

**Report to:** West Yorkshire Combined Authority

**Date:** 11 October 2018

**Subject:** **Budget planning 2019/20**

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Is this a key decision?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Is the decision eligible for call-in by Scrutiny?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Does the report contain confidential or exempt information or appendices?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
If relevant, state paragraph number of Schedule 12A, Local Government Act 1972, Part 1:	N/A

## 1. Purpose of this report

- 1.1 To provide West Yorkshire Combined Authority with a further update on the business planning process and revenue budget planning for 2019/20.

## 2. Information

- 2.1 At its last meeting the Combined Authority considered the work underway to progress and update the medium term financial strategy, business plan and the detailed budget for 2019/20.
- 2.2 This work is continuing in order to develop the integrated budget and business plan proposals for 2019/20 and to set this within a longer term three year planning horizon. The process is seeking to ensure that the detailed business priorities set for the organisation are clearly linked to achievable budgets and directly support the organisation in delivering its overarching corporate priorities.
- 2.3 The 2018/19 Corporate Plan set out three key priorities for the organisation of boosting productivity, enabling inclusive growth and delivering 21st Century transport, with a key focus on delivery and devolution to achieve these. It is envisaged that these overarching priorities will remain the core organisational

focus moving into the 2019/20 financial year. The emphasis will however shift onto ensuring that these priorities are fully embedded and that there is a demonstrable link between these and the priorities of each directorate, team and individual.

- 2.4 It is proposed that the 2019/20 business and budget planning process will follow a broadly similar structure to last year, but will seek to take account of lessons learned. The main phases of activity to be undertaken can be summarised as follows:

<b>Aug-Oct 18</b>	Directorate planning Initial internal review and challenge by officers and members Public engagement
<b>Nov 18</b>	Detailed review and challenge by officers and members Public engagement Draft final version of budget prepared for Combined Authority.
<b>Dec 18</b>	Combined Authority consideration of proposed budget Refining and finalising budget and corporate plan
<b>Jan 19</b>	Final amendments Final version submitted to Combined Authority
<b>Feb 19</b>	Combined Authority approval of budget and outline corporate plan Staff dissemination
<b>Mar 19</b>	Corporate Plan production
<b>Apr 19</b>	Corporate Plan approval

- 2.5 With regard to budget development, further work has been undertaken on a number of the areas identified in the report to the 2 August meeting. This includes revised forecasts being provided by lead officers in the organisation. The draft forecast for 2018/19 shows that the original budget position of a use of reserves of £1.4 million has now reduced slightly to a forecast use of reserves of £1.2 million. The variances are still being reviewed but staffing savings appear to have made the largest contribution to that position. The year to date position is provided in more detail as part of the corporate planning and performance report at agenda item 9.
- 2.6 The budget approved in February 2018 required a programme of reduced expenditure on bus tendered services. New contracts negotiated during 2018/19 on both schools and non-schools services in Bradford, Wakefield and South Kirklees have resulted in savings targets for this year being met. Contract renewals over the next two years will need to deliver similar levels of

savings to enable the target net expenditure of £15.9 million by 2020/21 to be met.

- 2.7 The initial budget proposal for 2019/20 is being put together. It assumes the continuation of the £1 million levy reduction and includes a further target for reductions in bus tendered services to continue towards the eventual £15.9 million baseline in 2021. Early submissions indicate a potential use of reserves of £1.4 million which at this stage is slightly above the strategy agreed in February. Further detailed work is being undertaken to review each line and this will inform the iteration of the budget for the next meeting.
- 2.8 Further work is required on some of the underlying assumptions in the budget and how these impact on the subsequent years of the medium term financial strategy. This includes the impact of funding streams on business and skills coming to an end and the borrowing costs required to support the latest capital forecasts that are currently being prepared.
- 2.9 A more detailed risk analysis is required on key income and expenditure lines and this will inform a risk based reserves strategy to be agreed alongside the proposed budget.
- 2.10 The Overview and Scrutiny Committee considered the budget process at its meeting of 14 September and was satisfied with the work underway and requested that proper consideration be given of the level of reserves required and the need to consult on any proposed changes to policies should these come forward as part of the budget proposals. The member working group has been considering over recent months some of the significant areas of expenditure, any opportunities to increase income and understanding more of the drivers that influence expenditure. Further work is underway at their request to ensure that the draft budget put forward for consideration at the December meeting is clearly aligned with the corporate priorities.
- 2.11 Work has been undertaken this year with finance colleagues from local authority partners, involving a review of the budget process and the issues facing the Combined Authority in setting its budget. Close links will be maintained with these colleagues and the Directors of Finance to ensure there is understanding on both sides of the budget setting processes underway and a sharing of any emerging issues.
- 2.12 A programme of public engagement on budgets, funding and expenditure is planned to take place over the autumn. This will focus on explaining how the Combined Authority is funded and in particular what the revenue budget buys for the local taxpayer. This will highlight in particular that the transport levy is funded solely through local authority council tax receipts and will seek to bring to life the services delivered by the Combined Authority funded by the levy. The engagement will be through the yourvoice portal and will include an opportunity to put budget related questions to the Combined Authority.

- 2.13 Members are asked to provide any comment on the above. A detailed budget will be provided to the meeting of 13 December 2018 and final approval will be sought at the meeting of 14 February 2019.

**3. Inclusive Growth Implications**

- 3.1 There are no inclusive growth implications directly arising from this report.

**4. Financial Implications**

- 4.1 As set out in the report.

**5. Legal Implications**

- 5.1 There are no legal implications directly arising from this report.

**6. Staffing Implications**

- 6.1 There are no staffing implications directly arising from this report.

**7. External Consultees**

- 7.1 No external consultations have been undertaken.

**8. Recommendations**

- 8.1 That the Combined Authority consider the report and provide any further information to consider in updating the business plan and progressing the 2019/20 budget.

**9. Background Documents**

- 9.1 None.

**10. Appendices**

None.