



**Agenda for a meeting of the Executive to be held on  
Tuesday, 18 February 2020 at 10.30 am in Committee  
Room 1 - City Hall, Bradford**

**Members of the Executive – Councillors**

<b>LABOUR</b>
Hinchcliffe (Chair)
I Khan
Ross-Shaw
Ferriby
Jabar
Farley

**Notes:**

- This agenda can be made available in Braille, large print or tape format on request by contacting the Agenda contact shown below.
- The taking of photographs, filming and sound recording of the meeting is allowed except if Councillors vote to exclude the public to discuss confidential matters covered by Schedule 12A of the Local Government Act 1972. Recording activity should be respectful to the conduct of the meeting and behaviour that disrupts the meeting (such as oral commentary) will not be permitted. Anyone attending the meeting who wishes to record or film the meeting's proceedings is advised to liaise with the Agenda Contact who will provide guidance and ensure that any necessary arrangements are in place. Those present who are invited to make spoken contributions to the meeting should be aware that they may be filmed or sound recorded.
- If any further information is required about any item on this agenda, please contact the officer named at the foot of that agenda item.

**From:**

Parveen Akhtar  
City Solicitor

Agenda Contact: Jill Bell / Yusuf Patel

Phone: 01274 434580/4579

E-Mail: [jill.bell@bradford.gov.uk](mailto:jill.bell@bradford.gov.uk) / [yusuf.patel@bradford.gov.uk](mailto:yusuf.patel@bradford.gov.uk)

**To:**

## **A. PROCEDURAL ITEMS**

### **1. DISCLOSURES OF INTEREST**

(Members Code of Conduct - Part 4A of the Constitution)

To receive disclosures of interests from members and co-opted members on matters to be considered at the meeting. The disclosure must include the nature of the interest.

An interest must also be disclosed in the meeting when it becomes apparent to the member during the meeting.

*Notes:*

- (1) Members may remain in the meeting and take part fully in discussion and voting unless the interest is a disclosable pecuniary interest or an interest which the Member feels would call into question their compliance with the wider principles set out in the Code of Conduct. Disclosable pecuniary interests relate to the Member concerned or their spouse/partner.*
- (2) Members in arrears of Council Tax by more than two months must not vote in decisions on, or which might affect, budget calculations, and must disclose at the meeting that this restriction applies to them. A failure to comply with these requirements is a criminal offence under section 106 of the Local Government Finance Act 1992.*
- (3) Members are also welcome to disclose interests which are not disclosable pecuniary interests but which they consider should be made in the interest of clarity.*
- (4) Officers must disclose interests in accordance with Council Standing Order 44.*

### **2. INSPECTION OF REPORTS AND BACKGROUND PAPERS**

(Access to Information Procedure Rules – Part 3B of the Constitution)

Reports and background papers for agenda items may be inspected by contacting the person shown after each agenda item. Certain reports and background papers may be restricted.

Any request to remove the restriction on a report or background paper should be made to the relevant Strategic Director or Assistant Director whose name is shown on the front page of the report.

If that request is refused, there is a right of appeal to this meeting.

Please contact the officer shown below in advance of the meeting if you wish to appeal.

(Jill Bell / Yusuf Patel - 01274 434580 434579)

### 3. **RECOMMENDATIONS TO THE EXECUTIVE**

To note any recommendations to the Executive that may be the subject of report to a future meeting. (Schedule to be tabled at the meeting).

(Jill Bell / Yusuf Patel - 01274 434580 434579)

## **C. PORTFOLIO ITEMS**

### **HEALTHY PEOPLE AND PLACES PORTFOLIO**

*(Councillor Ferriby)*

#### **NOTE**

The following item is included on this agenda as an exceptions to the Forward Plan in accordance with the provisions of Paragraph 10 (General Exception to the Forward Plan) of Part 3D of the Constitution.

### 4. **BRADFORD CLEAN AIR PLAN (B-CAP) OUTLINE BUSINESS CASE (OBC) SUBMISSION AND PUBLIC CONSULTATION**

1 - 18

The Strategic Director, Health & Wellbeing will submit a report (**Document “BE”**) which provides an update to Members on the B-CAP OBC and preferred option to improve air quality in Bradford and seeks approval to carry out full public consultation on the preferred option which will inform the preparation of the Full Business Case (FBC) .

#### **Recommended –**

(1) **That Executive note and comment on the update regarding the Bradford Clean Air Plan (B-CAP) and the preferred option to improve air quality.**

(2) **That Executive approve the process for consultation on the preferred option.**

- (3) **That Executive delegate to the City Solicitor, portfolio holders (Health and Well Being, Planning, Regeneration and Transport) in conjunction with Strategic Director (Health and Well Being, Planning Regeneration and Transport) authority to complete any agreements necessary in the run up to clean air zone implementation.**

Overview & Scrutiny Committee: Health & Social Care / Regeneration & Environment

(Andrew Whittles - 0758 405 868)

## **B. STRATEGIC ITEMS**

<p><b>LEADER OF COUNCIL &amp; CORPORATE</b></p>
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<p><i>(Councillor Hinchcliffe)</i></p>
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**5. THE COUNCIL'S REVENUE ESTIMATES FOR 2020/21** 19 - 40

The Director of Finance will submit a report (**Document “BA”**) which provides Members with details of the Council's Revenue Estimates for 2020/21.

**Recommended –**

**That the recommendations contained in Document “BA” be approved.**

Overview & Scrutiny Committee: Corporate

(Chris Chapman – 01274 433656)

**6. ALLOCATION OF THE SCHOOLS BUDGET 2020/21 FINANCIAL YEAR** 41 - 80

The Director of Finance will submit a report (**Document “BB”**) which seeks Executive approval of the recommendations of Bradford's Schools Forum in allocating the Dedicated Schools Grant (DSG) for 2020/21 and subsequent recommendation to Full Council.

**Recommended –**

**It is recommended that the Executive asks Council to:**

- (1) **Accept and approve the proposals from the Schools Forum for the allocation of the 2020/21 DSG as set out in this report.**

- (2) **Approve the adoption of the new Banded Model for the allocation of EHCP top up funding to schools and providers from the High Needs Block.**
- (3) **Approve the total amount of £586.602m to be appropriated in respect of all schools covered by the Bradford Scheme for the Local Management of Schools, so as to establish.**

Overview and Scrutiny Committee: Corporate

(Andrew Redding - 01274 432678)

## **7. CAPITAL INVESTMENT PLAN 2020-21 TO 2023-24**

81 - 116

The Director of Finance will submit a report (**Document “BC”**) which at Section A presents the Council’s Capital Investment Plan 2020-21 to 2023-24.

Section B presents an updated Capital Strategy for 2020-21. This strategy underpins the spending proposals within the Capital Investment Plan.

### **Recommended –**

- (1) **The 2020-24 Capital Investment Plan is approved. Commitments against reserve schemes and contingencies can only be made after a business case has been assessed by Project Appraisal Group and approved by Executive.**
- (2) **Specific approval is given regarding the 2020-21 Capital Strategy set out in Section B of this report.**
- (3) **Delegated authority is given to Section 151 Officer to repay debt on an annuity basis, for chosen properties purchased during or after 2018-19. Delegated authority could only be exercised if two conditions are met: the asset retains or increases its value; the return from the capital scheme is sufficient to repay the capital sum invested.**
- (4) **Repayment of debt from giving loans to external organisations can be aligned with the loan repayment schedule. This is dependent on two conditions: that the capital scheme is self-financing; there is reasonable assurance that the loan repayment schedule will be followed.**
- (5) **The proposed 2020-21 MRP policy set out in Appendix 1b is approved, including the specific changes compared to the current policy (as set out in 27.3 and 27.4).**
- (6) **The Flexible Use of Capital Receipts Strategy is approved.**

(7) **Specific approval be given for the following capital expenditure schemes:**

- **£2m 2020-21 Property Programme to maintain Council assets.**
- **£0.203m for works to Depots to allow a relocation of Parks and Street Cleansing Staff.**

Overview and Scrutiny: Corporate

(Chris Chapman – 01274 433656)

## **8. PUBLIC AND TRADE UNION CONSULTATION FEEDBACK**

The Chief Executive will present the (second) addendum to the public and Trade Union consultation feedback, if any together with Equality Impact Assessments (EIA's) (tabled at the meeting) (**Addendum to Executive Document "AR" to be tabled at the meeting**).

## **9. 2019/20 BUDGET PROPOSALS AND FORECAST RESERVES - S151 OFFICER ASSESSMENT**

117 -  
134

This report of the Director of Finance (**Document "BD**) assesses the robustness of the proposed budget for 2020/21, the adequacy of forecast levels of reserves and associated risks.

It concludes that the estimates are sufficiently robust for the Council to set the budget.

It also concludes that the General Fund and unallocated reserves should be maintained at their current levels over the period of the financial strategy to ensure the continued financial resilience of the Council.

**Recommended –**

**That Members have regard to this report in setting the budget, and in particular note the conclusions that:**

- **the estimates presented to Council are sufficiently robust**
- **the reserves are adequate for the 2020/21 proposed budget**
- **the projected corporate reserves, on current estimates, are adequate in the medium term, subject to the implementation of the rest of the proposed financial plan and identification of further proposals to mitigate the projected structural gap of £11.860m.**

**As with all budgets there is the potential for amendments to be proposed/agreed which could change the overall package of**

**proposals. In that respect, it should be highlighted that this statement would be amended or added to if a decision was proposed that lead to the Council's reserves falling below their recommended level. In addition, any other amendments would be considered against the scale of the overall budget and depending upon the extent and nature, may result in a revised statement.**

Overview and Scrutiny Committee: Corporate

(Chris Champan – 01274 433656)

THIS AGENDA AND ACCOMPANYING DOCUMENTS HAVE BEEN PRODUCED, WHEREVER POSSIBLE, ON RECYCLED PAPER

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## Report of the Strategic Director, Health & Wellbeing to the meeting of Executive Committee to be held on 18<sup>th</sup> February 2020

**BE**

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### Subject:

Bradford Clean Air Plan (B-CAP) Outline Business Case (OBC) submission and public consultation

### Summary statement:

The Bradford Clean Air Plan (B-CAP) Outline Business Case (OBC) has been submitted to Government in line with Ministerial Direction. The Plan includes the preferred option to introduce a charging Clean Air Zone in October 2021 plus additional measures to ensure that levels of Nitrogen Dioxide (NO<sub>2</sub>) in the Bradford District achieve compliance with the EU Limit Value in the shortest possible timeframe. The Plan also seeks to improve the health of residents of the District and will contribute to reducing greenhouse gas emissions, in line with Council's response to its declared Climate Emergency. Implementation of the B-CAP is conditional on full funding support from the Government.

Following Ministerial approval of its OBC, the Council will carry out full public consultation on the Preferred Option, from the 18<sup>th</sup> February until the 26<sup>th</sup> March. The Full Business Case (FBC) will then be prepared and submitted for approval by Members, prior to submission to Government in Summer 2020. The purpose of the report is to:

- provide an update to Members on the B-CAP OBC and preferred option to improve air quality in Bradford.
- seek approval to carry out full public consultation on the preferred option which will inform the preparation of the Full Business Case (FBC).
- seek delegated authority to Portfolio Holders and Strategic Directors to complete any agreements necessary in the run up to Clean Air Zone implementation.

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Bev Maybury  
Strategic Director, Health & Wellbeing

Report Contact: Andrew Whittles  
Programme Manager, Bradford Clean Air  
Plan (B-CAP)  
Phone 0758 405 868  
Email: [andrew@whittles.demon.co.uk](mailto:andrew@whittles.demon.co.uk)

**Portfolio:**  
Healthy People and Places /Regeneration  
Planning & Transport

**Overview & Scrutiny Area**  
Health and Social Care / Regeneration &  
Environment

## 1. SUMMARY

- 1.1 The Bradford Clean Air Plan (B-CAP) has been developed in line with Ministerial Direction to achieve compliance with the EU Limit Value for Nitrogen Dioxide (NO<sub>2</sub>) in the Bradford District in the shortest possible timeframe. While the timescales for developing the B-CAP have been challenging, the Government has confirmed that the Outline Business Case (OBC) complies with Ministerial Direction and provides a robust evidence base for the preferred option to improve air quality. The OBC follows the Treasury's Five Case approach and includes the preferred option for improving air quality.
- 1.2 Subject to renewed Ministerial Direction, the Council will undertake public consultation on its current preferred option to improve air quality across the District, which will inform the preparation of the Full Business Case (FBC), to be submitted to Government in Summer 2020. Consultation will run from the 18<sup>th</sup> February until the 26<sup>th</sup> March.
- 1.3 The Council's preferred option will see the introduction of a Class C (plus) Clean Air Zone (CAZ) in October 2021 which will require a daily charge for more polluting, non-compliant buses, coaches, taxis, heavy and light goods vehicles to enter the CAZ. Additional, plus measures will be pursued to ensure that legal levels of air quality are achieved and improved further. These measures are to increase electric bus provision and access to alternative energy facilities, park and ride provision and encouragement for electric taxis. The B-CAP preferred option ensures that there are improvements in air quality across all Wards.

Key B-CAP measures include:

- Non-compliant buses, coaches, taxis, minibuses, vans and lorries will be required to pay a daily charge to enter the Clean Air Zone
- Grants will be offered to affected vehicle operators to upgrade their vehicles
- Exemptions and sun-set periods will be offered to local SMEs and operators carrying out, school, charitable and social value work
- Encouragement for taxis to upgrade to electric vehicles
- Development of alternative energy re-fuelling facilities
- Plans to introduce electric bus routes
- Plans to provide Park and Ride facilities off the M606
- Private motor cars are **not** included in the plan

Further details of the measures, proposed grant funding and exemptions can be found in table 1.

- 1.4 The implementation of the preferred option is conditional on successful funding bids to the Government. Full distributional analysis and equality impact assessments have been carried out as part of the B-CAP development and a number of mitigation and incentive packages have been developed and incorporated in the plan which will be offered to affected vehicle operators. Exemptions for appropriate SMEs, charitable, school, blue light, vintage, military, showman and agricultural vehicles are considered in the B-CAP and form part of the mitigation packages.

1.5 While the final funding request to Government, for implementation of the preferred option, will be refined at FBC, the funding level outlined in the OBC is £60,478,451 (without optimism bias).

1.6 Local and national research into the health impacts associated with air pollution shows that:

- exposure to polluted air (Particulate Matter and Nitrogen Dioxide) during pregnancy increases the risk of babies being born with a low birth weight, and a smaller head circumference. Both of these are predictors of later ill-health.
- in Bradford, up to 687 of annual childhood asthma cases may be attributable to air pollution (38% of the total amount).
- in Bradford, 55% of the population are exposed to levels of air pollution above WHO exposure guidelines
- updated local health data compiled by Public Health England (PHE) shows that 4.3% of deaths in the District are attributable to PM2.5 of which diesel vehicles are key emitters

A unique aspect in the Council's approach to responding to the Ministerial direction is that Born in Bradford (BiB), a key support organisation in the B-CAP development, are looking to undertake a full health impact assessment (HIA) of the impact of the CAZ over a five- year period. Nationally, no other mandated authority has adopted a similar wide-ranging approach and this is seen by Government as one of the exemplary innovations which have been proposed in Bradford's plan proposals. Government have indicated that the BiB approach will also contribute to the work of the National CAZ Evaluation Team.

1.7 The B-CAP preferred option is in line with the CAZ standards being introduced in Sheffield, Manchester and Newcastle. Leeds City Council is introducing a CAZ B plus in July 2020 which affects buses, coaches, taxis and HGVs. The Council liaises closely with Leeds and has aligned measures where possible, including taxis. The Council will continue to liaise with Leeds regarding CAZ signage and will observe the impact of the Leeds CAZ for any lessons learnt. Birmingham and Liverpool are considering private cars as part of their plans.

1.8 Any revenues from the implementation of the Bradford CAZ must, under the legislation for such zones, be used to support the operation of the CAZ. Any surplus revenue has to be re-invested in projects to improve air quality, including access to ultra-low emission fuels and technologies and investment in low emission economic growth.

## **2. BACKGROUND**

2.1 The Council was directed by Government to undertake a Targeted Feasibility Study in Summer 2018 to confirm whether areas of the District were subject to concentrations of nitrogen dioxide (NO<sub>2</sub>) that exceeded the EU Limit Value (annual mean). The study confirmed that NO<sub>2</sub> concentrations at several locations did not achieve compliance with the EU Limit Value and in certain locations, were not expected to comply until 2027 unless action was taken. The outcomes of the study were reported to Members in September 2018.

- 2.2 The Council received a Ministerial Direction in October 2018 to prepare a Plan that will achieve compliance with the EU Limit Value for NO<sub>2</sub> in the shortest possible timeframe. This is termed the *Primary Critical Success Factor of the Plan*. The Ministerial Direction required the Council to submit an initial plan by 31<sup>st</sup> January 2019, referred to as the Strategic Outline Case (SOC), and a final plan by 31<sup>st</sup> October 2019, referred to in this report as the Outline Business Case (OBC), which must identify the preferred option for meeting the EU Limit Value, set out value for money considerations and implementation arrangements. A Full Business Case (FBC) is required to be submitted to Government as soon as possible after consultation on the OBC. It is expected that the FBC will be submitted to Government in Summer 2020, following public consultation and approval by Members.
- 2.3 The B-CAP development to OBC has been fully funded by Government with an award of £1,102,550. The Government has invited a further bid for funding to FBC and a request for £476,000 has been made by the Council, which will cover the period until July 2020.

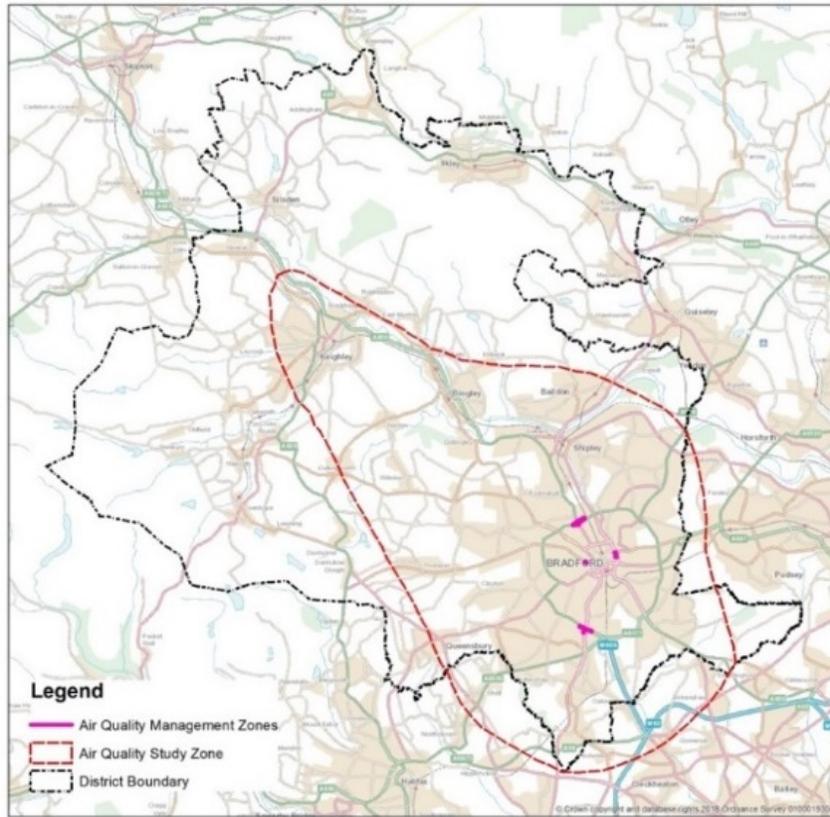
### **3.0 BRADFORD CLEAN AIR PLAN (B-CAP): OUTLINE BUSINESS CASE (OBC)**

- 3.1 The development of the B-CAP has involved transport, air quality and economic modelling and all options to improve air quality have been subject to full Distributional Analysis and Equality Impact Assessments. The B-CAP study area includes all urban areas in the District, including Keighley – see figure 1 below.
- 3.2 All CAZ classifications, including CAZ B (buses, coaches, taxis, lorries), CAZ C (as per B plus large vans) and CAZ D (as per C plus light commercial/passenger vehicles) were assessed against the Critical Success Factor for achieving compliance with the EU Limit Value for NO<sub>2</sub> in 2022. It was found that CAZ C, plus additional measures, and CAZ D met the criteria.

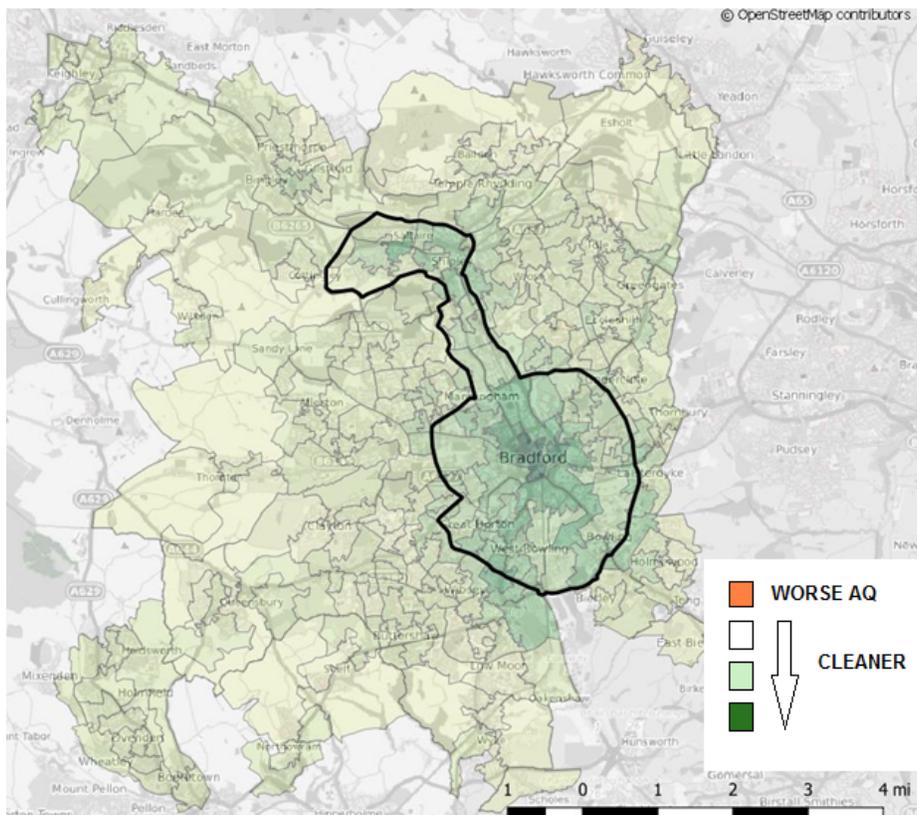
Further economic analysis showed that, whilst the CAZ C plus met the Council's strategic aims, the CAZ D had greater, negative impacts on household income, ethnic communities, disabled residents and children under 16.

- 3.3 Our modelling showed that the CAZ C plus achieved air quality improvements across all Wards in the study area (see figure 2), while the CAZ D caused a worsening of air quality in certain Wards as passenger vehicles would seek to avoid the CAZ (see figure 3).

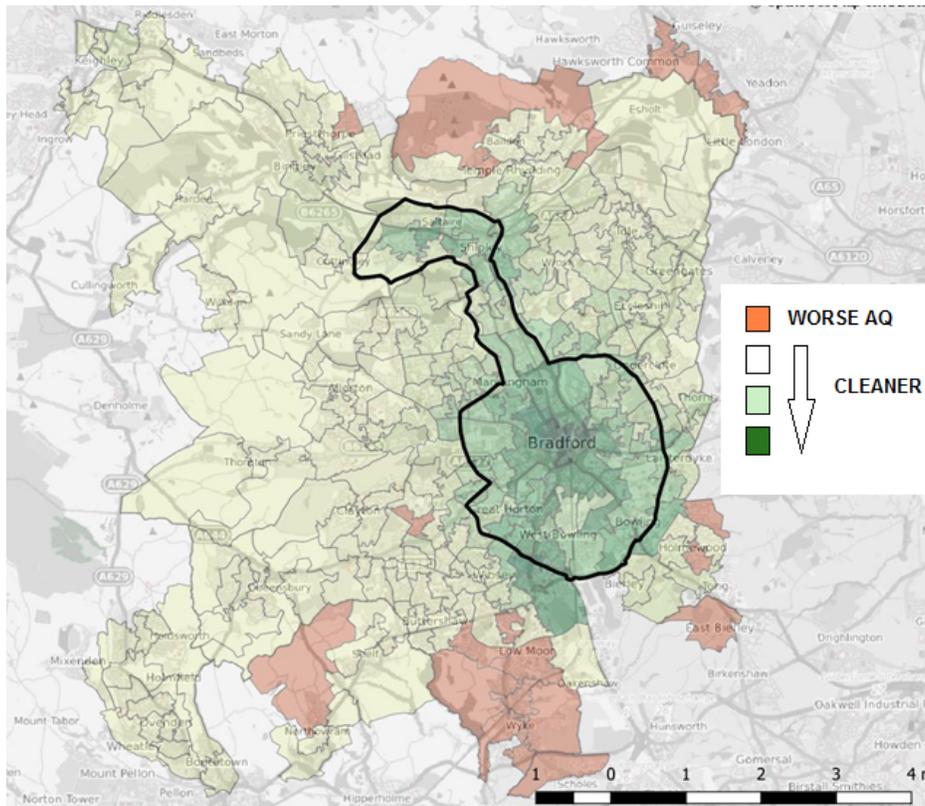
**Figure 1 – B-CAP Study Area**



**Figure 2 – Impact of CAZ C plus on NO<sub>2</sub> levels in the study area (yellow to dark green show improvements)**



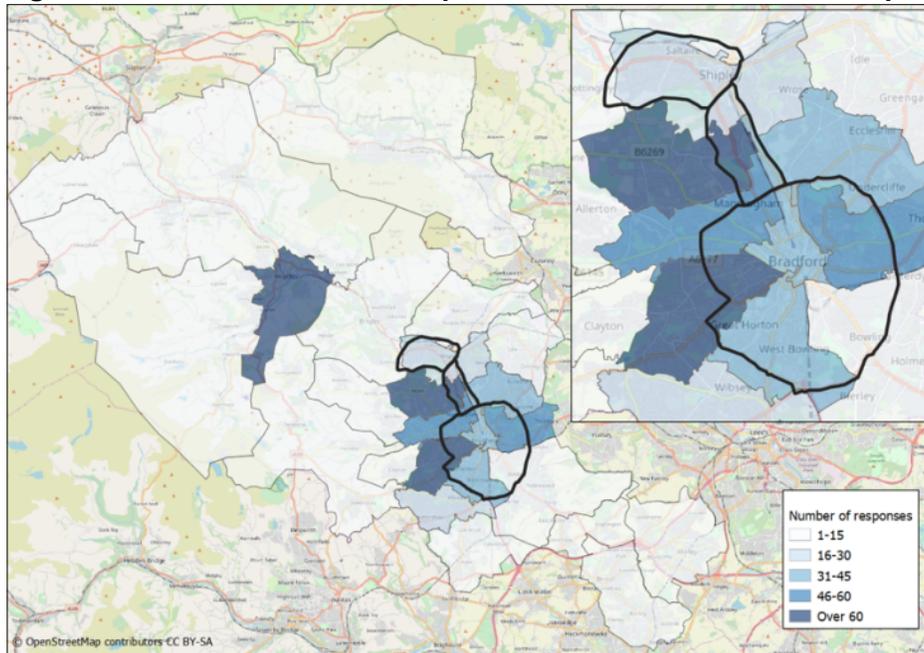
**Figure 3 - Impact of CAZ D on NO<sub>2</sub> levels in the study area (red show increases in concentrations)**



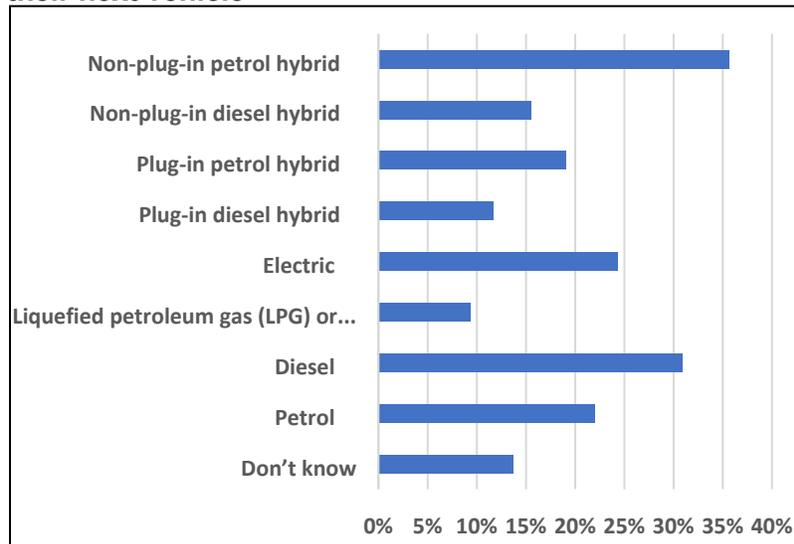
## B-CAP Surveys and Engagement Exercises

- 3.4 Survey work has informed the development of the B-CAP. A Stated Preference survey was carried out in April 2019 to ascertain vehicle operator intentions with respect to the proposed introduction of a CAZ. The survey involved the operators of over 4,000 vehicles and the results were incorporated into our transport modelling.
- 3.5 Similarly, an automatic number plate recognition (ANPR) survey was carried out for a week in April 2019 with cameras placed at the boundary of the proposed CAZ area. The cameras captured 4.2m vehicle movements and provided details of the European Emission Standard for those vehicles. The survey showed that only around 6% of lorries and around 14% of the large vans captured were registered in the District.
- 3.6 A public engagement exercise, on proposals to introduce a CAZ (with an unspecified CAZ classification and no mention of mitigation) was carried out in July/ August 2019. This attracted over 2,300 responses with 80% of the public being concerned about air quality and 83% stating that improving air quality should be a priority. The response from businesses was 64% and 83% respectively. There was 45% support for a CAZ and 35% opposed.
- 3.7 Nearly 600 taxi drivers and operators responded to the engagement exercise. Figure 4 shows the distribution of where the taxi respondents live. Figure 5 shows the type of technology that the taxi drivers and operators were considering for their next vehicle, with around 30% expressing an interest in a plug-in vehicle – see figure 5. The Council is currently rolling out 20 rapid chargers across the District, with free access for taxi drivers until October 2021. The distribution of the charging facilities coincides with the areas where the taxi respondents live and operate.

**Figure 4 – Distribution of home postcodes for taxi drivers and operator**



**Figure 5 – Type of technology being considered by taxi drivers and operators for their next vehicle**



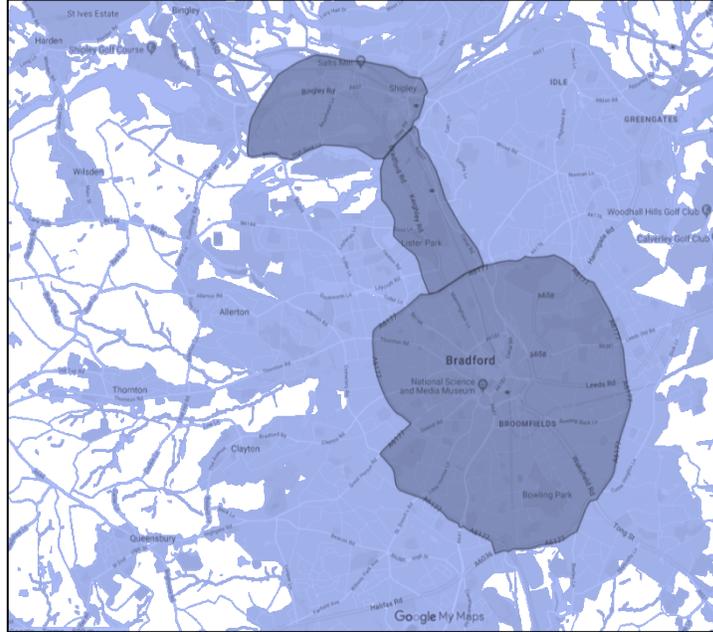
In addition to the engagement surveys, Born in Bradford carried out consultation workshops among seldom heard communities in Bradford, Keighley and Shipley that fed into the B-CAP development. Two workshops were held for Members.

### **B-CAP Outline Business Case: Preferred Option**

- 3.8 The Council's preferred option to achieve compliance with the EU Limit Value for NO<sub>2</sub> in the shortest possible timeframe includes the introduction of a CAZ C plus by October 2021. More polluting, non-compliant buses, coaches, taxis, lorries and large vans will be required to pay a daily charge for entering the CAZ area – see figure 6. The area includes the Outer Ring Road, Manningham Lane/Canal Road and Shipley/Saltaire. As has been shown in figure 2, the CAZ will have a positive

impact on areas outside the CAZ, including Keighley, which doesn't require inclusion in the CAZ.

**Figure 6 – Bradford Clean Air Zone Area**



- 3.9 Vehicles affected by the CAZ, the proposed daily charge and mitigation to be provided are shown in Table 1. Certain vehicle types are exempt from charges, including military vehicles, blue light services, such as ambulances, showman and vintage vehicles and certain educational and charitable services. Additionally, the Council is proposing to provide some exemptions for local SMEs affected by the CAZ. SME exemptions and sunset period will be subject to EU State Aid rules.
- 3.10 The Government will soon be launching on-line portals to support the introduction of CAZ. These include a vehicle checker facility, to see if a vehicle is compliant or non-compliant for a specific CAZ, and a payment portal, allowing the charge to enter a CAZ to be made on line, 7 days in advance and 7 days in arrears. These portals are being incorporated into the functionality of the Council's dedicated web-pages (see section 3.14).

**Table 1 – Clean Air Zone measures and mitigation packages**

<b>Vehicle</b>	<b>Compliance Requirement</b>	<b>Charge for non-compliant vehicles</b>	<b>Proposed Incentives</b>	<b>Exemptions / sunset periods</b>
HGVs*	Euro 6	£50	<p>HGV Upgrade Programme – Grant of £15,000 for retrofit, replacement or refuelling per vehicle</p> <p>Access to the Alternative Energy Centre (Biomethane to Hydrogen community facility at Bowling Back Lane)</p>	Some exemptions for local SMEs within, and affected by the CAZ
Buses	Euro 6	£50	<p>Bus Retrofit Programme – Grant of £18,750 to replace / retrofit / refuel all non-compliant commercial and tendered service buses</p> <p>Ambition to develop electric bus routes</p>	None
Coaches	Euro 6	£50	Coach Upgrade Programme – Grant of £20,000 for retrofit or replacement	<p>Some exemptions for local SMEs within, and affected by the CAZ</p> <p>Exemptions for SMEs that are undertaking educational / charity / social value work</p>
Minibuses	<p>Euro 6 – Diesel</p> <p>Euro 4 - Petrol</p>	£9	Minibus Upgrade Programme – Grant of £5,000 for retrofit, replacement or re-fuel	<p>Some exemptions for local SMEs within, and affected by the CAZ</p> <p>Exemptions for SMEs that are undertaking educational / charity / social value work</p>

LGVs**	Euro 6 – Diesel Euro 4 - Petrol	£9	LGV Upgrade Programme – Grant of £5,000 for retrofit, replacement or refuelling.  Access to the Alternative Energy Centres (Electric & Biomethane to Hydrogen community facilities)	Exemptions / sunset periods for local SMEs within, and affected by the CAZ with incentive to upgrade
Hackney carriages	Euro 6 – Diesel*	£12.50	Hackney Carriage Upgrade Programme - Grant of £3,700 to upgrade to CAZ standard  Electric Taxi Programme – Free electricity to 2021 through network provider. Grant of £3,500 to £5,000 available to all taxis, including free fuel / MOT voucher for 2 years from October 2021  Taxi Demonstration Scheme- A ‘Try before you Buy’ electric taxi scheme for 150 to 300 drivers to experience a new or second hand plug in Hackney or Private Hire vehicle	None
Private hire vehicles	Euro 5 / 6 Petrol Hybrid Standard*	£12.50	Private Hire Vehicle (PHV) Upgrade Programme – Grant of £3,200 to upgrade to a higher CAZ standard]  Electric Taxi Programme – Free electricity to 2021 through network provider. Grant of £3,500 to £5,000 available to all taxis, including free fuel / MOT voucher for 2 years from October 2021 to October 2023  Taxi Demonstration Scheme- A ‘Try before you Buy’ electric taxi scheme for 150 to 300 drivers to experience a new or 2 <sup>nd</sup> hand plug in	None

Private cars	N/A	N/A	N/A	N/A
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\*Over 3,500kg

\*\*Over 1,305kg and up to 3,500kg

Additional (plus) measures are proposed, in support of the CAZ controls, to help achieve compliance with the EU Limit Value for NO<sub>2</sub>. These include:

- **Private Hire Vehicles** – will be required to achieve a Euro 5/6 petrol hybrid standard
- **All taxis** – will be encouraged to upgrade to a plug-in vehicle
- **Electric Bus Routes** – ambition to provide electric bus routes in the district
- **Park and Ride** – proposals include plans to provide a 1000 vehicle facility off the M606. The preferred option includes an application to fund the parking facilities with further funding for the express busway to the City Centre subject to a Transforming Cities Fund (TCF) bid.
- **Alternative Energy Centre (AEC)** – proposals to provide a community/commercial facility for compressed natural gas refuelling from the high-pressure gas network at the Waste & Recycling Centre at Bowling Back Lane. The facility would provide certified, low carbon biomethane with the integration of hydrogen from 2028.

This facility could integrate with any future plans to treat municipal organic waste by anaerobic digestion (AD).

3.11 Analysis of the Bradford Council Fleet shows that by converting the light fleet to electric and the heavier, diesel fleet to biomethane, the Council would achieve 78% reduction in greenhouse gas emissions and a 68% reduction in NOx emissions. The Council has already committed £1.8m to upgrade the lighter fleet vehicles to electric.

3.12 It should be noted that while a funding bid of £650,000 has been to support the development of the AEC, the development of the project will be subject to further approval processes by the Council]

### Consultation and Communications

3.13 Full public consultation on the B-CAP Preferred Option will run from the 18<sup>th</sup> February to the 26<sup>th</sup> March 2020. Residents, businesses and visitors will be asked their views and consultation will also include neighbouring authority areas. The consultation will include:

- online surveys, targeted at citizens, businesses with vehicles, businesses without vehicles, coach and minibuss operators and taxi drivers and operators
- mail-outs to over 17,000 businesses in Bradford, with possibility of similar mail-outs in neighbouring authorities
- meetings with key organisations, including Bus & Coach Operators

Association, Freight Transport Association (FTA), Road Haulage Association (RHA), RAC and AA

- taxi operator meetings and targeted information to taxi companies
- liaison with the Chamber of Commerce
- liaison with the Council for Mosques
- information days at venues across the District, planned as below -
  - Weds 19<sup>th</sup> Feb (Consultation Launch) – Hockney Room, MM Tower, Bradford, 11-8pm,
  - Mon 2<sup>nd</sup> Mar – Main Hall, Keighley Central Hall, 1-8pm.
  - Thurs 5<sup>th</sup> Mar – Hockney Room MM Tower, Bradford, 1-8pm
  - Thurs 12<sup>th</sup> Mar – Meeting Rooms 1&2, Shipley Library, 1-8pm

The consultation will be promoted by:

- press releases
- social media
- VMS boards on key routes
- A6 postcard mail-outs
- Local radio coverage
- Promotion through key organisations, etc

- 3.14 The consultation will coincide with the launch of the B-CAP website pages on the Council website. The B-CAP website and programme includes the branding – Breathe Better Bradford (see below).



- 3.15 The website will provide details of the B-CAP and Council activity to improve air quality. The website functionality will include direct access to the Government's Vehicle Checker and Payment Portals.

### **B-CAP Health Impact Assessment (HIA)**

- 3.16 The Government has acknowledged that the Council has a strong track record of working with local health professionals to assess the impacts of air quality on health<sup>1</sup>. Born in Bradford (BiB)<sup>2</sup> form part of the B-CAP development team and will be looking to assess the health impacts associated with the implementation of the CAZ. This proposed project will play an important role in the National CAZ Evaluation Programme.

Research shows that:

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<sup>1</sup> [https://borninbradford.nhs.uk/wp-content/uploads/Key-Findings\\_FINAL\\_Designed.pdf](https://borninbradford.nhs.uk/wp-content/uploads/Key-Findings_FINAL_Designed.pdf)

<sup>2</sup> <https://borninbradford.nhs.uk>

- exposure to polluted air (Particulate Matter and Nitrogen Dioxide) during pregnancy increases the risk of babies being born with a low birth weight, and a smaller head circumference. Both of these are predictors of later ill-health.
- in Bradford, up to 687 of annual childhood asthma cases may be attributable to air pollution (38% of the total amount).
- in Bradford, 55% of the population are exposed to levels of air pollution above EU exposure guidelines; this exposure accounts for around 17 preventable deaths each year.
- updated local health data compiled by Public Health England (PHE) shows that 4.3% of deaths in the District are attributable to PM2.5 of which diesel vehicles are key emitters

### **Inward investment and development of the local green economy**

- 3.17 The Council and local business have a track record of securing funding and investment to support vehicle emission reductions in the District. The Council has secured over £500,000 funding to enable local taxi drivers to convert to electric vehicles and local bus companies have received over £2m in funding to improve emissions.
- 3.18 The BAQP will seek to promote inward investment and grow the local green economy. The national green economy is one of the fastest economic growth sectors. For example, the UK electric car market was worth £1.9 billion in 2018 and is expected to grow by 14% per annum to a value of £4.3 billion in 2024.
- 3.19 The Council has made £1.8m funding available to convert all cars and light vans to electric.

## **4. OTHER CONSIDERATIONS**

The Government has recently required the Council to sign off the Operational Level Agreement (OLA) by the end of March 2020. This agreement relates to the relationship between the Government and Clean Air Zone (CAZ) Authorities in processing payments and fines associated with the operation of a CAZ and customer care arrangements. This report includes the resolution to delegate to City Solicitor, portfolio holders (Health and Well Being, Planning, Regeneration and Transport) in conjunction with Strategic Director (Health and Well Being, Planning Regeneration and Transport) authority to complete any agreements necessary in the run up to clean air zone implementation

## **5. FINANCIAL & RESOURCE APPRAISAL**

The overall revenue and capital implications of the Bradford Clean Air Plan are shown in Table 2 below.

**Table 2: Overall revenue and capital implications**

		2020-21	2021-22	2022-23	2023-24	Total
		£000	£000	£000	£000	£000
A	<u>Finance Summary</u>					
A1	<u>Revenue</u>					
	Rev. Spend	335	2,265	1,930	1,930	6,460
	Grant Funding	-335	-2,265	-1,930	-1,930	-6,460
	Revenue Income (non-compliance charges)	-1,973	-6,307	-4,966	-3,349	
	Staffing Establishment	1,006	1,989	1,941	1,887	
	Earmarked Reserves	967	4,318	3,025	1,462	
A2	<u>Capital</u>					
	Cap. Spend	27,343	26,026			53,369
	Grant Funding	-27,343	-26,026			-53,369
B	<u>Detailed Expenditure Analysis</u>	Cap Spend	Rev Spend			
	Retrofitting Buses	1,875				
	Bus Electrification Programme	7,184				
	Hackney Carriage Upgrade Programme	814				
	Private Hire Vehicle Upgrade Programme	8,752				
	Electric fuel costs	0	5,790			
	New Taxi vehicles (demonstration programme)	350	50			
	Heavy Goods Vehicles (upgrade to standard)	3,300				
	Upgrade to minimum Standard (Coach upgrade)	2,500				
	Light Goods Vehicles upgrade to minimum standard	21,250				
	Park & Ride Facility	3,950				
	Bus Support Measures	100				
	Enforcement (including camera and signage network)	3,293				
	Grant Defrayment		620			
		53,368	6,460			

Key points are:

- £6.5m of revenue spend on Clean Air projects are proposed (mainly to fund the costs of electricity).
- £53.4m of capital spend, the largest component being upgrading light vehicles with the aim of reducing pollution.
- The revenue and capital spend is all grant funded. All schemes are subject to approval and will only progress if the grant application is successful.
- Grants will only be paid over, once expenditure is incurred. Actual amounts may be lower.
- The capital expenditure and funding will be included in the Council's 2020-21 proposed Capital Investment Programme.
- The Revenue Spend for 2020-21, which is fully grant funded, has not been included in the Revenue Estimates but will be managed as an in-year virement. The more significant revenue consequences after 2020-21, which are also fully funded, will be

included in future years' Revenue Estimates.

## **6. RISK MANAGEMENT AND GOVERNANCE ISSUES**

- 6.1 The Council have established a cross departmental Programme Board who have overall responsibility for progression of the Bradford Clean Air plan programme. This board meets on a monthly basis to review progress of the project and review actions being taken for managing risk. Oversight of the Council's work is provided by Government's Joint Air Quality Unit (JAQU) which is comprised of officials from DEFRA and the Department for Transport.
- 6.2 A full risk analysis of the various elements of the Bradford Clean Air Plan was undertaken as part of the preparation of the outline business case submission to Government.

## **7. LEGAL APPRAISAL**

- 7.1 Under Section 85 of The Environment Act 1995 it is the duty of a Local Authority to comply with a Ministerial Direction given under it. The Ministerial Direction given to the Council in October 2018 requires as soon as possible and by 31<sup>st</sup> October 2019 at the latest the Council to "undertake as part of the UK plan for tackling roadside nitrogen dioxide concentrations 2017, together with the Supplement to that plan published on 5 October 2018, a Feasibility Study in accordance with the HM Treasury's Green Book approach, to identify the option which will deliver compliance with legal limits for nitrogen dioxide in the area for which the authority is responsible, in the shortest possible time.
- 7.2 The Direction requires an initial plan and a final plan to achieve this. The final plan must identify "the preferred option for delivering compliance in the shortest possible time, and setting out value for money considerations and implementation arrangements. "

## **8. OTHER IMPLICATIONS**

### **8.1 EQUALITY & DIVERSITY**

Full Distributional Analysis and Equality Impact Assessments have been carried out as part of the development of the B-CAP OBC and have informed the identification of the preferred option

### **8.2 SUSTAINABILITY IMPLICATIONS**

Sustainability is central to the development of the Bradford Clean Air Plan (B-CAP)

### **8.3 GREENHOUSE GAS EMISSIONS IMPACTS**

The assessments carried out in preparation of the B-CAP include the consideration of greenhouse gas emissions. The Climate Change Unit forms part of the B-CAP Project Team.

#### **8.4 COMMUNITY SAFETY IMPLICATIONS**

Not applicable at this stage. The B-CAP development & delivery process includes community engagement to inform the development of measures to mitigate against any distributional impacts of the options considered.

#### **8.5 HUMAN RIGHTS ACT**

Not applicable

#### **8.6 TRADE UNION**

Not applicable

#### **8.7 WARD IMPLICATIONS**

All wards

#### **8.8 AREA COMMITTEE ACTION PLAN IMPLICATIONS (for reports to Area Committees only)**

Not applicable

#### **8.9 IMPLICATIONS FOR CORPORATE PARENTING**

Improvements to air quality will improve the environment for children and young people and will have a positive effect on outcomes for health and wellbeing across the District.

#### **8.10 ISSUES ARISING FROM PRIVACY IMPACT ASSESMENT**

Not applicable.

#### **9. NOT FOR PUBLICATION DOCUMENTS**

Not applicable

#### **10. OPTIONS**

Not applicable

#### **11. RECOMMENDATIONS**

- i) That Executive note and comment on the update regarding the Bradford Clean Air Plan (B-CAP) and the preferred option to improve air quality
- ii) That Executive approve the process for consultation on the preferred option
- iii) That Executive delegate to City Solicitor, portfolio holders (Health and Well

Being, Planning, Regeneration and Transport) in conjunction with Strategic Director (Health and Well Being, Planning Regeneration and Transport) authority to complete any agreements necessary in the run up to clean air zone implementation

**11. APPENDICES**

None

**12. BACKGROUND DOCUMENTS**

➤ None

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## Report of the Director of Finance to the meeting of Executive to be held on 18 February 2020 and Council to be held on 20 February 2020

**BA**

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### **Subject:**

The Council's Revenue Estimates for 2020/21

### **Summary Statement:**

The report provides Members with details of the Council's Revenue Estimates for 2020/21.

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Chris Chapman  
Director of Finance

### **Portfolio:**

Leader

### **Report Contact:**

Chris Chapman  
Phone: (01274) 433656  
E-mail: [chris.chapman@bradford.gov.uk](mailto:chris.chapman@bradford.gov.uk)

### **Overview & Scrutiny Area:**

Corporate

## **THE COUNCIL'S REVENUE ESTIMATES FOR 2020/21**

### **1. PURPOSE**

- 1.1 This report proposes the estimates of net revenue expenditure be recommended to Council for approval as the Council's balanced revenue budget for 2020/21.
- 1.2 The revenue estimates are part of the overall budget proposal for the Council which includes:
  - the recommended Capital Investment Plan (Document BC)
  - the allocation of the Schools Budget 2020/21 (Document BB).
  - Section 151 Officer's Assessment of the proposed budgets (Document AZ)
- 1.3 This report is submitted to enable the Executive to make recommendations to Budget Council on the setting of the 2020/21 budget and the Council Tax for 2020/21, as required by Part 3C of the Council's Constitution.

### **2. PROPOSED REVENUE BUDGET 2020/21**

- 2.1 The balanced 2020/21 revenue budget is predicated on total available general resources (Council Tax income, Business Rates income, general government grant and use of reserves) of £377.580m in 2020/21.
- 2.2 The total expenditure takes account of changes to the underlying (base) level of expenditure at the start of the year arising from:
  - Recurring budget pressures and investment proposals totalling £8.559m in 2020/21 (Appendix B)
  - Non-recurring budget pressures and investment proposals totalling £7.298m in 2020/21 (Appendix C)
  - New proposals amounting to a reduction in the budget of £0.330m in 2020/21 (Appendix D)
  - The net effect of previous years' policy decisions, including decisions made by Budget Council in February 2019 in respect of 2020/21 which amounted to a net reduction in the budget for 2020/21 of £14.556m (Appendix E). Appendix F set out amendments to the February 2019 decisions.
  - Provision for pay increases of 2% for 2020/21.
  - Provision for price increases of 2.0% with additional amounts for National Living Wage Increases.
  - The impact on the Council's funding arising from 2020/21 Local Government Settlement (The settlement is still provisional and unconfirmed)
  - Council's decisions about changes to Council Tax, with an increase of 1.99% plus a further 2% Adult Social Care Precept, a total of 3.99%
  - Additional expenditure to deal with recurrent Service pressures
  - One-off and transitional investment in other services
  - Public Health Grant real term increases and estimates on other specific grants not yet announced
  - Service and non Service savings
- 2.3 Key changes since the publication of the Proposed Financial Plan updated 2020/21 (approved by Executive 2 January 2020) are:

- One off net reduction in funding as a result of the data changes and clarity of funding distribution mechanisms within the provisional local government financial settlement of £0.073m. (Budget Update Report 4 February Executive).
- A saving in Pension Contribution costs of £0.8m following the recent actuarial revaluation.
- Potential additional funding from a newly constituted West Yorkshire Business Rates Pool, still to be confirmed of £0.8m
- A small increase in Business Rate income

2.4 The summary position is shown at Appendix A, with further detail contained in Appendices B to G.

- Recurring pressures and investment proposals (Appendix B)
- Non recurring pressures and investment proposals (Appendix C)
- New budget proposals (Appendix D)
- Schedule of 2020/21 agreed savings previously consulted upon (for reference only) (Appendix E)
- Schedule of proposed amendments to previous budget decisions (Appendix F)
- Proposed Use of reserves statement (Appendix G).

### **3. COUNCIL TAX IMPLICATIONS**

3.1 In setting the Council Tax for 2020/21, Council will have regard to the Council Tax base approved by the Executive on 7 January 2020. The Council will also wish to note the precepts of the parish and town councils.

### **4. MATTERS RELATING TO 2020/21 FINANCIAL POSITION**

4.1 The 2019/20 financial position is contingent upon the 2019/20 audited out-turn. The Executive is therefore asked to give the s151 Officer authority to secure the best position for the Council in respect of 2020/21 in preparing the Final Accounts for 2019/20.

### **5. RISK MANAGEMENT AND GOVERNANCE ISSUES**

5.1 The uncertainties regarding the funding that will be available to the Council are considered within the Section 151 Officer's Report (Document AZ). Existing governance arrangements around the Councils financial monitoring will continue.

### **6. LEGAL APPRAISAL**

6.1 It is necessary to ensure that Executive have comprehensive information when considering the recommendations to make to Council on the budget for 2020/21 at their meeting on 20 February 2020. It is a legal requirement that Members have regard to all relevant information. The information in this report and any updated information produced to Executive on 18 February 2020 following their consideration on 4 February 2020 of the feedback received to date from the on-going consultation processes and their consideration of equality issues are considered important in this context. It will also be necessary to consider any further information produced subsequent to the 18 February 2020 Executive meeting.

## **7. OTHER IMPLICATIONS**

### **7.1 EQUALITY & DIVERSITY**

7.1.1 The equality implications of the new budget proposals and the proposed amendments to previous budget decisions were highlighted in the separate report presented to the meeting of Executive on 4 February 2020 (Document AQ). The equality implications of the 2020/21 proposals previously approved by Budget Council in February 2019 were fully considered by Council at that time.

7.1.2 Equality impact assessments are undertaken on all budget proposals. Where impacts are identified on particular protected characteristic groups, the assessments are published, consulted on and then further updated reflecting on any feedback received. These assessments for the 2020/21 proposals are accessible via this link:

<https://www.bradford.gov.uk/your-council/council-budgets-and-spending/equality-impact-assessments/>

Elected Members should consider the Equality Impact Assessments in full. The consultation provides the opportunity for the Council to better understand:

- The consequences for individuals with protected characteristics affected by changes, particularly related to proposals relating to social care;
- Any cumulative impact on groups with protected characteristics.

### **7.2 SUSTAINABILITY IMPLICATIONS**

7.2.1 There are no direct sustainability implications resulting from this report.

### **7.3 GREENHOUSE GAS EMISSIONS IMPACTS**

7.3.1 There are no direct greenhouse gas emissions implications resulting from this report.

### **7.4 COMMUNITY SAFETY IMPLICATIONS**

7.4.1 There are no direct Community safety implications of new budget proposals.

### **7.5 HUMAN RIGHTS ACT**

7.5.1 Any human rights implications resulting from this report are referred to in the Equality Impact Assessments.

### **7.6 TRADE UNION**

7.6.1 The feedback from the consultation programme on the Council's new budget proposals and the proposed amendments to previous budget decisions were detailed in a separate report presented to the meeting of Executive on 4 February 2020 (Document AR). The consultation feedback on the proposals previously approved by Budget Council in February 2019 was fully considered by Council at that time.

## **7.7 WARD IMPLICATIONS**

- 7.7.1 In general terms, where proposed cuts affect services to the public, the impact will typically be felt across all wards. Some proposals will have a more direct local impact on individual organisations and/or communities.

## **7.8 IMPLICATIONS FOR CORPORATE PARENTING**

- 7.8.1 Any implications for corporate parenting are addressed in the detailed budget proposals

## **7.9 ISSUES ARISING FROM PRIVACY IMPACT ASSESSMENT**

None.

## **8. RECOMMENDATIONS TO COUNCIL**

Executive is asked to approve the following recommendations to Council:

### **8.1 REVENUE ESTIMATES 2020/21**

- (a) That the Base Revenue Forecast of £377.580m for 2020/21 be approved as set out in this report.
- (b) That the recurring pressures and investment proposals of £8.559m in 2020/21 be approved.
- (c) That the non-recurring pressures and investment proposals of £7.298m in 2020/21 be approved.
- (d) That the additional service savings and additional income of £0.330m in 2020/21 be approved.
- (e) That the prior agreed savings be noted and the amendment to previous budget decisions totalling £3.030m in 2020/21 be approved.
- (f) That it be noted that within the revenue budget there is a net use of £0.269m in revenue reserves in 2020/21.
- (g) That the service savings proposals for 2020/21 be approved, requiring the Chief Executive, Strategic Directors and Directors to take necessary action during 2019/20 to ensure those savings are fully achievable for 2020/21.
- (h) That the comments of Director of Finance set out in Executive Document AZ on the robustness of the estimates and the adequacy of reserves taking account of the recommendations made at 8.1(a) to (g) above be noted.

### **8.2 PROPOSED COUNCIL TAX 2020/21**

- 8.2.1 That it be noted that the projected council tax base and expenditure forecasts outlined in this report together with the 2020/21 resources and the budget variations

approved at 8.1(b) and 8.1(c) above produce a proposed Band D council tax of £1,427.86 for 2020/21.

### **8.3 PAYMENT DATES FOR COUNCIL TAX AND NATIONAL NON-DOMESTIC RATES**

- 8.3.1 That the first instalment date for payment of National Non-Domestic Rates and Council Tax shall be specified by the s151 Officer.

### **8.4 DELEGATION TO OFFICERS**

- 8.4.1 That for the avoidance of doubt and without prejudice to any of the powers contained in Article 14 of Part 2 of the Council's Constitution on the Function of Officers, the s151 Officer shall have full delegated powers to act on behalf of the Council on all matters relating to the Council Tax, Non-Domestic Rates and Accounts Receivable Debtors including (without prejudice to the generality of the delegation) entry into any business rate pilot, assessments, determinations, recovery, enforcement and, in accordance with the statutory scheme, full delegated powers to act on behalf of the Council with regard to all aspects of the granting of Discretionary and Hardship Rate Relief to qualifying ratepayers.

### **8.5 PREPARATION OF ACCOUNTS**

- (a) That in preparing the Final Accounts for 2019/20, the s151 Officer be empowered to take appropriate steps to secure the best advantage for the Council's financial position.
- (b) That the s151 Officer be empowered to deal with items which involve the transfer of net spending between the financial years 2019/20 and 2020/21 in a manner which secures the best advantage for the Council's financial position.
- (c) That the s151 Officer report any action taken in pursuance of 8.5(a) and 8.5 (b) above when reporting on the Final Accounts for 2019/20.

### **8.6 COUNCIL TAX REQUIREMENT 2020/21**

- (a) That the council tax base figures for 2020/21 calculated by the Council at its meeting on 7 January 2020 in respect of the whole of the Council's area and individual parish and town council areas be noted.
- (b) That the only special items for 2020/21 under Section 35 of the Local Government Finance Act 1992 are local parish and town council precepts and no expenses are to be treated as special expenses under Section 35(1) (b) of that Act.
- (c) That the Council Tax Requirement, excluding parish and town council precepts, be calculated as follows:

That the Council Tax Requirement, excluding parish and town council precepts, be calculated as follows:

<b>Gross expenditure</b>	<b>£1,141,089,778</b>
<b>Income</b>	<b>£932,434,200</b>
<b>Council Tax requirement</b>	<b>£208,655,578</b>
<b>Council tax base</b>	<b>144,350</b>
<b>Basic amount of council tax</b>	<b>£1,445.48</b>
<b>Adjustment in respect of parish and town council precepts</b>	<b>£ 17.62</b>
<b>Basic amount excluding parish and town councils</b>	<b>£1,427.86</b>

(d) That the precepts of parish and town councils are noted and the resulting basic council tax amounts for particular areas of the Council be calculated as follows:

<u>Parish or Town Council Area</u>	<u>Local Precept</u> £	<u>Council Tax Base</u>	<u>Parish/Town Council Tax</u> £	<u>Whole Area Council Tax</u> £	<u>Basic Council Tax Amount</u> £
Addingham	99,800	1,772	56.32	1,427.86	1,484.18
Baildon	307,500	6,297	48.83	1,427.86	1,476.69
Bingley	173,158	8,602	20.13	1,427.86	1,447.99
Burley	248,550	3,031	82.00	1,427.86	1,509.86
Clayton	73,105	2,442	29.94	1,427.86	1,457.80
Cullingworth	37,801	1,269	29.79	1,427.86	1,457.65
Denholme	49,140	1,170	42.00	1,427.86	1,469.86
Harden	37,035	823	45.00	1,427.86	1,472.86
Haworth, Crossroads and Stanbury	106,129	2,358	45.01	1,427.86	1,472.87
Ilkley	325,750	7,239	45.00	1,427.86	1,472.86
Keighley	528,963	15,230	34.73	1,427.86	1,462.59
Menston	118,422	2,193	54.00	1,427.86	1,481.86
Oxenhope	35,910	1,026	35.00	1,427.86	1,462.86
Sandy Lane	16,092	894	18.00	1,427.86	1,445.86
Shipley	133,900	4,462	30.01	1,427.86	1,457.87
Silsden	87,166	3,013	28.93	1,427.86	1,456.79
Steeton with Eastburn	73,349	1,789	41.00	1,427.86	1,468.86
Wilsden	63,000	1,762	35.75	1,427.86	1,463.61
Wrose	29,308	2,171	13.50	1,427.86	1,441.36
<b>Total of all local precepts</b>	<b>2,544,078</b>	<b>67,543</b>			

- (e) That the council tax amounts for dwellings in different valuation bands in respect of the Council's budget requirement, taking into account parish and town council precepts applicable to only part of the Council's area, be calculated as follows,

	Council Tax Amount for Each Valuation Band							
	<u>Band A</u> £	<u>Band B</u> £	<u>Band C</u> £	<u>Band D</u> £	<u>Band E</u> £	<u>Band F</u> £	<u>Band G</u> £	<u>Band H</u> £
<b>All parts of the Council's area other than those below</b>	<b>951.91</b>	<b>1,110.56</b>	<b>1,269.21</b>	<b>1,427.86</b>	<b>1,745.16</b>	<b>2,062.46</b>	<b>2,379.77</b>	<b>2,855.72</b>
<b>The parish and town council areas of:</b>								
<b>Addingham</b>	<b>989.45</b>	<b>1,154.36</b>	<b>1,319.27</b>	<b>1,484.18</b>	<b>1,814.00</b>	<b>2,143.82</b>	<b>2,473.63</b>	<b>2,968.36</b>
<b>Baildon</b>	<b>984.46</b>	<b>1,148.54</b>	<b>1,312.61</b>	<b>1,476.69</b>	<b>1,804.84</b>	<b>2,133.00</b>	<b>2,461.15</b>	<b>2,953.38</b>
<b>Bingley</b>	<b>965.33</b>	<b>1,126.21</b>	<b>1,287.10</b>	<b>1,447.99</b>	<b>1,769.77</b>	<b>2,091.54</b>	<b>2,413.32</b>	<b>2,895.98</b>
<b>Burley</b>	<b>1,006.57</b>	<b>1,174.34</b>	<b>1,342.10</b>	<b>1,509.86</b>	<b>1,845.38</b>	<b>2,180.91</b>	<b>2,516.43</b>	<b>3,019.72</b>
<b>Clayton</b>	<b>971.87</b>	<b>1,133.84</b>	<b>1,295.82</b>	<b>1,457.80</b>	<b>1,781.76</b>	<b>2,105.71</b>	<b>2,429.67</b>	<b>2,915.60</b>
<b>Cullingworth</b>	<b>971.77</b>	<b>1,133.73</b>	<b>1,295.69</b>	<b>1,457.65</b>	<b>1,781.57</b>	<b>2,105.49</b>	<b>2,429.42</b>	<b>2,915.30</b>
<b>Denholme</b>	<b>979.91</b>	<b>1,143.22</b>	<b>1,306.54</b>	<b>1,469.86</b>	<b>1,796.50</b>	<b>2,123.13</b>	<b>2,449.77</b>	<b>2,939.72</b>
<b>Harden</b>	<b>981.91</b>	<b>1,145.56</b>	<b>1,309.21</b>	<b>1,472.86</b>	<b>1,800.16</b>	<b>2,127.46</b>	<b>2,454.77</b>	<b>2,945.72</b>
<b>Haworth, Crossroads and Stanbury</b>	<b>981.91</b>	<b>1,145.57</b>	<b>1,309.22</b>	<b>1,472.87</b>	<b>1,800.17</b>	<b>2,127.48</b>	<b>2,454.78</b>	<b>2,945.74</b>
<b>Ilkley</b>	<b>981.91</b>	<b>1,145.56</b>	<b>1,309.21</b>	<b>1,472.86</b>	<b>1,800.16</b>	<b>2,127.46</b>	<b>2,454.77</b>	<b>2,945.72</b>
<b>Keighley</b>	<b>975.06</b>	<b>1,137.57</b>	<b>1,300.08</b>	<b>1,462.59</b>	<b>1,787.61</b>	<b>2,112.63</b>	<b>2,437.65</b>	<b>2,925.18</b>
<b>Menston</b>	<b>987.91</b>	<b>1,152.56</b>	<b>1,317.21</b>	<b>1,481.86</b>	<b>1,811.16</b>	<b>2,140.46</b>	<b>2,469.77</b>	<b>2,963.72</b>
<b>Oxenhope</b>	<b>975.24</b>	<b>1,137.78</b>	<b>1,300.32</b>	<b>1,462.86</b>	<b>1,787.94</b>	<b>2,113.02</b>	<b>2,438.10</b>	<b>2,925.72</b>
<b>Sandy Lane</b>	<b>963.91</b>	<b>1,124.56</b>	<b>1,285.21</b>	<b>1,445.86</b>	<b>1,767.16</b>	<b>2,088.46</b>	<b>2,409.77</b>	<b>2,891.72</b>
<b>Shipley</b>	<b>971.91</b>	<b>1,133.90</b>	<b>1,295.88</b>	<b>1,457.87</b>	<b>1,781.84</b>	<b>2,105.81</b>	<b>2,429.78</b>	<b>2,915.74</b>
<b>Silsden</b>	<b>971.19</b>	<b>1,133.06</b>	<b>1,294.92</b>	<b>1,456.79</b>	<b>1,780.52</b>	<b>2,104.25</b>	<b>2,427.98</b>	<b>2,913.58</b>
<b>Steeton with Eastburn</b>	<b>979.24</b>	<b>1,142.45</b>	<b>1,305.65</b>	<b>1,468.86</b>	<b>1,795.27</b>	<b>2,121.69</b>	<b>2,448.10</b>	<b>2,937.72</b>
<b>Wilsden</b>	<b>975.74</b>	<b>1,138.36</b>	<b>1,300.99</b>	<b>1,463.61</b>	<b>1,788.86</b>	<b>2,114.10</b>	<b>2,439.35</b>	<b>2,927.22</b>
<b>*Wrose</b>	<b>960.91</b>	<b>1,121.06</b>	<b>1,281.21</b>	<b>1,441.36</b>	<b>1,761.66</b>	<b>2,081.96</b>	<b>2,402.27</b>	<b>2,882.72</b>

- (f) That it be noted that for the year 2020-21 the Police and Crime Commissioner and West Yorkshire Fire and Rescue Authority (WYFRA) have indicated the following precepts (\*provisional to be confirmed).

<u>Precept Amount</u> £	<u>Council Tax Amount for Each Valuation Band</u>							
	<u>Band A</u> £	<u>Band B</u> £	<u>Band C</u> £	<u>Band D</u> £	<u>Band E</u> £	<u>Band F</u> £	<u>Band G</u> £	<u>Band H</u> £
<b><u>West Yorkshire Fire and Rescue Authority</u></b>								
*9,509,800	43.92	51.24	58.56	65.88	80.51	95.15	106.79	131.76
<b><u>Police and Crime Commissioner for West Yorkshire</u></b>								
*28,333,000	130.85	152.66	174.47	196.28	239.90	283.52	327.13	392.56

- (g) That having calculated the aggregate in each case of the amounts at (e) and (f) above, the Council set the following amounts of council tax for 2020-21 in each of the categories of dwellings shown below:

	<u>Band A</u> £	<u>Band B</u> £	<u>Band C</u> £	<u>Band D</u> £	<u>Band E</u> £	<u>Band F</u> £	<u>Band G</u> £	<u>Band H</u> £
<b>All parts of the Council's area other than those below</b>	1,126.68	1,314.46	1,502.24	1,690.02	2,065.57	2,441.13	2,813.69	3,380.04
<b>The parish and town council areas of:</b>								
<b>Addingham</b>	1,164.22	1,358.26	1,552.30	1,746.34	2,134.41	2,522.49	2,907.55	3,492.68
<b>Baildon</b>	1,159.23	1,352.44	1,545.64	1,738.85	2,125.25	2,511.67	2,895.07	3,477.70
<b>Bingley</b>	1,140.10	1,330.11	1,520.13	1,710.15	2,090.18	2,470.21	2,847.24	3,420.30
<b>Burley</b>	1,181.34	1,378.24	1,575.13	1,772.02	2,165.79	2,559.58	2,950.35	3,544.04
<b>Clayton</b>	1,146.64	1,337.74	1,528.85	1,719.96	2,102.17	2,484.38	2,863.59	3,439.92
<b>Cullingworth</b>	1,146.54	1,337.63	1,528.72	1,719.81	2,101.98	2,484.16	2,863.34	3,439.62
<b>Denholme</b>	1,154.68	1,347.12	1,539.57	1,732.02	2,116.91	2,501.80	2,883.69	3,464.04
<b>Harden</b>	1,156.68	1,349.46	1,542.24	1,735.02	2,120.57	2,506.13	2,888.69	3,470.04
<b>Haworth, Crossroads and Stanbury</b>	1,156.68	1,349.47	1,542.25	1,735.03	2,120.58	2,506.15	2,888.70	3,470.06
<b>Ilkley</b>	1,156.68	1,349.46	1,542.24	1,735.02	2,120.57	2,506.13	2,888.69	3,470.04
<b>Keighley</b>	1,149.83	1,341.47	1,533.11	1,724.75	2,108.02	2,491.30	2,871.57	3,449.50
<b>Menston</b>	1,162.68	1,356.46	1,550.24	1,744.02	2,131.57	2,519.13	2,903.69	3,488.04
<b>Oxenhope</b>	1,150.01	1,341.68	1,533.35	1,725.02	2,108.35	2,491.69	2,872.02	3,450.04
<b>Sandy Lane</b>	1,138.68	1,328.46	1,518.24	1,708.02	2,087.57	2,467.13	2,843.69	3,416.04
<b>Shipley</b>	1,146.68	1,337.80	1,528.91	1,720.03	2,102.25	2,484.48	2,863.70	3,440.06
<b>Silsden</b>	1,145.96	1,336.96	1,527.95	1,718.95	2,100.93	2,482.92	2,861.90	3,437.90
<b>Steeton with Eastburn</b>	1,154.01	1,346.35	1,538.68	1,731.02	2,115.68	2,500.36	2,882.02	3,462.04
<b>Wilsden</b>	1,150.51	1,342.26	1,534.02	1,725.77	2,109.27	2,492.77	2,873.27	3,451.54
<b>Wrose</b>	1,135.68	1,324.96	1,514.24	1,703.52	2,082.07	2,460.63	2,836.19	3,407.04

- (h) That Council notes the movement in Band D equivalent charges for 2020-21 over 2019-20 as set out in the table below.

	<b>Council Tax 2020-21</b>	<b>Council Tax 2019-20</b>	<b>Percentage change 2020- 21 on 2019-20</b>
	<b>Band D Equivalent</b>	<b>Band D Equivalent</b>	
<b>Bradford Metropolitan District Council</b>	<b>1,427.86</b>	<b>1,373.07</b>	<b>3.99%</b>
<b>West Yorkshire Fire and Rescue Authority</b>	<b>*65.88</b>	<b>64.59</b>	<b>1.99%</b>
<b>West Yorkshire Police Authority</b>	<b>*196.28</b>	<b>186.95</b>	<b>4.99%</b>
<b>Local (Parish Council) Precepts:</b>			
<b>Addingham</b>	<b>56.32</b>	<b>56.85</b>	<b>-0.9%</b>
<b>Baildon</b>	<b>48.83</b>	<b>45.00</b>	<b>8.5%</b>
<b>Bingley</b>	<b>20.13</b>	<b>20.00</b>	<b>0.6%</b>
<b>Burley</b>	<b>82.00</b>	<b>67.53</b>	<b>21.4%</b>
<b>Clayton</b>	<b>29.94</b>	<b>25.12</b>	<b>19.2%</b>
<b>Cullingworth</b>	<b>29.79</b>	<b>24.92</b>	<b>19.5%</b>
<b>Denholme</b>	<b>42.00</b>	<b>33.62</b>	<b>24.9%</b>
<b>Harden</b>	<b>45.00</b>	<b>35.00</b>	<b>28.6%</b>
<b>Haworth etc</b>	<b>45.01</b>	<b>37.07</b>	<b>21.4%</b>
<b>Ilkley</b>	<b>45.00</b>	<b>46.60</b>	<b>-3.4%</b>
<b>Keighley</b>	<b>34.73</b>	<b>33.72</b>	<b>3.0%</b>
<b>Menston</b>	<b>54.00</b>	<b>54.00</b>	<b>0.0%</b>
<b>Oxenhope</b>	<b>35.00</b>	<b>30.00</b>	<b>16.7%</b>
<b>Sandy Lane</b>	<b>18.00</b>	<b>18.00</b>	<b>0.0%</b>
<b>Shipley</b>	<b>30.01</b>	<b>-</b>	<b>-</b>
<b>Silsden</b>	<b>28.93</b>	<b>26.10</b>	<b>10.8%</b>
<b>Steeton/ Eastburn</b>	<b>41.00</b>	<b>33.70</b>	<b>21.7%</b>
<b>Wilsden</b>	<b>35.75</b>	<b>30.66</b>	<b>16.6%</b>
<b>Wrose</b>	<b>13.50</b>	<b>8.50</b>	<b>58.8%</b>

## **9. BACKGROUND DOCUMENTS**

### Executive reports

- 18<sup>th</sup> February 2020: 2020/21 Budget Proposals and Forecast Reserves – s151 Officer Assessment
- 4<sup>th</sup> February 2020: Budget Update Report
- 4<sup>th</sup> February 2020: Consultation Feedback and Equality Assessment on New Proposals in the 2020/21 Council Budget.
- 7<sup>th</sup> January: Calculation of Bradford's Council Tax Base and Business Rates Base for 2020/21
- 2<sup>nd</sup> January 2020: Proposed Financial plan updated to 2020/21
- Proposed Financial Plan updated 2019/20 – 2020/21 - Executive Report 4 December 2018 (Doc Z)

## **10 APPENDICES**

- 10.1 Appendix A: Council Cumulative Budget 2020/21
- 10.2 Appendix B: Recurring pressures and investment proposals
- 10.3 Appendix C: Non-recurring pressures and investment proposals
- 10.4 Appendix D: New Proposals that were subject to consultation
- 10.5 Appendix E: Schedule of 2020/21 agreed savings previously consulted upon (for reference only)
- 10.6 Appendix F: Schedule of proposed amendments to previous budget decisions
- 10.7 Appendix G: Proposed Use of Reserves statement

## COUNCIL CUMULATIVE BUDGET 2020/21

	<b>2020/21 Budget £'000</b>
<b>NET EXPENDITURE</b>	
2019/20 Base Budget	359,911
Reversal of non recurring investment	(6,267)
Recurring pressures (Appendix B)	8,559
<b>Sub total</b>	<b>362,203</b>
<b>FUNDING CHANGES</b>	<b>(8,035)</b>
<b>INFLATION</b>	<b>9,976</b>
<b>Base Net Expenditure Requirement</b>	<b>364,144</b>
Demographic pressures in Adults	1,600
Children's demographic pressure	13,625
One off investments/pressures (Appendix C)	7,298
Capital financing and central budget adjustments	2,309
2019/20 Budget decisions (Appendix E)	(14,556)
Amended prior Budget decisions (Appendix F)	(3,030)
New Budget proposals for consultation 2020/21 and 2021/22 (Appendix D)	(330)
Reverse MRP overprovision from previous years	6,520
<b>Net Expenditure Requirement</b>	<b>377,580</b>
<b>RESOURCES</b>	
Localised Business Rates	(66,352)
Collection Fund surplus	(980)
Top Up Business Rate Grant	(69,259)
Revenue Support Grant	(34,608)
Use of Reserves (Appendix G)	(269)
Council Tax	(206,112)
<b>Total Resources</b>	<b>377,580</b>
<b>Budget (surplus)/shortfall</b>	<b>0</b>
<b>Memorandum</b>	
Council Tax base	144,350
Council Tax Band D	£1,427.86

**Recurring pressures and investment proposals**  
(*impact is shown on an incremental basis*)

Ref.	Description of proposal	2020-21 Impact £'000	2021-22 Impact £'000	2022-23 Impact £'000
	<b>Better Health Better Lives</b>			
CRP7.1	Additional investment for Children's social care	2,000	0	0
HRP7.1	Public Health - children and young people best start in life and supporting the journey to improvement and success	2,238	0	0
HRP7.2	Public Health – investment in mental health initiatives	555	0	0
HRP7.3	Public Health - Community Capacity for Health and Well Being through working with the Voluntary and Community Sector	500	0	0
HRP7.4	Public Health –Obesity Children's and Adults new investment to support the Living Well Initiative	700	0	0
HRP7.5	Public Health - development of enhanced offer in Libraries focussed on: <ul style="list-style-type: none"> <li>• Tackling poverty</li> <li>• Social isolation</li> <li>• Back into employment</li> <li>• School readiness</li> </ul>	700	0	0
	<b>Total Better Health Better Lives</b>	<b>6,693</b>	<b>0</b>	<b>0</b>
	<b>Better Skills More Jobs &amp; a Growing Economy</b>			
PRP7.1	Leeds City Region commitments previously paid via business rate pool	500	0	0
	<b>Total Better Skills More Jobs &amp; a Growing Economy</b>	<b>500</b>	<b>0</b>	<b>0</b>
	<b>Safe Clean and Active Communities</b>			
PRP7.1	Increased costs associated with waste disposal contract	540	560	580
PRP7.2	Increased costs for waste services due to demographic growth	200	125	200
PRP7.3	Increased recycling and green waste disposal costs*	238	0	0
PRP7.4	Investment for Building Control to meet statutory function*	268	0	0
	<b>Total Safe Clean and Active Communities</b>	<b>1,246</b>	<b>685</b>	<b>780</b>
	<b>Well Run Council</b>			
WRP7.1	Investment in Coroner's service	70	0	0
WRP7.1	Extend council Tax support for care leavers aged 22-25	50	0	0
	<b>Total Well Run Council</b>	<b>120</b>	<b>0</b>	<b>0</b>
	<b>TOTAL</b>	<b>8,559</b>	<b>685</b>	<b>780</b>

\*Resources will be put aside as an earmarked reserve pending further review and planned cost mitigation activity.

**Non-recurring pressures and investment proposals**  
(*impact is shown on an incremental basis*)

Ref.	Description of proposal	2020-21 Impact £'000	2021-22 Impact £'000	2022-23 Impact £'000
	<b>Better Health Better Lives</b>			
CNR7.1	Early Help and intervention	2,000	0	(2,000)
	<b>Total Better Health Better Lives</b>	<b>2,000</b>	<b>0</b>	<b>(2,000)</b>
	<b>Great Start Good Schools</b>			
CNR7.2	Secondary School Pupils – Summer Education Support	200	(200)	0
CNR7.3	Five year investment in Child friendly district (up to and including 2024/25)	100	0	0
CNR7.4	Education covenant	28	(28)	0
	<b>Total Great Start Good Schools</b>	<b>328</b>	<b>(228)</b>	<b>0</b>
	<b>Better Skills More Jobs &amp; a Growing Economy</b>			
PNR7.1	Markets provision for temporary funding	300	30	(330)
PNR7.2	Strategic culture bid funding	615	(145)	(470)
PNR7.4	Museums	500	(500)	0
PNR7.5	Matching Towns Fund for Shipley and Keighley	324	(324)	0
PNR7.6	Local Plan additional funding	300	(102)	(198)
	<b>Total Better Skills More Jobs &amp; a Growing Economy</b>	<b>2,039</b>	<b>(1,041)</b>	<b>(998)</b>
	<b>Decent Homes</b>			
PNR7.7	Extend funding for Housing First for an extra year and provide additional outreach workers	360	(360)	0
	<b>Total – Decent Homes</b>	<b>360</b>	<b>(360)</b>	<b>0</b>
	<b>Safe Clean and Active Communities</b>			
PNR7.8	Road safety	71	(71)	0
PNR7.9	Climate change initiatives	1,000	(1,000)	0
PNR7.10	Customer service transformation	500	(500)	0
	<b>Total Safe Clean and Active Communities</b>	<b>1,571</b>	<b>(1,571)</b>	<b>0</b>
	<b>Well Run Council</b>			
WNR7.1	Investment in Service & Budget Sustainability	1,000	(1,000)	0
	<b>Total Well Run Council</b>	<b>1,000</b>	<b>(1,000)</b>	<b>0</b>
	<b>TOTAL</b>	<b>7,298</b>	<b>(4,200)</b>	<b>(2,998)</b>

New proposals which were open for Consultation until 26<sup>th</sup> January 2020

Ref	Proposal for Change	2020/21 £'000 Impact	Equalities impact on the Equality Duty protected characteristics & low income groups	Mitigation	EIA
7R1	<b>Theatres</b> –increase income and commercial activity	80	No impact identified	n/a	7R1
7R2	<b>Economy and development</b> – generate extra income from project work	50	No impact identified	n/a	7R2
		0			
	<b>Total Better Skills, More Jobs and a Growing Economy</b>	<b>130</b>			
<b>Safe Clean Active</b>					
7E1	<b>Sport and Physical Activity</b> increased income through marketing leading to additional fitness membership	50	No impact identified	n/a	7E1
7E2	<b>Green Waste Collection &amp; Disposal</b> – increase in prices of £3 for 20/21.	150	This proposal is likely to have no or a low impact on most residents. The exception is people on low incomes for whom the price increase will have a greater impact. Increasing the annual charge by £3 per annum may result in the service being unaffordable to some residents.	Though considered no mitigations have yet been identified.	7E2
	<b>Total Safe Clean Active</b>	<b>200</b>			
	<b>New draft proposals which were open for consultation until 26 Jan</b>	<b>330</b>			

## Appendix E

### Schedule of agreed savings previously consulted on (for reference only)

REF	Proposal for Change	2020/21 £'000 NOT subject to consultation	2021/22 £'000 NOT subject to consultation	2022/23 £'000 NOT subject to consultation
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### Better Health Better Lives

4PH1	<b>School Nursing and Health Visiting</b> - redesign through development of a new service model which is fully aligned to the Prevention and Early Help model. <i>Please note this proposal affects both Better Health, Better Lives and Great Start, Good Schools but for clarity is shown here</i>	988.0		
4PH2	<b>Substance Misuse Service</b> – combination of redesign, and re-commissioning recovery service, dual diagnosis service, supervised medication programme, and inpatient detoxification services.	2,919.0		
4PH10	<b>Public Health</b> – reduction in staffing in line with redirecting investment profile towards reducing demand and maintaining health and wellbeing	350.0		
4E11	<b>Sport and Physical Activity</b> – investigate all methods of future operational service delivery with a combination of transfer, closure, new facilities, alternative delivery models and raising additional income.	130.0		
6A1	<b>Adults - Overall Demand Management Strategy</b> - moving from a dependency model to one that promotes independence and resilience (e.g. reducing numbers coming in to care, care system culture change, speeding up integration, redesign enablement, reviewing financial needs, and continued personalisation).	4,477.0	8,379.0	5,489.0
6PH1	<b>Air Quality Monitoring Programme</b> Reduction of posts in Pollution team and reduce the numbers of operational 'real time' automatic air quality management stations from seven to four.	55.0		
	<b>Total - Better Health Better Lives</b>	<b>8,919.0</b>	8,379.0	5,489.0

## Appendix E

### Schedule of agreed savings previously consulted on (for reference only)

REF	Proposal for Change	2020/21 £'000 NOT subject to consultation	2021/22 £'000 NOT subject to consultation	2022/23 £'000 NOT subject to consultation
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#### **A Great Start and Good Schools for All Our Children**

4C2	<b>Early Years</b> - From 2017 part of the Dedicated Schools Grant will be removed. Plans are being formulated to develop a coherent and targeted suite of early years services including early help, family centres and early years' including Children's Centres. The proposal is included here as there could be staffing implications.	915.0		
	<b>Total – A Great Start and Good Schools for All Our Children</b>	<b>915.0</b>		

#### **Better Skills More Jobs and a Growing Economy**

4E7	<b>Remodel of Visitor Information &amp; frontline service</b> - reduce the number and/or size of Visitor Information Centres (VICs), moving to a more digital basis promoting the district to target audiences, with the potential for VIC information points as co-located provision and increasing the commercial opportunities for the Bradford City of Film.	70.0		
4E8	<b>Events and Festivals</b> – review to develop a more sustainable and balanced events programme and review grant funding while protecting key organisations.	100.0		
4E9	<b>Libraries</b> – Review provision of Library Services across the district, consider alternative delivery models.	1,050.0		
4E10	<b>Theatres and Community Halls</b> – Halls to be transferred through Community Asset Transfer. Theatres to generate greater income	140.0		
4C3	<b>Children's Services</b> – When the current Connexions contract ends in August 2019, re-design the activity to bring the service in house at a reduced cost. Skills House to be funded from base from April 2020, along with seeking partner contributions for an expanded service, some of the costs will be offset through the reductions in the Connexions contract.	100.0		
4R2	<b>West Yorkshire Combined Authority (WYCA) Transport Levy</b> – proposed reduction in the levy Bradford pays to WYCA for transport operations	500.0		

## Schedule of agreed savings previously consulted on (for reference only)

REF	Proposal for Change	2020/21 £'000 NOT subject to consultation	2021/22 £'000 NOT subject to consultation	2022/23 £'000 NOT subject to consultation
5E1	<b>Museums and Galleries</b> – Review of service to include potential for income generation, service efficiency and integration and remodelling of operational delivery	500.0		
4R13	<b>Economic Development Service</b> – Economic Development Service – management and support being removed in line with contractual end dates for External funded programmes and initiatives	56.0		
	<b>Total - Better Skills More Jobs and a Growing Economy</b>	<b>2,516.0</b>		

**Safe Clean and Active Communities**

4E1	<b>Parks and Bereavement</b> management rationalisation; withdrawal from direct management of sport pitches and bowling greens; raise prices of bereavement services.	50.0		
4E2	<b>Waste Collection and Disposal Services</b> – increased levels of recycling, reduction in residual waste and improved efficiencies.	276.2		
6E1	<b>Parking Charge Increases</b> Increase parking charges, and introduce charges, across the district for on- and off-street parking	195.0		
6X1	<b>Welfare Advice &amp; Customer Service transformation</b> Fundamental change to the way the Council and its partners deliver customer facing Services, focussed on customers getting the 'right support at the right time'.	844.0		
	<b>Total - Safe Clean Active Communities</b>	<b>1,365.2</b>		

**Well Run Council**

4F2	<b>Insurance</b> – reduce the total cost of insurance, including premiums paid to the Council's insurer, the cost of maintaining an internal insurance fund for self-insured risks and the cost of meeting claims	250.0		
4F4	<b>West Yorkshire Joint Committees</b> – cap contribution to Joint Committees at £1.1m which will require concerted action with other Councils	15.0		
4L1	<b>Legal and Democratic Services</b> – to reflect the reduced size and scope of the Council,	120.0		

## Appendix E

### Schedule of agreed savings previously consulted on (for reference only)

REF	Proposal for Change	2020/21 £'000 NOT subject to consultation	2021/22 £'000 NOT subject to consultation	2022/23 £'000 NOT subject to consultation
	reductions to Civic, Legal and Committee Services, including Overview and Scrutiny are proposed			
4R14	<b>Asset Management</b> –Seek to invest in non-operational property to generate surplus income	240.0		
4R16	<b>Facilities Management</b> – reduction in the maintenance budget as the size of the operational estate shrinks	55.0		
6F1	<b>Reduction in Grant to Parish and Town Councils</b> – reduction in Council Tax support grant cut by central government	161.0		
	<b>Total - A Well Run Council, Using All Our Resources to Deliver Our Priorities</b>	<b>841.0</b>		
<b>Total Schedule of Decisions for 2019/20 of Budget Council 2018 for information and 2020/21 proposals subject to consultation</b>		<b>14,556.2</b>	<b>8,379.0</b>	<b>5,489.0</b>

**SCHEDULE OF AMENDMENTS TO PREVIOUS BUDGET DECISIONS NOT SUBJECT TO CONSULTATION – (incremental basis)**

<b>Ref</b>	<b>Description</b>	<b>Prior Years</b>	<b>2020-21 £'000</b>	<b>2021-22 £'000</b>
<b>Better Health Better Lives</b>				
T1 to T6	Travel Assistance – remaining saving	4,774.0	0	0
	Reduction and re-phasing of saving	(4,774.0)	2,210.0	250.0
4PH3	<b>Sexual Health</b> - combination of redesign, review and ceasing services, for young people, sex and relationship education in schools, emergency hormonal contraception.		647.6	
4PH3	<b>Sexual Health</b> - saving reduction		(427.7)	0
4PH4	<b>Tobacco</b> – combination of redesign, review of current service model to a stop smoking service targeted at smokers from the most disadvantaged groups and ceasing other services.		304.2	
4PH4	Tobacco – saving reduction		(204.2)	
6PH2	<b>Health Checks</b> It is proposed that the current service will cease in 20/21 when it is no longer mandated. Options for efficient and targeted delivery of the programme will be explored with CCGs to consider how Health Checks and Healthy Hearts can work in a complimentary way and more effective way		175.0	
6PH2	<b>Health Checks</b> – saving removed		(175.0)	
6X1	<b>Welfare Advice &amp; Customer Service transformation</b> - Fundamental change to the way the Council and its partners deliver customer facing Services, focussed on customers getting the 'right support at the right time'.		1,200.0	
6X1	<b>Welfare Advice &amp; Customer Service transformation</b> – reduction to saving		(700.0)	
<b>Total Better Health Better Lives</b>		<b>0</b>	<b>3,029.9</b>	<b>250</b>
<b>Safe Clean Active</b>				
5E2	<b>Youth Service</b> - Reduction in the support of youth support activities across the district. In 2019/20 this was to cease youth work grants (already consulted on), and in 2020/21 this is to reduce the Council's Youth Service base budget, with the EIA reflecting these impacts.		513.0	0
5E2	<b>Youth Service</b> - Re-phased		(513.0)	513.0
<b>Total Safe Clean Active</b>		<b>0</b>	<b>0</b>	<b>513.0</b>
<b>Net amendments to previous budget decisions not subject to consultation</b>		<b>0</b>	<b>3,029.9</b>	<b>763.0</b>

## Proposed Use of Reserves

Table 6 - Use of Reserves

<b>Pre-agreed use of reserves</b>	<b>2020/21</b>	<b>2021/22</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Transition and Risk Reserve - to fund growth strategy	500	0	500
Transition and Risk Reserve – to fund Children’s Investment Fund	400	0	400
<b>Total pre-agreed use of reserves</b>	<b>900</b>	<b>0</b>	<b>900</b>

<b>Proposed Use of Reserves</b>			
Reduction in amount required for business rate reserve	1,000	0	1,000
Reserves used in Table 7a below for Local Plan	300	198	498
Insurance Reserve – provision for Premium increases not required in 2020/21 & 2021/22; therefore moved to Transition & Risk Reserve	300	300	600
Transition & Risk Reserve – transfer from Insurance Reserve earmarked for Project support for approved project activity	(300)	(300)	(600)
Indexation Pressures Reserves	(1,931)		(1,931)
<b>Total Proposed Use of Reserves</b>	<b>(631)</b>	<b>198</b>	<b>(433)</b>

<b>Total use of reserves pre-agreed and proposed</b>	<b>269</b>	<b>198</b>	<b>467</b>
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Table 7a – Proposed redirection of reserves to fund the Local Plan

	<b>2020/21</b>	<b>2021/22</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Strategic Site Assembly Reserve – utilised to fund the Local Plan	300	198	498

<b>Total included in Table 6 above</b>	<b>300</b>	<b>198</b>	<b>498</b>
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Table 7b – Proposed redirection of reserves into Transition and Risk Reserve

	<b>2020/21</b>	<b>2021/22</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Insurance reserve	(1,475)		
Transition and Risk Reserve	1,475		

<b>Net effect on reserves</b>	<b>0</b>	<b>0</b>	<b>0</b>
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**Report of the Director of Finance to the meeting of the Executive to be held on 18 February 2020 and Council to be held on 20 February 2020.**

**BB**

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**Subject:**

**Allocation of the Schools Budget 2020/21 Financial Year**

**Summary statement:**

The report seeks Executive approval of the recommendations of Bradford's Schools Forum in allocating the Dedicated Schools Grant (DSG) for 2020/21 and subsequent recommendation to Full Council.

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Chris Chapman  
Director of Finance

**Portfolio: Leader of Council**

Report Contact: Andrew Redding  
Phone: (01274) 432678  
E-mail: [andrew.redding@bradford.gov.uk](mailto:andrew.redding@bradford.gov.uk)

**Overview & Scrutiny Area: Corporate**

Draft Version 2 FINAL 6 February 2020

## **1. SUMMARY**

- 1.1 This report informs the Executive of the recommendations of Bradford's Schools Forum in allocating the Dedicated Schools Grant (DSG) and setting the Schools Budget for the 2020/21 financial year.
- 1.2 The Schools Budget is part of the overall budget proposal for the Council, which includes:
- The recommended Capital Investment Plan (Document BC)
  - The Revenue Estimates (Document BA)
- 1.3 This report is submitted to enable the Executive to make recommendations to Council on the setting of the budget and the Council Tax for 2020/21, as required by Article 4 of the Council's Constitution.

## **2. BACKGROUND**

- 2.1 Under national Regulations, every local authority is required to operate a Schools Forum. The Schools Forum is a decision making and consultative body dealing with the Dedicated Schools Grant and the Schools Budget. The Forum acts as a consultative body on some issues and a decision making body on others.

The Forum acts in a consultative role for:

- Changes to the local funding formula for schools and academies (the Local Authority is responsible for the final decision but in some cases it may delegate the power to the Schools Forum).
- Proposed changes to the operation of the Minimum Funding Guarantee.
- Changes to or new contracts that are funded from the Schools Budget.
- Financial arrangements for pupils with special educational needs and disabilities, pupils in pupil referral units and in early years provisions.

The Forum is responsible for decisions on:

- How much funding is centrally retained within the Dedicated Schools Grant.
- Proposals to carry forward deficits on central spend from one year to the next.
- Proposals to de-delegate funding from maintained schools.
- Changes to the Scheme of financial management that governs maintained schools.

Therefore, one of primary functions of the Schools Forum is to recommend to the Authority how the funding, which the Government provides for schools and

individual pupils (known as the Dedicated Schools Grant (DSG)), is managed.

- 2.2 Following the Government's 'National Funding Formula' reforms, which began at April 2018, the DSG is now constructed in four blocks with each block having a 'national formula' basis. The movement to National Funding Formula is accompanied by transitional protections – capping and floors. The reduction in funding growth for Bradford as a result of the capping of the High Needs Block, in particular, has been highlighted to Council previously.

All four blocks in 2020/21 continue to include capping and floors. However, these have been adjusted by the Government's settlement, which, most significantly, means that Bradford's High Needs Block has increased by 17% per pupil (+ £11.47m) on 2019/20. This puts our High Needs Block in a stronger position. As a consequence, it is not proposed to transfer monies from the Schools Block in support of high needs pressures, whereas £2.0m was transferred in 2019/20.

- 2.3 The Government has recently re-affirmed its intention to implement a 'hard' National Funding Formula for primary and secondary schools / academies. Although local responsibility is expected to be retained for the High Needs Block, Early Years Block and Central Schools Services Block, the main Schools Block primary and secondary funding formula is expected to be calculated nationally and only 'passported' by the Authority to schools. However, the Authority continues in 2020/21 to have responsibility for deciding all formula funding arrangements locally albeit within tight regulations.

- 2.4 Given this direction of travel, a key decision for all authorities has been whether to adopt locally the Government's National Funding Formula for the allocation of DSG to primary and secondary schools / academies. Council took this decision at April 2018 and the Schools Block recommendations for 2020/21 are put forward to ensure that we continue to mirror the Government's National Funding Formula as this incrementally develops.

The Government's 2020/21 primary and secondary mainstream National Funding Formula provides broadly for an increase of 4% on 2019/20. This is substantially improved on the maximum 0.5% increase that has been provided in recent years. However, schools / academies will not uniformly receive 4%. Increases will depend on data and pupil numbers changes but also significantly on the school's / academy's relationship to both the Minimum Funding Guarantee (MFG) and the Government's new mandatory minimum funding levels. On a simple basis, increases in per pupil funding in Bradford, prior to the impact of data and pupil numbers changes, range between + 2.34% and + 7.10%.

In consultation with the Schools Forum, the Authority has received permission from the Education & Skills Funding Agency to set the Minimum Funding Guarantee (MFG) for primary and secondary schools / academies at + 2.34% in 2020/21, meaning all schools / academies will receive a minimum 2.34% increase in per pupil funding using the DfE's prescribed MFG methodology. This is 0.5% higher than the maximum MFG permitted by the normal Regulations and is funded by headroom. Permission was requested for this as the MFG is a very significant factor

in Bradford, in particular for our primary phase, where 121 out of 156 (78%) schools / academies receive funding through it. In total, including the secondary phase, 133 out of 191 (70%) schools / academies in Bradford in 2020/21 are funded on the MFG set at + 2.34%.

The most significant change in the Government's National Funding Formula for mainstream primary and secondary schools / academies in 2020/21 is the new requirement that all primary schools / academies receive a minimum of £3,750, and all secondary schools / academies a minimum of £5,000, per pupil. This begins to deliver the Government's intention to 'level up'. The funding of 25 (out of 156) primary schools / academies and 3 (out of 31) secondary schools / academies in Bradford is increased by this change. The Government has stated its intention to increase the primary phase minimum further to £4,000 in 2021/22. We estimate that 51 (out of 156) primary schools / academies in Bradford will benefit from this.

- 2.5 A matter of significant uncertainty has been the settlement for maintained nursery schools. Bradford currently receives a discrete sum to protect our 7 nursery schools at historic funding levels. Without this, these schools would each lose in the region of a third of their funding, meaning that they are unlikely to remain financially viable in their current forms. The Government has confirmed that this protection will be allocated for the full 2020/21 year and, "that the government remains committed to funding for Maintained Nursery Schools in the longer term; and that any reform to the way they are funded in future will be accompanied with funding protections."

The increases allocated by the wider national settlement for the Early Years Block for 2020/21 however, are lower than the basic settlement for primary and secondary schools / academies. Bradford's rate of funding for 3&4 year olds is increased by £0.06 per hour to £4.63 (+ 1.31%) and for 2 year olds is increased by £0.08 per hour to £5.28 (+ 1.54%).

- 2.6 The proposed allocation of the High Needs Block in Bradford continues to incorporate our response to the growth in the need of children and young people as well as the structural changes taking place in the delivery of provision. The planned budget fully allocates the additional £11.47m, incorporating a response to the following proposed changes:

- The development of new Authority-led resourced provisions in mainstream primary and secondary schools / academies.
- The additional 354 specialist places developed from 2019, which are now budgeted for on a full year basis. Part year budget for a further 100 places is also included.
- The restructuring of our PRU provision, where our High Needs Block funded PRUs going forward deliver provision for pupils permanent excluded.
- The re-alignment of responsibility between the High Needs Block and schools for the funding of alternative provision that is commissioned by schools.

- The amalgamation of Bradford's hospital education, Tracks and medical home tuition provisions into a single Authority managed service.

2.7 A [consultation](#) has recently been completed on proposals for changes to Bradford's High Needs Funding Model. In particular, this consultation set out proposals for an amended approach to the funding of schools and providers for the 'top up' for Education Health and Care Plans (EHCPs), which is now proposed that Council adopt from April 2020. This is explained in Appendix 2. This change will affect the funding allocated to schools and providers for all existing and new EHCPs in all settings. It is our intention to use this new model as the vehicle through which to release to providers in region of £5m of the additional £11.47m High Needs Block funding, recognising that top up for EHCPs in Bradford has not increased in recent years. The minimum value of increase proposed in EHCP top up in 2020/21 is 8.2%. It is important to emphasise that the way that we propose to move to the new Banded Model at April 2020 means that all existing EHCPs will see uplift and no existing EHCPs will reduce in value as a result of model change.

In addition to the new EHCP Banded Model, alongside some smaller technical changes, we propose to establish a new Day Rate Model for the funding of our Pupil Referral Units (PRUs). We also propose to amend and clarify how the cost of specialist equipment is shared between schools / providers and the Authority.

At the meeting held on 8 January 2020, the Schools Forum gave its full support to these changes. Further information on the Banded Model consultation, which closed on 4 February, and responses, is provided in Appendix 2.

2.8 The report to Council on the Schools Budget, presented this time last year, highlighted the extent to which recent increases in funding have not been sufficient to match growth in costs, especially in salaries, leading to schools and providers being required to deliver structural savings.

The increases provided by the 2020/21 DSG settlement are improved. We would highlight in particular that the primary and secondary schools / academies funded on the mandatory minimums will see significant (up to 7.10% per pupil) growth. Two thirds of secondary schools / academies will broadly see 4% per pupil. The Teacher Pay and Pensions Grants will support all schools / academies in continuing to meet a large proportion of the growth in the employer's costs of teacher salaries that has taken place across 2018 and 2019. Through our new Banded Model, we are proposing to substantially increase funding allocated to schools and providers in support of EHCPs. This will improve the position of all providers and of special schools in particular.

The extent to which this settlement will begin to reverse in Bradford the reduction in spending power seen in recent years, or to ensure that this reduction does not continue, however, will be heavily influenced by the value of the national pay award for teachers at September 2020. In addition, locally, education budgets will still be required to absorb the pay award for non-teaching staff, incorporating employer contributions to non-teaching staff pension costs and the increase in the national living wage, as well as increases in the prices of goods and services.

As set out in paragraphs 2.4 and 2.5, the budget position of individual schools, academies, and other providers is dependent on a number of factors and is not uniform. In terms of areas of possible pressure in Bradford, we would highlight:

- The settlement for three quarters of primary schools / academies, and a third of secondary school / academies, is at the level of the Minimum Funding Guarantee, which, although enhanced at + 2.34%, is lower than the 'national headline' of + 4%.
- The combined overall settlement for early years providers is lower than 2%.
- Schools and providers, in their management of their delegated funds, are continuing to need to take prudent decisions understanding that there is still significant uncertainty for the future. The position of the DSG for 2021/22, for example, is largely unknown.

2.9 In summary, Bradford has received in 2020/21 compared against 2019/20:

- An additional £17.14m within the Schools Block (+ 4.05%). £11.98m comes from the Government's broad 4% uplift of its National Funding Formula alongside its commitment to allocate an increased minimum level of per pupil funding. £5.16m comes from the continued growth in pupil numbers in our secondary schools / academies.
- An additional £11.47m within the High Needs Block (+ 17.4%). £11.07m comes from the Government's uplift of its National Funding Formula. £0.40m comes from the growth of our special school population.
- An additional £0.48m within the Early Years Block (+ 1.10%). This is the total increase resulting from the Government's National Funding Formula uplift, net of adjustments for changing delivery numbers. The Early Years Block continues to include the specific protection for maintained nursery schools.
- No overall growth in the Central Schools Services Block, with the modest growth in per pupil funding from National Funding Formula offset by the Government's reduction of its funding of our historic commitments.

2.10 The total estimated amount of DSG available for distribution in 2020/21 is £586.602m, which includes a forecasted cumulative value of under-spend (one off carry forward balance) up to 31 March 2020 of £21.060m (3.6%). The recommended distribution of this Schools Budget is summarised in this table:

Description	Early Years Block £m	Schools Block £m	High Needs Block £m	Central Schools Services Block £m	Total DSG £m
Estimated DSG available 2020/21 (inc. transfers)	£44.194	£437.303	£81.207	£2.838	£565.542
Estimated DSG B'fwd from 2019/20	£4.329	£5.633	£11.098	£0.000	£21.060
<b>Total Estimated DSG (Schools Budget) 2020/21</b>	<b>£48.522</b>	<b>£442.936</b>	<b>£92.305</b>	<b>£2.838</b>	<b>£586.602</b>
Delegated to Schools / Providers	£43.551	£434.644	£74.668	£0.000	£552.862
Non-Delegated Items	£0.643	£2.119	£6.539	£2.838	£12.140
Allocation of B'fwd (One Off)	£0.488	£0.427	£0.000	£0.000	£0.915
<b>Total Funding Allocated</b>	<b>£44.681</b>	<b>£437.190</b>	<b>£81.207</b>	<b>£2.838</b>	<b>£565.917</b>
<b>Difference (C'fwd)</b>	<b>£3.841</b>	<b>£5.746</b>	<b>£11.098</b>	<b>£0.000</b>	<b>£20.685</b>

*Please note due to roundings the total may not add up exactly*

2.11 Members are asked to consider and to approve the recommendations of the Schools Forum as agreed at its meeting on 8 January 2020 and as set out in this report. Should Members wish to propose amendments then representation must be made back to the Schools Forum.

### 3. SCHOOLS FORUM RECOMMENDATIONS ON THE ALLOCATION OF THE SCHOOLS BUDGET 2020/21

(£000)

**Total Estimated DSG (Schools Budget) Available 2020/21** **£586,602**

#### 3.1 The Schools Block **£437,303**

This Block funds formula-based delegated allocations for mainstream primary and secondary schools and academies, services funded by de-delegation from maintained school budgets, a Growth Fund for primary and secondary schools / academies and a Falling Rolls Fund for primary schools and primary academies.

For 2020/21, the Schools Block is calculated on National Funding Formula-based primary and secondary per pupil values x October 2019 census pupil numbers, plus additional defined cash allocations. Bradford's primary amount per pupil (£app) is £4,296 (+2.88% on 2019/20); our secondary £app is £5,588 (+3.21% on 2019/20). These values have been derived by the DfE through the amalgamation of the allocations that individual schools / academies in Bradford would receive via the National Funding Formula and following the application of minimum floors.

Additional cash allocations total £14.27m, for Business Rates (£4.18m), split sites (£0.40m), PFI (£6.54m) and Pupil Numbers Growth (£3.15m).

Please note that the funding for the delegated budgets of academies is ‘top sliced’ from this Block so that these settings can be funded directly by the Education & Skills Funding Agency.

**(£000)**

### **3.2 The High Needs Block £81,207**

This Block funds resources for pupils in mainstream schools with Special Educational Needs & Disabilities (with Education Health and Care Plans), delegated budgets for Special Schools, Pupil Referral Units and resourced provisions. These budgets are calculated under the national ‘Place-Plus’ framework. Other DSG provision relating to high needs pupils, both centrally managed and devolved, is also funded from this Block. This includes school SEND mainstream teaching support services, Education in Hospital provision and home tuition (medical needs). It also includes the cost of the placement of Bradford children in out of authority and non-maintained provisions.

High Needs Block allocations are calculated via National Funding Formula under transitional arrangements. Bradford receives £4,000 for pupils in special schools and academies (including independent special schools), plus 50% of the value of our High Needs Block spending as it was in 2017/18, plus a capped allocation under the new National Funding Formula, which is based on population, deprivation and other needs-led data. An adjustment is made to recognise the cross border movement of children between authority areas. The Authority then also receives a specific allocation of £1.79m (in 2020/21) for Education in Hospital and home tuition (medical needs) provision.

Please note that the funding for high needs places in Bradford-located academies and Post 16 settings is ‘top sliced’ from this Block so that these settings can be funded directly by the Education & Skills Funding Agency.

### **3.3 The Early Years Block £44,194**

This Block funds delegated budgets, and other funds held centrally, relating to the delivery of the entitlement to early years education for eligible 2, 3 and 4 year olds in nursery schools, primary schools / academies with nursery classes and Private, Voluntary and Independent (PVI) settings. The value of this Block is currently estimated and will be finalised on the number of eligible children recorded in the January 2020 and January 2021 censuses x £4,399 per FTE (£4.63 per hour) for children aged 3 & 4 and £5,016 per FTE (£5.28 per hour) for children aged 2.

Estimated figures of £0.454m and £0.196m are included for the Early Years Pupil Premium and the Disability Access Fund. In addition, an estimated £1.00m is included for the DfE’s Maintained Nursery School protection.

(£000)

**3.4 The Central Schools Services Block £2,838**

The Central Schools Services Block was established at April 2018, when a number of items previously funded via 'top-slice' within the Schools Block were transferred to this Block and given a formula basis. These included Pupil Admissions and Local Authority statutory duties in respect of all state funded schools that were previously funded through the now ceased Education Services Grant.

The 2020/21 allocation is calculated on a National Funding Formula. Bradford receives £28.98 per pupil x October 2019 census numbers recorded in primary and secondary schools and academies, plus a lump sum of £0.35m to match 80% of the value of our 'historic commitments' spend we recorded in 2017/18. This additional £0.35m has been reduced from the full £0.44m funded in 2019/20 and is set to be fully phased by the DfE.

**3.5 Estimated DSG Balance Brought Forward from 2019/20 £21,060**

Final DSG allocations are not confirmed by the DfE until later in the financial year and the School Forum's recommendations are based on estimates of expenditure especially within the High Needs and Early Years Blocks. These estimates are reconciled at the end of each year and differences are added to the DSG in the next. Decisions taken in previous years have already committed a proportion of the sum estimated to be carried forward from 2019/20.

The table in paragraph 2.10 separates the total estimated DSG carry forward balance into the four blocks. This follows our local informal 'block earmarking' approach to the management of DSG balances that has been agreed with the Schools Forum. For formal (external) purposes however, a single DSG carry forward figure is recorded. DSG balances are not ring-fenced by the Regulations and can be used cross-block.

**4. ALLOCATION TO DELEGATED BUDGETS (£000)**

**Total Allocated to School / Provider Delegated Budgets £552,862**

**Broken down as follows:**

**4.1 Early Years Providers via Single Funding Formula £43,551**

This is funding delegated to maintained nursery schools, nursery classes in primary schools and academies and Private, Voluntary and Independent (PVI) providers, to support the delivery of the entitlements to early years education:

- Nursery Schools 3 / 4 year old universal and extended entitlement, incorporating the Maintained Nursery School protection £3.585m.

- Nursery Classes in Primary Provisions 3 / 4 year old universal and extended entitlement £14.799m.
- PVI Providers 3 / 4 year old universal and extended entitlement £15.360m.
- The entitlement for the 40% most deprived 2 year olds £8.645m.
- Early Years SEND Inclusion for 3&4 Year Olds £1.000m.
- Early Years Pupil Premium £0.454m.
- Disability Access Fund £0.196m.
- Adjustment for the spending of balance brought forward (minus) £0.488m.

The Schools Forum recommends that the Early Years Single Funding Formula (EYSFF) that was set out in the Authority's consultation, completed in December 2019, is used to calculate budget shares for all providers delivering provision for 2 and 3 & 4 year olds in 2020/21. A summary of Bradford's recommended EYSFF is attached at Appendix 4. In headline:

- Providers will be funded for the delivery of the 2 year old entitlement on a single flat rate per hour of £5.28, which fully passes onto providers the £0.08 per hour increase allocated to our Early Years Block by the Government.
- Regarding funding the 3 & 4 year old entitlement, whilst recognising that one off monies are still currently available, and will be deployed in 2020/21, we will begin to take incremental action, which is aimed at both reducing the reliance on one off monies and maximising the value of our Universal Base Rate over the medium term. To this end, we will begin to reduce the proportion of our 3 & 4 year old EYSFF that is allocated via the Deprivation & SEND supplement, with the intention to reduce this down by April 2022 to the average of our statistical neighbours, which is currently rounded at 6%. Our current proportion is 9.5%. We will reduce down to the 6% average in three steps over three years, with the proportion reduced from 9.5% to 8.0% in 2020/21, and then indicatively down to 7.0% in 2021/22 and then to 6.0% in 2022/23. We will continue to employ one off monies to set the 3 & 4 Year Old Universal Base Rate in 2020/21 at £4.19 per hour. This is an uplift of + £0.08 per hour on the £4.11 set for 2019/20 and passes through to providers more than the £0.06 increase allocated to our Early Years Block by the Government.
- Regarding the funding of the 3&4 year old entitlements in Maintained Nursery Schools, the protected base rate will be £5.78 per hour (+ £0.08 on 2019/20). The Deprivation and SEN supplement rates for each school will continue to be retained at their 2016/17 values. The sustainability supplement will continue to be calculated on existing variable values using the current methodology.
- The amended SEND Inclusion Fund that was introduced in 2019/20 will

continue to be used to allocate additional monies to early years providers to support their meeting the needs of eligible children identified with low level emerging SEND.

(£000)

**4.2 Primary and Secondary Schools and Academies £434,644**

Primary £236.927m.

Secondary £197.717m.

The Schools Forum has recommended to:

- Use the formula outlined in Appendix 1 to calculate delegated budget shares for primary and secondary schools and academies. This formula has been agreed following consultation with schools / academies in autumn 2019. We submitted the final version of the required Pro-forma on 14 January and this is subject to final validation by the Education & Skills Funding Agency.

- Continue to closely mirror the Government's National Funding Formula, meaning that we:

Amend our minimum levels of per pupil funding to match the mandatory values of £3,750 primary and £5,000 secondary.

Amend our local formula to mirror the Government's 2020/21 National Funding Formula values for existing factors. The values of these factors have broadly increased by 4% on 2019/20.

Continue to include funding for pupil mobility with this being calculated using the Government's factor, newly introduced at April 2020.

- Set the Minimum Funding Guarantee at + 2.34%.
- Continue to use our existing local formula for the funding of schools on split sites as this is not yet covered by the National Funding Formula. Continue to pass through the specific Building Schools For the Future DSG affordability gap values using our current method. Continue to fund business rates at actual cost, with this cost currently estimated.
- Continue to use our existing methodology for the definition of notional SEND budgets for mainstream primary and secondary schools and academies within the Schools Block funding formulae.
- Meet the cost of expanding places in primary and secondary schools and academies through the DSG Growth Fund with a total net cost to the planned budget of £0.433m, excluding items funded by balances brought forward or where the cost is recovered through academy recoupment.
- Continue to operate a Falling Rolls Fund for the primary phase.

(£000)

#### 4.3 **Special Schools and Special Academies** **£31,180**

The national high needs funding approach is based on the financial definition of a 'High Needs' child or young person being one whose education, incorporating all additional support, costs more than £10,000 per annum. This threshold lays the foundation of the national 'Place Plus' framework and the basis of the definition of the responsibility that maintained schools, academies and other providers have for meeting the needs of children and young people from their delegated budgets.

Delegated high needs funding has two parts a) core (or place) funding and b) top-up (or plus) funding. At its simplest level, the basic "Place" element has been set nationally at £10,000 for both SEND and Alternative Provision settings. The "Plus" element is the top up above the "Place" funding and is based on an assessment of the additional needs of an individual pupil. Local authorities are permitted to establish bands or ranges for this element of funding.

The 2020/21 planned budget of £31.180m is calculated on the delivery of 1,465 places on a full year basis across eight special schools. This includes 175 of the additional 354 places developed from 2019.

As set out in paragraph 2.7, the Authority has recently completed a [consultation](#) on proposals for changes to Bradford's High Needs Funding Model. This consultation set out proposals for an amended approach to the funding of schools and providers for the 'top up' element for Education Health and Care Plans (EHCPs), which we now formally propose to the Council to adopt. The new EHCP Banded Model is set out in Appendix 2. The planned budget of £31.180m incorporates forecasted immediate growth in the cost of top up in special schools as a result of the new Model. An additional provision of £2.00m is set within the High Needs Block to support additional costs where existing EHCPs may be adjusted upwards by the SEND Panel following annual review, appeal or dispute. This provision is itemised separately in paragraph 4.13 as it is available to all settings.

Please note that the place funding for academy special schools is 'top sliced' from the High Needs Block so that these settings can be funded directly by the Education & Skills Funding Agency.

#### 4.4 **Pupil Referral Units (PRUs) & Alternative Providers** **£4,772**

Two key changes being delivered in Bradford that affect the High Needs Block are:

- The restructuring of our PRUs, where our High Needs Block funded PRUs going forward deliver turn-around provision for pupils permanent excluded.
- The re-alignment of responsibility for the funding of alternative provision that is commissioned by schools.

Our four PRUs have previously been funded via the Place-Plus framework in a similar way to our special schools. We have moved already however, to a position where commissioning schools are responsible for paying from their delegated budgets the 'top up' related to their placements (pupils without EHCPs and that are not permanently excluded). This change has related in particular to District PRU.

The Authority retains responsibility for funding from the High Needs Block provision for pupils that the Authority places (those with EHCPs and that are permanently excluded).

The re-shaping of provisions is continuing this academic year and the planned budget reflects this. It is anticipated, at September 2020, that 100 places across Park PRU (50) and Bradford Alternative Provision Academy Central (50) will be available for turn-around provision for pupils permanently excluded. These places will be fully funded by the Authority from the High Needs Block. We proposed within our [consultation](#) to calculate top up for this provision using a Day Rate Model. This is different from the main EHCP model. This proposal has been supported and we ask Council to approve this change as part of its setting of the Schools Budget.

Following the timeline already agreed with schools and the PRU, the High Needs Block's funding of District PRU will fully cease at 31 August 2020. The High Needs Block's funding of year 11 placements with independent alternative providers will also fully cease at this date.

The planned budget of £4.772m is calculated incorporating these changes. Please note that the £4.772m includes the budget to be delegated to Ellar Carr PRU. A consultation has taken place on the proposal to close Ellar Carr as a PRU and to establish an 80 place SEMH provision on its site as a satellite of Beechcliffe Special School. This consultation ended on 9 January and Executive determined the school proposal to increase the number of school places at Beechcliffe Special School on 4 February 2020.

Please also note that the place funding for academy PRUs is 'top sliced' from the High Needs Block so that these settings can be funded directly by the Education & Skills Funding Agency.

**(£000)**

**4.5 Behaviour Centres (Primary Phase) £214**

The re-alignment of responsibility for the funding of alternative provision extends to the High Needs Block's budget for the four primary-phase behaviour centres. In regards to these centres, commissioning schools are already responsible for paying the top up for their placement of pupils (that do not have EHCPs and that are not permanently excluded). The High Needs Block currently funds the place element for 50 places across these centres, with around 10 used by the Authority for pupils permanently excluded where the Authority also allocates top up.

The £0.214m planned budget is calculated on the basis that the High Needs Block's funding of the behaviour centres will fully cease by 31 August 2020. It is proposed

that the centres will either continue to offer alternative provision and charge commissioning schools to recover all costs, convert to SEND resourced provisions with the agreement of the Authority, or close. The Authority's provision for pupil permanently excluded will have fully transferred by this date to the 100 places provided by the PRUs.

(£000)

**4.6 School-Led SEND Resourced Provisions (Primary & Secondary) £5,531**

School-Led SEND Resourced Provisions, formerly known as 'DSPs', are SEND provisions attached to mainstream primary and secondary schools / academies where the school / academy under SLA manages this provision and employs its staffing. Place and top up funding is fully delegated.

The planned budget of £5.531m is calculated on the delivery of 302 places in total across 22 provisions, including 4 new provisions (44 places) developed in 2019 as part of the 354 places that are now budgeted for on a full year basis.

School-Led SEND resourced provisions will continue to be funded using the Place-Plus framework. The new Banded Model set out in Appendix 2, if agreed by Council, will apply to the calculation of top up from April 2020. The planned budget incorporates forecasted immediate growth in the cost of top up as a result of the new Model.

Please note that the place funding for resourced provisions in academies is 'top sliced' from the High Needs Block so that these settings can be funded directly by the Education & Skills Funding Agency.

**4.7 Authority-Led SEND Resourced Provisions (Primary & Secondary) £4,674**

The planned budget for Authority-Led SEND Resourced Provisions now incorporates both the budget for the established sensory provisions (formerly known as 'ARCs') as well as new budget for the SEND resourced provisions that were implemented in 2019 and that are proposed to expand as part of the strategy to deliver 354 additional specialist places.

These are SEND provisions attached to mainstream primary and secondary schools / academies where the Authority, rather than the school, manages this provision and employs its staffing. Funding is partly delegated and partly retained. The top up is retained and managed by the Authority rather than the school. The host school retains the first element of place funding (broadly £4,000) to cover its basic curriculum and site costs.

The planned budget of £4.674m is calculated on the delivery of 235 places in total, with 100 places attached to the established sensory provisions and 135 to the developing SEND provisions. The additional 135 places, part of the 354, are now budgeted for on a full year basis.

Authority-Led SEND resourced provisions will continue to be calculated using the Place-Plus framework. The new Banded Model set out in Appendix 2, if agreed by Council, will apply to the calculation of top up from April 2020.

Please note that a proportion of the planned budget is centrally retained. However, recognising that this budget is spent directly on provision within schools, and in the interests of simplicity, the full budget is recorded here as delegated.

(£000)

**4.8 Pupils with EHCPs in Mainstream Schools and Academies £9,245**

Top up funding is delegated to mainstream schools / academies for pupils with EHCPs. The new Banded Model set out in Appendix 2, if agreed by Council, will apply to the calculation of this top up from April 2020. The planned budget of £9.245m incorporates forecasted immediate growth in the cost of top up as a result of the new Model. This budget also incorporates a forecasted 15% growth in the number of EHCPs across mainstream schools / academies during 2020/21.

The national high need funding system works on the basis that mainstream schools and academies have sufficient funding already within their delegated allocations to enable them to meet the additional costs of the SEND of their pupils, up to the threshold of £6,000 per pupil, using their funding calculated on measures of additional need such as Free School Meals, IDACI and prior low attainment. Local authorities are required to define for each primary and secondary school the value of their formula funding that is 'notionally' allocated for SEND to be used in meeting costs up to the £6,000 threshold. The value of each school's notional SEND budget is clearly set out in the annual S251 statements Bradford Council publishes. The Schools Forum has recommended that we continue to use in 2020/21 our existing methodology for the definition of notional SEND budgets pending an expected DfE-led national holistic review.

The planned budget of £9.245m incorporates the SEND Funding Floor, which is a factor that ensures a minimum level of funding for SEND provision in primary and secondary schools / academies. The Schools Forum has recommended that SEND Floor continue to be protected at their 2017/18 financial year values pending an expected DfE-led national holistic review.

**4.9 Post 16 Further Education Providers / SPIs £4,716**

The transfer to the DSG of the full cost of Post 16 High Needs provision was completed at April 2017. Places are funded at £6,000 from the High Needs Block. For top up, Further Education providers and SPIs are currently funded for the vast majority of their Post 16 students at 60% of the Ranges Model value for the primary need of the student. The exceptions are students with the primary need of sensory impairment (hearing / visual), where funding is calculated on an actual cost basis.

The new Banded Model set out in Appendix 2, if agreed by Council, will apply to the calculation of top up from April 2020 using existing principles. The planned budget of £4.716m incorporates forecasted immediate growth in the cost of top up as a result of the new Model. This budget is based on the funding of 351 places across 5 Bradford-located schools / colleges, including the 2 new post 16 free schools that opened at September 2019.

Please note that the place funding for colleges and free schools is 'top sliced' from the High Needs Block so that these settings can be funded directly by the Education & Skills Funding Agency.

**(£000)**

**4.10 Early Years Resourced Provisions £1,038**

Early years resourced provisions are attached to maintained nursery schools and will continue to be funded via the Place-Plus framework. The new Banded Model set out in Appendix 2, if agreed by Council, will apply to the calculation of top up from April 2020. The planned budget of £1.038m incorporates forecasted immediate growth in the cost of top up as a result of the new Model as well as the cost of the smaller proposal to add into the funding model for these settings a small setting protection factor.

The 2020/21 planned spending of £1.038m is based, as in 2019/20, on an allocation of 78 FTE places.

**4.11 Placements in Out of Authority & Independent Settings £9,840**

The cost of placements of pupils with EHCPs in out of authority and independent settings is calculated on an actuals basis with this total cost appropriately shared between the DSG (education), health and social care. The funding of independent providers currently sits outside the national Place-Plus framework. The number and cost of placements commissioned by the Authority has continued to increase due to demand. The planned budget of £9.840m for 2020/21 includes provision for an estimated growth of 20% on forecasted 2019/20 spend.

**4.12 Provision for the Creation of Additional SEND Places £1,458**

The Schools Forum has recommended that part year provision of £1.458m is made within the 2020/21 planned budget to support the creation of a further 100 specialist SEND places. Given the projected continued growth in demand, the Authority will continue to seek to create SEND places on an on-going basis.

**4.13 Additional Provision for the New Banded Model £2,000**

The Schools Forum has recommended that provision of £2.00m is made within the High Needs Block specifically to support additional top up costs that will arise where

EHCPs are adjusted upwards by the SEND Panel, after the initial 1 April 2020 novation, following annual review, appeal or dispute. This £2.00m will be available to support any higher top up costs across any settings as agreed by the SEND Panel.

**5. ALLOCATED TO NON-DELEGATED BUDGETS (£000)**

**Total Allocated to non-delegated Budgets £12,140**

**Broken down as follows:**

The School and Early Years Finance (England) Regulations (as amended) have, over time and in preparation for National Funding Formula, altered the treatment of non-delegated items and contingencies. The Regulations now require a greater proportion of the DSG to be delegated to schools and early years providers and also require that the Schools Forum makes recommendations for permitted centrally managed items individually and, in some cases, on a phase specific basis.

**5.1 Schools Block non-delegated budgets £2,119**

A total of £2.119m is recommended to be held within the Schools Block for the following purposes. Please note that some of the monies below that are initially held will actually be delegated to schools and academies during the year.

- £0.869m for items de-delegated from maintained mainstream primary and secondary schools. The Schools Forum recommends the continuation of de-delegation in line with 2019/20, but adjusted for the planned use of brought forward balance in support of two of these funds (primary maternity / paternity insurance and primary academy conversion deficits), meaning that the cost to schools in 2020/21 is reduced.
- £1.000m of provision for new growth (pupil numbers expansion in primary and secondary schools / academies) at September 2020. £0.800m of this is for growth in the secondary phase; £0.200m is for growth in the primary phase.
- £0.250m for a Falling Rolls Fund for the primary phase, to support eligible primary schools and primary academies, rated Good or Outstanding by Ofsted, that are managing 'blips' in pupil numbers, where their surplus capacity is forecasted to be filled within 3 years.

**(£000)**

**5.2 High Needs Block non-delegated budgets £6,539**

A total of £6.539m is recommended to be held centrally within the High Needs Block for the following purposes:

- £3.923m for centrally managed SEND teaching support services.

- £1.447m for the Authority's statutory home tuition and education in hospital provision for children and young people not able to access school for medical reasons. A small proportion of this budget (£0.177m) will be delegated to Tracks for the period April to August prior the full establishment of a centrally managed service at 31 August 2020.
- £0.787m for the DSG's contribution to the Affordability Gap for Building Schools for the Future for special schools.
- £0.382m of smaller budgets, including copyright licences for special schools and PRUs, speech and language therapy services and specialist equipment. We have proposed within our [consultation](#) to amend and clarify how the cost of specialist equipment is shared between schools / providers and the Local Authority, meaning especially that a) special schools will be able to access support for the cost of equipment, and b) schools / providers will be required to meet the first £1,000 of the cost of all equipment, subject to a 'reasonableness cost assessment' made by the SEND Panel.

(£000)

### 5.3 **Early Years Block non-delegated budgets** **£643**

A total of £0.643m is recommended to be held centrally within the Early Years Block for the following purposes:

- £0.091m for nursery schools to access relevant agreed 'de-delegated' funds.
- £0.037m for copyright licences.
- £0.150 for the extension of the SEND Inclusion Fund to eligible 2 year olds.
- £0.365m for the Early Years Block's contribution to the cost of early years high needs support services, including portage and the pre-5 service. £0.047m of this is a full year budget for the Authority to use to enable staffing capacity to deliver the Early Years SEND Inclusion Fund.

Please note that £0.643m constitutes 1.9% of the 3 / 4 year old DSG funding allocation and therefore, complies with the DfE's 5% Early Years Block central funds restriction.

### 5.4 **Central Schools Services Block** **£2,838**

The £2.838m is recommended to be allocated as follows:

- £0.010m Schools Forum costs.
- £0.615m Pupil Admissions.
- £1.426m Statutory duties delivered by the Authority on behalf of all state funded

schools including academies.

- £0.375m Copyright licences Schools Block.
- £0.412m New Communities and Travellers.

**6. ALLOCATION OF BALANCES BROUGHT FORWARD (ONE OFF) (£000)**

**Total allocated on a one off basis in 2020/21 £915**

The £0.915m is made up of the following two recommended allocations:

- Schools Block: £0.427m, which is the estimated cost of the financial support for Beckfoot Upper Heaton Academy to be allocated via the long-standing agreed model. There is one final year of support to be provided after 2020/21.
- Early Years Block: £0.488m, which is estimated for the cost of continuing to protect and uplift our EYSFF 3&4 Year Old Universal Base Rate, at a value of £4.19 per hour, whilst, as explained in paragraph 4.1, we take incremental action to reduce our reliance on one off monies.

**7. AMOUNT NOT ALLOCATED IN 2020/21 (£000)**

**Total amount not allocated in 2020/21 £20,685**

The £20.685m of balance forecasted to be carried forward into 2021/22 is made up of the following sums.

Schools Block £5.746m:

- £0.782m to support the cost of the agreed financial support model for Beckfoot Upper Heaton Academy for the final year in 2021/22.
- £0.650m for the deficit of a school converting to academy status.
- £0.427m of Growth Fund balance ring-fenced to support additional costs of pupil numbers growth from April 2020.
- £1.252m of balance ring-fenced to de-delegated funds for maintained schools. An amount of this balance (£0.3m) is planned to be released in 2020/21 to support the reduction in the cost of contribution to the maternity / paternity insurance scheme. The balance will also be used to support any further costs arising from deficits held by sponsored primary academy converters, as no new budget is de-delegated for this purpose.
- £0.540m of primary phase headroom in 2020/21 earmarked to be spent in

support of the primary-phase funding formula in 2021/22.

- £2.095m resilience reserve. This sum is effectively the remaining unallocated balance within the Schools Block.

Early Years Block £3.841m:

Earmarked to be used in support of the Early Years Single Funding Formula from April 2021. This is anticipated to be deployed, in part, to continue to protect and uplift universal base rate funding over a transitional period. This balance is also expected to be used to manage any further national system change, including to the funding of maintained nursery schools.

High Needs Block £11.098m:

There is a significant amount of continuing structural change taking place within Bradford's high needs provision, as well as continuing uncertainty in the national funding picture, and in other factors, that are very likely to alter our cost base going forward. The £11.098m balance itself is significantly estimated. The Schools Forum has recommended the following position:

- None of the £11.098m be allocated in 2020/21 at the planned budget stage.
- The first calls on the £11.098m will be meeting the cost of change as well as supporting any unexpected costs or higher than anticipated costs that may arise across 2019 and 2020 and as a result of structural change.
- The £11.098m will also then be available to support the avoidance of cumulative deficit in the High Needs Block over the medium term. Although this cannot be guaranteed, it may also mean that we will not need to propose further transfer of budget from the Schools Block over this period, if transfers continue to be permitted by the Regulations. The indicative trajectory however, does suggest that the High Needs Block is likely to continue to face financial pressure going forward, with the £11.098m supporting financial resilience.

## **8. RISK MANAGEMENT AND GOVERNANCE ISSUES**

If the allocations set out in this report are not fully agreed by Elected Members then representations have to be made to the Schools Forum. In the event that agreement cannot be reached with the Schools Forum, for certain items, the Council must refer the matter to the Department for Education (DfE).

## **9. LEGAL APPRAISAL**

Section 45 of the School Standards and Framework Act 1998 provides that, for the purposes of the financing of maintained schools by local authorities, every such school shall have for each funding period a budget share, which is allocated to it by

the authority which maintains it to be determined in accordance with that Act and regulations.

Section 47(A) of the Act requires that every local authority must, in accordance with regulations, establish for their area a body to be known as a schools forum. The purpose of a schools forum is to advise the local authority on such matters relating to the authority's schools budget as may be prescribed by regulations.

Schools forum generally has a consultative role and some decision making powers in relation to school budget functions. The role of the Local Authority is to make proposals to the schools forum on those matters, which the schools forum can decide, and to consult the schools forum annually in connection with various schools budget functions. Where the schools forum and the Local Authority are in disagreement about proposals made by the Authority the Secretary of State for Education will adjudicate.

A new national funding formula (NFF) for schools, high needs and central school services came into effect from April 2018. A national funding formula for early years was introduced at April 2017. The NFF now determines how the DSG is allocated to local authorities. The basic structure of the schools national funding formula has not changed for 2020/2021. But it is the Government's stated intention to introduce a 'hard' NFF where every primary and secondary mainstream school's / academy's budget will be set on the basis of a single national formula. The main changes are highlighted in the body of the Report and the Local Authority currently maintains some discretion over how it distributes the funding it receives through the NFF locally in consultation with schools.

The School and Early Years Finance (England) Regulations 2020 require the Local Authority to calculate budgets for all maintained schools using a funding formula and to decide the formula it will use for the funding period. It must, not later than 28 February, (a) make an initial determination of its schools budget; and (b) give notice of that determination to the governing bodies of the schools which it maintains.

Under new arrangements set out in the proposed School and Early Years Finance (England) Regulations 2020, and in the DSG conditions of grant for 2020-21, local authorities will have either to carry forward any cumulative deficit in their Schools Budget to set against DSG in the next funding period (Y+1); or carry forward some or all of the deficit to the funding period after that (Y+2), in order to determine how much resource is available to be spent during the funding period (Y+1). These arrangements will begin to operate from budget setting for the financial year 2020-21. The School and Early Years Finance (England) Regulations 2020 will come into force in February 2020.

## **10. OTHER IMPLICATIONS**

### **10.1 EQUALITY & DIVERSITY**

The Local Authority must have regard to its public sector equality duties under section 149 of the Equality Act 2010 when exercising its functions and making any

decisions. The Local Authority must carry out an Equalities Impact Assessment to enable intelligent consideration of any proposals. The Local Authority must have due regard to the information in the Equalities Impact Assessment before making any decision in relation to proposals.

The analysis below focuses on the key DSG formula funding policy changes within the School Budget recommendations that are new for 2020/21 and that are for local decision.

#### High Needs Block

In setting the School's Budget for 2020/21, Council is asked to approve the adoption of changes to Bradford's High Needs Model, including a new Banded Model for the allocation of EHCP top up funding to schools and providers from the High Needs Block. Please see Appendix 3 for a specific Equalities Impact Assessment on the new EHCP Banded Model.

#### Schools Block Primary & Secondary

Council has already determined to mirror the DfE's National Funding Formula for the calculation of primary and secondary school / academy funding allocations at local level. As such, our equalities impact assessment continues to align with that of the DfE regarding the [National Formula Funding policy](#) and its priorities and impacts on the funding of protected groups.

In setting the School's Budget for 2020/21, Council is asked to approve the recommendation that the Minimum Funding Guarantee (MFG) for primary and secondary schools / academies is set at +2.34%, which is 0.5% higher than the normal Regulations permit. We have received permission from the ESFA and have demonstrated to the ESFA that the allocations for non-MFG schools / academies are not negatively affected, nor is the funding available to children with protected characteristics in these schools. Our application to the ESFA included an equalities impact assessment, which evidenced the positive benefit of this proposal. We have looked at the impact of this proposal on the funding of children with SEND / disabilities (using the Free School Meals (FSM) proxy measure as used in the NFF assessment), from Minority Ethnic backgrounds (using English as an Additional Language (EAL3) as a proxy measure) and faith schools. The purpose and consequence of this proposal is to uplift the funding of schools / academies that remain on the MFG and in particular, in primary phase, where 78% of schools / academies are on the MFG in 2020/21.

#### Early Years Block

In setting the School's Budget for 2020/21, Council is asked to approve the continued protection of maintained nursery schools. This protection is funded using the specific supplement within the Early Years Block, supported by one off monies. This protection is not funded to the detriment of any other provider or any other aspect of the Early Years Block allocation. The numbers of children with SEND and from more deprived backgrounds is higher in the nursery schools sector and this protection continues to support provision for these children.

In setting the School's Budget for 2020/21, Council is asked to approve the recommendation to begin to reduce the proportion of our 3 & 4 year old Early Years Single Funding Formula (EYSFF) that is allocated via the Deprivation & SEND supplement, with the intention to reduce this down by April 2022 to the average of our statistical neighbours (from 9.5% to 6.0%). This change in 2020/21 takes place alongside the proposed increase in the 3 and 4 year old Universal Base Rate (UBR) from £4.11 to £4.19 per hour for all providers. The Authority set out in [consultation](#) the impact of this and how brought forward balances (one off monies) are currently being used within the Early Years Block to protect the current value of the UBR following the national early years funding reform, where Bradford's rate of funding has reduced by c. 10% between 2017-2019. The use of one off monies is not a permanent solution. To keep within the funding settlement currently available, either the UBR or spending on other factors will need to reduce. Our consultation modelling, using the 2019/20 budget, evidenced that we would need to set a UBR lower than £4.00 per hour in order to continue to spend 9.5% on our Deprivation & SEND supplement going forward without the use of one off monies. Our benchmarking suggests that, where if we did this, we would be 'out of line' with other authorities. It is also the case that reducing our UBR in this way would not support providers in meeting growing costs, especially salaries costs, and this would likely have District-wide implications, including for the quality of provision and places sufficiency. Protecting and uplifting the UBR for all providers helps support universal good quality provision for all children.

The Early Years Pupil Premium, as well as the Disability Access Fund and Early Inclusion Funds, will continue to complement the Early Years Single Funding Formula and will provide additional funds to support children with SEND.

## **10.2 SUSTAINABILITY IMPLICATIONS**

There are no direct implications resulting from this report.

## **10.3 GREENHOUSE GAS EMISSIONS IMPACTS**

There are no direct implications resulting from this report.

## **10.4 COMMUNITY SAFETY IMPLICATIONS**

There are no direct implications resulting from this report.

## **10.5 HUMAN RIGHTS ACT**

There are no direct implications resulting from this report.

## **10.6 TRADE UNION**

There are no direct implications resulting from this report.

## **10.7 WARD IMPLICATIONS**

There are no direct implications resulting from this report.

## **10.8 IMPLICATIONS FOR CORPORATE PARENTING**

There are no direct implications resulting from this report.

## **10.9 ISSUES ARISING FROM PRIVACY IMPACT ASSESMENT**

There are no issues resulting from this report.

## **11. NOT FOR PUBLICATION DOCUMENTS**

None.

## **12. OPTIONS**

Please see the recommendations below.

## **13. RECOMMENDATIONS**

### **13.1 It is recommended that the Executive asks Council to:**

- a) Accept and approve the proposals from the Schools Forum for the allocation of the 2020/21 DSG as set out in this report.**
- b) Approve the adoption of the new Banded Model for the allocation of EHCP top up funding to schools and providers from the High Needs Block.**
- c) Approve the total amount of £586.602m to be appropriated in respect of all schools covered by the Bradford Scheme for the Local Management of Schools, so as to establish the Individual Schools Budget for 2020/21.**

## **14. APPENDICES**

- Appendix 1 – Local Authority Funding Reform Pro-Forma 2020/21.
- Appendix 2 – Proposed new Banded Model for EHCP Top Up Funding including summary and analysis of consultation feedback.
- Appendix 3 Equality Impact Assessment - Proposed new Banded Model for the allocation of top up funding for EHCPs to schools and providers.
- Appendix 4 – Early Years Single Funding Formula 2020/21.

## **15. BACKGROUND DOCUMENTS**

- [Decisions List of Schools Forum 8 January 2020](#) (link to webpage)
- [Consultation on the High Needs Funding Model](#) (link to webpage)
- [Consultation on the Early Years Single Funding Formula 2020/21](#) (link to webpage)

- [Consultation on Schools Block Funding Arrangements 202/21](#) (link to webpage)
- [Statement to Parliament on Maintained Nursery School Funding](#) (link to webpage)
- [ESFA permission for a 2.34% Minimum Funding Guarantee](#)
- Section 151 Officer's Report – Executive 18 February 2020

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## Local Authority Funding Reform Proforma

Appendix 1

LA Name: 

Bradford
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 LA Number: 

380
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Primary minimum per pupil funding level	Secondary (KS3 only) minimum per pupil funding level	Secondary (KS4 only) minimum per pupil funding level	Secondary minimum per pupil funding level	Disapplication number where alternative MPPF values are
£3,750	£4,800.00	£5,300.00	£5,000.00	

### Pupil Led Factors

Reception uplift		No	Pupil Units			0.00				
Description		Amount per pupil		Pupil Units		Sub Total	Total	Proportion of total pre MFG funding (%)	Notional SEN (%)	
1) Basic Entitlement Age Weighted Pupil Unit (AWPU)	Primary (Years R-6)	£2,857.46		54,758.00		£156,468,637	£299,319,630	36.60%	7.51%	
	Key Stage 3 (Years 7-9)	£4,018.64		20,887.00		£83,937,394		19.64%	6.28%	
	Key Stage 4 (Years 10-11)	£4,561.73		12,914.75		£58,913,599		13.78%	6.28%	
Description		Primary amount per pupil	Secondary amount per pupil	Eligible proportion of primary NOR	Eligible proportion of secondary NOR	Sub Total	Total	Proportion of total pre MFG funding (%)	Primary Notional SEN (%)	Secondary Notional SEN (%)
2) Deprivation	FSM	£450.07	£450.07	11,245.00	7,555.17	£8,461,430	£50,599,964	11.84%	23.08%	10.16%
	FSM6	£560.09	£815.13	14,981.16	12,235.90	£18,364,651			23.08%	10.16%
	IDACI Band F	£210.03	£300.05	7,055.68	4,615.76	£2,866,879			22.45%	19.18%
	IDACI Band E	£250.04	£405.06	9,014.65	5,907.25	£4,646,841			22.45%	19.18%
	IDACI Band D	£375.06	£535.09	7,555.41	4,868.63	£5,438,863			22.45%	19.18%
	IDACI Band C	£405.06	£580.09	3,576.08	2,181.02	£2,713,737			22.45%	19.18%
	IDACI Band B	£435.07	£625.10	7,361.47	4,462.70	£5,992,383			22.45%	19.18%
	IDACI Band A	£600.10	£840.13	1,884.14	1,171.85	£2,115,179			22.45%	19.18%
Description		Primary amount per pupil	Secondary amount per pupil	Eligible proportion of primary NOR	Eligible proportion of secondary NOR	Sub Total	Total	Proportion of total pre MFG funding (%)	Primary Notional SEN (%)	Secondary Notional SEN (%)
3) Looked After Children (LAC)	LAC X March 19			614.07		£0	£7,798,780	0.00%		
4) English as an Additional Language (EAL)	EAL 3 Primary	£535.09		10,917.01		£5,841,537		1.70%		
	EAL 3 Secondary		£1,440.23	991.78		£1,428,395				
5) Mobility	Pupils starting school outside of normal entry dates	£1,286.55	£1,250.20	334.29	79.00	£528,848		0.12%		
Description		Weighting	Amount per pupil (primary or secondary respectively)	Percentage of eligible pupils	Eligible proportion of primary and secondary NOR respectively	Sub Total	Total	Proportion of total pre MFG funding (%)	Primary Notional SEN (%)	Secondary Notional SEN (%)
6) Prior attainment	Primary Low Attainment		£1,065.17	34.98%	19,152.44	£20,400,614	£34,300,401	8.02%	100.00%	
	Secondary low attainment (year 7)	64.53%	£1,610.26	25.11%	8,632.03	£13,899,788				
	Secondary low attainment (year 8)	63.59%		25.64%						
	Secondary low attainment (year 9)	58.05%		25.97%						
	Secondary low attainment (year 10)	48.02%		26.34%						
	Secondary low attainment (year 11)			24.62%						
									100.00%	

### Other Factors

Factor	Lump Sum per Primary School (£)	Lump Sum per Secondary School (£)	Lump Sum per Middle School (£)	Lump Sum per All-through School (£)	Total (£)	Proportion of total pre MFG funding (%)	Notional SEN (%)
7) Lump Sum	£114,418.30	£114,418.30			£21,853,896	5.11%	

8) Sparsity factor					£0	0.00%		
Please provide alternative distance and pupil number thresholds for the sparsity factor below. Please leave blank if you want to use the default thresholds. Also specify whether you want to use a tapered lump sum or the NFF weighting for any of the phases.								
Primary distance threshold (miles)		Primary pupil number average year group threshold		Fixed, tapered or NFF sparsity primary lump sum?		Fixed		
Secondary distance threshold (miles)		Secondary pupil number average year group threshold		Fixed, tapered or NFF sparsity secondary lump sum?		Fixed		
Middle schools distance threshold (miles)		Middle school pupil number average year group threshold		Fixed, tapered or NFF sparsity middle school lump sum?		Fixed		
All-through schools distance threshold (miles)		All-through pupil number average year group threshold		Fixed, tapered or NFF sparsity all-through lump sum?		Fixed		
9) Fringe Payments					£0	0.00%		
10) Split Sites					£423,539	0.10%		
11) Rates					£3,979,020	0.93%		
12) PFI funding					£6,595,289	1.54%		
13) Exceptional circumstances (can only be used with prior agreement of ESFA)								
Circumstance					Total (£)	Proportion of total pre MFG funding (%)	Notional SEN (%)	
Additional lump sum for schools amalgamated during FY19-20					£0	0.00%	0.00%	0.00%
Additional sparsity lump sum for small schools					£0	0.00%		
Exceptional Circumstance3					£0	0.00%		
Exceptional Circumstance4					£0	0.00%		
Exceptional Circumstance5					£0	0.00%		
Exceptional Circumstance6					£0	0.00%		
Exceptional Circumstance7					£0	0.00%		
<b>Total Funding for Schools Block Formula (excluding minimum per pupil funding level and MFG Funding Total)</b>					<b>£424,870,520</b>	<b>99.39%</b>		
14) Additional funding to meet minimum per pupil funding level					£2,617,418	0.61%		
<b>Total Funding for Schools Block Formula (excluding MFG Funding Total)</b>					<b>£427,487,939</b>	<b>100.00%</b>		
15) Minimum Funding Guarantee			2.34%		£7,580,217			
Where a value less than 0.5% or greater than 1.84% has been entered please provide the disapplication reference number authorising the value					380Bra2021_1			
Apply capping and scaling factors? (gains may be capped above a specific ceiling and/or scaled)					No			
Capping Factor (%)		Scaling Factor (%)						
Total deduction if capping and scaling factors are applied					£0			
					Total (£)	Proportion of Total funding(%)	Notional SEN (%)	
MFG Net Total Funding (MFG + deduction from capping and scaling)					£7,580,217	1.74%		
<b>Total Funding for Schools Block Formula</b>					<b>£435,068,155</b>		<b>£64,445,153</b>	
High Needs threshold (only fill in if, exceptionally, a high needs threshold different from £6,000 has been approved)								
Additional funding from the high needs budget					£481,376.34			
Growth fund (if applicable)					£1,432,910.09			
Falling rolls fund (if applicable)					£250,000.00			
Other Adjustment to 19-20 Budget Shares					£12,055			
<b>Total Funding For Schools Block Formula (including growth and falling rolls funding)</b>					<b>£436,763,120</b>			
% Distributed through Basic Entitlement					70.02%			
% Pupil Led Funding					91.70%			
Primary: Secondary Ratio					1 :	1.37		

## Appendix 2: New Banded Model for the allocation of EHCP Top Up Funding to Schools and Providers included within the National Place-Plus System

### Introduction

1.1 Top-up funding (also known as Element 3 or ‘Plus’ funding) is the funding required by an institution, over and above place funding, to enable a child or young person with high needs to participate in education and learning.

1.2 As with many authorities, Bradford allocates top up from the High Needs Block, to schools and providers that are included within the national ‘Place-Plus’ system, using a ‘banded’ or ‘range’ system. This model is used to assign EHCPs into categories of need for funding purposes. Each range has an applicable level of funding and a school or provider is allocated a set value of top up funding according to the range of the EHCP as determined by the SEND Panel.

1.4 The Authority has been working over the past 18 months with the District Achievement Partnership (DAP) on how we can improve the responsiveness of our model.

1.5 We have developed locally an amended banded approach to the delegation of funding to schools and providers for the ‘top up’ element of EHCPs, which we now propose to adopt. If agreed by Council, as part of the setting of the Schools Budget for 2020/21, this new Banded Model will replace our existing Ranges Model at 1 April 2020.

### The Proposed New Banded Model

2.1 The new model will use at its base the [Bradford Matrix of Need](#), which outlines waves of intervention. This Matrix identifies the responsibilities of schools and providers in their use of already delegated funds in meeting the costs of support. It identifies the point at which top up funding begins, which is EHCP Band 3.

2.2 Whereas our current Ranges Model has 7 Ranges with 7 funding steps, our proposed new Banded Model has 6 bands and 6 funding steps, with values for 1 April 2020 proposed as set out in the table below. This table shows the proposed value of top up by band and the value of contribution, which schools and providers will continue as now to add to the top up from their budgets to produce the total value of funding available for supporting the costs of an EHCP.

In all steps within the model the school or provider, with the exception of EHCPs for 2, 3 and 4 year olds (in pre-reception) in mainstream not specialist provision, is expected to contribute ‘element 2’ funding, currently at an annual value of £6,000 per 1 FTE, to the cost of the additional needs set out in the EHCP.

	<b>Proposed Top Up Value at April 2020</b>	<b>Element 2 Value FTE the school / provider adds</b>	<b>Total Value of Funding to support the EHCP</b>
<b>Band 3 Low (3L)</b>	<b>£1,670</b>	£6,000	£7,670
<b>Band 3 Medium (3M)</b>	<b>£3,347</b>	£6,000	£9,347
<b>Band 3 High (3H)</b>	<b>£4,974</b>	£6,000	£10,974
<b>Band 4 Low (4L)</b>	<b>£7,747</b>	£6,000	£13,747
<b>Band 4 Medium (4M)</b>	<b>£11,296</b>	£6,000	£17,296
<b>Band 4 High (4H)</b>	<b>£15,051</b>	£6,000	£21,051

The new model is calculated on a provision-mapping approach. The additional educational needs of a child with an EHCP typically will be met through additional adult contact time. Typically this will be delivered in a combination of individual time and time in smaller groups. The overall volume of time will increase as needs increase and the proportion of this time that is delivered on a more bespoke basis will also increase as needs increase. The values of the bands have been built up on notional assumptions about the proportion of additional support given to an EHCP, with this support split between bespoke time and time in smaller groups. This is a model then for the SEND Panel to use to determine the volume and type of support required to then closely meet the needs of an individual EHCP.

2.3 Band 3 (EHCP) typically will support the cost of EHCPs placed in mainstream provisions. Band 4 (EHCP plus) typically will support the cost of EHCPs placed in specialist provisions. However, this is not an absolute position and the SEND Panel will use the model flexibly to closely meet need.

2.4 Schools and providers will receive funding at the band value that provides the closest fit for meeting the cost of the needs of the child or young person described in the EHCP. In the new model, the closest fit may also be found by combining ('stacking') more than one band value. The facility to combine values means that the SEND Panel can use the model in a flexible way to find a very close fit for the funding especially of children and young people with significant secondary needs as well as those that require additional functional support both within and outside of the standard taught school day, where this is not already funded within a single band value.

2.5 To highlight then the main differences between the new proposed Banded Model and the current Ranges Model:

- The new model does not have a 7<sup>th</sup> step (the equivalent of our current Range 7). It is expected that stacking would deliver a level of support higher than the single band 4H where this is necessary. Specific transition arrangements will be required for current Range 7 EHCPs and transition to the new model is set out further below.
- The SEND Panel can 'stack' values (meaning a school or provider can be allocated more than one band value for an EHCP) in order to find a close fit.
- The new model does not use primary need as a marker for the placement of an EHCP into a band. Placement is based on level of need.
- Whereas the current Ranges Model defines need in terms of 1:1 hours of support, the new model uses a provision mapping approach and a combination of bespoke time and time in smaller groups.
- The values proposed to be allocated by the new model are increased. The values of the 1<sup>st</sup> two steps in Band 3 increase the most.
- The new model will work alongside a clarified and amended approach to the sharing of the cost of specialist equipment.

2.6 To highlight how the new proposed Banded Model is the same or similar to the current Ranges Model:

- Decisions on the application of the Banded Model – which of the 6 bands a new EHCP is placed in and whether an EHCP is given more than one band value - will continue as now to be taken by Bradford Council's SEND Panel with reference to the evidence submitted through the EHCP assessment process. Appeals and disputes will also continue to be resolved through the Panel process.
- In all steps within the model, the school or provider, with the exception of EHCPs for 2, 3 and 4 years olds (pre-reception) in mainstream not specialist provision, is expected to contribute element 2 funding currently at an annual value of £6,000 to the cost of additional needs.

- The bottom ‘threshold’ for the 1<sup>st</sup> step of Band 3 (3 Low) is 16 hours of support a week, which is the same as the current model. The new model itself does not change the threshold at which EHCP top up funding can initiate nor does it change the points of access to an EHCP. It purely changes the options that are available to the SEND Panel to use to ensure that an EHCP is appropriately and accurately funded.
- The relationships between the 6 steps in the new model (the size of the gaps between them) remain similar to the current model, with the exception of the 1<sup>st</sup> two steps in Band 3, which are uplifted.
- For the top-up funding of post 16 high needs students with EHCPs in the Further Education sector, it has been agreed previously with the relevant providers that, as, on average, colleges deliver around 60% of the hours delivered by schools, colleges are funded for the vast majority of students at 60% of the Banded Model value for the primary need of the student. The exceptions are students with the primary need of sensory impairment (Hearing / Visual), where funding continues to be allocated on an actual cost basis. We propose to continue this approach in the application of the new Banded Model from April 2020.
- We are not adjusting at this time in 2020/21 notional SEND or SEND Floor arrangements in respect of mainstream formula funding and its relationship with the EHCP model. Adjustment may take place in the future.
- We will apply the same ‘technical framework’ as now for the operation of the model during the year e.g. the monthly re-calculation of EHCP funding from the census of EHCPs on roll on 10<sup>th</sup> of each month.

### **Proposed Implementation / Transition at 1 April 2020**

3.1 The Authority aims to adopt the proposed new model as quickly as possible and to use this as a vehicle to release additional High Needs Block that is allocated to Bradford in 2020/21. The Authority also will ensure that the values of top up funding schools and providers receive for existing EHCPs will not reduce as a result of funding model change.

3.2 Our proposed transition process is as follow:

- The top up funding of all existing EHCPs will transfer on to the new system at 1 April 2020 as follows:

<b>Current</b>	<b>Current Value</b>		<b>New Band</b>	<b>New Value</b>	<b>£ Diff</b>	<b>% Diff</b>
<b>Range 4A</b>	£952	<b>Will become</b>	<b>Band 3L</b>	<b>£1,670</b>	<b>+ £718</b>	<b>+ 75.4%</b>
<b>Range 4B</b>	£3,000	<b>Will become</b>	<b>Band 3M</b>	<b>£3,347</b>	<b>+ £347</b>	<b>+ 11.6%</b>
<b>Range 4C</b>	£4,597	<b>Will become</b>	<b>Band 3H</b>	<b>£4,974</b>	<b>+ £377</b>	<b>+ 8.2%</b>
<b>Range 4D</b>	£7,160	<b>Will become</b>	<b>Band 4L</b>	<b>£7,747</b>	<b>+ £587</b>	<b>+ 8.2%</b>
<b>Range 5</b>	£10,440	<b>Will become</b>	<b>Band 4M</b>	<b>£11,296</b>	<b>+ £856</b>	<b>+ 8.2%</b>
<b>Range 6</b>	£13,910	<b>Will become</b>	<b>Band 4H</b>	<b>£15,051</b>	<b>+ £1,141</b>	<b>+ 8.2%</b>
<b>Range 7</b>	£22,857	<b>Will become</b>	<b>Protected 7</b>	<b>£24,732</b>	<b>+ £1,875</b>	<b>+ 8.2%</b>

- We would expect most existing EHCPs on an on-going basis to remain within the band they have been transferred to. The SEND Panel will review, through the annual review process, individual EHCPs where the banding may be disputed, where there are obvious existing inaccuracies or where the needs of the child or young person have changed.

- The new model will work under the guarantee that, for EHCPs in place at 1 April 2020, the value of funding a school or provider receives for an EHCP will not ever drop to a lower valued band after the transfer to the new model unless the SEND Panel agrees that the needs of the child or young person are reduced when compared against the needs presented to the Panel in the original EHCP determination. This guarantee will remain in place until the pupil reaches the end of year 11. This guarantee does not extend to assessment places funded at 1 April 2020 (as these pupils do not yet have EHCPs).
- Schools and providers will be funded for all new EHCPs after 1 April 2020 on the new model without protection.
- The model going forward will retain a transitional 'Protected 7' band, which will continue to fund EHCPs currently graded at Range 7. No new EHCPs will be placed in this band after 1 April 2020. Existing Range 7 pupils will stay funded by the Protected 7 band unless an annual review gives them a higher level of funding using the new model (via stacking), when the pupil would be transferred onto the new model at this point, or where the pupil's needs are agreed to have reduced when compared against the needs presented to the Panel in the original EHCP Range 7 determination. This guarantee will remain in place until the pupil reaches the end of year 11. At 1 April 2020, the value of Protected 7 is set at 2019/20 plus the % increase for Band 4H, which is 8.2%. This 'Protected 7' band will continue to be part of the model until there are no more EHCPs left in the system on it. Its value will continue to be uplifted each year by the same value that Band 4H increases by.
- In transferring the funding of EHCPs in the post 16 FE sector, we propose to continue the approach set out in paragraph 2.6 and to apply the same principles around the protection of current values as applied for other sectors.

## **Consultation and Responses**

A consultation with schools and providers was conducted between 16 December 2019 and 4 February 2020. The consultation document was published on [Bradford School Online](#).

This was presented to the Schools Forum on 8 January 2020. The Schools Forum represents schools, academies and other providers, including early years and further education providers. The Forum has given its formal support to the changes proposed within the consultation document without exclusion.

The consultation was also signposted at, and presented to, other key school / provider groups, including the SENCO's Network, District Achievement Partnership, Bradford Primary Improvement Partnership, Secondary CEOs, and the Primary Catholic Partnership. The feedback from these groups has been significantly positive, referring especially to the additional flexibility that is proposed to be included within the new EHCP model as well as the increase in top up values.

Our formal consultation asked three questions relating to the EHCP Banded Model:

Question 1 – Do you agree with the new Banded Model proposed by the Local Authority? If not, please can you explain why not.

Question 2 – Do you agree with the transition approach to the new model that is proposed by the Local Authority? If not, please can you explain why not

Question 3 – Do you have any comments (including technical comments) on the proposed new Banded Model you would like the Authority to consider?

As has been the case with other consultations on school funding arrangements this year, the number of formal responses received has been quite low. Typically, responses are low (or lower) where schools are in agreement with the Authority's proposals.

We received 5 formal responses: 1 secondary school, 1 special school, 1 FE college and 2 primary schools.

Regarding Question 1: 2 responses "strongly agreed" and 3 responses "agreed on balance".

Regarding Question 2: 2 responses "strongly agreed" and 3 responses "agreed on balance".

Regarding Question 3: 2 responses made no further comments. 3 responses made similar comments:

- Asking for more detailed information to be provided about how the "stacking" function will work in practice and how Panel decisions will be taken.
- Asking for more detailed information on the Band descriptors (criteria for decision making) and the application of these by Panel.
- The necessity of the timeliness of EHCP assessment and the financial pressure on schools that comes from delayed assessment.
- The necessity to ensure that the contributory model for provision of specialist equipment is operated on a fair and transparent basis, and to ensure that the proposed 'reasonableness test' does protect individual schools against being disproportionately affected financially.
- Commenting that place-elements (the £6,000 and £10,000, which are set nationally) have not increased in value for inflation since 2012 and that this is placing financial pressure on schools and providers.
- Asking for improvement in the presentation of the EHCP funding information that is given to providers on a monthly basis to aid providers in their budget tracking and forecasting.

The feedback that has been received evidences clear support for the Authority's proposals. The Authority will respond, as we implement and embed the model, to the requests made for more detailed working information. We also expect to continue to annually review the model going forward to ensure that it remains effective. In doing this, we will continue to take on board feedback received from schools and providers.

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# Oc BB Appendix 3 – Equalities Impact Assessment - New Banded Model for the allocation of EHCP top up funding to Schools and Providers included within the National Place-Plus System

## 1. Proposal Being Assessed

The Authority has developed an amended banded approach to the delegation of High Needs Block DSG funding, to schools and providers in Bradford included within the national Place-Plus System, for the 'top up' element associated with Education Health and Care Plans (EHCPs). This proposal affects the way additional top up funding is allocated to schools and providers to support them in their responsibilities to meet the needs of children and young people that have EHCPs.

## 2. Description of the proposal under assessment and what change it would result in if implemented.

Top-up funding (also known as Element 3 or 'Plus' funding) is the funding required by an institution, over and above place funding, to enable a child or young person with high needs to participate in education and learning.

As with many authorities, Bradford currently allocates top up from the High Needs Block, to schools and providers that are included within the national 'Place-Plus' framework, using a 'banded' or 'range' system. This model is used to assign EHCPs into categories of need for funding purposes. Each range has an applicable level of funding and a school or provider is allocated a set value of top up funding according to the range of the EHCP as determined by the SEND Panel.

A band system is more responsive to the funding of schools and providers for the needs of an individual child or young person than a blanket lump sum style approach but is not quite as sensitive as an approach where the cost of the needs of a child or young person is calculated on an exact basis. Blanket, band, and individually-costed systems all have pros and cons. The main positive features of band models, and of our proposed new model, are that these help promote consistency and transparency, reduce complication, support the quick assessment and release of funds, whilst also enabling the SEND Panel to find a 'close fit' for funding a school or provider for the needs of a child or young person with an EHCPs. The Council's expectation continues to be that this framework will enable a close fit to be found for the funding of the vast majority of EHCPs. It is accepted that there will be a small number of children or young people that will sit outside this banded framework, most of whom will be placed in specialist independent provisions.

The details of the changes proposed, and the transition to the new model, are given in Appendix 2 of this report.

The impact of the proposed changes on the funding of schools and providers for all children and young people with EHCPs, including those with protected characteristics, is assessed to be entirely positive both immediately at the point of change at 1 April 2020 as well as going forward:

- The new banded model retains the positive features of our existing ranges approach and will continue to be applied equitably across all schools and providers. However, it removes the reference to primary need, which results in a more flexible, responsive and accurate system. Our development work with the District Achievement Partnership has evidenced clearly how our EHCP funding system is improved through this single change.

- Each EHCP will be funded at the band value that provides the closest fit for meeting the cost of the needs of the child or young person. In the new model, the closest fit may also be found by combining ('stacking') more than one band value. This new facility to combine values means that the SEND Panel can use the model in a more flexible way than currently to find a very close fit.
- The bottom 'threshold' for the 1<sup>st</sup> step of Band 3 (3 Low) is 16 hours of support a week, which is the same as the current model. The new model does not change the threshold at which EHCP funding can initiate nor does it change the points of access to an EHCP. It purely changes the options that are available to the SEND Panel to use to ensure that a school or provider is appropriately and accurately funded.
- The values proposed to be allocated by the new model in 2020/21 are significantly increased, funded by High Needs Block headroom without any negative implication for any other DSG budget. The minimum value of increase in 2020/21 is 8.2%.
- The way that we propose to move to the new Banded Model at April 2020 means that all existing EHCPs will see uplift and no existing EHCPs will reduce in value as a result of model change. The full novation of all EHCPs at 1 April 2020 will avoid disproportionately disadvantaging any sector or type of EHCP that would result from a staggered implementation.

**3. Will this proposal advance equality of opportunity for people who share a protected characteristic and/or foster good relations between people who share a protected characteristic and those that do not? If yes, please explain further.**

This is a proposal that improves the way schools and providers in Bradford are funded for children and young people with SEND with EHCPs. Although it cannot be evidenced at this stage that this change will directly advance equality of opportunity for children and young people that share a protected characteristic, it is expected that it would support this.

**4. Will this proposal have a positive impact and help to eliminate discrimination and harassment against, or the victimisation of people who share a protected characteristic? If yes, please explain further.**

This is outside the scope of this proposal - this is a proposal that improves the way schools and providers in Bradford are funded for children and young people with SEND with EHCPs.

**5. Will this proposal potentially have a negative or disproportionate impact on people who share a protected characteristic? If yes, please explain further.**

No, the impact of the proposed changes, on the funding of schools and providers for all children and young people with EHCPs, and those with protected characteristics, is assessed to be entirely positive.

**6. Please indicate the level of negative impact on each of the protected characteristics?**

(Please indicate high (H), medium (M), low (L), no effect (N) for each)

<b>Protected Characteristics:</b>	<b>Impact (H, M, L, N)</b>
Age	N
Disability	N
Gender reassignment	N
Race	N
Religion/Belief	N
Pregnancy and maternity	N
Sexual Orientation	N
Sex	N
Marriage and civil partnership	N
<b>Additional Consideration:</b>	
Low income/low wage	N

**7. How could the disproportionate negative impacts be mitigated or eliminated?**

The impact of the proposed changes, on the funding of schools and providers for all children and young people with EHCPs, and those with protected characteristics, is assessed to be entirely positive.

**8. Please consider which other services would need to know about your proposal and the impacts you have identified. Identify below which services you have consulted, and any consequent additional equality impacts that have been identified.**

The proposed new banded model has been developed in combination with Local Authority Finance and SEND officers and the District Achievement Partnership. Consultation has taken place with the Schools Forum and directly with key SENCO and Headteacher groups. Wider consultation has also taken place through the publication of the consultation document on Bradford Schools Online. No additional equality impact assessments have been identified to be needed.

**9. What evidence do you hold to back up this assessment?**

We have worked closely with the District Achievement Partnership, using evidence and examples from special schools on the positive impact of the greater flexibility provided by the proposed model (the removal of the primary need marker as well as the ability to combine values). We have modelled the financial impact of the new model on existing EHCPs and have tested the model against an assumed notional cost base. No further evidence has been identified to be needed.

**10. Results from any previous consultations prior to the proposal development.**

We have developed this model with support from the District Achievement Partnership over the last 18 months. This work has involved looking at different models and options and then refining a preferred approach. We signalled development work as part of last year's Schools Budget setting and discussed this with the Schools Forum. Formal consultation on the final proposed model has

taken place between December 2019 and February 2020. Details of this consultation and an analysis of responses are included in Appendix 2 of this report. The proposed model was presented to the Schools Forum on 8 January and the Forum gave its full formal support.

Pass-through rate for delivering government funded hours (estimated); excluding one off monies; including lag; Must be greater than 95%:														100.7%		
% spend 3&4 year old EYSFF on supplements - SEND& Deprivation (estimated & note this excludes balances spend); cannot exceed 10%:														8.0%		
1. EYSFF (3 & 4 year olds): Base rate		Description	Unit Value (£)			Unit Applied	Number of Units (Universal)			Number of Units (Extended)			Anticipated Budget (£)			
			PVI	Nursery School	Primary Nursery Class		PVI	Nursery School	Primary Nursery Class	PVI	Nursery School	Primary Nursery Class	TOTAL			
		Universal Base Rate Applicable to all Providers	£4.19	£4.19	£4.19	per hour	2,304,034	413,677	2,890,222	1,122,371	80,313	327,656	£14,356,636	£2,069,821	£13,482,909	£29,909,367
2. EYSFF (3 & 4 year olds): Other formula factors		Description	Unit Value (£)			Unit Applied	Number of Units (Universal & Additional 15 hours)			Anticipated Budget (£)						
2. Supplements			Variable 1 Deprivation (Mandatory)	PVI	Nursery School		Primary Nursery Class	PVI	Nursery School	Primary Nursery Class	PVI	Nursery School	Primary Nursery Class	TOTAL		
				All providers (variable rate) calculated using a 3 year rolling average of Index of Multiple Deprivation (IMD) scores.	£0.74	£0.74	£0.74	per hour	1,053,882	231,626	1,310,256	£780,356	£171,509	£970,190	£1,922,056	
		Variable 2 Deprivation (Mandatory)	PVI	Nursery School	Primary Nursery Class	Unit Applied	PVI	Nursery School	Primary Nursery Class	PVI	Nursery School	Primary Nursery Class	TOTAL			
		Rates include a weighting, to allocate additional funding to providers that have above average levels of deprivation.	£0.18	£0.18	£0.18	per hour	1,216,655	370,957	1,886,623	£222,827	£67,940	£345,529	£636,295			
3. Maintained nursery school (MNS) lump sums		Description	PVI	Nursery School	Primary Nursery Class	Unit Applied	PVI	Nursery School	Primary Nursery Class	PVI	Nursery School	Primary Nursery Class	TOTAL			
					1) Nursery Schools Sustainability Top-Up: this funding tops up the school to a minimum level of funding based on that school's specific circumstances, taking into account premises, rates, insurance, base allocations, mainstreamed grants. 2) Additional lump sums allocate the MNS Supplement to ensure that the base per hour rate of funding for each nursery school in £5.78 & the deprivation rate is the same as that in 2016/17.	Variable	lump sums	7	£1,275,276	£1,275,276						
<b>TOTAL FUNDING FOR EARLY YEARS SINGLE FUNDING FORMULA (3 &amp; 4 YEAR OLDS):</b>														<b>£33,742,994</b>		
EYSFF (2 year olds)		Description	Unit Value (£)			Unit Applied	Number of Units			Anticipated Budget (£)						
4. Base Rate(s) per hour, per provider type			PVI	Nursery School	Primary Nursery Class		PVI	Nursery School	Primary Nursery Class	PVI	Nursery School	Primary Nursery Class	TOTAL			
		Universal Base Rate Applicable to all Providers	£5.28	£5.28	£5.28	per hour	1,173,041	174,132	290,209	£6,193,659	£919,417	£1,532,301	£8,645,377			
<b>TOTAL FUNDING FOR EARLY YEARS SINGLE FUNDING FORMULA (2 YEAR OLDS):</b>														<b>£8,645,377</b>		
5. SEN Inclusion Fund (funded directly to providers)		Description	Unit Value (£)			Unit Applied	Number of Units			Anticipated total budget (£)						
(a) 3 & 4 Year Olds			PVI	Nursery School	Primary Nursery Class		PVI	Nursery School	Primary Nursery Class	PVI	Nursery School	Primary Nursery Class	TOTAL			
		Funding for Early Years SEND Inclusion (element 2 replication) - allocated using agreed criteria and method	£457,627	£75,000	£467,373					£457,627	£75,000	£467,373	£1,000,000			

(Mandatory)	(a) Funding allocated from HN Block	EY SEND Inclusion is 100% funded from the Early Years Block				
(b) 2 Year Olds (if applicable)	(bi) Funding allocated from EY Block	Funding for Early Years SEND Inclusion (element 2 replication) - allocated using agreed criteria and method	£100,000	£10,000	£40,000	£150,000
	(bii) Funding allocated from HN Block	EY SEND Inclusion is 100% funded from the Early Years Block				
<b>TOTAL FUNDING FOR SEN INCLUSION FUND (TOP-UP GRANT ELEMENT):</b>						<b>£1,150,000</b>
<b>6. Early years contingency funding</b>		<b>Description</b>	<b>Anticipated total budget (£)</b>			
3 & 4 Year Olds		no contingencies are held				£0
2 Year Olds		no contingencies are held				£0
<b>7. Early years centrally retained funding</b>		<b>Description</b>	<b>Anticipated total budget (£)</b>			
3 & 4 Year Olds		please document LI Appendix 1 (de-delegated funds for nursery schools; EY SEND activities transferred from the HNB; EY SEND Inclusion management)				£456,089
2 Year Olds		no central funds for 2 year olds are held				£0
<b>TOTAL FUNDING FOR EARLY YEARS CENTRAL EXPENDITURE:</b>						<b>£456,089</b>
<b>8. Early years pupil premium</b>			<b>Anticipated total budget (£)</b>			
3 & 4 Year Olds						£453,885
<b>TOTAL FUNDING FOR EARLY YEARS PUPIL PREMIUM:</b>						<b>£453,885</b>
<b>9. Disability access fund</b>			<b>Anticipated total budget (£)</b>			
3 & 4 Year Olds						£196,185
<b>TOTAL FUNDING FOR EARLY YEARS DISABILITY ACCESS FUND:</b>						<b>£196,185</b>



## Report of the Director of Finance to the meeting of Executive to be held on 18 February 2020

**BC**

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### Subject:

**Capital Investment Plan 2020-21 to 2023-24**

### Summary statement:

Section A of this report presents the Council's Capital Investment Plan 2020-21 to 2023-24.

Section B presents an updated Capital Strategy for 2020-21. This strategy underpins the spending proposals within the Capital Investment Plan.

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Chris Chapman  
Director of Finance

### Portfolio:

**Leader of the Council**

Report Contact: James Hopwood  
Financial Accounting & Systems

### Overview & Scrutiny Area:

**Corporate**

Phone: (01274) 432882  
E-mail: [james.hopwood@bradford.gov.uk](mailto:james.hopwood@bradford.gov.uk)

## **1. SUMMARY**

1.1 This report proposes the Council's Capital Investment Plan (CIP) from 2020-21 to 2023-24. The report also includes the updated Capital Strategy in Section B.

1.2 This report is part of the overall 2020-21 budget proposal for the Council which includes:

- The Council's Revenue Estimates for 2020-21 (Document BA)
- Allocation of the Schools Budget 2020-21 Financial Year (Document BB)
- Section 151 Officer's Assessment of the proposed budgets (Document BC)

## **2. OVERVIEW**

2.1 **SECTION A** of this report proposes the 2020-21 Capital Investment Plan (CIP). This will cover:

- Capital Investment Plan; Background
- The Capital Schemes
- Minimum Revenue Provision (MRP)
- The Prudential Indicators

2.2 **SECTION B** of this report sets out the 2020-21 Capital Strategy. This includes:

- Guiding Principles
- Governance Framework for Capital Decisions
- Capital Resources to support Capital Expenditure
- Commercial Property Investments
- Loans to External Organisations
- Asset Management Planning
- Prudence, Affordability, Sustainability
- Skills & Knowledge

## **SECTION A: CAPITAL INVESTMENT PLAN**

### **3. CAPITAL INVESTMENT PLAN; BACKGROUND**

3.1 The Capital Investment Plan (CIP) is about spend on projects that have long-term benefits over many years. Examples would be spending on buildings, cars and infrastructure.

3.2 During the construction phase, project spend could be across multiple years. This means some budget commitments in the CIP roll forward each year, subject to review and revisions to annual profiles in respect of slippage.

3.3 The rules around the funding of the CIP are set out in the 2003 Capital Regulations. Key points regarding these rules are set out below (further details are set out in the Capital Strategy in Section B):

- Projects in the CIP are funded straight away from either: capital grants; property

sales (capital receipts), or a transfer from Revenue (Direct Revenue Financing).

- If the above funding sources are not available, this causes a borrowing requirement. The resulting borrowing then generates costs for revenue estimates in the future.
- Costs for the revenue estimates from borrowing comprise two elements: an interest charge; and an amount set aside to repay the borrowing principal. Collectively these two elements are called Capital Financing Costs.
- Interest falls due in the Revenue Estimates based on accounting rules that align costs to time periods.
- The amounts set aside to repay the borrowing principal are proportioned in tranches between future Revenue Estimate years. Such proportions are determined by Council policy. This policy sets a methodology by which borrowing is repaid based on the service benefit from the related asset.
- The above policy is known technically as the Minimum Revenue Provision (MRP). It is similar to a depreciation charge.
- All borrowing and capital financing costs are subject to additional regulatory guidance. These regulations require Full Council to have regard to a number of measures to assess prudence, sustainability and affordability. Such measures are called the Prudential Indicators. These are set out later in this report.

3.4 Regarding the Council's CIP, however, it should be noted that some schemes with a borrowing need, generate savings which mitigate the interest and debt payment. The Council's capital schemes which fall into this category are called Invest to Save schemes.

3.5 Further, as noted the amounts set aside to repay borrowing from the Revenue Estimates are aligned to the service benefit from the relevant schemes. This means they are not aligned to when actual loan repayments fall due. The management of loan repayments and other Council's cash flows from the overall budget proposal will be addressed in the Council's 2020-21 Treasury Management Strategy.

#### **4. THE CAPITAL SCHEMES**

4.1 The latest capital monitoring at quarter 3 is the starting point for the proposed 2020-21 CIP. This starting point is shown in Table 1 below:

**Table 1: Quarter 3 2019-20 Capital Investment Plan**

	Q2 Re profiled Budget 2019-20	Changes	Re profile Budget 2019- 20	Spend 31 Dec 2019	Budget 20-21	Budget 21-22	Budget 22-23 onward s	Total
	£m	£m	£m	£m	£m	£m	£m	£m
Health and Wellbeing	3.8	0.8	4.6	3.4	3.8	3.4	0	11.8
Children's Services	28.0	0	28.0	12.8	15.9	2.3	0	46.2
Place - Economy & Development	17.5	0	17.5	8.2	30.5	8.8	6.5	63.3
Place - Planning, Transportation & Highways	27.1	0.8	27.9	14.3	24.6	50.3	116.5	219.3
Place - Other	13.6	1.2	14.8	7.9	9.7	4.4	12.4	41.3
Corp Service – Estates & Property Services	14.4	2.6	17.0	11.7	4.3	0.1	0	21.4
<b>TOTAL - Services</b>	<b>104.4</b>	<b>5.4</b>	<b>109.8</b>	<b>58.3</b>	<b>88.8</b>	<b>69.3</b>	<b>135.4</b>	<b>403.3</b>
Reserve Schemes & Contingencies	12.8	-1.9	10.9	0	37.8	45.3	56.8	150.8
<b>TOTAL</b>	<b>117.2</b>	<b>3.5</b>	<b>120.7</b>	<b>58.3</b>	<b>126.6</b>	<b>114.6</b>	<b>192.2</b>	<b>554.1</b>

4.2 As noted, the 2020-21 CIP rolls forward the position shown in Table 1, after:

- On going schemes continued for the additional 2023-24 year added to the CIP.
- New schemes for the CIP.

4.3 The first change is the on going schemes continued into 2023-24. These are detailed below:

- Replacement of Vehicles - £3m
- Property Programme - £2m
- General contingency for unforeseen capital expenditure - £1m
- Disabled Facility Grants - £2.028m (grant funded)
- Strategic Investment property acquisitions - £10m

4.4 The new schemes proposed for the CIP are substantial. These are set out and described in Table 2 below:

**Table 2: New schemes**

Proposed Scheme	Total Budget £000	Description / Benefit
<b>Regeneration Projects</b>		
PCS1 Transforming Cities Fund	66,000	The Bradford packages of transport related schemes form part of the Leeds City Region TCF. Strategic Outline Business cases have been submitted by WYCA to Government on 29 <sup>th</sup> November. If approved further development work will take place by March 2020 and detailed design and construction by 2023. The Bradford packages will deliver sustainable transport schemes that prioritise walking and

		cycling and encourage a shift away from car use to train travel.
PCS1b Clean Air Plan	53,370	Plan to improve air quality and achieve compliance with the EU Limit Value for No2 in the shortest possible timeframe. Measures include the introduction of a charging Clean Air Zone and support measures, including plans to encourage electric taxis, park and ride and electric bus routes and alternative energy re-fuelling facilities.
PCS2 One City Park	25,800	The scheme will provide Grade A offices. The scheme will encourage new businesses to move into the district, expand the range of office accommodation available within the City and provide employment opportunities. The scheme will be funded by grants from the West Yorkshire Combined Authority and office rentals from businesses. £9.2m is already included in the programme. Sustainability has been factored into the tender for the scheme and the design has been produced to ensure a high level of commitment to sustainable development including adoption of sustainable transport principles. The scheme will meet energy efficiency rating "A" and be able to accommodate any future city centre heating infrastructure.
PCS3 City Hall / RFL	2,000	The ambition is to develop City Hall in order to promote and celebrate the history and heritage of this iconic building. We will tell the 'Bradford Story' as a 'City of Firsts' as well as providing a home to the first Rugby League Museum in Europe and upgrading the existing Police Museum. This new Visitor Experience is expected to be open in 2022/23. The proposed refurbishments to City Hall will include an upgrade to the utilities, initially it will be to the ground floor only and then be undertaken on a phased floor by floor basis, to ensure that the building is operating as efficiently as possible
PCS4 Playgrounds	1,385	Additional works to playgrounds to be funded through Section 106 and Community Infrastructure Levy.
PCS5 Blight Sites	NIL	There is £1.167m within the Strategic Development Fund budget which will be utilised for the strategic development of blight sites. The investment will support the creation of opportunities for more sustainable and environmentally friendly uses of land in the future.
PCS6 Property Programme roll forward	950	Property Programme roll forward additional pressures.
PCS6b City Centre Regeneration Fund	9,500	Additional funds for regeneration infrastructure

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## New Climate Change projects

PCS7 Feasibility study into renewables	5,000	Identification of viable renewable energy projects to reduce carbon emissions, energy costs and air pollution.
PCS8 Fleet / EV Programme	1,804	Expansion of the Councils electric fleet and charging infrastructure including its street cleansing operations will cut carbon. The promotion of electric vehicle use in the district and the provision of EV charge points was a priority for the council under the January Climate Emergency declaration. The council maintains a large fleet of vehicles and this budget will support converting our own fleet, where practical, to electrical. It will also provide capital resource to expanding our own EV charging infrastructure to support the expanded EV fleet.
PCS9 District Heat Programme	14,315	The Civic Quarter District Heat Scheme was identified as a priority for the council under the January Climate Emergency declaration. This scheme is designed to provide lower carbon heat and electricity to buildings across the city centre and is primarily focussed on public sector assets. Once complete it will act as a regeneration tool allowing local developments to access lower carbon heat and can support local energy resilience as well as providing a single point of conversion in the transition to zero carbon heat in the future.
PCS10 Climate Change Building Controls	500 p.a. (5 years)	<p>This is a continuation of the programme of works that the energy team has been delivering for the last 9 years and that has resulted in significant carbon savings throughout that time. The funding is used not only to deliver heating controls that directly deliver gas savings but also supports the consolidation of the control system into a single remotely operable system allowing a very small team to control a very large estate whilst minimising travel across the district. As well as this the programme pays for insulation, draft-proofing, window improvements, led lighting schemes, regenerative lift motors, drive invertors and innumerable other small projects that contribute to the zero carbon ambitions of the Council.</p> <p>This programme of work has underpinned the Council's strong performance in energy reduction over the last 9 years where a 40% reduction in carbon emissions by 2020 was</p>

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		achieved ahead of target by the end of the 2017/18 financial year. The carbon reductions obtained by reducing the amount of energy needed to run our buildings forms the basis of the energy hierarchy and best practice dictates a building portfolio that does not undermine savings made elsewhere through senseless waste. Efficient heating systems that are kept under control, insulation, draught-proofing and efficient lighting are not headline-grabbing greenwash but instead simple common sense.
PCS11 Flood Alleviation	200	To support additional moorland schemes that alleviates flooding and absorbs carbon.
<b>Infrastructure Projects</b>		
PCS12 Bereavement Strategy	7,000	Additional funding to deliver the Bereavement Strategy. The additional costs will be funded through service prudential borrowing and funded through increased revenue. The scheme will deliver cleaner infrastructure and reduce the need to meet mercury abatement costs.
PCS13 ICT Core Infrastructure	3,700	The IT infrastructure is reaching end of life and critical updates to servers, networks, telephony (mobile and landline), and Wi-Fi are needed, plus investment in dark fibre enabling further improvements and potential efficiencies.
PCS14 CCTV	975	There are circa 300 cameras that are at end of life. There is the possibility of securing Salix funding for the energy savings which would accrue from the upgrade of analogue cameras and replacement of IT servers with new units which may offset some of this cost.
PCS15 Office moves / Relocation	108	A relocation programme to support the new management arrangements that has brought together the Parks and the Street Cleansing Service. During office moves the team will work closely with the energy unit to identify practical measures that can be taken to maximise the potential benefits of energy reduction and carbon mitigation that may not be otherwise possible outside of a major refurbishment. Consolidating budgets can act as a force multiplier during these projects and can also improve staff comfort.
PCS16 Flytipping Prevention	100 p.a. (3 years)	A three year capital programme of £100k per year on cameras and 'hot spot site prevention'.

4.5 The proposed new schemes above are at different stages as regards the development of the relevant business cases. Points to note are:

- Works to Parks and Street Cleansing Depots and the 2020-21 Property Programme have already been subject to a detailed business case and approved by the Project Advisory Group.
  - The additional £7m for the Bereavement Strategy has previously been approved by Executive and Project Advisory Group.
  - The remaining schemes are all subject to further work and a detailed, costed business case. The new schemes are held in a Reserves & Contingencies section of the CIP and as such cannot be released to budget managers until further approval from Executive.
- 4.6 A detailed analysis of the 2020-21 Capital schemes is shown in Appendix 1, along with the funding.

## **5 MINIMUM REVENUE PROVISION (MRP) POLICY**

- 5.1 As noted, the Minimum Revenue Provision (MRP) policy determines how much debt repayment is charged to the Revenue Estimates in each year. Setting the amount repaid in each year, also has a significant impact on the level of the Council's outstanding debt.
- 5.2 Of course, though, the level of outstanding debt is also impacted by the borrowing need from new capital schemes – as set out in the section above.
- 5.3 As noted, one of the key considerations around setting the MRP policy is how best to match Revenue Estimate charges to the service benefit of the related asset. Another consideration is that the higher the proportion of debt repaid in earlier years, the lower will be total interest costs. The Council's interest on its debt is higher than its return from investments.
- 5.4 The Council's proposed MRP policy for 2020-21 is set out in Appendix 1b. Compared to the current MRP policy, the proposed changes are:
- Delegated authority is given to Section 151 Officer to repay debt on an annuity basis, for chosen properties purchased during or after 2018-19. Delegated authority could only be exercised if two conditions were met: the asset retains or increases its value; the return from the capital scheme is sufficient to repay the capital sum invested.
  - Repayment of debt from giving loans to external organisations can be aligned with the loan repayment schedule. This is dependent on two conditions: that the capital scheme is self-financing; there is reasonable assurance that the loan repayment schedule will be followed.
- 5.5 The first proposed change relates to the MRP charge on Investment Properties purchases from the Council's Strategic Acquisitions Budget. Subject to the conditions set out, an annuity MRP charge reduces charges in earlier years, compared to the equal instalment method - equal amounts charged in each year.
- 5.6 The Section 151 Officer will exercise judgement around an annuity MRP charge for

one of the new Capital Schemes - the District Heating Network. Considerations in forming this judgement will include an assessment of future development potential arising after the construction of the initial infrastructure.

- 5.7 The second change relates to loans given to external organisations. The Council is authorised to fund such loans from capital sources - which means the Council can borrow. The proposed change will enable the related MRP charge from the borrowing to be mitigated by a receipt from the loan repayment from the relevant external organisation.
- 5.8 Overall the proposed MRP policy means the following, in respect to the repayment of outstanding debt:
- 1) Pre 2008 debt, which cannot be distinguished against specific assets, is being repaid over 50 years.
  - 2) Some debt taken out between 2008 and 2012 is currently being repaid on an annuity basis. The proposed changes are that some additional new debt would also be repaid on an annuity basis.
  - 3) All other debt will be paid on an equal life basis.
- 5.9 Regarding 2 and 3 above, the MRP charge is also determined by the expected lifespan of each individual asset.

## 6. PRUDENTIAL INDICATORS

- 6.1 The Prudential Indicators are calculated on the basis that the CIP is delivered in full and that there is no slippage.
- 6.2 The 2003 Capital Regulations authorise Councils to borrow for a capital purpose only.
- 6.3 One key Prudential Indicator, therefore, is a measure of outstanding debt due to the funding of capital schemes. Outstanding debt is total borrowing less debt repayments made through the Revenue Estimates. The Prudential Indicator is called the Capital Financing Requirement (CFR). The indicator is shown in Table 2a below:

**Table 2a: Capital Financing Requirement (CFR)**

	<b>31/03/19</b> <i>Actual</i> <i>£m</i>	<b>31/03/20</b> <i>Estimate</i> <i>£m</i>	<b>31/03/21</b> <i>Estimate</i> <i>£m</i>	<b>31/03/22</b> <i>Estimate</i> <i>£m</i>	<b>31/03/23</b> <i>Estimate</i> <i>£m</i>	<b>31/03/24</b> <i>Estimate</i> <i>£m</i>
<b>Opening Capital Financing Requirement</b>	<b>669</b>	<b>700</b>	<b>731</b>	<b>802</b>	<b>867</b>	<b>914</b>
Increase in borrowing	32	51	96	93	78	36
Less MRP and other financing movements	-1	-20	-25	-28	-31	-34
<b>Closing Capital Financing Requirement</b>	<b>700</b>	<b>731</b>	<b>802</b>	<b>867</b>	<b>914</b>	<b>916</b>

6.4 Regarding the above CFR Prudential Indicator:

- Outstanding debt increases each year until it reaches £916m at 31 March 2024.
- Outstanding debt increases when new borrowing is higher than the principal payments charged to the Revenue Estimates.
- Outstanding debt will reduce when the increase in borrowing is less than the amount of debt repaid back in the Revenue Estimates.

6.5 A large part of the CFR is in the form of loans, mostly taken out with the Public Works Loan Board. The relationship between the CFR and the Council's loans is shown below in the Prudential Indicator for the external debt projection:

**Table 2b: External Debt Analysis**

	<b>31/03/19</b> <i>Actual</i> <i>£m</i>	<b>31/03/20</b> <i>Estimate</i> <i>£m</i>	<b>31/03/21</b> <i>Estimate</i> <i>£m</i>	<b>31/03/22</b> <i>Estimate</i> <i>£m</i>	<b>31/03/23</b> <i>Estimate</i> <i>£m</i>	<b>31/03/24</b> <i>Estimate</i> <i>£m</i>
<b>Opening Capital Financing Requirement</b>	<b>669</b>	<b>700</b>	<b>732</b>	<b>803</b>	<b>868</b>	<b>916</b>
Private Finance Initiative	-178	-174	-169	-165	-161	-156
Earmarked Reserves	-202	-256	-256	-256	-256	-256
Investments	35	53	10	10	10	10
Working Capital	2	-9	-9	-9	-9	-9
<b>(ii) Opening External Debt 1 April</b>	<b>326</b>	<b>314</b>	<b>308</b>	<b>383</b>	<b>452</b>	<b>505</b>
<i>Underborrowing</i>	<i>343</i>	<i>386</i>	<i>424</i>	<i>420</i>	<i>416</i>	<i>411</i>

6.6 Key points regarding the above External Debt Prudential Indicator:

- External debt increases roughly in line with the CFR increases.
- The amount by which External debt is lower than the CFR is called Underborrowing.
- Underborrowing occurs because:
  - i. Some past items of past capital expenditure were funded with finance leases (Private finance initiative). Finance lease liabilities are funded by a contract to make periodic payments to a third party, rather than a loan.
  - ii. The Council borrows internally against its own earmarked reserves.
  - iii. The requirement for external loans is impacted by the balance of the Council's investments and working capital.

6.7 Also the 2020-24 CIP, which drives the increase in the CFR, is analysed in the Prudential Indicator below:

**Table 2c: Analysis of Capital Spend Requiring Borrowing**

	31/03/19 <i>Actual</i> £m	31/03/20 <i>Estimate</i> £m	31/03/21 <i>Estimate</i> £m	31/03/22 <i>Estimate</i> £m	31/03/23 <i>Estimate</i> £m	31/03/24 <i>Estimate</i> £m
Total Capital Spend	84	121	209	205	190	42
Capital Spend not funded from borrowing	53	70	113	112	112	6
<b>Capital spend funded from borrowing</b>	<b>31</b>	<b>51</b>	<b>96</b>	<b>93</b>	<b>78</b>	<b>36</b>

6.8 A projection of new loans is shown in Table 2d below. This shows how the capital spend funded from borrowing (see Table 2c) generates a requirement to take out new loans – after adjusting for the refinancing of past borrowing and other balance sheet changes.

**Table 2d: Projected New Borrowing**

	31/03/20 Estimate £m	31/03/21 Estimate £m	31/03/22 Estimate £m	31/03/23 Estimate £m	31/03/24 Estimate £m
Borrowing requirement for capital budget	51	96	93	78	36
Maturing loans	17	2	6	16	6
Investment/working capital changes	7	-43	0	0	0
MRP (excluding PFI)	-15	-21	-23	-26	-30
<b>External Loan requirement</b>	<b>60</b>	<b>34</b>	<b>76</b>	<b>68</b>	<b>12</b>

6.9 A key Prudential Indicator measures the impact of the Capital Financing Costs (debt repayments and interest) in the Revenue Estimates. This impact measures the annual costs as a ratio of the Net Expenditure Requirement shown in the 2020-21 Revenue Estimates (Document BA).

6.10 This Indicator is called the ratio of capital financing costs to the Net Revenue Stream. The indicator is shown in Table 3 below, together with a separate analysis for Invest to Save schemes:

**Table 3: Ratio of Capital Financing costs to the Net Revenue Stream**

	2019-20 £m	2020-21 £m	2021-22 £m	2022-23 £m	2023-24 £m
<b>Total Capital Financing Costs</b>	<b>52.0</b>	<b>58.3</b>	<b>62.6</b>	<b>68.0</b>	<b>73.7</b>
Projected Net Revenue Stream	377.6	377.6	377.6	377.6	377.6
<b>Ratio to Net Revenue Stream</b>	<b>13.8%</b>	<b>15.4%</b>	<b>16.6%</b>	<b>18.0%</b>	<b>19.5%</b>

Invest to Save element of Total Capital Financing Costs	5.7	7.1	8.8	12.5	17.5
Invest to Save contribution to Ratio to Net Revenue Stream	1.5%	1.9%	2.3%	3.3%	4.6%

6.11 Key points about the above Prudential Indicator are:

- The ratio of capital financing costs to the Net Expenditure Requirement increases between 2019-20 and 2023-24.
- Most of the increase in the ratio is driven by borrowing for Invest to Save schemes. Such schemes should generate mitigating savings which are not shown in the Prudential Indicator.
- The £5.2m credit in 2019-20 is the final years of the adjustment for the overprovision for old debt identified in previous years. The removal of this credit in future years, also causes an increase to the ratio.
- The Prudential Indicator reflects a number of assumptions including: that interest rates are 3.0% in 2020-21, climbing to 4% by 2023-24; and that the CIP is delivered in full. The costs shown are particularly sensitive to unforeseen changes to interest rates.
- A reconciliation between the Prudential Indicator and the capital financing costs shown in the Revenue Estimates Budget is also shown in the table below:

**Table 4: Capital Financing Costs in the Revenue Estimates Budget**

	2019-20	2020-21	2021-22	2022-23	2023-24
	£m	£m	£m	£m	£m
<b>Total Capital Financing Costs</b>	<b>52.0</b>	<b>58.2</b>	<b>62.5</b>	<b>67.8</b>	<b>73.6</b>
Exclude PFI interest	-16.0	-15.4	-14.8	-14.2	-13.6
Miscellaneous	-6.8	-4.3	-5.5	-5.8	-7.4
<b>Capital Financing Cost</b>	<b>29.2</b>	<b>38.5</b>	<b>42.2</b>	<b>47.8</b>	<b>52.6</b>
<b>Budgeted Capital Financing Costs</b>	<b>29.4</b>	<b>38.5</b>	<b>42.2</b>	<b>47.8</b>	<b>52.6</b>
<b>2019-20 Projected Saving</b>	<b>(0.2)</b>				

6.12 Items of expenditure such as PFI interest are treated as capital expenditure under accounting rules and therefore come within the remit of the Prudential Indicator. However, this expenditure is already included elsewhere the Revenue Estimates.

6.13 All the Prudential Indicators, including additional analysis, are set out in Appendix 2.

## **7 FLEXIBLE USE OF CAPITAL RECEIPTS STRATEGY**

- 7.1 Until the end of the 2021-22 financial year, Councils have been given the option of using capital receipts to fund the Revenue Estimates. This is subject to a number of conditions detailed below:
- The funding is for what can be termed transformation projects
  - Such projects will result in ongoing revenue savings for the Council
  - The costs of the project are one-off and strictly time limited
- 7.2 The Council's current strategy is to use capital receipts to reduce the borrowing need for capital expenditure. The proposal in this report is to delegate authority to the Section 151 officer to have the option to adjust this strategy and fund transformation projects from capital receipts.
- 7.3 The proposed option above would be a contingency and is in the context that the 2020-21 funding settlement was for one year only. The Council is also awaiting the introduction of a new funding regime for Local Government from 2021-22.

## **SECTION B: CAPITAL STRATEGY 2020/2021**

### **8 CAPITAL STRATEGY (BACKGROUND)**

- 8.1 The Council's Capital Strategy is a policy framework for the development; management and monitoring of its capital investment programme over the next financial year. It describes how planned capital expenditure, capital financing and treasury management activity will contribute to the provision of Council services during this period.
- 8.2 Importantly, the Capital Strategy also provides guidance on the management of any financial risk that may arise in the course of these activities and a framework for investment and capital decisions that may be taken over the next ten financial years.
- 8.3 The Council is required to use the Capital Strategy as the means by which it ensures compliance with mandatory statutory guidance contained in the Prudential Code for Capital Finance in Local Authorities issued in December 2017. The headline message delivered by the Code is the requirement for the Council to consider key judgement criteria of Prudence, Affordability and Sustainability when making and reviewing decisions about the use of its capital resources.

### **9 CAPITAL EXPENDITURE**

- 9.1 Capital expenditure is expenditure on the acquisition, creation or enhancement of assets that have a useful life of more than one year.
- 9.2 Appendix 3, Table (i) provides details of the Council's assets.

### **10 GUIDING PRINCIPLES**

- 10.1 To ensure the efficient use of all of its assets the Council will not permit any project to be included in its Capital Investment Plan (CIP) unless it furthers its strategic priorities and objectives.
- 10.2 Overall, the following principles will apply to all capital investment decisions:
  - I. They should reflect the priorities identified in the Council Plan and its supporting strategies.
  - II. They will be prioritised by availability of resources and allocated funding, and supported by a business case review.
  - III. Priority will be given to schemes financed from capital grants or Invest to Save income streams.
  - IV. The cost of financing each capital scheme will be incorporated into the relevant annual policy, resources strategy and budget.
  - V. Commissioning and procuring for capital schemes will be legally compliant, which will be established by early and appropriate due diligence.

### **11 LINKS TO COUNCIL POLICIES, STRATEGIES AND OBJECTIVES**

- 11.1 The Council's proposed **Capital Programme** (Section A) cover a four-year period 2020-2024. The proposed commitments in the programme reflect the Council Plan:

- i. A Great Start and Good Schools for All Our Children
- ii. Better Health, Better Lives
- iii. Better Skills, More Good Jobs and a Growing Economy
- iv. Decent Homes That People Can Afford To Live in
- v. Safe, Clean and Active Communities
- vi. A Well Run Council
- vii. Leeds City Region Revolving Investment Fund

## 12 GOVERNANCE FRAMEWORK FOR CAPITAL DECISIONS

- 12.1 The Council's relevant democratic decision-making and scrutiny processes are set out in its Constitution and include:
- i. A **Council Plan** which sets out strategic priorities.
  - ii. Approval of the **Capital Strategy, Treasury Management Strategy and Capital Programme**, including the prudential indicators referred to within them.
  - iii. The current **Capital Investment Plan (CIP)**. Each scheme in the CIP is approved by both the Executive and Full Council. The CIP is monitored by the appropriate responsible officer, finance and the Project Appraisal Group (PAG) in order to detect and deal with any variances to the plan. Updates are reported to the Executive on a regular basis.
  - iv. The **Project Appraisal Group (PAG)**. Currently its membership comprises finance, legal, procurement, project management and property expertise and it is chaired by the Director of Finance.
  - v. A mandatory **Capital Business Case** to identify the projected running costs and financing costs of the relevant asset and assess its affordability.
  - vi. The Council's **Financial Regulations**. Under these regulations the PAG will assess unfunded capital expenditure proposals. Schemes funded from capital grants or Direct Revenue Financing can be progressed and approved directly. Any new capital expenditure proposals that are not wholly funded from capital grants or by the proceeds of sale of land must be either financed directly from the Revenue Estimates or be formally authorised from an identified capital scheme or approved additional borrowing.
  - vii. Investment assets are subject to specific approval processes, involving the Investment Advisory Group, discussed below.

## 13 CAPITAL RESOURCES TO SUPPORT CAPITAL EXPENDITURE

- 13.1 Proposed future projects are set out in the **Capital Investment Plan 2020-21**, due to be considered by Full Council on 20 February 2020.
- 13.2 Invest to Save:** as noted, capital financing costs are mitigated by equivalent savings or additional income in the approved revenue estimates.
- 13.3 Capital financing costs** include the effect of previous years' capital investment, as

it comes into use and provides service benefit.

## **14 COMMERCIAL PROPERTY INVESTMENTS**

- 14.1 A commercial property investment strategy was approved by Executive on 4 April 2017, and permits investments in commercial property linked to economic development and regeneration within the District, or to create long term income generation to support service delivery or a mixture of both. The Strategic Director of Corporate Services in consultation with the Portfolio Holder and Leader may make investments under the strategy.
- 14.2 Investments will consider factors including:-
- i. Risks associated with the investment
  - ii. The likelihood of being able to sell the investment in extreme circumstances
  - iii. The location of the investment, with preference being firstly within the District and secondly within the Leeds City Region
  - iv. The security of direct rental payments, with consideration given to the reliability of tenants
  - v. The income stream from the investment, current and potential
  - vi. The potential increase to the capital value of the investment
  - vii. The sector in which the investment is made, eg retail or warehouses
  - viii. The detailed business case for investment
- 14.3 The Ministry of Housing, Communities and Local Government (MHCLG) has issued guidance on commercial property investments, and this will be considered within the Council's Investment's Strategy.

## **15 LOANS TO EXTERNAL ORGANISATIONS**

- 15.1 The Council may make loans to local enterprises, local charities, wholly owned companies and joint ventures as part of strategy for local regeneration and economic growth. In such cases, a realistic assessment of potential policy gains could justify the loan even when liquidity and security considerations might indicate that it is not prudent. In such cases an expected credit loss model in line with IFRS 9 (financial instruments) would be required.

## **16 ASSET MANAGEMENT PLANNING**

- 16.1 The Council's Estate Management Service manages its existing assets to reduce costs and maximise service benefit according to objectives listed in the Estates Strategy, which is due to be reviewed and updated to link to this Capital Strategy and to quantify the cost of repair and maintenance costs against the savings from extending the lives of Council buildings from 2020/21 onwards. The review will also cover disposals of buildings, which has already realised considerable savings. Receipt from such disposals may be recycled as funding for the Capital Investment Plan, and may significantly reduce the repair and maintenance on the Council's estate. Table (iv) (Appendix 3) summarises the Council's recent achievements in this area.

## 17. **PRUDENCE, AFFORDABILITY, SUSTAINABILITY**

- 17.1 As at 31 March 2019, the Council's Capital Financing Requirement (CFR), which represents its total borrowing for capital investment, was £700 million. The CFR figure will be paid off from the Council's Capital Financing Costs in its future revenue estimates. The majority of the CFR figure involves borrowing from the Council's Public Works Loan Board Prudential Lending facility, although £169 million relates to a private finance initiative with a private company and will be repaid from future contracted lease payments.
- 17.2 The relationship between the CFR and other assets and liabilities is summarised in Table 6. The CFR is due to increase because of the future borrowing required to finance the proposed 2020-24 Capital Investment Plan. The projected increase is set out in Table ii (Appendix 3). The Capital Strategy includes measures to test the affordability of the proposed borrowing in the Capital Investment Plan (CIP), and these are set out in Table (v) (Appendix 3).

## 18. **SKILLS AND KNOWLEDGE**

- 18.1 The Council has professionally qualified staff across a range of disciplines including finance, legal and property. A programme of continuous professional development (CPD) is undertaken and employees attend courses on an on going basis to keep abreast of new developments and skills. The Council establishes project teams from all the professional disciplines from across the Council as and when required.
- 18.2 The Council uses external advisors where necessary in order to complement the knowledge its own officers hold. Some of these advisors are contracted on long term contracts or are appointed on an ad-hoc basis when necessary. The Council currently employs Link Asset Services as treasury management advisors and PWC as VAT advisors. This approach ensures the Council has access to specialist expertise when needed to support its staff, equal with its risk appetite.
- 18.3 Internal and external training is offered to members to ensure they have up to date knowledge and expertise to understand and challenge capital and treasury decisions taken by the Director of Finance.

## **19 FINANCIAL & RESOURCE APPRAISAL**

19.1 Finance and resource implications are set out in the report.

## **20 RISK MANAGEMENT AND GOVERNANCE ISSUES**

20.1 Risk management and governance issues are set out in the report.

## **21 LEGAL APPRAISAL**

21.1 This report complies with the Council's statutory obligations and the requirement to follow statutory guidance.

## **22 OTHER IMPLICATIONS**

22.1 Equality and Diversity

None

## **23 SUSTAINABILITY IMPLICATIONS**

Included in report

### **23.1 GREENHOUSE GAS EMISSIONS IMPACTS**

Included in the report

### **23.2 COMMUNITY SAFETY IMPLICATIONS**

Included in the report

### **23.3 HUMAN RIGHTS ACT**

None

### **23.4 TRADE UNION**

None

### **23.5 WARD IMPLICATIONS**

None

### **23.6 AREA COMMITTEE ACTION PLAN IMPLICATIONS (for reports to Area Committees only)**

None

## **23.7 IMPLICATIONS FOR CORPORATE PARENTING**

None

## **23.8 ISSUES ARISING FROM PRIVACY IMPACT ASSESMENT**

None

## **24. NOT FOR PUBLICATION DOCUMENTS**

None

## **25. OPTIONS**

None

## **26. RECOMMENDATIONS**

26.1 The 2020-24 Capital Investment Plan is approved. Commitments against reserve schemes and contingencies can only be made after a business case has been assessed by Project Appraisal Group and approved by Executive.

26.2 Specific approval is given regarding the 2020-21 Capital Strategy set out in Section B of this report.

26.3 Delegated authority is given to Section 151 Officer to repay debt on an annuity basis, for chosen properties purchased during or after 2018-19. Delegated authority could only be exercised if two conditions are met: the asset retains or increases its value; the return from the capital scheme is sufficient to repay the capital sum invested.

26.4 Repayment of debt from giving loans to external organisations can be aligned with the loan repayment schedule. This is dependent on two conditions: that the capital scheme is self-financing; there is reasonable assurance that the loan repayment schedule will be followed.

26.5 The proposed 2020-21 MRP policy set out in Appendix 1b is approved, including the specific changes compared to the current policy (as set out in 27.3 and 27.4).

26.6 The Flexible Use of Capital Receipts Strategy is approved.

26.7 Specific approval be given for the following capital expenditure schemes:

- £2m 2020-21 Property Programme to maintain Council assets.
- £0.203m for works to Depots to allow a relocation of Parks and Street Cleansing Staff.

## **27. APPENDICES**

Appendix 1: The 2020-21 Capital Investment Plan

Appendix 1b: The proposed 2020-21 Minimum Revenue Policy

Appendix 2: Prudential Indicators

Appendix 3: Supporting Tables for the Capital Strategy

## Appendix 1: Capital Investment Plan 2020-2024

Scheme No	Scheme Description	2019-20 Budget as at Q3 Feb 2020	Budget 2020-21	Budget 2021-22	Budget 2022-23	Budget 2023-24 & onwards	Budget Total	Funding			Grand Total
								Specific Grants, cap receipts, reserves	Invest to Save Funding	Corporate Borrowing	
		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Health and Wellbeing</b>											
CS0237a	Great Places to Grow Old	0	2,000	3,000	0	0	5,000	0	0	5,000	5,000
CS0237b	Keighley Rd Extra Care Fletcher Court	2,202	200	0	0	0	2,402	800	528	1,074	2,402
CS0237c	Keighley Rd Residential Care Valley View	988	200	0	0	0	1,188	400	0	788	1,188
CS0373	BACES DFG	980	443	443	0	0	1,866	1,866	0	0	1,866
CS0239	Community Capacity Grant	50	936	0	0	0	986	986	0	0	986
CS0311	Autism Innovation Capital Grant	19	0	0	0	0	19	19	0	0	19
CS0312	Integrated IT system	90	0	0	0	0	90	90	0	0	90
CS0352	Electric vehicle charging infrastructure	1	0	0	0	0	1	1	0	0	1
CS0451	The Third Place	250	0	0	0	0	250	250	0	0	250
<b>Total - Health and Wellbeing</b>		<b>4,580</b>	<b>3,779</b>	<b>3,443</b>	<b>0</b>	<b>0</b>	<b>11,802</b>	<b>4,412</b>	<b>528</b>	<b>6,862</b>	<b>11,802</b>
<b>Children's Services</b>											
CS0249	Schools DRF	0	0	0	0	0	0	0	0	0	0
CS0278	Targeted Basic Needs	33	0	0	0	0	33	33	0	0	33
CS0286	Outdoor Learning Centres	0	0	0	0	0	0	0	0	0	0
CS0022	Devolved Formula Capital	2,685	0	0	0	0	2,685	2,685	0	0	2,685
CS0030	Capital Improvement Work	626	0	0	0	0	626	626	0	0	626
CS0240	Capital Maintenance Grant	1,000	0	0	0	0	1,000	1,000	0	0	1,000
CS0240b	Capital Maintenance Grant	3,870	0	0	0	0	3,870	3,870	0	0	3,870
CS0240c	School Cap Inv Prog 19-20	2,002	1,002	0	0	0	3,004	3,004	0	0	3,004
CS0244a	Primary Schools Expansion Progr	5,600	1,429	0	0	0	7,029	7,029	0	0	7,029
CS0244b	Silsden Sch £7.265m Exec 12/04/16	3,424	6,337	465	0	0	10,226	10,226	0	0	10,226
CS0244c	SEN School Expansions	2,363	3,600	0	0	0	5,963	5,963	0	0	5,963
CS0362	Secondary School Expansion	6,198	3,500	1,798	0	0	11,496	11,496	0	0	11,496
CS0377	LA SEN Free School	0	0	0	0	0	0	0	0	0	0
CS0421	Healthy Pupil Capital Grant	227	0	0	0	0	227	227	0	0	227

## Funding

Scheme No	Scheme Description	2019-20	Budget			Budget	Specific Grants, cap receipts, reserves	Invest to Save Funding	Corporate Borrowing	Grand Total	
		Budget as at Q3 Feb 2020	2020-21	2021-22	2022-23	2023-24 & onwards					Total
		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
<b>Total - Children's Services</b>		<b>28,028</b>	<b>15,868</b>	<b>2,263</b>	<b>0</b>	<b>0</b>	<b>46,159</b>	<b>46,159</b>	<b>0</b>	<b>0</b>	<b>46,159</b>
<b>Place - Economy &amp; Development Services</b>											
CS0134	Computerisation of Records	10	0	0	0	0	10	10	0	0	10
CS0136	Disabled Housing Facilities Grant	5,575	5,753	2,028	4,392	0	17,748	12,748	0	5,000	17,748
CS0137	Development of Equity Loans	1,000	1,200	1,195	1,211	0	4,606	2,576	0	2,030	4,606
CS0144	Empty Private Sector Homes Strat	1,206	825	825	831	0	3,687	0	0	3,687	3,687
CS0225	Afford Housing Prog 11-15	0	0	0	0	0	0	0	0	0	0
CS0308	Afford Housing Prog 15 -18	2,021	500	0	0	0	2,521	0	2,521	0	2,521
CS0250	Goitside	1	177	0	0	0	178	0	0	178	178
CS0280	Temp Housing Clergy House	55	0	0	0	0	55	0	0	55	55
CS0335	Bfd Cyrenians 255-257 Mngm Ln	9	0	0	0	0	9	0	0	9	9
CS0084	City Park	192	0	0	0	0	192	0	0	192	192
CS0085	City Centre Growth Zone	1,720	4,400	0	0	0	6,120	0	0	6,120	6,120
CS0189	Buck Lane	53	0	0	0	0	53	0	0	53	53
CS0228	Canal Road	100	0	0	0	0	100	0	0	100	100
CS0241	Re-use of Frmr College Builds Kghly	570	0	0	0	0	570	0	0	570	570
CS0266	Superconnected Cities	846	0	0	0	0	846	0	0	846	846
CS0446	Staithgate La Enterprise Zone site Investigation works	85	0	0	0	0	85	85	0	0	85
CS0291	One City Park (fmr Tyrls)	0	4,800	0	0	0	4,800	4,800	0	0	4,800
CS0265	LCR Revolving Econ Invest Fund	625	0	0	0	0	625	625	0	0	625
CS0345	Develop Land at Crag Rd, Shply	43	0	0	0	0	43	0	0	43	43
CS0107	Markets	26	0	0	0	0	26	0	0	26	26
CS0363	Markets - City Cntr	2,779	11,850	4,760	0	0	19,389	1,260	4,371	13,758	19,389
CS0363b	Markets - City Cntr Public Realm	596	1,000	0	0	0	1,596	0	0	1,596	1,596
<b>Total - Place - Economy &amp; Development Services</b>		<b>17,512</b>	<b>30,505</b>	<b>8,808</b>	<b>6,434</b>	<b>0</b>	<b>63,259</b>	<b>22,104</b>	<b>6,892</b>	<b>34,263</b>	<b>63,259</b>
<b>Place - Planning, Transportation &amp; Highways</b>											
CS0131	Kghly Town Cntr Heritage Initi	151	0	0	0	0	151	151	0	0	151
CS0178	Ilkley Moor	14	0	0	0	0	14	14	0	0	14
CS0179	Landscape Environ Imp	21	0	0	0	0	21	21	0	0	21
CS0285	Strategic Development Fund	1,167	0	0	0	0	1,167	0	0	1,167	1,167

## Funding

Scheme No	Scheme Description	2019-20	Budget			Budget	Funding				Grand
		Budget as at Q3 Feb 2020	2020-21	2021-22	2022-23	2023-24 & onwards	Total	Specific Grants, cap receipts, reserves	Invest to Save Funding	Corporate Borrowing	Total
		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
CS0071	Highways S106 Projects	249	300	0	0	0	549	549	0	0	549
CS0372	Countryside S106 Projects	226	300	0	0	0	526	526	0	0	526
CS0091	Capital Highway Maint	5,006	0	0	0	0	5,006	5,006	0	0	5,006
CS0095	Bridges	200	0	0	0	0	200	200	0	0	200
CS0096	Street Lighting	132	0	0	0	0	132	132	0	0	132
CS0099	Integrated Transport	140	0	0	0	0	140	140	0	0	140
CS0164	Local Intgrtd Transp Area Com	0	0	0	0	0	0	0	0	0	0
CS0168	Connecting the City (Westfield)	15	0	0	0	0	15	15	0	0	15
CS0172	Saltaire R/bout Cong& Safety Works	279	0	0	0	0	279	279	0	0	279
CS0252	Measures to Support Hubs	45	0	0	0	0	45	45	0	0	45
CS0264	Highway to Health	0	0	0	0	0	0	0	0	0	0
CS0282	Highways Strategic Acquisi	176	0	0	0	0	176	176	0	0	176
CS0289	Local Pinch Point Fund	495	0	0	0	0	495	495	0	0	495
CS0293	West Yorks & York Transport Fund	7,529	4,273	30,386	93,147	0	135,335	135,335	0	0	135,335
CS0396	WYTF Corr Imp Projects	768	5,720	5,077	0	0	11,565	11,015	0	550	11,565
CS0296	Pothole Funds	431	0	0	0	0	431	431	0	0	431
CS0306a	Strategic Transp Infrastr Priority	1,090	1,690	0	0	0	2,780	0	0	2,780	2,780
CS0302	Highways Prop Liab Redn Strat	97	0	0	0	0	97	97	0	0	97
CS0310	Clean Vehicle Technology Fund	3	0	0	0	0	3	3	0	0	3
CS0317	VMS Signage	39	0	0	0	0	39	39	0	0	39
CS0319	Challenge Fund	425	0	0	0	0	425	425	0	0	425
CS0323	Flood Risk Mgmt	30	0	0	0	0	30	30	0	0	30
CS0325	Street Lighting Invest to Save	0	0	0	0	0	0	0	0	0	0
CS0329	Damens County Park	106	0	0	0	0	106	0	0	106	106
CS0332	Flood Funding	6	0	0	0	0	6	6	0	0	6
CS0334	Air Quality Monitoring Equip	9	0	0	0	0	9	9	0	0	9
CS0350	Street Lighting Invest to Save	312	0	0	0	0	312	0	312	0	312
CS0365	National Productivity Invest Fund	3	0	0	0	0	3	3	0	0	3
CS0370	LTP IP3 Safer Roads	1,619	0	0	0	0	1,619	1,619	0	0	1,619
CS0371	LTP IP3 Public Transport	247	0	0	0	0	247	247	0	0	247
CS0375	Sign Shop	19	0	0	0	0	19	0	19	0	19

## Funding

Scheme No	Scheme Description	2019-20	Budget			Budget	Budget Total	Funding			Grand Total
		Budget as at Q3 Feb 2020	2020-21	2021-22	2022-23	& onwards		Specific Grants, cap receipts, reserves	Invest to Save Funding	Corporate Borrowing	
		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
CS0379	NPIF UTMC	1,247	0	0	0	0	1,247	1,247	0	0	1,247
CS0386	Cycling & Walking Schemes LTP3	18	0	0	0	0	18	18	0	0	18
CS0414	LTP IP3 Safer Rds	214	0	0	0	0	214	214	0	0	214
CS0398	Bfd City Ctre Townscape Herit	500	1,115	845	290	0	2,500	2,500	0	250	2,750
CS0430	Hwys Maint Fund Oct18	2,553	0	0	0	0	2,553	2,553	0	0	2,553
CS0432	Steeton/Silsden Crossing	189	0	0	0	0	189	189	0	0	189
CS0423	Highways IT upgrade	83	0	0	0	0	83	0	83	0	83
CS0433	Gain Lane / Leeds Rd Jct	30	0	0	0	0	30	30	0	0	30
CS0450	CILS payments	0	0	0	0	0	0	0	0	0	0
CS0453	IP3 Safer Rds 1920	120	0	0	0	0	120	120	0	0	120
CS0454	Area Comm ITS 1920	660	0	0	0	0	660	660	0	0	660
CS0434	Smart Street Lighting	209	9,595	12,760	11,940	11,080	45,584	0	45,584	0	45,584
CS0455	IP4 projects	828	1,258	1,201	0	0	3,287	3,287	0	0	3,287
CA0456	WY Integrated UTMC Centre	200	432	0	0	0	632	632	0	0	632
<b>Total Place - Planning, Transportation &amp; Highways</b>		<b>27,900</b>	<b>24,683</b>	<b>50,269</b>	<b>105,377</b>	<b>11,080</b>	<b>219,309</b>	<b>168,458</b>	<b>45,998</b>	<b>4,853</b>	<b>219,309</b>
<b>Dept of Place - Waste, Fleet &amp; Transport</b>											
CS0060	Replacement of Vehicles	3,000	3,000	3,000	3,000	0	12,000	0	12,000	0	12,000
CS0063	Waste Infrastructure & Recycling	26	0	0	0	0	26	26	0	0	26
CS0283	Above Ground Fuel Storage	22	0	0	0	0	22	0	0	22	22
CS0438	Harris St Fencing	59	0	0	0	0	59	0	0	59	59
CS0435	Sugden End Landfill Site	856	1,105	0	0	0	1,961	0	0	1,961	1,961
CS0415	Shearbridge Depot Security	100	0	0	0	0	100	0	0	100	100
CS0416	Fleet Management IT systems upgrade	39	0	0	0	0	39	0	0	39	39
CS0417	Keighley Transfer Loading Station electrical	34	0	0	0	0	34	0	0	34	34
<b>Total Place - Waste, Fleet &amp; Transport</b>		<b>4,136</b>	<b>4,105</b>	<b>3,000</b>	<b>3,000</b>	<b>0</b>	<b>14,241</b>	<b>26</b>	<b>12,000</b>	<b>2,215</b>	<b>14,241</b>

## Funding

Scheme No	Scheme Description	2019-20	Budget			Budget	Budget Total	Funding			Grand Total
		Budget as at Q3 Feb 2020	2020-21	2021-22	2022-23	2023-24 & onwards		Specific Grants, cap receipts, reserves	Invest to Save Funding	Corporate Borrowing	
		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
CS0066	Ward Investment Fund	35	0	0	0	0	35	0	0	35	35
CS0132	Community Hubs	25	0	0	0	0	25	0	0	25	25
CS0378	Cust Serv Strategy	158	0	0	0	0	158	0	0	158	158
CS0359	Community Resilience Grant	18	0	0	0	0	18	18	0	0	18
CS0462	Ilkley Parking scheme £320k Invest to Save	100	220	0	0	0	320	0	320	0	320
<b>Total Place - Neighbourhoods &amp; Customer Services</b>		<b>336</b>	<b>220</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>556</b>	<b>18</b>	<b>320</b>	<b>218</b>	<b>556</b>

Dept of Place - Sports & Culture											
Scheme No	Scheme Description	2019-20	Budget			Budget	Budget Total	Funding			Grand Total
		£'000	£'000	£'000	£'000	£'000		£'000	£'000	£'000	
CS0151	Building Safer Commun	47	0	0	0	0	47	47	0	0	47
CS0328	Cliffe Castle Various	15	0	0	0	0	15	15	0	0	15
CS0430	Cartwright Hall Café	105	0	0	0	0	105	0	105	0	105
CS0340	St George's Hall	-176	0	0	0	0	-176	0	0	-176	-176
CS0129	Scholemoor Project	0	0	83	0	0	83	83	0	0	83
CS0162	Capital Projects - Recreation	602	440	0	0	0	1,042	1,042	0	0	1,042
CS0229	Cliffe Castle Restoration	110	10	10	0	0	130	130	0	0	130
CS0347	Park Ave Cricket Ground	7	0	0	0	0	7	7	0	0	7
CS0004	S106 Recreation	0	0	0	0	0	0	0	0	0	0
CS0367	King George V Playing Fields	0	200	820	0	0	1,020	700	0	320	1,020
CS0403	Bereavement Strategy - Consultants Fees	400	341	0	0	0	741	91	0	650	741
CS0277	Wyke Manor Sports Dev - demolitn	177	0	0	0	0	177	177	0	0	177
CS0277b	Wyke Manor Ph2 Sports Dev	739	4,000	523	0	0	5,262	2,600	0	2,662	5,262
CS0245	Doe Park	37	0	0	0	0	37	37	0	0	37
CS0459	Ilkley Lido Tank	460	0	0	0	0	460	0	115	345	460
CS0461	Shipley Gym extension & equipment	305	0	0	0	0	305	0	305	0	305
CS0458	Doe Park Drainage	40	0	0	0	0	40	0	0	40	40
CS0356	Sedbergh SFIP	7,479	408	0	0	0	7,887	0	0	7,887	7,887
CS0354	Squire Lane Sports Facility	0	0	0	2,300	7,100	9,400	0	0	9,400	9,400
<b>Total - Dept of Place - Sports &amp; Culture</b>		<b>10,347</b>	<b>5,399</b>	<b>1,436</b>	<b>2,300</b>	<b>7,100</b>	<b>26,582</b>	<b>4,929</b>	<b>525</b>	<b>21,128</b>	<b>26,582</b>

## Funding

Scheme No	Scheme Description	2019-20	Budget			Budget	Budget Total	Funding			Grand Total
		Budget as at Q3 Feb 2020	2020-21	2021-22	2022-23	2023-24 & onwards		Specific Grants, cap receipts, reserves	Invest to Save Funding	Corporate Borrowing	
		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Corp Resources - Estates &amp; Property Services</b>											
CS0094	Property Programme (bworks)	200	300	0	0	0	500	0	0	500	500
CS0333	Argus Chambers / Britannia Hse	218	500	0	0	0	718	0	0	718	718
CS0391	Property Programme 18-19	1,022	0	0	0	0	1,022	0	0	1,022	1,022
CS0443	Property Programme 19-20	630	424	0	0	0	1,054	0	0	1,054	1,054
CS0230	Beechgrove Allotments	148	0	0	0	0	148	148	0	0	148
CS0050	Carbon Management	900	261	0	0	0	1,161	0	0	1,161	1,161
CS0305	Healthy Heating Scheme	0	0	0	0	0	0	0	0	0	0
CS0420	Electric vehicle charging infrastructure	200	0	0	0	0	200	200	0	0	200
CS0385	ULEV Taxi scheme LTP3	50	0	0	0	0	50	50	0	0	50
CS2000	DDA	50	50	62	59	0	221	0	0	221	221
CS0361	Strategic Acquisitions	6,540	0	0	0	0	6,540	0	6,540	0	6,540
CS0381	Godwin St	1,964	1,000	0	0	0	2,964	2,964	0	0	2,964
CS0409	Coroner's Court and Accommodation	650	1,700	0	0	0	2,350	0	0	2,350	2,350
CS0383	Jacobs Well demolition	255	0	0	0	0	255	0	0	255	255
CS0427	Coroner's Equipment	600	0	0	0	0	600	0	0	600	600
CS0460	Mitre Court CPU Property & Equip	1,400	0	0	0	0	1,400	450	0	950	1,400
CS0457	Simpson Green - roof	25	30	0	0	0	55	0	0	55	55
CS0445	Core IT Infrastructure 1920	2,100	0	0	0	0	2,100	2,100	0	0	2,100
<b>Total Corp Resources – Estates &amp; Property Services</b>		<b>16,952</b>	<b>4,265</b>	<b>62</b>	<b>59</b>	<b>0</b>	<b>21,338</b>	<b>5,912</b>	<b>6,540</b>	<b>8,886</b>	<b>21,338</b>

## Reserve Schemes &amp; Contingencies

CS0395	General Contingency	387	1,000	1,000	1,000	0	3,387	0	0	3,387	3,387
CS0397	Essential Maintenance Prov	0	2,000	2,000	2,000	0	6,000	0	0	6,000	6,000
CS0399	Strategic Acquisition	3,460	10,000	10,000	10,000	0	33,460	0	33,460	0	33,460
CS0403	Bereavement Strategy	0	1,755	10,845	0	0	12,600	0	0	12,600	12,600

## Funding

Scheme No	Scheme Description	2019-20	Budget			Budget	Budget Total	Funding			Grand Total
		Budget as at Q3 Feb 2020	2020-21	2021-22	2022-23	& onwards		Specific Grants, cap receipts, reserves	Invest to Save Funding	Corporate Borrowing	
		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
CS0403b	Muslim Burial Ground	0	500	500	0	0	1,000	0	0	1,000	1,000
CS0403c	Oakworth Crematorium	0	2,500	250	0	0	2,750	0	0	2,750	2,750
CS0403d	Heaton Crematorium	0	0	0	0	0	0	0	0	0	0
CS0403e	Brierley Crematorium	0	0	0	0	0	0	0	0	0	0
CS0306c	Strategic Acq - Highways	0	0	0	0	0	0	0	0	0	0
CS0400	Keighley One Public Sector Est	500	4,000	4,000	9,500	0	18,000	0	18,000	0	18,000
CS0402	Canal Road Land Assembly	450	0	0	0	0	450	0	0	450	450
CS0401	Depots	0	0	3,000	0	0	3,000	0	0	3,000	3,000
CS0404	Sports Pitches	0	0	1,733	4,248	4,250	10,231	2,400	0	7,831	10,231
CS0404b	Playgrounds	0	750	1,500	2,750	0	5,000	0	0	5,000	5,000
CS0405	City Hall / RFL	0	3,000	3,000	4,000	0	10,000	2,000	5,000	3,000	10,000
CS0407	Affordable Housing	3,845	3,803	5,500	16,076	0	29,224	14,430	14,794	0	29,224
CS0408	Top of town	0	0	0	3,000	0	3,000	0	0	3,000	3,000
CS0410	Godwin St (fmr Odeon)	2,000	7,500	2,000	0	0	11,500	0	11,500	0	11,500
CS0413	LD Home - Branshaw	0	0	0	0	0	0	0	0	0	0
CS0436	Childrens Home (A)	200	300	0	0	0	500	0	500	0	500
CS0437	Childrens Home (B)	100	400	0	0	0	500	250	0	250	500
CS0463	Waste Trommel	0	250	0	0	0	250	0	250	0	250
<b>2020-21 Proposed new schemes</b>											
	Disabled Facilities Grant	0	0	0	0	2,028	2,028	2,028	0	0	2,028
	Replacement of Vehicles	0	0	0	0	3,000	3,000	0	3,000	0	3,000
	Property Programme	0	0	0	0	2,000	2,000	0	0	2,000	2,000
	General contingency	0	0	0	0	1,000	1,000	0	0	1,000	1,000
	Strategic Investment Property acquisition	0	0	0	0	10,000	10,000	0	10,000	0	10,000
	Property Programme 2020-21	0	950	0	0	0	950	0	0	950	950
	One City Park	0	0	15,500	10,300	0	25,800	0	25,800	0	25,800
	Fleet / Electric vehicle Programme	0	1,804	0	0	0	1,804	0	1,804	0	1,804
	District Heating	0	750	5,002	6,702	1,861	14,315	6,459	2,871	4,985	14,315
	Feasibility study into renewables	0	2,000	3,000	0	0	5,000	2,000	3,000	0	5,000
	City Hall	0	1,000	1,000	0	0	2,000	0	0	2,000	2,000
	Climate change building controls	0	1,000	1,000	500	0	2,500	0	0	2,500	2,500

## Funding

Scheme No	Scheme Description	2019-20	Budget			Budget	Budget Total	Funding			Grand Total
		Budget as at Q3 Feb 2020	2020-21	2021-22	2022-23	& onwards		Specific Grants, cap receipts, reserves	Invest to Save Funding	Corporate Borrowing	
		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
	Bereavement	0	0	4,000	3,000	0	7,000	0	7,000	0	7,000
	Playgrounds	0	1,385	0	0	0	1,385	1,385	0	0	1,385
	CCTV	0	500	475	0	0	975	0	487	488	975
	Fly tipping	0	300	0	0	0	300	0	0	300	300
	IT capital spend	0	2,700	1,000	0	0	3,700	0	0	3,700	3,700
	Parks & Depots reorganisation	0	108	0	0	0	108	0	0	108	108
	Transforming Cities Fund	0	33,000	33,000	0	0	66,000	66,000	0	0	66,000
	Flood Alleviation	0	200	0	0	0	200	200	0	0	200
	Clean Air Zone	0	27,343	26,026	0	0	53,369	53,369	0	0	53,369
	City Centre Regeneration Fund	0	9,500	0	0	0	9,500	0	9,500	0	9,500
	<b>Total - Reserve Schemes &amp; Contingencies</b>	10,942	120,298	135,331	73,076	24,139	363,786	150,521	146,966	66,299	363,786
	<b>TOTAL - All Services</b>	120,733	209,122	204,612	190,246	42,319	767,032	402,539	*219,769	144,724	767,032

\*Invest to Save and Corporate Borrowing has been reduced by a further £10m for assumed general capital receipts, as shown in the Prudential Indicators in Appendix 2.

## Appendix 1b: Proposed 2020-21 MRP Policy

- 1.1 The Local Government Act 2003 requires the Council to make a provision for the repayment of borrowing used to finance its capital expenditure, known as the Minimum Revenue Provision (MRP).
- 1.2 The MRP is the amount of principal capital repayment that is set aside each year in order to repay the Capital Financing Requirement (CFR) based on the requirement of statutory regulation and the Council's own accounting policies.
- 1.3 The Council is required to state as part of its budget process the policy for determining its MRP. The policy was changed last year for PFI assets generating savings in the current and future years. This year there is one proposed change to the policy adopted last year in relation to asset lives. The method for calculating the MRP on each category of debt is outlined below:
  - a) The policy for charging MRP on historic supported borrowing is on the asset life method calculated on an equal instalment basis over 50 years.
  - b) Unsupported or prudential borrowing MRP is based on the Asset Life method – that is, the expenditure financed from borrowing is divided by the expected asset life. For schemes funded before 31<sup>st</sup> March 2012 the MRP is calculated on the annuity basis and for schemes funded after 1<sup>st</sup> April 2012 the MRP is calculated on an equal instalment basis. This means no change to existing policy.
  - c) Since 2009/10 the appropriate financing costs for the Council's Building Schools for the Future (BSF) Private Finance Initiative (PFI) schemes have been included in MRP calculations. In 2018-19 the MRP policy for PFI assets was brought into line with the main MRP Policy and the charge of the principal to the revenue account is now over the life of the school building assets.
  - d) Asset lives are reviewed on an ongoing basis to match the MRP charge to the Revenue Estimates with the service benefit derived from the asset.
  - e) Where the Council has made property investments [or an invest to save investment] during or after 2018-19, the Section 151 Officer may choose to repay debt over the asset life using the annuity method. This is subject to an in house valuation that the investment property has retained or increased in value. Further it is subject to the condition that the in-year yield is above that average for Treasury Investments and this is expected to continue into the future.
- 1.4 The CFR represents the amount of capital expenditure that has been financed from borrowing, less any amounts that the Council has set aside to repay that debt through the MRP. Borrowing may come from loans taken from the Public Works Loan Board (PWLB) or commercial banks, finance leases (including PFI) or from the use of the Council's own cash balances.
- 1.5 External debt can be less than the CFR. External debt cannot exceed the CFR (other than for short term cash flow purposes or cash flow management.)
- 1.6 There is an International Financial Reporting Standards requirement that assets

funded from finance leases (including PFI deals) are brought onto the balance sheet. This also includes the liability as well as the asset. Therefore, the term borrowing does not just include loans from the Public Works Loan Board and banks, but also the liability implicit in PFI and other finance leases.

- 1.7 The CIP will need to be reviewed through the planning cycle to ensure it remains affordable within revenue resources and to take account of the actual implementation of capital schemes.
- 1.8 Loans to third parties for a capital purpose can be repaid with the repayments providing the following conditions are met: the capital scheme is self-financing; that there is overall confidence that the loan will be repaid; that the third party adheres to the agreed repayment schedule.

## Appendix 2: Prudential Indicators

### Capital Financing Requirement (CFR)

	<b>31/03/19</b> <i>Actual</i> <b>£m</b>	<b>31/03/20</b> <b>Estimate</b> <b>£m</b>	<b>31/03/21</b> <b>Estimate</b> <b>£m</b>	<b>31/03/22</b> <b>Estimate</b> <b>£m</b>	<b>31/03/23</b> <b>Estimate</b> <b>£m</b>	<b>31/03/24</b> <b>Estimate</b> <b>£m</b>
<b>Opening Capital Financing Requirement</b>	<b>669</b>	<b>700</b>	<b>731</b>	<b>802</b>	<b>867</b>	<b>914</b>
Increase in borrowing	32	51	96	93	78	36
Less MRP and other financing movements	-1	-20	-25	-28	-31	-34
<b>Closing Capital Financing Requirement</b>	<b>700</b>	<b>731</b>	<b>802</b>	<b>867</b>	<b>914</b>	<b>916</b>

### External Debt Analysis

	<b>31/03/19</b> <i>Actual</i> <b>£m</b>	<b>31/03/20</b> <b>Estimate</b> <b>£m</b>	<b>31/03/21</b> <b>Estimate</b> <b>£m</b>	<b>31/03/22</b> <b>Estimate</b> <b>£m</b>	<b>31/03/23</b> <b>Estimate</b> <b>£m</b>	<b>31/03/24</b> <b>Estimate</b> <b>£m</b>
<b>Opening Capital Financing Requirement</b>	<b>669</b>	<b>700</b>	<b>732</b>	<b>803</b>	<b>868</b>	<b>916</b>
Private Finance Initiative	-178	-174	-169	-165	-161	-156
Earmarked Reserves	-202	-256	-256	-256	-256	-256
Investments	35	53	10	10	10	10
Working Capital	2	-9	-9	-9	-9	-9
<b>(ii) Opening External Debt 1 April</b>	<b>326</b>	<b>314</b>	<b>308</b>	<b>383</b>	<b>452</b>	<b>505</b>
<i>Underborrowing</i>	<i>343</i>	<i>386</i>	<i>424</i>	<i>420</i>	<i>416</i>	<i>411</i>

### Analysis of Capital Spend Requiring Borrowing

	<b>31/03/19</b> <i>Actual</i> <b>£m</b>	<b>31/03/20</b> <b>Estimate</b> <b>£m</b>	<b>31/03/21</b> <b>Estimate</b> <b>£m</b>	<b>31/03/22</b> <b>Estimate</b> <b>£m</b>	<b>31/03/23</b> <b>Estimate</b> <b>£m</b>	<b>31/03/24</b> <b>Estimate</b> <b>£m</b>
Total Capital Spend	84	121	209	205	190	42
Capital Spend not funded from borrowing	53	70	113	112	112	6
<b>Capital spend funded from borrowing</b>	<b>31</b>	<b>51</b>	<b>96</b>	<b>93</b>	<b>78</b>	<b>36</b>

### Projected New Borrowing

		31/03/20 Estimate £m	31/03/21 Estimate £m	31/03/22 Estimate £m	31/03/23 Estimate £m	31/03/24 Estimate £m
Borrowing requirement for capital budget		51	96	93	78	36
Maturing loans		17	2	6	16	6
Investment/working capital changes		7	-43	0	0	0
MRP (excluding PFI)		-15	-21	-23	-26	-30
<b>External Loan requirement</b>		<b>60</b>	<b>34</b>	<b>76</b>	<b>68</b>	<b>12</b>

### Ratio of Capital Financing Costs to Net Revenue Stream

	2019-20 £m	2020-21 £m	2021-22 £m	2022-23 £m	2023-24 £m
MRP overprovision	-5.2	0.0	0.0	0.0	0.0
MRP, excluding PFI	19.8	20.7	23.3	26.4	29.9
MRP PFI, finance lease	4.3	4.3	4.3	4.3	4.3
Old West Yorkshire Waste debt	0.2	0.2	0.2	0.2	0.2
Interest on external borrowing	17.0	17.8	20.1	22.9	25.9
Interest on PFI	16.1	15.5	15.0	14.4	13.7
Premium on debt repayment	0.3	0.3	0.3	0.3	0.3
Investment income	-0.5	-0.5	-0.5	-0.5	-0.5
<b>*Total Capital Financing Costs</b>	<b>52.0</b>	<b>58.3</b>	<b>62.6</b>	<b>68.0</b>	<b>73.7</b>
Projected Net Revenue Stream	377.6	377.6	377.6	377.6	377.6
<b>Ratio to Net Revenue Stream</b>	<b>13.8%</b>	<b>15.4%</b>	<b>16.6%</b>	<b>18.0%</b>	<b>19.5%</b>
Invest to Save element of Total Capital Financing Costs	5.7	7.1	8.8	12.5	17.5
Invest to Save contribution to Ratio to Net Revenue Stream	1.5%	1.9%	2.3%	3.3%	4.6%

\*Changes to accounting rules could an increase in total capital financing costs by causing additional contracts to fall within the definition of finance leases.

### Operational Limit for external Debt

	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
	£m	£m	Proposed £m	Proposed £m	Proposed £m	Proposed £m
External Loans	400	410	540	605	655	655
Other Long term liabilities	200	180	180	180	180	180

### Authorised Limit for external Debt

	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
	£m	£m	£m	£m	£m	£m
External Loans	420	430	550	615	665	665
Other Long term liabilities	220	200	180	180	180	180

The Section 151 Officer is authorised to amend the separately identified figures for borrowing and other long term liabilities for both the operational and the authorised limit.

## APPENDIX 3: CAPITAL STRATEGY TABLES

**Table (i)**

**Asset Balance Sheet values as at 31 March 2019**

<b>Category</b>	<b>Value as at 31 March 2019</b>
	<b>£'000</b>
Council Dwellings	24,620
Land & Buildings	588,574
Vehicles, Plant, Furniture & Equipment	19,448
Infrastructure	222,673
Community Assets	54,211
Surplus Assets	16,996
Assets Under Construction	32,203
Heritage Assets	37,058
Investment Property	53,592
Intangible Assets	430
<b>Total</b>	<b>1,049,805</b>
<i>Source: Statement of Accounts 2018-19</i>	

**Table (ii)**

**Capital Investment Plan 2020-21**

	<b>31/03/19</b>	<b>31/03/20</b>	<b>31/03/21</b>	<b>31/03/22</b>	<b>31/03/23</b>	<b>31/03/24</b>
	<i>Actual</i>	<i>Estimate</i>	<i>Estimate</i>	<i>Estimate</i>	<i>Estimate</i>	<i>Estimate</i>
	<i>£m</i>	<i>£m</i>	<i>£m</i>	<i>£m</i>	<i>£m</i>	<i>£m</i>
Total Capital Spend	<b>84</b>	<b>121</b>	<b>209</b>	<b>205</b>	<b>190</b>	<b>42</b>
Capital Spend not funded from borrowing	<b>53</b>	<b>70</b>	<b>113</b>	<b>112</b>	<b>112</b>	<b>6</b>
<b>Capital spend funded from borrowing</b>	<b>31</b>	<b>51</b>	<b>96</b>	<b>93</b>	<b>78</b>	<b>36</b>

**Table (iii)**

**Split of Invest to Save Borrowing**

	<b>31/03/19</b>	<b>31/03/20</b>	<b>31/03/21</b>	<b>31/03/22</b>	<b>31/03/23</b>	<b>31/03/24</b>
	<i>Actual</i>	<i>Estimate</i>	<i>Estimate</i>	<i>Estimate</i>	<i>Estimate</i>	<i>Estimate</i>
	<i>£m</i>	<i>£m</i>	<i>£m</i>	<i>£m</i>	<i>£m</i>	<i>£m</i>
Invest to Save	<b>19</b>	<b>31</b>	<b>58</b>	<b>56</b>	<b>47</b>	<b>22</b>
Corporate Borrowing	<b>12</b>	<b>20</b>	<b>38</b>	<b>37</b>	<b>31</b>	<b>14</b>
<b>Total borrowing</b>	<b>31</b>	<b>51</b>	<b>96</b>	<b>93</b>	<b>78</b>	<b>36</b>

**Table (iv)**  
**Backlog maintenance**

<b>Backlog maintenance</b>	<b>2009-10</b>	<b>2018-19</b>
Operational Estate £ms	83	50
Non-Operational £ms	13	8
<b>Total Backlog maintenance £ms</b>	<b>96</b>	<b>58</b>
Operational Estate size GIAm2 000s	319	238
Non-Operational Estate size GIAm2 000s	27	33
<b>Total</b>	<b>346</b>	<b>271</b>

**Table (v):**  
**Capital Financing Requirement 31 March 2019**

<b>Balance Sheet</b>	31/03/2019
	£m
<b>Capital financing Requirement</b>	<b>700</b>
Private finance Initiative	-169
<b>Underlying Borrowing Requirement</b>	<b>531</b>
Investments Held	52
Cash Reserves	-256
Less School Balances	27
Provisions/Collection Fund	-36
<b>Borrowing from Public Works Loan Board</b>	<b>318</b>
<b>Under-Borrowing</b>	<b>213</b>

**Table (vi):**  
**Affordability measures**

<b>Measure</b>	<b>Current Position</b>	<b>Potential Position</b>
Total Borrowing related to long term assets	As at 31-03-2019 £312m total borrowing is 30% of long terms assets of £1,050m.	CIP2020-21 has £145m of Corporate Borrowing and £219m of Invest to Save. Less £10m of general capital receipts, this assumes an increase of £354m in borrowing to £666m. Assuming this increases long term assets also by £666m to £1,716m, this is 39% of long term assets.
Total Borrowing costs as a percentage of net budget	For 2019-20 borrowing costs of £46.3m plus Invest to Save borrowing costs of £5.7m, totalling £52m are 13.8% of net budget	At 2023-24 borrowing costs of £56.2m plus invest to save of £17.5m total £73.7m. This is 19.5% of the net revenue budget.

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## **Report of the Director of Finance to the meeting of Executive to be held on 18 February 2020 and Council to be held on 20 February 2020**

**BD**

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### **Subject:**

2020/21 Budget Proposals and Forecast Reserves – S151 Officer Assessment

### **Summary statement:**

This report assesses the robustness of the proposed budget for 2020/21, the adequacy of forecast levels of reserves and associated risks.

It concludes that the estimates are sufficiently robust for the Council to set the budget. It also concludes that the General Fund and unallocated reserves should be maintained at their current levels over the period of the financial strategy to ensure the continued financial resilience of the Council.

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Chris Chapman  
Director of Finance

### **Portfolio:**

**Leader of Council and Corporate**

Report Contact: Chris Chapman –  
Director of Finance  
Phone: (01274) 433656  
E-mail: [chris.chapman@bradford.gov.uk](mailto:chris.chapman@bradford.gov.uk)

### **Overview & Scrutiny Area:**

**Corporate**

## **1. SUMMARY**

This report assesses the robustness of the proposed budget for 2020/21, the adequacy of the forecast levels of reserves and associated risks in the context of the Council's financial outlook up to 2021/22 and beyond.

The Council is setting its budget for 2020/21, including proposals for savings and proposals for investment which will require implementation action to be undertaken during 2020/21.

It should be noted that the process aligns with year four of the four year financial strategy which commenced in 2017/18 and which sought to align our finances to the outcomes in the Council Plan 2017-2021.

For the past three budget rounds, the Council's S151 Officer has concluded that the General Fund reserve at a level of £10.8m and unallocated reserves in the range of £12-15m is adequate and this report concurs with that view, subject to specific earmarked reserves being identified and maintained where relevant. Where opportunities arise to exceed this level, these should be exploited given the continued uncertainty in the local government finance environment.

The report concludes that the estimates are sufficiently robust for the Council to set the budget for 2020/21. However, it should be noted that there are significant and uncertain medium term risks to the Council's financial position that require identified mitigating actions to continue to be implemented and monitored during the 2020/21 financial year.

## **2. BACKGROUND**

Under Section 25 of the Local Government Act 2003, when the Council sets the budget, the Council's S151 Officer is required to report on:

- the robustness of the estimates made for the purposes of the calculations, and
- the adequacy of the proposed financial reserves.

This report comments on the revenue and capital estimates in the proposed budget. The assessment is informed by extensive review, scrutiny and personal involvement in the development of the proposed budget.

## **3. OPTIONS**

This report does not set out alternative options. Legislation requires Council to have regard to this report and the assessment when setting the budget.

## **4. FINANCIAL & RESOURCE APPRAISAL**

The financial appraisal underpinning this assessment is set out in the separate reports to this

Executive on planned revenue and capital spending.

## **2020/21 Onwards Budget Appraisal**

### Context

- In setting a four year plan commencing in 2017/18, the organisation signalled its intent on managing the longer term financial sustainability of the authority, reducing the recurrent cost base within anticipated resources by 2020/21. In the period from 2011/12 to 2019/20 the Council has had to take measures to reduce costs and increase income amounting to £278.0m, with a further £31.3m identified for future years.
- The following sections seek to highlight a number of significant changes since the plan was adopted, the risks of those changes and how they impact on the delivery of the 2020/21 budget and our longer term financial and reserve strategies.

### 2019/20 Projected Position

- The Q3 monitoring report presented to Executive on 4 February 2020 forecasts a £0.2m overspend for 2019/20.
- Whilst this signals a likely continuation in the Council's ability to broadly manage its finances within budget, year on year, it does also mask a number of significant in year financial challenges and has only been possible via the inclusion of both fortuitous and managed one-off items.
- The Council has well established procedures for measuring progress against agreed savings plans and these monitoring reports are presented and discussed monthly to CMT and quarterly to Executive. In the prior two years approximately half of agreed savings were not delivered on schedule. This clearly represented cause for concern and additional monitoring and governance processes introduced during 2019/20 budget have ensured a higher proportion of planned savings are delivered, the Q3 report forecasts 66% will be delivered, which rises to 87% when adjusted for Travel Assistance savings, for which a specific contingency has been established to reflect expected delivery timescales.
- Alongside the non-delivery of savings, the Council has continued to face financial pressures in Waste and Children's Services. In the latter, this is both in relation to a sharp increase in the number of Children Looked After and costs associated to the 'Inadequate' OFSTED inspection judgement reported in October 2018.
- Budget variances have been reduced through management action to reduce expenditure and increase income in other areas, and through a number of one-off fortuitous items such as a VAT refund, savings on interest and capital financing costs and savings against Corporate contingencies.
- We have also instigated further improvements to the financial control environment including extended use of Business Intelligence reporting and the production of enhanced monthly reporting at Departmental Management Team level. Enhancements have been made to Capital approval processes through enhanced Project Appraisal Group approval

processes and formal capital monitoring processes have been implemented, with monitoring meetings chaired by the Leader of the Council.

- This serves to show the Council has deployed appropriate arrangements to mitigate identified risks, address optimism bias from prior years, and ensure effective monitoring and governance processes are in place to identify, manage and address budget challenges promptly and effectively.

### Funding and Resources

- Over the last year we have been required to amend our assumptions around future funding, with Members being regularly updated on developments around the Fair Funding Review and Business Rates localisation. Uncertainties over local government financing continue, both in the quantum of funding and in distribution mechanisms, therefore prudence is still required when it comes to predicting external funding levels. For these reasons a one-year budget has been set for 2020/21, with the Medium Term Financial Strategy updated based on current best assumptions, considering the significant uncertainty over future national funding levels and distribution mechanisms.
- With some disappointment the 75% business rate pilot has ended, and we revert back to 49% business rate retention in 2020/21. Although Revenue Support Grant has been provided to mitigate impacts, the continued uncertainty over funding mechanisms prevents effective long term financial planning. With Business Rates alone we have moved from a 100% Business Rates Pool Pilot in 2018/19, to a 75% pilot in 2019/20 and revert to the base 49% retention in 2020/21.
- Council Tax remains our most stable and reliable revenue stream and will account for 54% of our net expenditure requirement in 2020/21, up from 35% in 2010/11. As a historically low taxing authority, it continues to be important to maximise the on-going benefit of increases in the Band D rate as and when they are available and this budget proposes the maximum allowable increase in the general rate (1.99%) and the application of the Social Care precept (2%). This equates to a weekly rise of £1.05 for a Band D property.

### Formulating the 2020/21 Budget

- One of the Council's key functions in terms of managing its finances is securing value for money from its activities, something which is measured on an annual basis by our external auditors. Given the challenges we have experienced in delivering agreed savings in 2017/18 and 2018/19, and budget pressures identified in 2019/20 it was clear that budget re-alignment would be required to ensure we effectively manage resources to achieve council objectives and protect essential services. The Budget proposals for 2020/21 include a number of key proposals to address these issues:-
  - Additional funding of £15.2m for Children's & Adults Social Care has been included within the budget in recognition of increasing demographic and other pressures. The budget proposals for 2020/21 also include an additional £2m per annum investment in Childrens Services and £2m investment in each of 2020/21 and 2021/22 for Early Help and Prevention activity.
  - Additional resources to meet cost pressures within Waste and Recycling services. With

funding provided to meet waste disposal contract costs and demographic growth. Funding rises from £978.0k in 2020/21 to £2.443m in 2022/23.

- Investment in service and budget sustainability through effective transformation of services, learning from best practice and lessons learnt from successful investment in Health & Wellbeing services which has led to improved outcomes for citizens and reduced costs.
- In making the budget balance and mindful of recent progress against delivery, the number of new savings proposals have been limited, whilst a number of savings agreed in 2019/20 for delivery in 2020/21 have been deferred for a year. In combination with proposed Investment in transformation activity and early help and prevention this will enable the Council to re-frame ambitions and service delivery to best secure outcomes in line with budget availability.

#### Other Expenditure Pressures

- The current MTFS assumes pay awards of 2% to all employees. Should pay rates be settled at a higher rate this will create a structural cost pressure for the Council given each 1% in pay equates to c.£2.3m.
- The estimates make provision for total inflationary increases to our cost base of 2% with additional amounts to account for National Living Wage increases. Should inflation be higher this will create a structural cost pressure for the Council given each 1% in prices equates to c.£2.0m.

#### 2020/21 Savings and Medium Term Outlook

- The MTFS as presented to Executive 9<sup>th</sup> July 2019 projected the Council's financial gap over the medium term as:-

Budget Gap 2020/21	Budget Gap 2021/22	Budget Gap 2022/23
£23.857m	£26.173m	£20.896m

- Based on the funding assumptions included within the budget report and the proposed savings and investments the projected financial gap over the medium term would be:-

Budget Gap 2020/21	Budget Gap 2021/22	Budget Gap 2022/23
£NIL	£1.845m	£10.015m

- There is still a high degree of uncertainty over local government funding, both in quantum and allocation mechanisms. However, based on current assumptions and indications this gap, although still sizeable, is significantly reduced from prior assumed levels. The gap is not insurmountable provided the Council continues to proactively transform its approach to service delivery including making potentially difficult decisions about service provision levels, clearly refines and aligns its outcomes to resources in the next iteration of the Council Plan and maximises the current opportunity afforded by its resilient balance sheet.

## Other Considerations

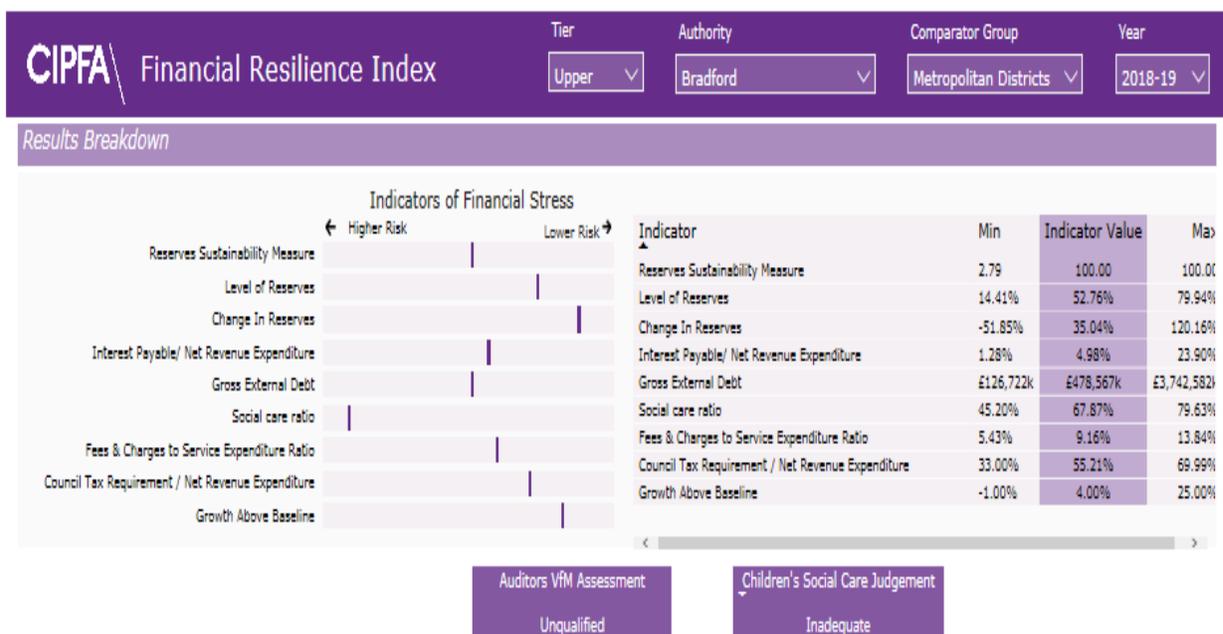
- The proposed allocation of the Dedicated Schools Grant (DSG) has been the subject of extensive and detailed development, scrutiny and ratification by the Schools Forum and its working groups.
- In terms of Capital, the budget makes provision for additional investment in capital schemes, many of which are grant funded or proposed as invest to save projects. The increase in the Capital Investment Programme will incur some additional borrowing with a consequential affordable increase in our capital financing budget to cover the cost of a number of new significant regeneration projects designed to stimulate the local economy.
- Continuing developments in the integration of health and social care, which will likely be further impacted by the delayed Green Paper, may bring consequences to our longer term financial planning assumptions not currently factored in.
- Building on this last point, it is important to acknowledge the growing interdependencies in public sector finances, and in particular Health, and the way that we use our funds, and partners use theirs, will have an increasing bearing on outcomes in the district.

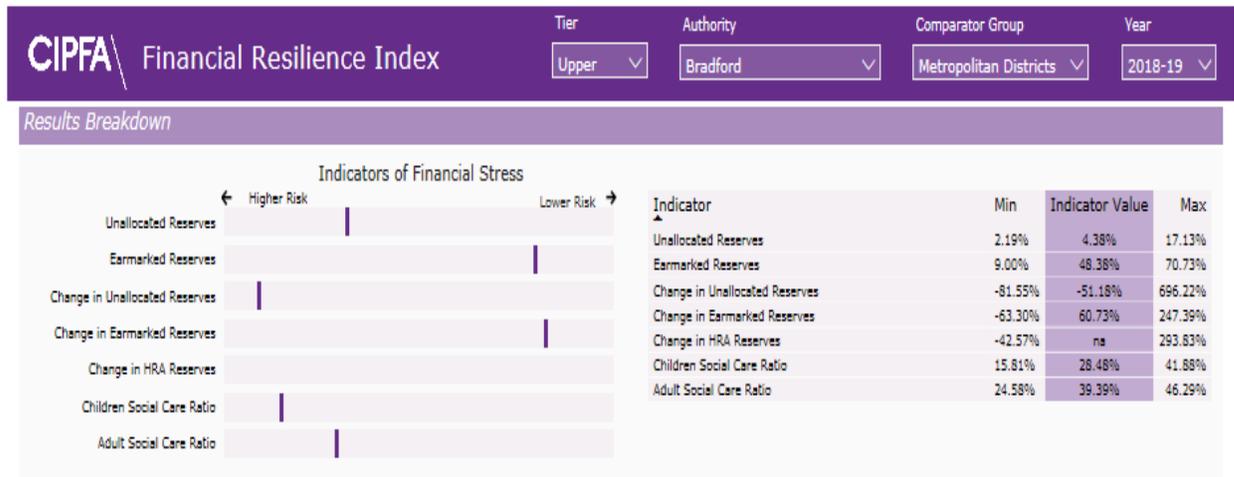
## CIPFA Financial Resilience Index

CIPFA (Chartered Institute of Public Finance and Accountancy, the professional public sector accountancy body) issued their Financial Resilience Index in December 2019. The index provides an assessment of an authority's financial resilience across a number of indicators relative to other authorities.

The index shows Bradford Council is in a relatively resilient position, with the main concern being the proportion of its budget allocated to Children and Adults services.

An extract of the index results for the Council, with comparison to all Metropolitan Authorities is shown below.





## Summary

Given the steps set out in the earlier sections of this paper, it is concluded that the estimates are sufficiently robust for Council to set the 2020/21 budget.

Members should have assurance that a number of prior risks have been mitigated in part, for example, capital estimates are now more accurate, monthly budget monitoring at CMT has improved management of the budget, the MTFs position is more favourable, key reserves have been maintained and some underlying budget pressures have been addressed wholly or for the next 12-months.

However, Members need to be mindful of the significant challenges that remain in 2020/21 and beyond, which will require proactive work in the coming year to ensure the longer term financial sustainability of the authority.

## Reserves

The Council's financial strategy during the period of austerity has been to maintain the strength of the balance sheet in order to provide resilience in a turbulent environment, whilst reducing the recurrent net cost base. The Council adopted and has adhered to a policy on the use of reserves which has served it well.

The balance sheet includes:

- The General Fund Reserve
- Unallocated Corporate Reserves
- Reserves set aside for designated purposes and for specific liabilities and risks.

The first two reserves are essentially the Council's backstop for unforeseen risks and pressures. Previous budget decisions, including setting aside funding for transformation, means that the General Fund Reserve sits at £10.3m and Unallocated Corporate Reserves currently sit at £15.0m, and the MTFs will propose retaining these reserves at this level.

As can be seen in the Budget Appraisal above, the financial challenges facing the Council are significant and put into context, the combined total of the two reserves is sufficient to fund only 24 days of Council activity.

Therefore, the projected levels for 2020/21 and beyond remain adequate **only if**

- The 2020/21 budget, with its focus on corrective action and more robust planning, is delivered to plan
- Indicative savings, spending and transformational plans in future years are effectively implemented, and especially the focus on early help and prevention addresses rising costs and demands in Children's services
- The amount of contingency in the annual base budget remains adequate
- Potential liabilities are manageable within the balance sheet's provisions and reserves
- Local sources of taxation and other income turn out as planned.

It is therefore concluded that:

- The reserves are adequate for the 2020/21 proposed budget
- The Council has a clear reserves plan for the medium term
- The key to financial resilience lies firmly in successfully implementing plans.

## **5. RISK MANAGEMENT AND GOVERNANCE ISSUES**

The potential impacts of the identified risks have been modelled in Appendix 1 to this paper. This risk analysis will be used to inform management action during the year. The existing and proposed governance mechanisms to manage the budget are examined as part of the risk assessment.

## **6. LEGAL APPRAISAL**

This assessment is made in accordance with the requirements of the Local Government Acts 1972 and 2003. The Council's Constitution provides that each year, before the budget is determined the s151 Officer will produce a report for the Executive showing ongoing commitments and a forecast of the total resources available to the Council to enable the Executive to determine any financial strategy guidelines.

## **7. OTHER IMPLICATIONS**

### **7.1 EQUALITY & DIVERSITY**

The Equality and Diversity issues arising from the new budget proposals are analysed in the reports accompanying the budget documentation presented to Executive on 4 February and 18 February 2020. The Interim Trade Union feedback on the budget proposals is documented and reported in a similar way. The Trade Union feedback and the feedback from the public engagement and consultation programme on the proposals previously approved by Budget Council in February 2019 was fully considered by Council at that time.

## **7.2 SUSTAINABILITY IMPLICATIONS**

Sustainability implications are identified in the budget reports as presented to Executive on 2 January 2020, 4 February 2020 and 18 February 2020.

## **7.3 GREENHOUSE GAS EMISSIONS IMPACTS**

The budget proposals for both revenue and capital include Climate Emergency proposals, more detail will develop in due course as these schemes progress.

## **7.4 COMMUNITY SAFETY IMPLICATIONS**

Where there are any community safety implications arising from individual budget proposals these will be covered in the consultation exercise. Any implications arising from the consultation will be presented to subsequent meetings of the Executive.

## **7.5 HUMAN RIGHTS ACT**

There are no direct human rights implications arising from this report.

## **7.6 TRADE UNION**

The statutory requirement to consult with Trade Unions under S188 Trade Union and Labour Relations (Consolidation) Act 1992 where 20 or more redundancies are proposed within a 90 day period does not arise in respect of the new budget proposals for 2020/21 as these new proposals have no staffing implications.

The Council previously declared a proposed 111 FTE reductions for 20 /21 and commenced consultation with the Trade Unions on those on 26 November 2018 in accordance with the requirements of Section 188 Trade Union and Labour Relations (Consolidation) Act 1992.

It should be noted that consultation on workforce implications on budget changes agreed in previous years will continue to take place.

Where a proposal gives rise to a transfer under the Transfer of Undertakings (Protection of Employment) Regulations 2006, trade union consultations will be carried out in accordance with those regulations.

The financial position and the proposals were explained at Trade Union on 6 January 2020. Further Consultation will continue on a weekly basis (if applicable) at Departmental consultation meetings. Any Trade Union feedback will be collated and will be reported at Executive in February 2020 as an addendum to the budget report

A briefing for all employees on the budget proposals has been issued through line management and key communications/Bradnet and will be cascaded accordingly.

## **7.7 WARD IMPLICATIONS**

In general terms, where the proposed cuts affect services to the public, the impact will typically be felt across all wards. Some proposals could potentially have a more direct local impact on individual organisations and/or communities. It is expected that the consultation process will allow an analysis of local impacts to inform final decisions.

## **8. NOT FOR PUBLICATION DOCUMENTS**

None.

## **9. RECOMMENDATIONS**

That Members have regard to this report in setting the budget, and in particular note the conclusions that:

- the estimates presented to Council are sufficiently robust
- the reserves are adequate for the 2020/21 proposed budget
- the projected corporate reserves, on current estimates, are adequate in the medium term, subject to the implementation of the rest of the proposed financial plan and identification of further proposals to mitigate the projected structural gap of £11.860m.

As with all budgets there is the potential for amendments to be proposed/agreed which could change the overall package of proposals. In that respect, it should be highlighted that this statement would be amended or added to if a decision was proposed that lead to the Council's reserves falling below their recommended level. In addition, any other amendments would be considered against the scale of the overall budget and depending upon the extent and nature, may result in a revised statement.

## **10. APPENDICES**

### **10.1 Appendix 1: Risk-Based Assessment**

## **11. BACKGROUND DOCUMENTS**

Executive reports and supporting information / working papers

- 2<sup>nd</sup> January 2020: Proposed financial plan updated to 2020/21
- 5<sup>th</sup> November 2019: Quarter 2 Finance Position Statement for 2019/20
- 9<sup>th</sup> July 2019: Finance Position Statement for 2018/18
- 9<sup>th</sup> July 2019: Quarter 1 Finance Position Statement for 2019/20
- 9<sup>th</sup> July 2019: Medium Term Financial Strategy 2020/21 to 2022/23 and Beyond
- 2<sup>nd</sup> April 2019: Quarter 4 Finance Position Statement for 2019/20
- 2<sup>nd</sup> April 2019: The Council's Capital Strategy 2019-20
- 19<sup>th</sup> February 2019: The Council's Revenue Estimates for 2019/20

- 19<sup>th</sup> February 2019: The Council's Capital Investment Plan for 2019/20 Onwards
- 19<sup>th</sup> February 2019: 2019/20 Budget Proposals and Forecast Reserves – s151 Officer Assessment
- 5<sup>th</sup> February 2019: 2019/20 Budget Update
- 5<sup>th</sup> February 2019: Quarter 3 Finance Position Statement for 2018/19

Plus

- Monthly Change Programme Reports to CMT
- Monthly Finance position statements to CMT
- Budget Working Papers

## Risk-Based Assessment of Potential Events Affecting the Proposed 2020/21 Budget and Beyond

The table outlines: the risk event that could occur and cause the plan to vary; the mitigations that are in place; and an assessment of the potential quantified impact of the individual risk materialising, together with the additional mitigating factors.

Risk Event	Description and Mitigation in Place	Residual Risk Rating (Likelihood/Impact) and Contingency
		Likelihood: Low <20% <Medium < 50%< High<70% Impact: Low <£2m< Medium < £3m < High < £5m
Taxation streams are unstable	Collection Rates, bad debt provisions, appeals provisions, rateable property and the cost of the Council Tax Reduction Scheme are all volatile and are regularly monitored. Business Rates performance continues to be more volatile than Council Tax, with the outcome of appeals significantly reducing the tax yield. In year losses and gains can be handled through the Collection Fund, while variances can be dealt with in future year's plans.	Medium/Medium  Contingency provided through adjustment of plans for subsequent years.
Other income streams unstable	Non-taxation income streams remain less volatile than in previous years. NHS funding streams may be at risk in the wake of current financial control difficulties. Past performance suggests that unplanned income may materialise, offsetting generally the risks against the aggregate net revenue budget. The Council is becoming more successful at securing competitive grants.	Low/Low  Contingency provided through in-year budget control.  Continuous dialogue with NHS partners over funding flows  More active bidding for external funds  Close monitoring of trading
Member support for the budget diminishes	The Executive and individual Portfolio Holders have been involved at a very detailed level in the development of the proposals. The financial plan reflects the current Council Plan which has also had significant member input.	Low/Low  Contingency provided through adjustment of plans for subsequent years
Plans for implementation of changes are not	Each savings proposal is required to be accompanied by a project plan setting out the implementation path. This process has been strengthened further through Change Programme	Medium/Low  Mitigation provided through continuous

Risk Event	Description and Mitigation in Place	Residual Risk Rating (Likelihood/Impact) and Contingency
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robust	Board and monthly CMT budget monitoring report, including specific savings tracker. The impact of the plans has been tested in consultation. The degree of risk in each individual proposed change varies, and requires continuous project management. Implementation requires dedicated project management resource (which continues to be funded in the budget).	improvement of plans and regular monitoring reports through CMT.
Planning is insufficiently flexible to respond to unexpected events	Governance arrangements allow Strategic Directors, under delegated authorities, and in consultation with Portfolio Holders, to flex plans during the year. If necessary, recourse can be had to the Executive to approve changes within the overall agreed budget envelope	Low/Low
Risks to timely implementation of changes to packages of care in adults and children services	<p>The programme of change for Adult Services is proving effective in ensuring the right level of care is provided at the right time. Change Programme Impacts are being realised through the budget. The residual risk is the requirement for further demand management activity to be implemented to meet budget savings targets to 2022/23.</p> <p>The package of proposals to reform entitlements to and methods of transporting children with high needs to and from school has not yet yielded the intended financial benefits.</p>	<p>High/High</p> <p>Use of dedicated programme management resource</p> <p>Continued collaboration with NHS and other partners</p> <p>Learning from developments in other local authorities and engagement of Impower to provide external support/expertise/ challenge/ change.</p> <p>The risk is part mitigated as additional budgetary resource included in MTFS for Children’s services</p>
Uncertainties over the integration of health and social	The future of adult social care is heavily influenced by national policy on integration. Work to develop “integrated care systems” could run slower than is necessary to inform/support	<p>Medium / Low</p> <p>The Council may have to make unilateral</p>

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care, including delays in developing new models of care to support changes to service delivery	local changes, with potential adverse financial and client impacts. Governance mechanisms including the Health and Wellbeing Board and supporting bodies are in place, allowing shared planning with NHS partners, and joint participation in nationally led initiatives. Negotiations continue over the distribution of the Better Care Fund. Financial pressures in the NHS could trigger higher degrees of organisational change, which divert leadership attention away from the job of managing client demand which lies at the heart of the adult services changes required to deliver the budget.	changes if the pace of change is too slow  Impact judged as low as budget is not predicated on integration
Changes related to staff cannot be implemented to plan	Consultation with Trade Unions for savings agreed February 2019 has taken place. Unions have taken Industrial action. No new staff savings as part of 2020/21 proposals, which also see some prior savings being deferred. Any implementation will focus on avoiding compulsory redundancy.	Low/Low  Use of voluntary redundancy and vacancy management to mitigate impacts
Demographic changes place unplanned burden on resources	The proposed budget has been increased to account for £1.6m of demographic growth in Adult Services, and £13.6m within Children Services. The waste/refuse collection budget has been increased to reflect demographic and household growth. The Schools budgets (funded by the DSG) reflect the latest pupil census. It is expected that demographic growth and changes in the composition of the population will continue to lead to service pressures, which may need to be factored into future plans.	Low/Low  Budget provision has been provided to address demographic growth in key areas Further contingency may be needed if growth exceeds budget provision
Insufficient inflation allowance is provided in the plan	Expenditure budgets have been selectively inflated at indices appropriate for the relevant line. Where appropriate, budget managers will need to absorb unfunded inflation through reducing consumption of goods and services. Pay budgets have been inflated by 2%. The impact of potential greater inflationary pressures in the economy on the medium term	Low/Low  Compensating action to reduce net costs

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	outlook will need to be managed.	
Capital investment is poorly controlled	Experience from prior years suggests capital projects take longer to implement than planned with a significant degree of slippage. PAG processes have been updated, and period capital monitoring, including Leader and Portfolio Holder engagement.	Low/Low  Close monitoring is required to ensure that schemes do not overspend and deliver to plan.  Contingency provided through adjustment of plans for subsequent years
Sources of funds for capital investment do not materialise	In addition, to the capital receipts expected to be released as a result of specific schemes, the Capital Investment Plan assumes £3.5m of general capital receipts from emerging sales of Council property. If they do not materialise, the plan (or individual projects within it which are dependent on receipts) will need to be reviewed.	Low/Low  Contingency provided through adjustment of plans for subsequent years
Capital projects do not deliver expected Invest to Save returns	A number of capital projects have been approved on an Invest to Save basis, with financial benefits forecast to offset capital borrowing costs. If these savings do not materialise the relevant service area will have a budget pressure in meeting these costs.	Low / Medium  Business plan approval subject to service sign off and PAG approval, before being approved by Executive.  Capital monitoring processes.
Interest Rates are higher than anticipated over the life of the plan	Should there be sharp rate rises, this would have a corresponding impact on the capital financing budget as external borrowing becomes more expensive. This may in turn have an impact on the affordability of the capital programme, in particular in later years. Interest Rates assumed in the budget are based on the latest available information from professional treasury management advisors. Regular updates are received and form part of our monitoring	Medium/Medium  Compensating action to reduce net costs  Reprofiling and reprioritisation of the capital plan  Strong link between capital forecast and

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	processes.	MTFS
The baseline budget is structurally compromised	The proposed budget is set using the 2019/20 baseline as amended for specific changes. The 2019/20 forecast outturn shows a combination of overspend pressures and compensating underspends, the most significant of which have been accounted for as part of those specific changes, and where appropriate included within the MTFS.	Low / Low  Strategic Directors can use their delegated budgets flexibly  Structural budget issues are identified and tracked, and if appropriate reflected in MTFS and budget plans.
Changes in school funding and in school structures created unforeseen and unfunded liabilities	Three factors could lead to financial stress in schools, which, under some circumstances, could create liabilities for the Council's budget: the increasing gap between funding and inflation-driven costs; the impact of the National Funding Formula on individual schools; conversions to academies. No additional provision has been made in the budget for these risks	Medium/Medium  Support for/intervention in individual schools On-going dialogue with Regional Schools Commissioner Engagement with Bradford Schools Forum
Internal governance arrangements are not fit for purpose	Constitutional arrangements, internal delegations, and the financial control environment are in place and, from audit testing, are effective. The Schools Forum and the supporting mechanisms are likewise effective at enabling a mature discussion about the use of local authority and DSG funds to support schools and pupils. Governance arrangements for health and social care are also well established. Internal governance supporting change management also reduces the risk of departmental silo mentality.	Low/low
Governance arrangements with external parties are not fit for purpose	The Health and Wellbeing Board and supporting arrangements are in place, though the pace of development is often overtaken by national NHS developments. At regional level, Combined Authority governance is bedded in, though further changes may evolve in the wake of the fluid devolution	Low/Low

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		Likelihood: Low <20% <Medium < 50%< High<70% Impact: Low <£2m< Medium < £3m < High < £5m
	agenda. These factors do not increase financial risk as much as absorb leadership and management attention.	

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