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| CAMBRIDGESHIRE AND PETERBOROUGH COMBINED AUTHORITY BOARD | AGENDA ITEM No: 4.1 |
| 25 OCTOBER 2017 | PUBLIC REPORT |

BUDGET PREPARATION AND CONSULTATION PROPOSALS FOR 2018/19

1.0 PURPOSE

- 1.1 This report sets out the proposed budget setting process for the approval of the Combined Authority's 2018/19 budget.

| <u>DECISION REQUIRED</u> | |
|--|---|
| Lead Member: | Cllr Steve Count, Portfolio Holder for Fiscal Strategy |
| Lead Officer: | Alex Colyer, Interim Chief Finance Officer |
| Forward Plan Ref: N/A Key Decision: Non-Key | |
| The Combined Authority is asked to 1. approve the proposed timetable and the consultees to be involved in the consultation of the Combined Authority's budget 2018/19. 2. Note the emerging strategic themes for the 2018/19 budget. | Voting arrangements Simple majority all Members (or their Substitute Members) |

2.0 BACKGROUND

- 2.1 The Local Government Finance Act 1992 (LGFA 1992) places a duty on Councils to set a balanced budget with regard to the advice of its Chief Finance Officer (section 151). For this reason, the timetable for setting the Combined Authority and Mayoral budgets occurs earlier than for constituent councils and is explained in this report.

- 2.2 The 28th February 2018 is the deadline for the issue of any precept to a billing authority in accordance with s.40 of the Local Government Finance Act 1992. In practice this will be too late for the budget setting timetables of the constituent councils, so we are proposing to hold the formal budget setting meeting on 5th February in order to comply with their timetables.

3.0 MAIN ISSUES

3.1 Proposed Budget Setting process for 2018/19

- 3.1.1 Chapter 11 of the Constitution, 'Financial Management Procedure rules', states that from 2018/19 onwards, the budget will be set and approved in accordance with the Budget Framework.
- 3.1.2 The Combined Authorities (Finance) Order 2017 made on 27th April 2017 sets out the statutory process for the 'Setting of a combined authority's budget: mayor's general functions'.
- 3.1.3 Process workflows for the setting of both the Mayoral General Functions Budget and the Combined Authority's Budget are shown at Appendix A.
- 3.1.4 The proposed budget setting timetable for 2018/19 is set out below to comply with both the CPCA's Budget Framework and the statutory Finance Order.
- 3.1.5 The consultation of the draft Combined Authority budget will enable the Combined Authority to make constituent councils aware of any potential levies, if there are any.

Proposed Timetable

| Date | Activity |
|--|---|
| Mon 23rd Oct 2017 | Overview & Scrutiny meeting |
| Wed 25th Oct 2017 | Combined Authority Board meeting - Proposed date for CA to agree consultation timetable and consultees |
| Mon 18th Dec 2017 | Overview & Scrutiny meeting |
| Wed 20th Dec 2017 | Combined Authority Board meeting - Proposed date for CA to consider and approve draft 2018/19 CA budget for consultation purposes - Proposed date for CA to receive and consider the Mayor's draft budget. - Proposed date for CA to report on the Mayor's draft budget |
| Thurs 21st Dec 2017 to Wed 17th Jan 2018 | - Proposed 4 week consultation period for CA budget |
| Tue 23rd Jan 2018 | - Proposed Deadline for the Mayor to respond to the CA report |
| Mon 29th Jan 2018 | Overview & Scrutiny meeting |
| Wed 31st Jan 2018 | Combined Authority Board meeting - Proposed date for CA to receive results of consultation on CA budget - Proposed date for CA to receive and consider the CA draft budget. - Proposed date for CA to veto or approve the Mayor's draft budget. |
| Date in Feb 2018 (tbc) - Mon 5th? | Combined Authority 'Special' Board meeting to approve 2018/19 budget - Proposed date for CA to approve the CA budget - Proposed date for CA to agree the amounts and calculations of the costs of the mayoral functions to be met from precepts issued by the authority (if any). |
| Sun 1st Apr 2018 | First day of the 2018/19 financial year |

3.1.6 According to the Constitution, the consultees to the draft Combined Authority budget shall include the constituent councils, the Local Enterprise Partnership and the Combined Authority's Overview and Scrutiny Committee.

3.1.7 It is therefore proposed that the following organisations be consulted on the draft CPCA budget for 2018/19:

Cambridge City Council

Cambridgeshire County Council

East Cambridgeshire District Council

Fenland District Council

Huntingdonshire District Council

Peterborough City Council

South Cambridgeshire District Council

Greater Cambridge Greater Peterborough Local Enterprise Partnership

CPCA Overview and Scrutiny Committee

3.1.8 The budget proposals will also be set out on the Combined Authority web site and there will be a specific invitation and facility to enable feedback from residents and businesses.

3.2 Budget Strategy 2018/19

- 3.2.1 The core strategic areas of the Combined Authority will naturally shape the budget proposals for 2018/19. These will be developed over the coming weeks but the key themes that they are likely to include are described in summary below:

New Homes & Communities

- 3.2.2 The New Homes and Communities proposals for the 2018/19 Combined Authority budget will focus on the two key affordable housing programmes:
- (a) Cambridge City's £70m development of a portfolio of Council-owned sites, delivered by the City's Housing Development Agency.
 - (b) The £100m affordable housing development programme for the rest of the Combined Authority area, which will comprise grant funding to Registered Providers already approved in July 2017 under the 'Quick Wins' programme, and further schemes of this nature brought forward under Continuous Market Engagement.
- 3.2.3 Subject to the anticipated approval of the Combined Authority's Housing Strategy in February 2018, and satisfactory progress with other initiatives, the 2018/19 budget may also consider provision for a series of interventions to:
- (a) unlock, or accelerate, the development of sites producing new affordable homes;
 - (b) cover the progression of other priority housing-related initiatives such as support for Community Land Trusts and small and medium sized (SME) constructors, and the progression of an Off-Site Manufacture construction facility; and
 - (c) bring forward the business cases for further strategic sites and schemes such as those identified in the Government's Housing Investment Fund.

Transport and Infrastructure

- 3.2.4 The Budget proposals for Highways and Infrastructure will focus on three key areas:
- Strategy development
 - Strategic delivery schemes
 - Priority delivery schemes
- 3.2.5 Strategy development will largely be centred on the development of the Local Transport Plan and a Bus Strategy.
- 3.2.6 With regard to strategic schemes, funding is already committed to a number of transport projects with studies underway on the A10 Upgrade, the M11 Extension, the A47 Dualling, Wisbech Garden Town and Rapid Mass Transport. Subject to the findings of these studies, further investment can and should be anticipated.

- 3.2.7 The priority transport schemes will be presented to the October Board and requests initial investment of approximately £3.53m with a rolling programme of additional investment to be agreed annually. Wherever possible and appropriate, additional contributions and funding will be sought from a range of sources. This might include further Government and or private sector investment.
- 3.2.8 In addition to these three areas there may be other, as yet, undefined transport and infrastructure investment opportunities that emerge. These could result from strategy development, changing government priorities, new funding opportunities or other key infrastructure, such as East-West Rail, that has a local impact.
- 3.2.9 In 2017/18, the Combined Authority received Local Transport Plan (LTP) funding from the Department for Transport (DfT) which was then passported to Cambridgeshire CC and Peterborough CC according to their indicative allocations. Funds were received for the 'Integrated Transport Block' and for Key route Network elements of 'Maintenance Block', 'Incentive' and 'National Productivity Investment Fund'. The 2018/19 Budget setting strategy will consider how the 2018/19 LTP funds receivable from the DfT are managed and whether any elements of the LTP funding should be top-sliced to provide investment into the key route network.

Employment & Skills

- 3.2.10 The University of Peterborough are expected to bring forward proposals for the next phase of the programme in 2018/19. This is likely to require substantial capital investment. An overarching investment strategy for the new University will be needed along with any specific proposals for further funding contributions from the Combined Authority.
- 3.2.11 In 2018/19 the Combined Authority will for the first time have oversight of the Adult Education Budget. The Combined Authority will work with the Department for Education, our colleges and local education providers to influence spend of the multi-million pound adult education budget in the next academic year, before taking full devolution of the budget in 2019/2020. An action plan and supporting budget for adult education devolution will be brought to a future meeting of the Combined Authority for approval.
- 3.2.12 Enabling and supporting Apprenticeship schemes is a strategic area of potential investment for the Combined Authority. The Budget will consider any further funding proposals in this area.

Economic Development and Strategic Planning

- 3.2.13 During the 2018/19 year the Combined Authority will undertake two major and related programmes to progress the spatial planning agenda for Cambridgeshire and Peterborough. These are the development of Non Statutory Spatial Plan (Phase 2), and the implementation of the Land

Commission. Specific recommendations will be brought to the Board for approval to undertake these programmes.

- 3.2.14 The Combined Authority has in 2017/18 approved the formation of an independent Economic Commission to provide the evidence base and strategic advice to inform the delivery of the inaugural Local Industrial Strategy for Cambridgeshire and Peterborough, this work will continue in 2018/19 during which time the Local Industrial Strategy will be published. In addition to this, the Combined Authority has set out its intention to develop a programme of Masterplans for every Market Town in the county as part of the mechanism to turn the local industrial strategy into realisable delivery plans. The 2018/19 Programme budget will develop through the approach and processes set out in the Assurance Framework.

3.3 Mayoral Budget 2018/19

- 3.3.1 A decision will be required to determine the level of precept, if any, to be levied in relation to the exercise of the Mayoral Functions. At this stage, no attributable costs relating to mayoral functions have been identified for the 2018/19 financial year.
- 3.3.2 It should be noted that, subject to approval from the business community, the Mayor will be able to ask for an additional 2p in the pound 'infrastructure levy' from local businesses. This would allow the Mayor to raise funds for infrastructure projects that would promote economic development. There are no plans to place a supplement on business rates to fund infrastructure in 2018/19.

3.4 FINANCIAL IMPLICATIONS

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

4.0 LEGAL IMPLICATIONS

- 4.1 The Combined Authority is required to prepare a balanced budget each financial year in accordance with statutory timelines. Those timelines are identified in the Finance Order 2017 as set out in paragraph 3 of this report.

5.0 OTHER SIGNIFICANT IMPLICATIONS

- 5.1 There are no statutory matters to bring to the Board's attention. Consultation on the budget process must be mindful of equalities implications.

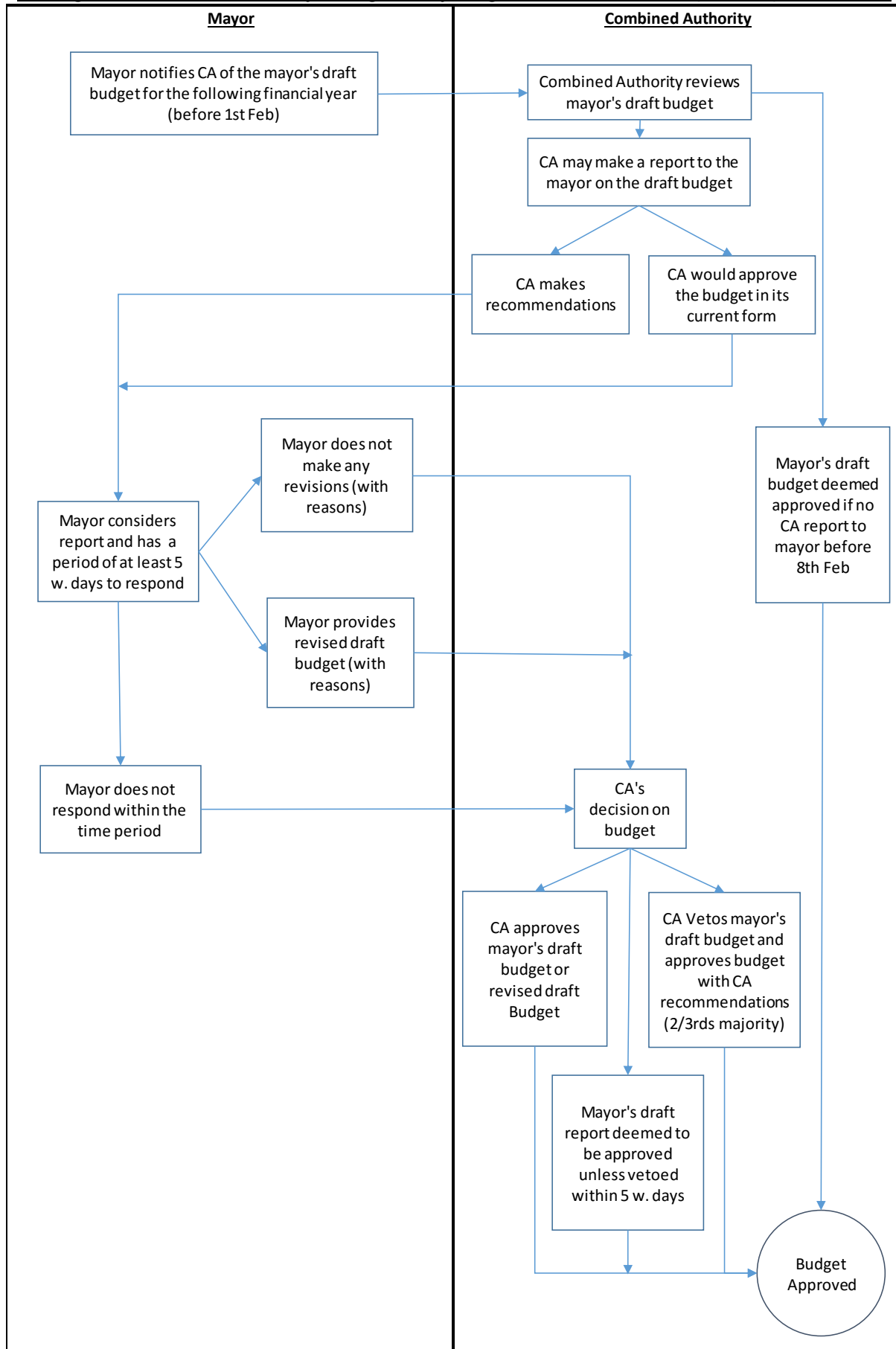
6.0 APPENDICES

- 6.1 Process workflows for the setting of both the Mayoral General Functions Budget and the Combined Authority's Budget are shown at Appendix A.

| <u>Source Documents</u> | <u>Location</u> |
|---|---|
| Budget Framework (Chapter 7) | <p><u>Link to website:</u></p> <p>http://cambridgeshirepeterborough-ca.gov.uk/assets/Combined-Authority-Constitution.pdf</p> |
| Combined Authorities (Finance) Order 2017 | <p><u>Link to website:</u></p> <p>http://www.legislation.gov.uk/ukxi/2017/611/pdfs/ukxi_20170611_en.pdf</p> |

Appendix A

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



Setting of the CPCA budget: - Budget Framework

