



Memorandum of Understanding

Financial Contributions and Liabilities in establishing the Sussex and Brighton Combined County Authority

Purpose

This Memorandum of Understanding (MoU) sets out the agreed position of East Sussex County Council, West Sussex County Council, and Brighton & Hove City Council (hereafter referred to as 'the constituent councils') regarding the apportionment of financial contributions and liabilities under Clause 12(3) of the draft Statutory Instrument (SI) for the establishment of the Sussex & Brighton Combined County Authority (CCA).

Background

The Sussex and Brighton Combined County Authority constitution must set out that each constituent authority must appoint two members to join the Combined County Authority (CCA). The constituent authorities are East Sussex County Council, West Sussex County Council and Brighton & Hove City Council.

How the Combined County Authority will be funded

The constituent councils must meet the costs of expenditure associated with regulation 10 (Part 5 - mayoral functions) of the Statutory Instrument. However, once in place the mayor must agree with the Combined County Authority the total expenditure in advance of incurring the expenditure.

Any precept issued in relation to this expenditure under section 40 of the Local Government Finance Act 1992 is to be disregarded from the cost of expenditure.

The constituent councils contributions must be apportioned either through a mechanism of their own agreement or if no agreement is in place, based on the number of their residents as a proportion of the total population of the CCA area.

Clause 12 of the Statutory Instrument states:

- Para 12(1) Subject to paragraph (3), the constituent councils must ensure that the costs of the Combined County Authority reasonably attributable to the exercise of its functions are met.
- Para 12(2) Subject to paragraph (4), the constituent councils must meet the costs of the expenditure reasonably incurred by the mayor in, or in connection with, the exercise of the functions referred to in regulation 10, to the extent that the mayor has

not decided to meet these costs from other resources available to the Combined County Authority.

- Para 12(3) Any amount payable by each of the constituent councils to ensure that the costs of the Combined County Authority referred to in paragraphs (1) and (2) are met is to be determined by apportioning such costs between the constituent councils in such proportions as they may agree or, in default of such agreement, in accordance with the proportion of the total resident population of the Combined County Authority which resides in the area of each constituent council at the relevant date as estimated by the Statistics Board(a).
- 12(4)(a)(i) The mayor must agree with the Combined County Authority the total expenditure mentioned in paragraph (2) in advance of incurring such expenditure, and (ii) in the absence of such agreement, no such expenditure may be incurred.

The constituent councils acknowledge that this clause permits a locally agreed variation from the default population-based apportionment model.

Agreement

For the period from the legal establishment of the CCA to 31st May 2028, the constituent councils hereby agree, that:

- 1) The apportionment of financial contributions and liabilities shall be aligned with the constitutional position of the Combined County Authority.**
- 2) This constitutional position provides for equal voting rights among the constituent councils (of 2 members each).**
- 3) Accordingly, financial contributions and liabilities shall be shared equally among the three councils, reflecting the principle of equal responsibility.**
- 4) The agreed apportionment shall be:**
 - **East Sussex County Council: 1/3**
 - **West Sussex County Council: 1/3**
 - **Brighton & Hove City Council: 1/3**
- 5) The constitution of the Combined County Authority shall reflect this position, requiring the majority agreement of constituent members to agree amendment to this position during the two-year period of this agreement.**

The constituent councils hereby agree in support of 1 to 5 above that:

- i. A clear process will be established for monitoring the financial position of the Combined County Authority by the constituent councils, including regular reporting and forecasting.
- ii. Budget forecasting will be managed proactively, with action taken before any overspend occurs.
- iii. This arrangement will be formally reviewed in May 2028, following Local Government Reorganisation and the election of the Mayor. In the absence of agreement by all

Constituent Authorities at the point of review then the position will revert back to the mechanism stated in the Statutory Instrument in Clause 12(3) i.e. contributions to be determined in accordance with the proportion of the total resident population of the Combined County Authority which resides in the area of each constituent council at the relevant date as estimated by the Statistics Board.

- iv. During this two-year period, any constituent council may call for a review of the funding arrangement if its financial position changes and it is unable to support additional costs.
- v. Any contribution to overspend must not place any constituent council in financial jeopardy.
- vi. Mayoral activities will be funded from the Combined County Authority budget. Election costs will be covered through capacity funding and/or top-slicing of the CCA Investment Fund.
- vii. If full coverage is not possible, election costs will be apportioned by population size among the constituent councils, as a fair mechanism directly linked to the nature of the expense.

Signed:

For **East Sussex County Council**:

Name:

Title:

Date:

For **West Sussex County Council**:

Name:

Title:

Date:

For **Brighton & Hove City Council**:

Name:

Title:

Date:

