

BORROWING POWERS OF THE CAMBRIDGESHIRE AND PETERBOROUGH COMBINED AUTHORITY (CPCA)

COUNCILLOR HOLDICH, LEADER OF THE COUNCIL AND CABINET MEMBER FOR THE CAMBRIDGESHIRE AND PETERBOROUGH COMBINED AUTHORITY

2 March 2018

Deadline date: 2 March 2018

Cabinet portfolio holder: Responsible Director:	Councillor Holdich, Leader of the Council and Cabinet Member for the Cambridgeshire and Peterborough Combined Authority Marion Kelly, Interim Corporate Director for Resources
Is this a Key Decision?	NO If yes has it been included on the Forward Plan: NO Unique Key decision Reference from Forward Plan: N/A
Is this decision eligible for call-in?	NO
Does this Public report have any annex that contains exempt information?	NO
Is this a project and if so has it been registered on Verto?	NO Verto number: N/A

R E C O M M E N D A T I O N S

The Cabinet Member is recommended to approve giving the consent of Peterborough City Council for the Cambridgeshire and Peterborough Combined Authority to extend its borrowing powers beyond its existing transport borrowing powers so that it can borrow for any of its new functions.

1. PURPOSE OF THIS REPORT

- 1.1 This report is for the Leader of the Council and Cabinet Member for the Cambridgeshire and Peterborough Combined Authority to consider exercising delegated authority under Part 3, Delegations Section 3 - Executive Functions of the Council's constitution, *'functions which are not listed in Schedule 1 of the Local Authorities (Functions & Responsibilities) (England) Regulations 2000 as amended.'*
- 1.2 In the Autumn Statement 2016 the government announced that it would give mayoral combined authorities powers to borrow for their new functions and to invest in economically productive infrastructure, subject to agreeing a borrowing cap with HM Treasury.

1.3 This will align the combined authorities' financial powers with their new responsibilities, and give them the freedom to invest in important priorities such as economic development and regeneration. Transport borrowing is already provided for in primary legislation. Each Combined Authority's new powers to borrow was to be specified in regulations under section 23(5) of the Local Government Act 2003.

1.4 The limits on Combined Authority borrowing will be expressed in terms of annual caps on external debt. Capping external debt, rather than prudential borrowing, will give the combined authorities greater flexibility to manage capital programmes across financial years.

1.5 Whilst the Cambridgeshire and Peterborough Combined Authority has no existing debt or any immediate borrowing requirement, significant investment will be needed for major infrastructure works from financial year 2020/21.

1.6 The Cambridgeshire and Peterborough Combined Authority is considering what the optimal funding structure will look like for these programmes as part of its investment strategy. Whatever the ultimate funding mechanism, the Combined Authority needs to have the facility to borrow the full amounts of these investments in place at that time. Liability for this borrowing lies with the Combined Authority, not with the constituent councils.

There are two strands to the process of putting in place the borrowing powers:

- 1.7
- The setting of the Borrowing Cap through an agreement with HM Treasury (HMT), and
 - The drafting and laying before parliament of the relevant Statutory Instrument (Ministry of Housing, Communities and Local Government (MHCLG)).

2. **TIMESCALES**

Is this a Major Policy Item/Statutory Plan?	NO	If yes, date for Cabinet meeting	N/A
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3. **BACKGROUND AND KEY ISSUES**

The setting of the Borrowing Cap

3.1 The Director Public Services, HM Treasury wrote to the Combined Authority's Section 151 Officer expressing her formal approval of the Cambridgeshire and Peterborough Combined Authority Agreement and Debt Cap to 2019-20, which was based on the Combined Authority's submitted financial plans, and asked the S151 Officer to reply with consent to the agreement coming into effect.

3.2 The Section 151 Officer has replied to the Director, confirming consent to the debt agreement on behalf of the Combined Authority.

3.3 It is the intention of HMT for the Combined Authority's new borrowing powers to be in place for the next financial year.

3.4 The debt cap agreement will be reviewed before the end of 2019-20 and discussions will continue about an agreement beyond 2019-20.

The making of the Statutory Instrument

- 3.5 The Ministry of Housing, Communities and Local Government (MHCLG) has now drafted the Statutory Instrument to allow borrowing to be made under S23(5) of the Local Government Act 2003, the Combined Authorities (Borrowing) Regulations 2018.
- 3.6 S23(5 and 6) of the Local Government Act 2003 state that powers will be conferred on a Combined Authority to borrow money for a purpose relevant to its transport functions or in relation to any other functions of the authority that are specified, only with the consent of its constituent councils.
- 3.7 This consent is an executive function, and can be delegated to an officer of each constituent authority.
- 3.8 The Cambridgeshire and Peterborough Combined Authority has now asked all the constituent councils to urgently put the arrangements for consent in place following notification from MHCLG that the Statutory Instrument is now going to be laid.
- 3.9 MHCLG have confirmed that in order to secure time in the Parliamentary calendar all the constituent councils need to give consent by Thursday 1st March. The Regulations will be made under the positive resolution procedure and so must be debated in both House of Parliament. Before laying the draft Regulations must first be registered and the duration of this part of the process can vary.
- 3.10 The date that has been given for the laying of the Order is 5 March 2018 and this cannot change. The council has been advised that if this deadline is not met then, due to the volume of statutory instruments that need to be laid in order concerning Brexit, the window of opportunity will be lost for some considerable time.

4. CONSULTATION

- 4.1 Consultation has been undertaken with the Cambridgeshire and Peterborough Combined Authority members for each of its constitution Councils.

5. ANTICIPATED OUTCOMES OR IMPACT

- 5.1 For the Cambridgeshire and Peterborough Combined Authority's financial powers to be aligned with its new responsibilities, and give it the freedom to invest in important priorities such as economic development and regeneration.

6. REASON FOR THE RECOMMENDATION

- 6.1 In order to align the Cambridgeshire and Peterborough Combined Authority's powers with its responsibilities following the government announcement that it would give mayoral combined authorities powers to borrow for their new functions and to invest in economically productive infrastructure, subject to agreeing a borrowing cap with HM Treasury.

7. ALTERNATIVE OPTIONS CONSIDERED

- 7.1 To maintain the status quo - this option was dismissed as this would not allow the combined authorities powers that reflected their new responsibilities.

8. IMPLICATIONS

Financial Implications

8.1 There are no Council-specific resource implications to this decision.

Legal Implications

8.2 The Statutory Instrument to allow borrowing is to be made under s23(5) of the Local Government Act 2003.

Equalities Implications

8.3 There are no significant implications within this category.

9. DECLARATIONS / CONFLICTS OF INTEREST & DISPENSATIONS GRANTED

9.1 None.

10. BACKGROUND DOCUMENTS

Used to prepare this report, in accordance with the Local Government (Access to Information) Act 1985) and The Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012.

10.1 S23 Local Government Act 2003