

York and North Yorkshire Joint Devolution Committee Meeting

23 October 2023

Finance Update

Report of the City of York Council Chief Finance Officer

1. Purpose of the Report

1.1. To provide an update on the financial aspects of the Combined Authority

2. Background

2.1. The Combined Authority (CA) will be funded through a range of new funding streams. To provide confidence in the financial sustainability and investment potential of the CA, work continues on the outline financial model, identifying both the transitional costs for establishing the CA and its ongoing operational costs.

2.2. To do so, clarity is required on the costs of areas such as staffing, accommodation, ICT provision and support services, for which there are multiple options or possibilities. An initial position has been taken that, certainly for the first year of its existence, the CA will receive all support services from the constituent councils. Over time, as the CA develops and senior roles are appointed to, this may change but it is considered that retaining existing council provided support services will ensure stability and resilience in the short to medium term. Assumptions have been made around the level of support services needed and based on these assumptions, estimates are being produced that will result in a high level outline budget for the initial period of the CA.

2.3. The CA budget will be brought for approval at a future meeting of this Committee.

3. Analysis

3.1. Issues to update on include:

- The implementation budget is being kept under review. Despite the delays in the start date of the CA we expect to be able to keep costs within the approved funding.
- Work is ongoing to prepare the budget for the CA alongside the close down of the LEP accounts.
- Service Level Agreements for support services are being created so that from day one of the CA, there is the necessary support in place.
- An actuarial valuation has been completed and the pension fund contribution rate has been agreed.
- Work is ongoing, through NYC, with an insurance broker to assist with ensuring all the necessary policies can be secured and in place for January.
- A separate finance system will be in place for the CA from January. This will suffice in the short term, but further work will be needed by the CA as soon as it is created to assess what system will be needed in future.
- We are currently taking VAT advice to ensure the best financial position for the CA.

- Work is ongoing to complete the Financial Regulations alongside the work being done on the Governance Framework.
- A session has been held session on potential Corporate Risks and this will come back to a future meeting along with a Risk Management Strategy Framework
- Discussions have been held with Emergency Planning and Business Continuity Support to enable the creation of business continuity plans.

4. Financial Implications

- 4.1. As this report is for information, there are no direct financial implications. However, it will be important for the Combined Authority to be self-financing, sustainable and financially resilient.

5. Other Implications

- 5.1. There are no legal, climate change or equalities implications to this report.

6. Reasons for Recommendations

- 6.1. To ensure the Committee is made aware of current progress on financial matters.

7. Recommendations

- 7.1. The Committee is asked to note the contents of the report.

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