

Bath & North East Somerset Council

MEETING/ DECISION MAKER:	Cllr Tim Warren, Leader of the Council	
MEETING/ DECISION DATE:	On or after 20th January 2018	EXECUTIVE FORWARD PLAN REFERENCE:
		E 3035
TITLE:	West of England Combined Authority – Approval of Borrowing Limit	
WARD:	All	
AN OPEN PUBLIC ITEM		
List of attachments to this report: None		

1 THE ISSUE

- 1.1 As part of the arrangements for devolution and the establishment of combined authorities, the Government intends to bring forward Regulations to be laid before Parliament to come into force for the new financial year 2018/19, which will extend borrowing powers for all functions of the combined authority subject to an agreed borrowing cap. This would enable WECA to consider different funding options for delivery of its future capital schemes. The Government requires each of the constituent councils to give consent to the Combined Authorities Borrowing Regulations, this report seeks the granting of this consent.

2 RECOMMENDATION

The Leader is asked to;

- 2.1 Give consent to the Combined Authorities Borrowing Regulations.
- 2.2 Delegate to the Chief Executive, authority to make all related decisions and provide written authority to the Secretary of State of consent to the Combined Authorities Regulations.

3 RESOURCE IMPLICATIONS (FINANCE, PROPERTY, PEOPLE)

- 3.1 This report is financial in nature and there are no direct implications arising. Subject to Consent being given to the Combined Authority Borrowing Regulations, the WECA will have flexibility to undertake borrowing subject to approval as part of its Annual Budget setting process, which is subject to unanimous consent of the constituent councils.

4 STATUTORY CONSIDERATIONS AND BASIS FOR PROPOSAL

4.1 A combined authority's new powers to borrow will be specified in Regulations made under Section 23(5) of the Local Government Act 2003. In addition, for the WECA any specific borrowing proposal is subject to unanimous consent of the constituent councils as set out in The West of England Combined Authority Order 2017, Schedule 1 Para 4(8).

5 THE REPORT

5.1 As part of the arrangements for devolution and the establishment of combined authorities, the Government indicated that it would provide borrowing powers subject to an agreed borrowing cap with Her Majesty's Treasury (HMT).

5.2 The Government now intends to bring forward Regulations to be laid before Parliament to come into force for the new financial year 2018/19 which will extend borrowing powers for all functions of the combined authority.

5.3 Whilst combined authorities will be required to have regard to the Prudential Code in the usual way, the actual maximum annual borrowing limit will be subject to the agreement of a specific debt cap with HMT, which cannot be exceeded.

5.4 The proposed debt cap for the WECA will not exceed £120M by 2020/21 although it is important to stress this is merely a maximum limit and is in no way a commitment or an expression of an intention to borrow.

5.5 Any proposed borrowing for the WECA is subject to the unanimous consent of the constituent councils as part of the Annual Budget setting process.

5.6 For 2017/18 no borrowing was requested or approved and future years borrowing requirements will be considered by the WECA prior to the start of each financial year as part of their consideration of the Annual Budget proposal. This would include details of any relevant investment proposals to be supported by borrowing together with an affordability assessment in line with the Prudential Code.

6 RATIONALE

6.1 The Government requires each of the constituent councils to give consent to the Combined Authorities Borrowing Regulations, including the setting of a borrowing cap for the West of England Combined Authority.

7 OTHER OPTIONS CONSIDERED

7.1 As part of devolution arrangements the Government were not minded to provide the fully devolved borrowing arrangements under the Prudential Code to Combined Authorities and therefore, this option will seek to consent to the Government's preferred arrangements providing an annual debt cap for combined authorities.

8 CONSULTATION

8.1 WECA has undertaken consultation has been with each of the constituent council Chief Executive, Monitoring and S151 Officers. Consent to the Regulations will also need to be given by each of the constituent councils as an executive function.

8.2 This report has been reviewed by the Council's S151 & Monitoring Officers.

9 RISK MANAGEMENT

9.1 A risk assessment related to the issue and recommendations has been undertaken, in compliance with the Council's decision making risk management guidance.

9.2 There are no specific risks arising from this report. As set out in para's 5.5 and 5.6 above, the detailed risk assessment associated with any borrowing proposal would need to be considered as part of the relevant WECA Annual Budget setting process.

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Background papers	The West of England Combined Authority Order 2017
Please contact the report author if you need to access this report in an alternative format	