



WEST MIDLANDS COMBINED AUTHORITY

Board Meeting

Date	17 March 2017
Report title	Budget for Mayor's Office – Year 1
Cabinet Member Portfolio Lead	Councillor Izzi Seccombe – Finance and Investments
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Report to be/has been considered by	WMCA Programme board

Recommendation(s) for action or decision:

The Combined Authority Board is recommended to:

1. Approve Option 2, detailed in paragraph 5.0 of the report, as the budget for the Mayoral office for the period 5 May 2017 to 31 March 2018.

1.0 Purpose

- 1.1 The purpose of this report is to consider the range of possible budget options for the initial 11-month period before the Mayor is able to levy a precept to fund their office and associated requirements.

2.0 Background

- 2.1 Elections for the first West Midlands Mayor will take place on 4 May 2017. The Order detailing the Mayoral budget requirements has been finalised, stating that the costs for the first year will need to be met by the Constituent Authorities.
- 2.2 The statutory budget setting process does not start until after the Mayor is elected i.e. for the year 2018/19 and the legislation simply states that for the transition period the costs of the Mayor are not to be met from precepts issued by the Combined Authority.
- 2.3 The WMCA have agreed that for this initial period the costs of the Mayor will be met from the gain share grant, and not directly from additional funding from the Constituent Members.
- 2.4 The finance brief circulated to all Mayoral candidates stated that the WMCA would set a reasonable budget and any expenditure incurred in excess of this budget would need to be recovered from future precepts. Whilst not a legal requirement this concept has been accepted by DCLG as being reasonable.

3.0 Options for consideration

- 3.1 The legislation does not specify a minimal or expected budget for the Mayor's office, but informal guidance from DCLG has been that the Combined Authority should set a "reasonable" budget for the initial 11 months.
- 3.2 Officers have researched what could be considered a minimal requirement and met with candidates and constituent leaders to consider their thoughts regarding an appropriate office size and working practice.
- 3.3 Constituent Leaders consider that the offices in 16, Summer Lane should be the principle location and that individual councils would provide space within their council premises should additional locations in the region be required.
- 3.4 Based upon this; three options are outlined below ranging from a minimum requirement to a significant sized office.
- 3.5 For comparison Manchester have allowed for a budget Mayoral office and related costs of £242,000 which is consistent with the minimum option detailed below.

4.0 Option 1

- 4.1 This option consists of a Mayor's office of 3 people, being the Mayor, an administrator and an officer/advisor. The office would be based at 16 Summer Lane, with the only additional non staff budgets being for Travel and Office equipment and running costs.

4.2 Annual budget being:

Staff Costs	£185,000
Travel	£ 40,000
Office running	£ 6,000
Set up capex	£ 3,000
Total	£234,000

4.3 Based upon an 11-month period this would reduce to £219,000. This would not allow the Mayor any flexibility in using advisors and assumes a number of fixed costs being absorbed by current budgets

5.0 Option 2

5.1 This option provides for a Mayor's office of 4 people, being the Mayor, an administrator and 2 officers/advisors. In addition to the budgets for Travel and Office equipment and running costs; there would also be an allowance for External advice of £75,000.

5.2 Annual budget being:

Staff Costs	£250,000
External Advice	£ 75,000
Travel	£ 40,000
Office running	£ 13,000
Set up capex	£ 10,000
Total	£388,000

5.3 Based upon an 11-month period this would reduce to £370,000. This would allow the Mayor some flexibility in using advisors, travel and associated running costs

6.0 Option 3

6.1 This option provides for a Mayor's office of 7 people, being the Mayor, an administrator, a chief of staff and 4 officers/advisors. In addition to the budgets for Travel and Office equipment and running costs; there would also be an allowance for External advice of £100,000.

6.2 Annual budget being:

Staff Costs	£505,000
External Advice	£100,000
Travel	£ 45,000
Office running	£ 22,000
Set up capex	£ 15,000
Total	£687,000

6.3 Based upon an 11-month period this would reduce to £645,000. This would allow the Mayor significant flexibility in staffing up their office, using external advisors and to have three locations around the region, and associated running costs.

7.0 Financial implications

7.1 Included within the main body of the report. Whatever budget is approved; the Mayor can incur higher expenditure but as described in the report – this would be recovered from future precepts.

8.0 Legal implications

8.1 The transition arrangements require that the WMCA fund the initial 11 months of the Mayor's office.

8.2 The Mayoral Finance order outlines the process for setting the Mayor's budget from 2018/19 onwards whereby an initial budget is presented by the Mayor for consideration by the Authority. The Authority can reject the budget proposal and ask the Mayor to represent an alternative, which will be considered by the Authority. If the Authority and Mayor cannot agree a budget, then the Authority will ultimately set the budget.

8.3 The ability to reject is in line with the requirements of the Standing Orders Regulations 2001 – 'any decision on a question of whether to approve a draft budget referred to requires a vote in favour by at least two thirds of the members of the combined authority' in this respect 'member does not include any person who is not a member of a constituent authority'. In other words, the two thirds do not include for the Mayor or non-constituent.

9.0 Equalities implications

9.1 There are no anticipated equality issues arising from this report.