

Mayor's Draft Budget and Mayoral Precept 2023-24

To:	Cambridgeshire and Peterborough Combined Authority Board
Meeting Date:	25 January 2023
Lead Member:	Mayor Nik Johnson
From:	Jon Alsop Chief Finance Officer
Key decision:	Yes
Forward Plan reference:	KD2022/064
Recommendations:	<p>a) Consider the proposal to implement a Mayoral General Precept of £12 (Band D).</p> <p>b) Approve the Mayor's draft budget for 2023-24 incorporating the Mayoral General Precept</p>
Voting arrangements:	The Mayor's budget is passed unless voted against by a 2/3 majority of Members of the Board appointed by the constituent authorities, or substitutes present and voting. This is a recorded vote.

1. Purpose

- 1.1 This report recommends the Board to consider the proposal to implement a £12 Mayoral General Precept and approve the Mayor's draft budget for 2023/24 incorporating that precept.

2. Background

- 2.1 In accordance with the Combined Authorities (Finance) Order 2017, the Mayor must, before the 1st February in any financial year, notify the Combined Authority of the Mayor's draft budget in relation to the following financial year.
- 2.2 The process and timetable for approving the Mayor's budget is set out in **Appendix 1**.
- 2.3 The consultation on the Combined Authority's budget included questions on whether or not the respondents would support the use of a precept to support passenger transport services in the area. The summary of responses are included as Appendix 3 to item 3.4 on this meeting's agenda and could be considered when discussing this item.
- 2.4 The draft Mayor's budget has several key differences to prior years:
 - (a) There is a £53k reduction in the Mayor's Office Accommodation budget, from £77k p.a. to £24k p.a. This, along with some of the savings on the Mayor's Office Expenses, is from efficiency savings driven by the move to co-locate both the CPCA and Mayor in the new combined headquarters in Pathfinder House.
 - (b) In accordance with the development of the improvement plan, roles in the Mayor's office have been combined with those in communications, executive support and policy development and moved into a new Chief Executive's office which is included in the Combined Authority's budget reflecting the line management responsibilities sitting with the Head of Paid Service. The result of this is that the Mayor's office staffing budget is nil in all years.
 - (c) Reflecting on previous guidance that the Mayor's 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 now being shown in the Mayor's budget rather than the Combined Authority's. There is no difference in the costs of the election, as this is a presentational update.
- 2.5 The table below shows the Mayor's budget for the current year and the 4 years of the medium-term financial plan. Apart from the £3.6m funded by the proposed Mayoral Precept the costs of the Mayor's office (£154k in 2023-24) are met by a charge against the Combined Authority's un-ringfenced revenue funds.
- 2.6 The Mayor's allowance was set at £86,121 in 22-23 following the recommendation of an independent remuneration panel and will be increased in-line with the award for local government employees negotiated nationally. The figures below include employer's national insurance contributions.
- 2.7 If the Board vote to veto the Mayor's draft budget, they are required to make a report to the Mayor by the 8th February 2023, if such a report is not provided the draft budget is deemed approved as

set out in the 2017 Order.

2022/23		2023/24	2024/25	2025/6	2026/27
£000's		£000's	£000's	£000's	£000's
	<u>Mayor's Budget</u>				
96	Mayor's Allowance	102	106	110	114
15	Mayor's Conference Attendance	10	10	10	10
40	Mayor's Office Expenses	18	18	18	18
77	Mayor's Office Accommodation	24	24	24	24
260	Mayor's Office Staff				
-	Election Costs	-	-	1,040	-
	Precept funded contribution to operational budgets	3,624	3,691	3,760	3,835
392	Total Mayoral Office costs	3,778	3,849	4,962	4,001

3. Mayoral Precept

- 3.1 For the first time the Mayor is proposing to implement a Mayoral General Precept, this would be an annual charge of £12.00 for a band D property and, based on forecasts from the areas' collection authorities would raise £3.6m in 2023-24.
- 3.2 The Mayor is proposing this precept in response to the pressure facing the Combined Authority across its supported bus services. As was widely reported at the time, Stagecoach withdrew from 23 services at short notice in 2022-23 and the Mayor and Combined Authority reacted quickly and decisively to protect these services through a rapid re-tendering exercise resulting in all services being partially or fully continued.
- 3.3 The cost of the new services is considerably higher than those they replace, reflecting the substantial increase in fuel, energy, and driver costs that are facing the public transport industry at large. This pressure is expected to continue into the new year, and the forecast costs of sustaining the currently supported service are £7m in 2022-23, compared to an existing budget of only £3.5m.
- 3.4 As well as continuing to support the current services, the Mayor has a stated ambition to progress the business case for franchising the bus network in the area. A franchised network would enable far greater control over which routes are offered and protect residents from private operators withdrawing services unilaterally. Continuing this work at pace requires short-term investment and the expected cost of this is £900k for 2023-24.
- 3.5 These two factors, in addition to an increase in electricity costs of running the real-time passenger information network (the displays at bus stops which say when the next bus will come) estimated at £100k, result in a pressure beyond the Combined Authority's anticipated budget of £4.5m
- 3.6 After applying specific revenue grants, and an efficiency saving of £150k from the co-location of the CPCA and Mayoral offices in Pathfinder house, this gap closes to £3.9m.

- 3.7 There are several options available to address this gap: 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 implement a precept.
- 3.8 The importance of continuing these bus routes to residents of the Combined Authority area was clearly articulated by the influx of personal letters sent to the Mayor and Leaders on the Combined Authority Board telling how the authors would be unable to get to jobs, schools and carer commitments without the services which were in danger of ceasing, as such the Mayor does not support the reduction of critical services to reduce the cost of service.
- 3.9 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 extremely high rates of inflation would allow the levy to be increased by 12.6% however by doing so, as with seeking contributions from the constituent councils directly, it would simply shift the burden from the Combined Authority onto the already stretched budgets of the Highways Authorities. 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 £1.4m difference between this and the maximum allowed increase.
- 3.10 While it would be possible to balance the 2023-24 pressure on the passenger transport budgets through a range of cuts to existing Combined Authority commitments and the use of one-off reserves both these responses are inherently short term – they would provide funding in 2023-24 but do nothing to enable the Combined Authority to continue those services in 2024-25 and beyond.
- 3.11 That said, the costs of developing franchising are a short-term pressure, as any working model for franchising will include the money to deliver its services so the Combined Authority is meeting the balance of costs of developing franchising through 2023-24 from its reserves.
- 3.12 Implementing a Mayoral precept, of £1 a month (£12 annually) on a Band D property, would help to safeguard the services which are critical for some residents of the Combined Authority to work, learn and participate in society for the medium-term, while the Authority continues to develop the case for franchising in co-ordination with GCP to incorporate the results of their work around Cambridge.
- 3.13 The funding will be ringfenced to the support of passenger transport services in the area, including the costs of the real-time passenger transport network, this is a precept required by unprecedented increases in the cost of passenger transport, not to support the Combined Authority's core costs.

4. Financial Implications

- 4.1 There are no matters to bring to the Board's attention other than those highlighted in other sections of the report.

5. Legal Implications

- 5.1 The Combined Authority is required to prepare a balanced budget each financial year in accordance with statutory timelines.
- 5.2 The process for setting the Mayor's budget is contained within the Combined Authorities (Finance) Order 2017.
- 5.3 The Mayor's power to set a precept on Council Tax is set out in Part 2 of the Combined Authorities (Finance) Order 2017.

6. Other Significant Implications

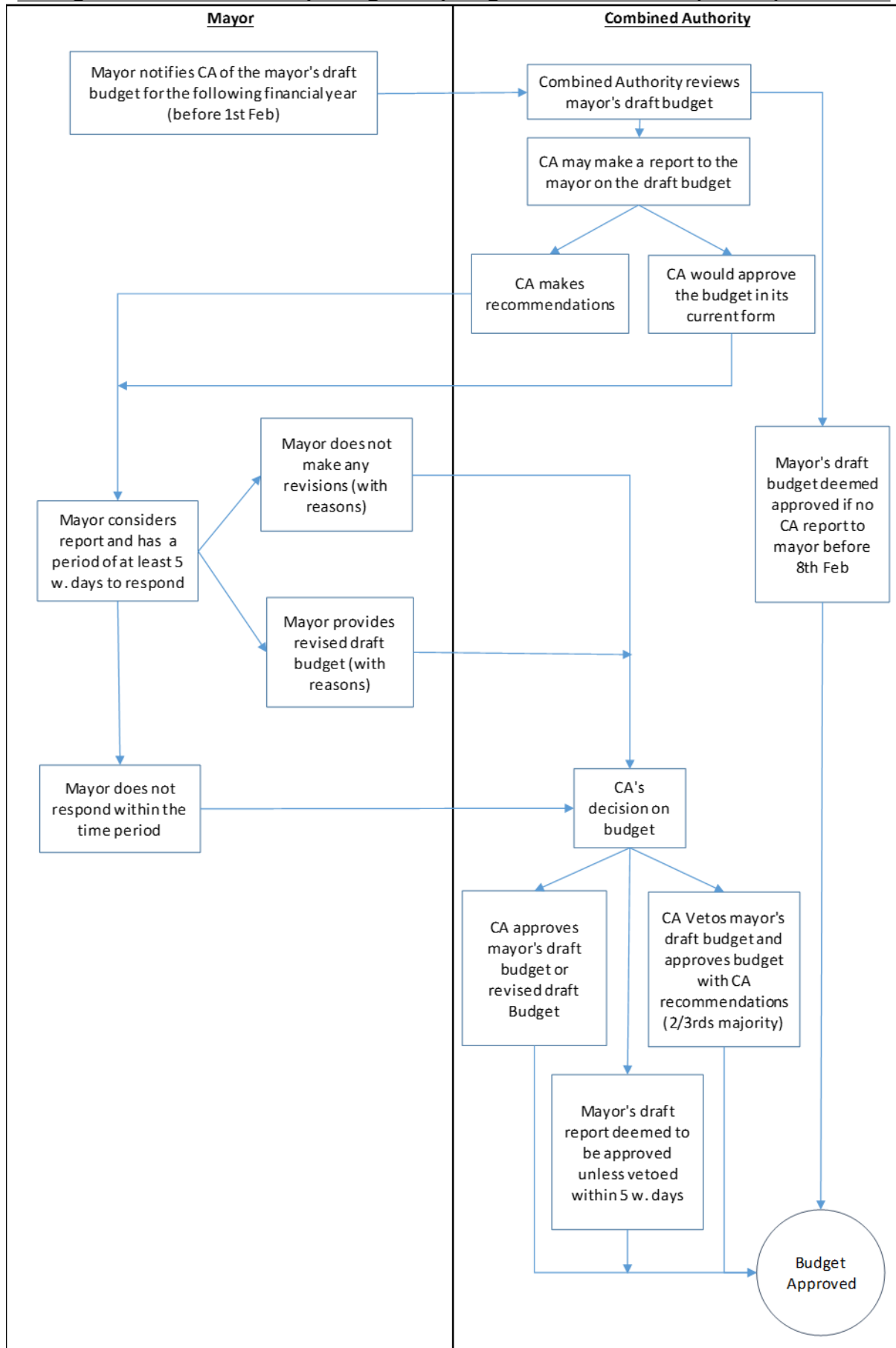
- 6.1 There are no other significant implications

7. Appendices

- 7.1 Appendix 1 – Setting of a Combined Authority's budget: Mayor's general functions
- 7.2 Appendix 2 – Calculation of aggregate amounts under section 42a (2) and (3) of the local government finance act 1992 updated in the localism act 2011)

Appendix 1

Setting of a Combined Authority's budget: Mayor's general functions - CA (Finance) Order 2017



Appendix 2

Calculation of aggregate amounts under section 42a (2) and (3) of the local government finance act 1992 updated in the localism act 2011)

	Gross expenditure £'000	Gross income £'000	Net expenditure £'000
Mayoral General Budget	3,778	-	3,778
Combined Authority	47,167	(29,517)	17,650
Contributions to/from reserves	-	(4,309)	(4,309)
	50,944	(33,826)	17,119
Transport Levy		(13,495)	(13,495)
Precept Requirement	50,944	(47,320)	3,624

Calculation of Tax Base

The Tax Base is the aggregate of the Tax Bases calculated by the District Councils and Peterborough City Council in accordance with the Local Authorities (Calculation of Council Tax Base) Regulations 1992.

These are currently estimated as:

District/Unitary Authority	Authority Tax Base
Cambridge City	44,837
East Cambridgeshire	31,965
Fenland	31,059
Huntingdonshire	65,795
Peterborough	61,024
South Cambridgeshire	67,331
Total	302,011

Amounts of Council Tax for each Band

2023/24	A	B	C	D	E	F	G	H
Costs for Band	£8.00	£9.33	£10.67	£12.00	£14.67	£17.33	£20.00	£24.00

Appendix 2

Calculation of Band D Equivalent Tax Rate

	£
Net Expenditure	17,118,727
Less Funding	(13,494,600)
	3,624,127
Adjusted for surplus (-)/deficit on collection funds	0
Net budget to be met from Council Tax	3,624,127
Aggregate tax base	302,011
Basic tax amount at Band 'D'	12.00