

## Article 14 - Finance, Contracts and Legal Matters

### Grants

- 14.1 A minister of the Crown may pay a grant or grants to the Combined Authority towards expenditure incurred or to be incurred by the Combined Authority.

### Levying

- 14.2 The Combined Authority as a levying body may issue a levy to Constituent Councils in respect of each financial year to enable the Combined Authority to meet the Combined Authority's liabilities which are reasonably attributable to the exercise of its transport functions for which provision is not otherwise made. The costs of functions related to transport must be met by a levy issued by the Combined Authority. The levy cannot be for any expenses attributable to Mayoral Functions.
- 14.3 The Combined Authority shall issue a levy before 15 February preceding the start of the financial year in respect of which it is issued.
- 14.4 The amount for which a levy is issued will be borne in equal proportions (50:50) by the Constituent Councils to be paid in full in the financial year for which the levy is issued.

### Borrowing

- 14.5 The Combined Authority may borrow for any purpose relevant to its **transport** or any other functions. Borrowing powers are subject to and in accordance with setting an affordable borrowing limit and any limits imposed by the Secretary of State.

### Precept

- 14.6 Costs of the Mayor incurred in or in connection with the exercise of **Mayoral Functions** are met from precepts issued by the Combined Authority to each Constituent Council (in its capacity as a billing authority).
- 14.7 The Combined Authority is a major precepting authority under the Local Government and Finance Act 1992 (the 1992 Act).
- 14.8 For each financial year, the Combined Authority shall issue a precept. The precept may be issued only in relation to expenditure incurred by the Mayor in, or in connection with, the exercise of Mayoral Functions.
- 14.9 The function of issuing precepts in respect of Mayoral Functions is exercisable only by the Mayor acting on behalf of the Combined Authority.
- 14.10 The precept issued to a billing authority must state:
- the amount calculated in relation to the year and each category of dwellings in the billing authority's area (see further below), and
  - the amount calculated as the amount payable by the billing authority for the year.

- 14.11 When calculating the amount in relation to the year and each category of dwellings in each billing authority's area, the Combined Authority must calculate the following:
- the council tax requirement,
  - the basic amount of council tax,<sup>24</sup>
  - any calculations in respect of special items, and
  - tax for different valuation bands.
- 14.12 Where calculations are made in respect of the council tax requirement, the Section 73 Chief Finance Officer must report to the Combined Authority on
- the robustness of the estimates made for the calculations, and
  - the adequacy of the proposed financial reserves.
- 14.13 The Combined Authority must review its calculations in respect of the council tax requirement from time to time during the financial year and take such action as it considers necessary if it appears there has been a deterioration in its financial position.
- 14.14 The Budget and Policy Rules in Part 4 of the Constitution set out further details about the approval of the Budget including the review of the general component by the Combined Authority.
- 14.15 The Combined Authority must issue a precept before the 1 March in the financial year preceding that for which it is issued.
- 14.16 Before the Combined Authority issues the precept, the Combined Authority must consult representatives of non-domestic rate payers, about its proposals for expenditure.
- 14.17 The Combined Authority as major precepting authority must determine whether its basic amount of council tax for a financial year is excessive, in accordance with a set of principles determined by the Secretary of State for the year. Where this is excessive, the Combined Authority must notify each billing authority accordingly, which is required to hold a referendum<sup>34</sup> and fund all applicable costs of conducting the referendum or, where another major precepting authority is required to hold a referendum, an appropriate share of these costs as determined by the Constituent Authorities.

### **Business Rates Supplements Functions**

- 14.18 The Combined Authority has functions in relation to business rates supplements. These functions are exercisable only by the Mayor and cannot be delegated to the Mayor's Political Adviser.

### **Requirement to Meet Costs**

- 14.19 The Constituent Councils must ensure that the costs of the Combined Authority reasonably attributable to the exercise of its functions are met. This requirement is subject to the following:

- the Constituent Councils must meet the costs of the expenditure reasonably incurred by the Mayor in or in connection with the Mayoral Functions, to the extent that the Mayor has decided to not to meet these costs from other resources, subject to the agreement of the Combined Authority in advance, and
- the costs of functions related to transport being met by a levy issued by the Combined Authority to the Constituent Councils - see above.

### Approval of Budgets

14.20 The Combined Authority's budget shall be considered and approved in accordance with the Budget and Policy Rules in Part 4 of the Constitution.

### Financial Administration

- 14.21 The Combined Authority must make arrangements for the proper administration of its financial affairs and shall secure that one of its officers has responsibility for the administration of those affairs - see further Article 12 (Officers).
- 14.22 Financial administration must be carried out in accordance with the **Financial Regulations** in Part 4 of the Constitution.
- 14.23 The Combined Authority must keep adequate **accounting records**, follow any regulations about accounting practices and have regard to any guidance about accounting practices to be followed, in particular in relation to keeping a revenue account.
- 14.24 The Combined Authority must prepare a **statement of accounts** in respect of each financial year.

14.25 **Funds** must be maintained for certain transactions, to facilitate audit and the control of expenditure, as follows:

- The Combined Authority must keep a **Combined Authority general fund**, in relation to receipts arising and liabilities incurred.
- The Mayor must maintain the **Mayor's general fund** in relation to receipts arising and liabilities incurred in the exercise of Mayoral Functions and keep account of payments made in and out of the Mayor's general fund.

### Investments

14.26 The Combined Authority has the power to invest for any purpose relevant to its functions, or for the prudent management of its financial affairs - see further the Financial Regulations in Part 4 of the Constitution.

### Contracts

14.27 Contracts must be entered into in accordance with the Contract Standing Orders in Part 4 of the Constitution.

14.28 Any contracts entered into by the Mayor in the exercise of Mayoral Functions are entered into by the Mayor on behalf of the Combined Authority, and any property rights and liabilities in relation to those contracts vest in the Combined Authority.

### Legal matters

14.29 Requirements in relation to signing and sealing contracts are set out in Contracts Standing Orders in Part 4 of the Constitution.

**1. Financial Management**

- 1.1 The management of the Combined Authority's financial affairs will be conducted in accordance with the Financial Procedures set out in Part 4 of the Constitution.

**2. Legal Proceedings**

- 2.1 The Monitoring Officer is authorised to institute, settle, defend, or participate in any legal proceedings in any case where such action is necessary to give effect to decisions of the Combined Authority or in any case where the Monitoring Officer considers that such action is necessary to protect the Combined Authority's interests.

**3. Authentication of Documents**

- 3.1 Where any document is necessary to any legal procedure or proceedings on behalf of the Combined Authority, it will be signed by the Monitoring Officer or some other person duly authorised by the Monitoring Officer, unless any enactment otherwise authorises or requires.
- 3.2 Any contract with a value exceeding £50,000 entered into by the Combined Authority shall be made in writing. Such contracts must be signed by a duly authorised officer of the Combined Authority or made under the Common Seal of the Combined Authority attested by an authorised officer. Any contract which in the opinion of the Monitoring Officer should be sealed must be made under the Common Seal of the County Authority and attested by an authorised officer.

**4. Common Seal of the Combined Authority**

- 4.1 The Common Seal of the Combined County Authority will be retained by the Monitoring Officer. A decision of the Mayor, Combined Authority, or committee or sub-committee of the Combined Authority, will be sufficient authority for sealing any document necessary to give effect to the decision. The Common Seal will be affixed to those documents which in the opinion of the Monitoring Officer should be sealed. The affixing of the Common Seal will be attested by the Monitoring Officer, or some other person authorised by the Monitoring Officer.