

Report to: Overview and Scrutiny Committee

Date: 17 January 2020

Subject: **Draft Budget and business plan 2020/21**

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1. Purpose of this report

- 1.1 To advise the Overview and Scrutiny Committee of the work underway to progress the budget and business plans for 2020/21.

2. Information

- 2.1 The Combined Authority received an update on the draft budget proposals for 2020/21 at its meeting 9 January 2020. That report and appendices are attached at **Appendix 1** for information. A paper will be presented for final approval to the Combined Authority on 6 February 2020.
- 2.2 The Combined Authority continues to recognise the difficult funding position facing local authorities as they await the outcome of the fair funding and comprehensive spending reviews. This is at a time when their funding continues to be cut and demand for their services is increasing. The current year budget is set in the context of the previously agreed three year strategy (2018/19-20/21) that included a commitment to reduce the transport levy by £1 million in each of the three years and to reduce the use of reserves to produce a balanced position by 2020/21 and subsequent years.
- 2.3 Work to deliver a balanced revenue budget has progressed under scrutiny and engagement with appropriate committees, partners, including Directors of Finance and public engagement is currently underway using the YourVoice portal. The 2020/21 business plans produced by each directorate reflect a focus on both continuing to deliver services as effectively as possible whilst also identifying those areas where additional work is required to ensure continuing improvement, transformation of services and full achievement of the corporate priorities.
- 2.4 Work is continuing on the capital budget through finalising the three year capital spend projections and ensuring that the funding available is

maximised. Much of the current Growth Deal funding which makes up the largest element of the capital funding available concludes in 2021 and the programme is being reviewed to ensure deliverability within these timescales. The detailed capital expenditure programme is being verified by partners delivering the projects and highlights a borrowing requirement from 2020/21 onwards. The revenue costs of supporting this borrowing, which is predominantly for the Transport Fund, will be reflected in the final proposed budget in February 2020, to be funded from the Transport Fund reserve.

- 2.5 Members are asked to note progress, provide any further areas for consideration and confirm if there is any information they would like to have provided to future meetings.

3. Clean Growth Implications

- 3.1 It is proposed to strengthen the Combined Authority's focus on carbon reduction by renaming the clean growth corporate priority to "Tackling the Climate Emergency". The draft business plans contain objectives and priorities to tackle the climate emergency, and the budgets seek to include where possible resource to address this work. The capital budget includes some specific schemes relating to clean growth.
- 3.2 Enabling wider aspects of clean economic growth remains of the utmost importance to the Combined Authority. However, making "Tackling the Climate Emergency" a corporate priority means that carbon reduction becomes an explicit objective of the Combined Authority, consistent with the Climate Emergency Declaration in 2019.

4. Financial Implications

- 4.1 As set out in the report.

5. Legal Implications

- 5.1 None arising directly from this report.

6. Staffing Implications

- 6.1 None arising directly from this report.

7. External Consultees

- 7.1 None.

8. Recommendations

- 8.1 That the Overview and Scrutiny Committee provide any input to budget planning and the issues raised in the report.

9. Background Documents

None.

10. Appendices

Appendix 1 – Business plan and budget 2020/21 report and appendices submitted to the Combined Authority (9/1/20).

Appendix 2 – Draft business plan for 2020/21

Appendix 3 – Draft revenue budget

Appendix 4 – Draft capital budget