

OVERVIEW AND SCRUTINY COMMITTEE

At a meeting of the Overview and Scrutiny Committee held in the Authority Chamber - No.1 Mann Island, Liverpool, L3 1BP on Wednesday, 30th January, 2019 the following Members were present: -

Councillor Louise Whitley	Labour	Halton BC
Councillor Bill Woolfall	Labour	Halton BC
Councillor Carl Cashman (Chair)	Liberal Democrat	Knowsley MBC
Councillor Edna Finneran	Labour	Knowsley MBC
Councillor Ken McGlashan	Labour	Knowsley MBC
Councillor Tricia O'Brien	Labour	Liverpool CC
Councillor June Burns	Labour	Sefton MBC
Councillor Sam Marshall	Labour	Sefton MBC
Councillor Paula Murphy (V. Chair)	Labour	Sefton MBC
Councillor Jean Stapleton	Labour	Wirral MBC
Councillor Adrian Jones	Labour	Wirral MBC
Councillor Tom Anderson	Conservative	Wirral MBC
Councillor Dr John Pugh	Liberal Democrat	LCR Liberal Democrat Group

1. APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillors Kevan Wainwright, Patrick Hurley, Mary Rasmussen, Jeanette Banks, Joe De Asha, Jimmy Jackson and Sir Ron Watson.

2. DECLARATIONS OF INTEREST

There were no declarations of interest.

3. MINUTES OF THE PREVIOUS MEETING OF THE OVERVIEW AND SCRUTINY COMMITTEE

NOTED that the minutes of the previous meeting of the LCR Overview and Scrutiny Committee held on 5th December 2018 were considered to be a correct record and that they would need to be formally approved at the next quorate meeting of the Overview and Scrutiny Meeting.

4. MAYORAL COMBINED AUTHORITY BUDGET SETTING REPORT 2019/20

The inquorate meeting of the Overview and Scrutiny Committee considered the LCRCA Budget for 2019/20 presented by the Metro Mayor, Steve Rotheram and the Director of Corporate Services, John Fogarty.

The Metro Mayor, Steve Rotheram provided an introduction and some background to the Budget for 2019/20 to the meeting.

Chris Tidswell (CIPFA) provided the meeting with some context in relation to the options and funding that were available and how CIPFA considered the information provided by the LCRCA, the Metro Mayor and the constituent Councils relating to the Mayoral Precept and provided the recommendations.

The Director of Corporate Services, John Fogarty presented the LCRCA Budget 2019/20 to the meeting and highlighted the following: -

- Expenditure and Income
- Transport Costs
- The Transport Levy
- Mayoral Costs and the CA Costs
- LCRCA Management Structure
- Other CA Costs
- Capital Programme
- SIF Awards

The Metro Mayor, Steve Rotheram then concluded the presentations and invited questions from members of the meeting.

Members enquired and challenged the following areas relating to the LCRCA Budget for 2019/20: -

Mayoral Precept

- Would the precept be increased next year or year on year;
- How would households cope with additional increases expected with the Police, Fire and Waste precepts as well; and
- What costs does the Mayoral Precept cover/include.

Mersey Tunnel Tolls

- The impact on working people in the Liverpool City Region, who do not live in the Liverpool City Region, but work here and should not be allowed to pay the £1.80, but benefit from the £1 Fast Tag; and
- Cost of the Fast Tag.

Liverpool City Region Combined Authority

- Clarification on the number of new posts established for the Combined Authority;
- Clarification on the imbalance between corporate costs and communication costs;
- Clarification on the use of Gainshare for 2019/20 and would it be repeated in 2020/21;
- The budget lacked clarity on the overall budget spend and non-mayoral budget;
- The inconsistency in the information presented in the report relating to the tables and timescales of three and four years;
- Was the structure fit for purpose to manage a possible £1.2b programme;
- What's the timetable for delivery of the proposed projects and programmes;

- Would the budget eventually be reduced year on year based upon the proposed projects and programmes being delivered within the agreed timescales;
- Clarification on what the Capacity Grant is and being used for;
- The total costs of everything should be shown more clearly within the report in future;
- What percentage of the reserves had been used for the LCRCA budget costs; and
- Clarification on the Revenue Budget costs.

Merseytravel

- What is the actual Rolling Stock costs;
- Clarification on the use of the reserves;
- How much of the reserves were being used for Rolling Stock; and
- Clarification on the shared services and staff between the CA and Merseytravel.

CIPFA

- Clarification on the balance between the running costs and the number of projects being proposed; and
- Clarification on the expected revenue to capital baseline costs for programmes.

The Chair, Councillor Cashman thanked the Metro Mayor and John Fogarty and the team for the effort and time taken to involve scrutiny in the process and stated that he understood the difficulty related to the funding and believed that the options available to the CA were poor, but encouraged the Metro Mayor to continue to represent the City Region to Government and to continue to any discussions to assist the LCR and its funding opportunities.

The Metro Mayor, Steve Rotheram informed the meeting that there was a need to have a sustainable financial model to fund the CA as it was unable to use pre-allocated funds. The CA looked at the CIPFA recommendations and with internal meetings, joint meetings with the Local Authorities, the Chief Executives and the professional recommendations decided there was no other sustainable way to do it, other than the precept. He explained that it was well known that the Merseyside Councils were hit the hardest in the north. It was not possible to, repeat last year's arrangements of being funded directly by the constituent council's because of risk and funding issues with those Local Authorities. He stated that he had been heavily criticised publicly for the precept and it was actually called the "Metro Mayor's tax", but the budget, in law, has to be balanced and with the precept it was about trying to keep it as low as possible. The Metro Mayor also commented that the staffing structure is fit for purpose although it started with something different and has had to change it along the way to tailor it to focus on delivery and it was important to communicate that message effectively across the City Region. He stated that the CA did not wish to simply build up the financial reserves but to ensure that the money was being put to good use through the rolling stock project for example and will enable other projects to go forward and be delivered. He also commented that largely the budget for the tunnel tolls was budget neutral and it was not about penalising anyone, but rather that the budget had to be balanced and the CA wanted to be open and transparent with its proposals which was to the benefit the people within the LCR who were council tax payers within the LCR and shouldn't have to subsidise people from outside the City Region.

The Chief Executive, Frank Rogers stated that there were circa 75 posts on the staffing structure and it had been made clear in the report that a significant number of posts had been secondments from Knowsley and shared staff with Merseytravel since 2014. The CA did what it could as a City Region to utilise good officers having been challenged by the Government. He also stated that the proposed £1.2b was a mix of capital and revenue and was not a definitive amount but the CA would be able to secure it through robust and evidenced based programmes and to enable the CA to support Local Authorities to secure funding to allocate delivery across all the City Region.

John Fogarty informed the meeting that there was a balance of services shared the CA and Merseytravel such as engagement and communication costs a shared payroll and other services with Merseytravel. A small proportion of payroll and procurement staff were also utilised with the CA not picking up the entire costs, but shared with Merseytravel. He stated that with the Mayoral Precept, it was about balancing the budget and keeping the precept to a minimum. However, Government expressed a view to exclude certain costs from the Mayoral costs, for example, the Management Team. He explained that the reserves linked to specific projects and rather than the money sitting in a bank account and drawn down each year, it has been invested into the rolling stock project.

The Chair, Councillor Cashman concluded the discussions and stated that though he disagreed with the precept and its elements, he empathised with the Metro Mayor and the position the Government has put on the City Region through the lack of funding and supports the Metro Mayor's attempts to represent the City Region to the Government.

The Chief Legal and Monitoring Officer, Jill Coule advised the meeting that due to the meeting being inquorate it would only be able to express a view about the budget that had been presented, which would be shared with the LCRCA when it considers the budget proposals at its meeting on Friday 1st February 2019.

It was generally welcomed that this was the first time that that the Overview and Scrutiny meeting had been asked to pre-scrutinise this budget. Officers were requested to refine the process for future years.

The inquorate meeting of the Overview and Scrutiny Committee noted the report and supported the recommendations contained in the LCRCA Mayoral budget and the General budget for 2019/20 and requested that the LCR Combined Authority consider the issues raised during this meeting to inform their decision.

5. DATE OF NEXT MEETING

The Committee noted that next meeting of the Overview and Scrutiny Committee would be held on Wednesday 6 March 2019.

6. ANY OTHER ITEM(S) WHICH THE CHAIRPERSON DEEMS TO BE OF AN URGENT NATURE

There was no other business.

Chairperson of the Overview and Scrutiny Committee

(The meeting closed at 12.49 pm)

This page is intentionally left blank