

Report to: Finance, Resources and Corporate Committee

Date: 4 August 2021

Subject: **Budget Planning Overview**

Director: Angela Taylor, Director, Corporate and Commercial Services

Author: Jon Sheard

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:	
Are there implications for equality and diversity?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

1. Purpose of this report

- 1.1 To provide the committee with a budget planning overview and seek member views on the proposed planning process for 2022/23.

2. Information

Overview

- 2.1 The financial year 2022/23 presents one of the most challenging years for budget setting for public bodies. The development of next year's budget, which runs in parallel with developing the business plan, will again be particularly impacted by a number of strategic factors where there still remains significant uncertainty. These include the continued response to the Covid-19 pandemic, the need to address the economic downturn and to support residents whilst the future funding uncertainties continue and at the same time the future funding model for combined authorities remains unclear. The outcome of the Comprehensive Spending Review will not be known until close to the end of the budget process and decisions will need to be considered ahead of this. Similarly there is a lack of clarity on other funding sources, including bus recovery funding, Shared Prosperity Fund, Levelling up Fund and Combined Authority and LEP core funding. The implications of the

recently announced process for the City Region Sustainable Transport Settlement (formerly the Intra-City Transport Fund also need to be considered.

- 2.2 Initial work on the budgets has now started and will need to be undertaken in the context of a revised medium term financial strategy, with further work continuing between now and the Combined Authority meeting on 3 February 2022, where budgets, the transport levy and business plans will be formally approved. It is proposed that the work to deliver the required balanced budget, alongside an agreed business plan, will be overseen by this committee, with formal updates provided to the Combined Authority meeting at key points during the year.
- 2.3 Engagement with partner authorities will be undertaken throughout to ensure there is understanding of the impact on their budgets of the proposals for the transport levy. Additionally, and as in previous years, public engagement is being built into the planning process. In recent years this was undertaken online using the 'yourvoice' portal and an appropriate plan for this year's engagement will need to be developed. Core to the approach being taken is the need to both achieve and demonstrate efficiency, effectiveness and value for money and maximising the provision of services to the public and businesses.
- 2.4 The budget will also need to take into account the approved use of gainshare and how this supports the delivery of the Combined Authority's priorities.

Timelines

- 2.5 The proposal is to bring progress reports on the budget and business planning process to the following meetings. The number of drafts may be changed dependent upon progress made at each iteration:

	FRC Cttee	CA
Draft 1	8/9/2021	-
Draft 2	6/10/2021	21/10/2021
Draft 3	3/11/2021	-

Public Engagement commences

Draft 4	1/12/2021	9/12/2021
Draft 5 / Final	6/1/2022	3/2/2022

- 2.6 Between these dates, more detailed work will be undertaken by Directorates on both the business plans and associated budgets, with oversight by the Senior Leadership Team.
- 2.7 The budgets presented for approval will focus on the delivery of the priorities set out in the Combined Authority Strategic Economic Framework (SEF) and to support the delivery of the Mayoral pledges.

- 2.8 It is proposed that the budget format is adapted this year to enable greater clarity on the different elements that will now make up the total budget in the mayoral environment. This could be divided between mayoral functions and Combined Authority functions, with funding sources for each clearly defined, with supporting detail on both the capital and revenue budgets.
- 2.9 Members are asked to note that the development and approval of the Policing and Crime budgets will run in parallel to the process presented today and not form part of future reports to this Committee.
- 2.10 A further report will be brought to the next meeting of this Committee.

3. Tackling the Climate Emergency Implications

- 3.1 Budget proposals will need to be mindful of the need to address climate change.

4. Inclusive Growth Implications

- 4.1 Budget proposals will need to demonstrate inclusivity.

5. Equality and Diversity Implications

- 5.1 The budget proposals will need to ensure equality and diversity implications are taken into account, and decision makers will need to be clear of the equality impact of any policy changes or decisions.

6. Financial Implications

- 6.1 These are contained in the main body of the report.

7. Legal Implications

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

8. Staffing Implications

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

9. External Consultees

- 9.1 No external consultations have been undertaken.

10. Recommendations

- 10.1 That the Committee notes the approach to be taken to budgets and provides any further input to the process.

11. Background Documents

11.1 There are no background documents referenced in this report.

12. Appendices

None.