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STATUTORY INSTRUMENTS

2017 No. 611

LOCAL GOVERNMENT, ENGLAND
TRANSPORT, ENGLAND

The Combined Authorities (Finance) Order 2017

Made - - - - 26th April 2017

Coming into force in accordance with article 1

The Secretary of State makes the following Order in exercise of the powers conferred by sections 107G, 114(1) and 117(1A) and (5) of, and paragraph 6 of Schedule 5C to, the Local Democracy, Economic Development and Construction Act 2009(**1**) ("the 2009 Act").

A draft of this instrument has been laid before, and approved by a resolution of, each House of Parliament pursuant to section 117(2) of the 2009 Act.

PART 1

Introductory

Citation and commencement

1. This Order may be cited as the Combined Authorities (Finance) Order 2017 and comes into force on the day after the date on which it is made.

Commencement Information

I1 Art. 1 in force at 27.4.2017, see **art. 1**

Interpretation

2. In this Order—

"the 1992 Act" means the Local Government Finance Act 1992(**2**);

(**1**) 2009 c. 20. Section 107G was inserted by section 5 of the Cities and Local Government Devolution Act 2016 ("the 2016 Act"). Section 114 was amended by Schedule 5 to the 2016 Act. Subsections (2), (2A) and (3) of section 117 were substituted by section 13 of the 2016 Act, Schedule 5C was inserted by section 4(2) of, and Schedule 2 to, the 2016 Act and subsections (1A) and (5) were inserted by paragraph 29 of Schedule 5 to the 2016 Act.

(**2**) 1992 c. 14.

"the 2009 Act" means the Local Democracy, Economic Development and Construction Act 2009;

"mayoral functions" in relation to a mayor, means—

(a) the mayor's general functions(**3**); and

(b) if the mayor exercises PCC functions, the mayor's PCC functions;

"the relevant amounts and calculations" means, in respect of the mayor's general functions—

(a) estimates of the amounts to be aggregated in making a calculation (whether originally or by way of substitute) in accordance with any of sections 42A, 42B, 47 to 49 and 52ZJ of the 1992 Act (calculation of council tax requirements etc.);

(b) estimates of other amounts to be used for the purposes of such a calculation;

(c) estimates of such a calculation; or

(d) amounts required to be stated in a precept under Chapter 4 of Part 1 of the 1992 Act (precepts).

Commencement Information

I2 Art. 2 in force at 27.4.2017, see **art. 1**

PART 2

Mayoral combined authorities: precepts

Costs of mayor to be met from precepts

3.—(1) The costs of a mayor(**4**) for the area of a combined authority that are incurred in, or in connection with, the exercise of mayoral functions are to be met from precepts issued by the authority under section 40 of the 1992 Act (issue of precepts by major precepting authorities)(**5**).

(2) Paragraph (1) has effect subject to—

(a) the transitional provisions in Part 5; and

(b) any contrary provision made in an order under Part 6 of the 2009 Act (economic prosperity boards and combined authorities).

Commencement Information

I3 Art. 3 in force at 27.4.2017, see **art. 1**

Power to issue precept: supplementary provision in respect of PCC functions

4.—(1) This article applies where a mayor exercises PCC functions.

(2) The following provisions are modified in accordance with the Schedule to this Order—

(**3**) See section 120 of the Local Democracy, Economic Development and Construction Act 2009 for meaning of "general functions" and "PCC functions".

(**4**) See section 120 of the Local Democracy, Economic Development and Construction Act 2009 for meaning of "mayor" and "combined authority".

(**5**) Section 40 was amended by section 83 of the Greater London Authority Act 1999 (c. 29); section 79 of, and paragraph 17 of Schedule 7 to, the Localism Act 2011 (c. 20); and by section 5 of the Cities and Local Government Act 2016.

(a) chapter 4 and 4ZA of Part 1 of the 1992 Act (precepts and referendums relating to council tax increases)(**6**);

(b) the Council Tax (Demand Notices) (England) Regulations 2011(**7**);

(c) the Local Authorities (Conduct of Referendums) (Council Tax Increases) (England) Regulations 2012(**8**).

(3) Any monies paid to the mayor by a billing authority in respect of the PCC component of a precept(**9**) issued to the billing authority must be paid by the mayor into the police fund kept by the mayor by virtue of section 21 of the Police Reform and Social Responsibility Act 2011(**10**).

(4) In paragraph (3) "PCC component of a precept" means the amounts stated in a precept in respect of the mayor's PCC functions in accordance with section 40 of the 1992 Act as modified by the Schedule to this Order.

Commencement Information

I4 Art. 4 in force at 27.4.2017, see **art. 1**

PART 3

Setting of a combined authority's budget: mayor's general functions

Mayor to notify combined authority of proposed budget: general component

5.—(1) The mayor must, before 1st February in any financial year, notify the combined authority of the mayor's draft budget in relation to the following financial year.

(2) The draft budget must—

(a) set out the mayor's spending plans and how the mayor intends to meet the costs of the mayor's general functions; and

(b) include the relevant amounts and calculations.

(3) In this Part references to "the combined authority" are, except in article 8(7) and (8), to be construed as references to members of the authority other than the mayor.

Commencement Information

I5 Art. 5 in force at 27.4.2017, see **art. 1**

Combined authority to review budget

6.—(1) The combined authority must review the mayor's draft budget notified to it under article 5.

(2) The combined authority may make a report to the mayor on the draft budget.

(3) Any report—

(**6**) Sections 42A and 42B and Part 4ZA were inserted by sections 72 and 75 of, and Schedule 5 to, the Localism Act 2011. Consequential amendments were made to sections 40, 47, 48 and 49 by Schedule 7 to the Localism Act 2011.
(**7**) S.I. 2011/3038 amended by S.I. 2016/188 and 2017/13.
(**8**) S.I. 2012/444 amended by S.I. 2013/409.
(**9**) See section 40 of the Local Government Finance Act 1992 (c. 14) as modified by the Schedule to this Order for provisions on the PCC component of the precept.
(**10**) 2011 c. 13. For modification of section 21 in respect of the mayor for the area of the Greater Manchester Combined Authority see S.I. 2017/470.

(a) must set out whether or not the combined authority would approve the draft budget in its current form; and

(b) may include recommendations, including recommendations as to the relevant amounts and calculations that should be used for the financial year.

(4) The mayor's draft budget shall be deemed to be approved by the combined authority unless the authority makes a report under paragraph (2) to the mayor before 8th February.

Commencement Information
I6 Art. 6 in force at 27.4.2017, see **art. 1**

Mayor's consideration of report

7. Where the combined authority makes a report under article 6, it must specify a period of at least five working days beginning on the day after the day on which the mayor receives the report within which the mayor may—

(a) decide whether or not to make any revisions to the draft budget; and

(b) notify the combined authority of the reasons for that decision and, where revisions are made, the revised draft budget.

Commencement Information
I7 Art. 7 in force at 27.4.2017, see **art. 1**

Combined authority's decision on budget

8.—(1) When any period specified under article 7 by the combined authority has expired the authority must determine whether to—

(a) approve the mayor's draft budget (or revised draft budget, as the case may be); or

(b) veto the draft budget (or revised draft budget) and approve the mayor's draft budget incorporating the combined authority's recommendations contained in the report to the mayor under article 6.

(2) The mayor's draft budget (or revised draft budget) shall be deemed to be approved unless vetoed within the relevant period in accordance with this article.

(3) In making a decision on a question under paragraph (1) the combined authority must take into account the reasons given by the mayor under article 7.

(4) Any decision to veto the mayor's draft budget (or draft revised budget) and approve the mayor's draft budget incorporating the combined authority's recommendations contained in the report to the mayor under article 6 must be decided by a two thirds majority of the members, or substitute members acting in their place, of the combined authority present and voting on the question at a meeting of the authority.

(5) In paragraph (2) "relevant period" means the period of five working days beginning with the day after the date on which the period specified under article 7 expires.

(6) Paragraph (7) applies in a case where the mayor has failed, in accordance with article 5(1), to notify the combined authority of the mayor's draft budget before 1st February.

(7) Where this paragraph applies, the combined authority must determine the relevant amounts and calculations that are to be used for the financial year.

(8) Any decision under paragraph (7) must be decided by a two thirds majority of the members, or substitute members acting in their place, of the combined authority present and voting on the question at a meeting of the authority.

(9) Paragraphs (4) and (8) have effect subject to—

(a) paragraphs (10) and (11); and

(b) any provision to the contrary in an order made under Part 6 of the 2009 Act.

(10) In paragraphs (4) and (8) "member" and "substitute member" does not include any person who is not a member of a constituent council.

(11) In relation to the Tees Valley Combined Authority(**11**), the reference in paragraphs (4) and (8) to a two thirds majority is to be read as a reference to a three fifths majority.

Commencement Information

I8 Art. 8 in force at 27.4.2017, see **art. 1**

Calculations and amounts to be used in setting precept

9.—(1) The relevant amounts and calculations which are approved by the combined authority in accordance with article 8 shall be used in making a calculation (whether originally or by way of substitute)—

(a) under the provisions of the 1992 Act mentioned in paragraph (2); and

(b) in calculating the amounts to be stated in a precept under Chapter 4 of Part 1 of the 1992 Act (precepts).

(2) The provisions are—

(a) section 42A (calculation of council tax requirement by authorities in England);

(b) section 42B (calculation of basic amount of tax by authorities in England);

(c) sections 47 to 49 (calculation of tax for different valuation bands; calculation of amount payable by each billing authority; substitute calculations); and

(d) section 52ZJ (major precepting authority's duty to make substitute calculations).

Commencement Information

I9 Art. 9 in force at 27.4.2017, see **art. 1**

Transparency of budget decision

10. Immediately after any vote is taken at a meeting to consider a question under article 8, there must be recorded in the minutes of the proceedings of that meeting the names of the persons who cast a vote for the decision or against the decision or who abstained from voting.

Commencement Information

I10 Art. 10 in force at 27.4.2017, see **art. 1**

(**11**) The Tees Valley Combined Authority was established by article 3 of the Tees Valley Combined Authority Order 2016 (S.I. 2016/449).