

The Benefits of an East Midlands Combined Authority

Councils in Nottinghamshire



Nottingham
City Council



Nottinghamshire
County Council



Ashfield
DISTRICT COUNCIL



Bassetlaw
DISTRICT COUNCIL
— North Nottinghamshire —



Broxtowe
Borough
COUNCIL

Gedling
Borough Council



NEWARK &
SHERWOOD
DISTRICT COUNCIL



Mansfield
District Council



Rushcliffe
Borough Council

Councils in Derbyshire



Derby City Council



Amber Valley
Borough Council



CHESTERFIELD
BOROUGH COUNCIL



North East
Derbyshire
District Council



High Peak Borough Council

working for our community



South
Derbyshire
District Council

Government money on the table

- Existing Mayoral Combined Authorities have been granted 30 year pots of money: from £15 million (Tees Valley) to £38 million (West Yorkshire) per year. These flexible pots of money are known as 'Gainshare' funding. The government does not dictate how this money is spent.
- The size is related as much to the delivery promise and the nature of the devolution deal, as much as the size of the Mayoral Combined Authority area.
- The East Midlands Mayoral Combined Authority could expect to receive approximately £30 million, or £13.60 per resident per year.

Stretching the flexible funding



- £15 million per year for 30 years.
- Used this long-term financial commitment from government to borrow £241 million in order to invest over a 10-year period in commercial projects.
- The 2019-2029 Tees Valley Mayoral Combined Authority medium term financial plan was predicated on a 10-year budget of £588.2 million, including £57 million income from Enterprise Zones and some other income sources.
- October 2021: Tees Valley was granted £176.4 million for a 5-year programme of transport improvements. As a result of this and other changes, the 10-year Tees Valley Single Investment Fund now stands at £844 million, including £218.2 million of borrowing.

Tees Valley's 10-year flexible budget

Theme	2019-29 Investment Plan Allocations
Transport	£256,700,000 (43.6%)
Education, Employment and Skills	£55,000,000 (9.4%)
Business Growth (including enabling infrastructure)	£146,500,000 (24.9%)
Culture and Tourism	£60,000,000 (10.2%)
Research, Development and Innovation	£20,000,000 (3.4%)
Place	£50,000,000 (8.5%)
Total Direct Investment	£588,200,000 (100%)



Funding examples: West Midlands and Gtr Manchester

- West Midlands Mayoral Combined Authority created two 'evergreen' funds that recycle the rewards of commercial investment to invest in other commercially viable and socially desirable projects. These were for Housing and Employment-related purposes, respectively. £210 million.
- Housing: funding from £1 million to £20 million. 20% or more Affordable Housing. Maximum repayment term of 5 years. 629 properties built to end of 2021.
- Greater Manchester has wider powers and can 'earn back' up to £30 million a year of tax for the growth it creates through its investment, going beyond the government's current plans for business rate retention.



Examples of loan-funded projects:

- Hawkes Green Development Scheme in Cannock. Part of the District Council's depot was transformed into 44 new properties. 22 were new Council houses. 22 for sale. Solar energy. Loan: £1 million land remediation. Also used money from Council housing budgets.
- St Stephen's Church, Manchester. £2.5 million loan matched with £1.1 million from Homes England to support the conversion of a Grade II listed church and the development of 14 new build family homes. 85% of the development costs of the scheme.



Other government money as part of a deal



Cambridgeshire and Peterborough Combined Authority was awarded £170 million to deliver 2,500 new affordable homes over a 5 year period. £40 million of this was used to develop a Housing Revolving Investment Fund. This was in addition to Cambridgeshire and Peterborough's Gainshare funding of £20 million per year.



West Midlands Combined Authority was awarded a £100 million Land Fund to deliver 8,000 new homes over a 5 year period, including 20% affordable housing. This was in addition to The West Midlands' Gainshare funding of £36.5 million per year. Success. In 2020 secured an additional £84 million.



An option to increase the Council Tax to fund additional services



- All 9 existing combined authorities except one (West of England) can set a precept (an addition to the Council Tax).
- Only two have opted to do so. These are Liverpool and Manchester.

For Band D property,
Liverpool CR: £19.00 per year.

Gtr Manchester: £31.75 per year.

Description	2022/23 £000
Mayoral Direct Costs Incl Corporate Support	1,325
Mayoral Priorities Incl - A Bed Every Night	3,600
Transport Policy & Strategy	3,500
BSOG - grants to operators	11,750
- administration	50
'Our Pass' Incl Opportunity Cost	16,200
Sub-Total - Pre additional transport powers	36,425
Bus Reform	15,895
Bus Concessionary Reimbursement	50,000
Supported Bus	32,000
Accessible Transport/Ring & Ride	3,600
Allocation of Bus Operational costs	1,100
Total Including additional transport powers	139,020

Gtr Manchester Non-Fire Authority Precept Budget 2022/23.

The entire financial package

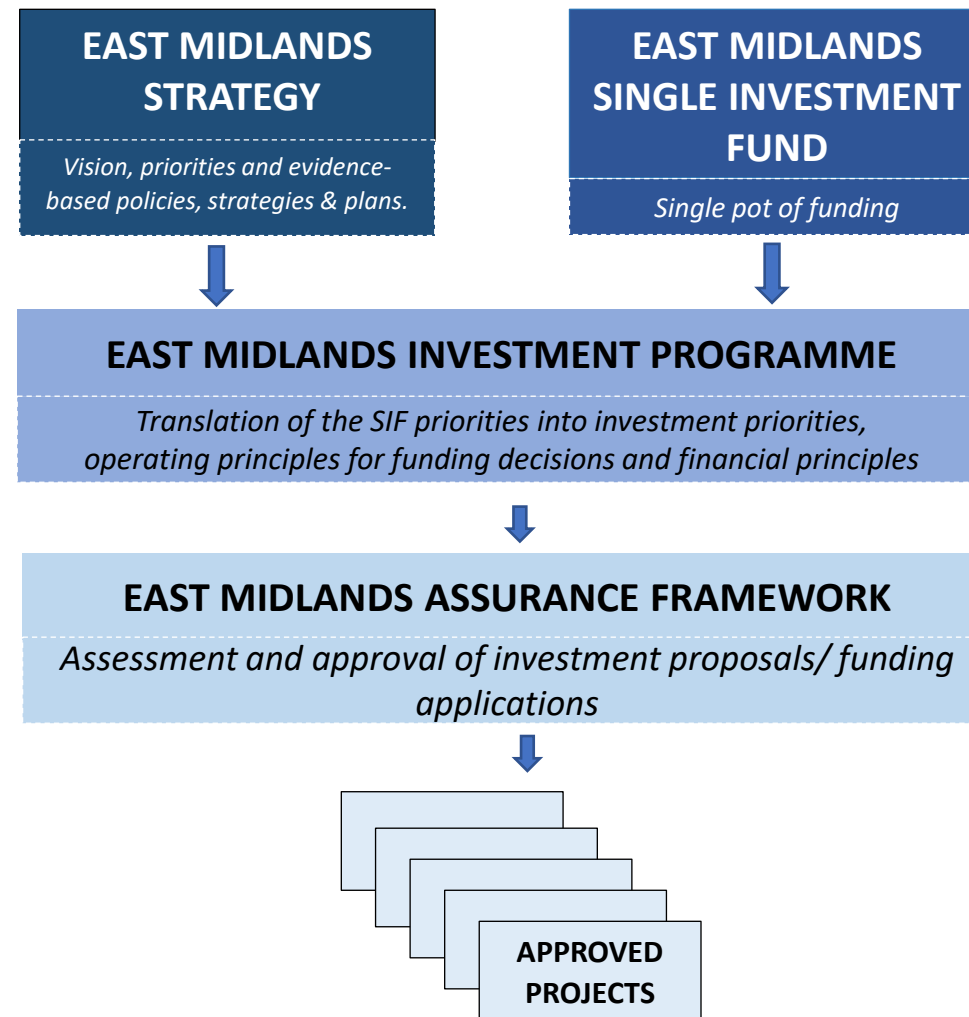


Pop'n
2.3m
people

1. Flexible funding: £38 million p.a. for 30 years ('Gainshare' funding).
2. Devolved for a set purpose – but flexibility in deployment: includes Adult Education Budget (£65 million p.a.), Brownfield Housing Fund (£67 million over 5 years), £3.2 million to devise a pipeline of new housing sites, £30 million Highways/ pothole monies and £13.2 million against the Local Transport Plan.
3. Devolved for a set purpose and projects are pre-determined: includes £317 million to invest in public transport, cycling and walking and £25m for the development of a British Library North.

Subsequent allocations of government money

Government grants subsequent additional money because of the efficiency of spend and sustainability of investment that is generated by a real strategic partnership, impacting over a wide geography.





“A £1 billion funding pot has been secured to expand the transport network in the West Midlands.

The money, announced by the Chancellor (at the October 2021 Budget and Spending Review), will be used to expand the tram, train, bus and cycle networks across the region - a range of "Transport for London-style improvements to speed up journey times, simplify fares and increase the number of services".

It's hoped the plan will also help drive a green and inclusive economic recovery in the West Midlands, and support the region's target to be net zero by 2041.”

ITV News, October 2021

Democratic and Efficiency-related Benefits

- Local and democratically-led delivery of services and programmes, presently, managed, and delivered by government and its agencies.
- The Mayoral Combined Authority will complement and be complemented by democratically-led service delivery, regulation, planning and investment at county, city, and district and borough levels.
- Efficient investment through working at scale.
- Sustainable investment through strategic and evidence-driven intervention.
- Sustainable and efficient delivery through large-scale investment vehicles and finance models.

The cost of a Combined Authority

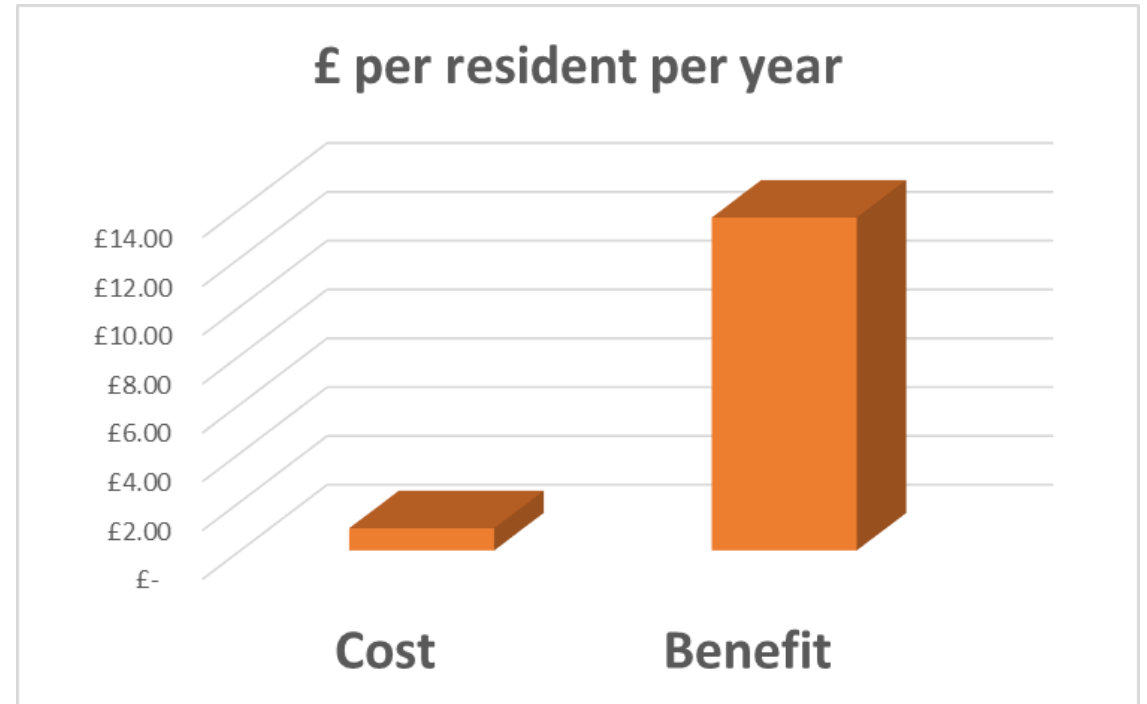
- Existing Mayoral Combined Authorities tend to be run on a shoestring 'mayoral operational budget', with constituent authorities 'lending' the Mayoral Combined Authority staff and other resources or sharing posts. Although this arrangement has its downside, it results in low costs.
- Devolved programmes and new projects include money for delivery. Most of this money is already being spent delivering these projects – just at a national level and not locally.
- Mayoral Combined Authority operational budgets sometimes include election costs and a 'mayoral investment fund', and sometimes they don't, so they are difficult to compare, but.....

The cost of a Combined Authority

- Mayoral operational budgets net of project recharges tend to be around £1 million or less per year for the smaller Mayoral Combined Authorities (for example, the West of England's budget is £656,000, including £396,000 for mayoral election costs) and £2 million per year for larger ones.
- The Government has granted a £1 million 'Mayoral Capacity Fund' for the first two years of operation for Mayoral Combined Authorities. This is often extended.

Cost vs. Benefit

- A £2 million budget for an East Midlands Mayoral Combined Authority equates to £0.91p per resident, per year.
- Ignoring 'extras', an East Midlands Mayoral Combined Authority should expect to receive approximately £30 million, or £13.64 for every resident, every year.



The benefits far outweigh the costs

The Deal

Gainshare + Additional flexible funding +
Money devolved for specific purposes.

After the
Combined
Authority
has been
established



Additional funding
and powers.

Democratic & efficiency-related benefits:
local accountability, efficient and
sustainable delivery at scale.