeys there should be a reduction in both CO2 emissions and air pollution.
Other Significant Implications	
9.1	None
Background Papers	
10.1	None