



Cllr Lisa Trickett
Chair of WMCA Overview and Scrutiny Committee

Cc: Members of the Overview and Scrutiny Committee

10 February 2021

Dear Cllr Trickett

I'm writing in response to the comments included in the minutes of the Overview and Scrutiny meeting on the Budget, which you kindly invited me to reflect and comment upon.

I understand that you have requested that I write back to you ahead of your Overview and Scrutiny meeting due to be held on the 8th March, however I thought it would be sensible to respond ahead of the WMCA Board meeting, at which the 2021/2 budget will be presented for approval.

I shall address each of the committee's comments in turn, however before doing so it's only right that I repeat my expression of thanks to the whole WMCA team and all portfolio leaders for their contribution, especially the Portfolio Lead for Finance, Cllr Bob Sleigh and the team for their work in achieving a proposed balanced budget for 2021/2. It is a testament to everyone's efforts that the draft budget was approved unanimously by the WMCA Board in January.

The proposed budget protects our frontline services and maintains our ambitious infrastructure investments and brownfield regeneration programme, without charging our citizens any Mayoral precept for the fourth year running. This is something we should all be proud of, perhaps none more so than at these times of financial uncertainty for many.

Firstly, regarding your committee's concerns about the risks associated with the need to use reserves to achieve the proposed balanced budget for 2021/22 and the limitations of this approach in the long-term, this risk is clearly noted in the budget report. The budget report contains the appropriate statement from the WMCA's S151 Officer and it is noted in the report that this has been discussed with our external auditors. The budget report also refers to a commitment to a full review of WMCA strategic priorities.

It's important to note that the Financial Monitoring Report and Draft Budget Report, which were both considered and approved by West Midlands Combined Authority



Board on 15 January 2021, included a forecast showing a surplus position of £1.0m for 2020/21. With further income and savings secured since the completion of that forecast, the budget report includes an expectation that sufficient surplus will have been generated in the current financial year to support the earmarked use of reserves in 2021/22.

I should stress that whilst there are some uncertainties and acknowledged risks to our ability to deliver a balanced budget, I firmly believe our proposed approach is the right one. I trust that members of your committee would all share the desire to protect our front-line services and investments at this time, not least because the pandemic makes our collective role supporting our citizens and driving forward our investments in the economy more vital than ever.

However, given the risks to revenue which were acknowledged when the WMCA Board approved the draft budget in January, Leaders will shortly be considering a proposal to allocate £10m from increased 'head-room' in the Investment Programme to provide further financial resilience.

In relation to your committee's comments regarding the need to give early consideration to the decisions required to provide greater financial certainty and mitigate the consequences of any decisions that need to be taken, I think it's only fair to acknowledge that many of the potential risks that may emerge are difficult to assess due to the unprecedented situation we face as a country.

As I noted above, there is a clear commitment to undertake a strategic review of our activities, and to progress our business transformation project which is designed to ensure that our energies and funding remain focussed on meeting the priorities and needs of our citizens. It should also be noted that discussions have been taking place very regularly between both local authority leaders, and with the Finance Directors group, regarding the potential impact of any emerging financial pressures.

In terms of ensuring that future planning and modelling should reflect and address the priorities and needs of the region and its diverse communities, I would hope that members of your committee would agree that our record here is good, whilst there is clearly more to do to ensure that as we recover from the pandemic opportunities exist for all members of the community.

We have discussed previously the work of our Productivity and Skills team to raise attainment levels across the region. A significant majority of our Adult Education Budget goes to support BAME communities, such as the recent work to step up the targeting of digital training among under-represented groups. These are initiatives we hope to continue, with a recent submission of a proposal to the Department of Education for funding to extend our successful retraining pilots in digital and construction and to scale up our digital bootcamps, and extend them to more sectors such as healthcare, logistics and the 'green' jobs of the future.



You'll be aware of the work being undertaken to ensure that we have a deep and genuine understanding of the public transport needs of our citizens so that we design services which meet their needs, whilst progressing with our plans for new stations, the metro expansion, Sprint and new travel options, such as our bike hire scheme.

Our investments in transport are all about improving connectivity across the region, enabling more people to access job and other opportunities, whilst unlocking new investment across the region. All of which are being progressed while we have ensured that the WMCA's existing public transport services have been protected during the pandemic, providing vital support to the whole community and especially those on low incomes.

I mentioned earlier proposals to use the new headroom in the Investment Programme to provide the WMCA with financial resilience. Leaders will also be considering proposals to use £2m of this to enable us to invest in our ambitious plans to achieve carbon neutrality by 2041. Building on the work already underway across directorates to achieve our ambitious climate objectives, this new significant investment would provide stimulus to our efforts to secure a green recovery and provide new job opportunities for our citizens.

These are just a few examples where there is a shared commitment to ensure our activities address the challenging and changing circumstances we face.

I'm confident that further improving our efforts to increase skills and training, continuing to provide better public transport, and help our citizens grasp the opportunities arising from our determination to achieve carbon neutrality, will continue to form significant priorities following the strategic review to which we are committed.

Regarding your committee's desire for the WMCA to have greater flexibility over the use of its direct funding, this is an area in which we wholeheartedly agree.

Our use of the Transforming Cities Fund is perhaps the primary demonstration of the speed at which we can make decisions, act flexibly and progress projects which are of benefit to the region if we are allowed to make more decisions ourselves.

You will be aware that our submission to both the Comprehensive Spending Review and the forthcoming Budget focused on the need for the Government to provide greater financial freedom and sustainability for the Combined Authority and local authorities in the region, with a longer-term approach enabling us to plan ahead more effectively, and crucially to adopt the systems we require locally to meet the needs of our citizens.

I mentioned in my letter to your committee following our discussion on policy, that I shared the disappointment that the Government had delayed the publication of its devolution proposals. Nonetheless in conversations with Government we continue to press the case for increased and sustainable funding to improve our ability to deliver



benefits for our citizens, often joining forces with our colleagues in our local authorities and in other Combined Authorities.

I'll also repeat my belief that we would all agree that local authorities have demonstrated their crucial role during the coronavirus crisis and achieved real results despite limited powers and resources, and that we must all continue to argue that central government must learn from this experience and provide us with the funding we need.

And finally, in turning to your committee's specific comments regarding the transport budget, I'm grateful that you welcomed our commitment to protect accessible and supported transport services from any reductions in service levels.

The proposal I mentioned above to earmark £10m from the additional Investment Programme headroom is in large part based on an acknowledgement of the potential risks to the funding of transport and recovery of revenues, together with the enormous uncertainty facing the bus operator market throughout the country.

I should add that TfWM are undertaking a great deal of work to understand the longer-term impact of the pandemic on patronage levels and they are in frequent communication with Department of Transport officials, as I am with Ministers, to ensure that we are ready to adapt accordingly and protect the services upon which so many of our citizens rely.

I trust that members of your committee will consider this to have been a considered and comprehensive response to their comments, and I'm hopeful that the proposed budget, which has been influenced by your input, will be approved by the WMCA Board.

Yours sincerely

A handwritten signature in black ink that reads "Andy Street".

Andy Street
Mayor of the West Midlands