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City of BRADFORD METROPOLITAN DISTRICT COUNCIL

Agenda for a meeting of the Executive to be held Remotely on Tuesday, 16 February 2021 at 10.30 am

Members of the Executive – Councillors

LABOUR
Hinchcliffe (Chair)
I Khan
Ross-Shaw
Ferriby
Jabar
Farley

Notes:

- A webcast of the meeting will be available to view live on the Council's website at https://bradford.public-i.tv/core/portal/home and later as a recording.

- Any Councillors and members of the public who wish to make a contribution at the meeting are asked to email jill.bell@bradford.gov.uk & yusuf.patel@bradford.gov.uk by **10.30 on Thursday 11 February 2021** and request to do so. In advance of the meeting those requesting to participate will be advised if their proposed contribution can be facilitated and those participants that can be will be provided with details how to electronically access the meeting. Councillors and members of the public with queries regarding making representations to the meeting please email Jill Bell & Yusuf Patel.

- Approximately 15 minutes before the start time of the Executive meeting the Governance Officer will set up the electronic conference arrangements initially in private and bring into the conference facility the Portfolio Holders, the Chief Executive and the Council's legal advisor so that any issues can be raised before the start of the meeting. The officers presenting the reports at the meeting of the Executive will have been advised by the Governance Officer of their participation and will be brought into the electronic meeting at the appropriate time.

From:
Parveen Akhtar
City Solicitor
Agenda Contact: Jill Bell / Yusuf Patel
Phone: 01274 434580/4579
E-Mail: jill.bell@bradford.gov.uk / 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. DISPENSATIONS AND DISCLOSURES OF INTEREST 1 - 6

3. MINUTES

Recommended –

That the minutes of the meeting held on Tuesday 5 January 2021 be signed as a correct record (previously circulated).

(Jill Bell / Yusuf Patel - 01274 434580 434579)

4. 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)

5. 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)

B. STRATEGIC ITEMS

LEADER OF COUNCIL & CORPORATE

(Councillor Hinchcliffe)

6. CAPITAL INVESTMENT PLAN 2021-22 TO 2024-25 7 - 56

The Director of Finance will submit a report (**Document "DG"**) which presents at Section A, the Council's Capital investment Plan 2021-22 to 2024-25.

Section B presents an updated Capital Strategy for 2021-22. This strategy underpins the spending proposals within the Capital Investment Plan.

Section C presents the Investment Strategy for 2021-22. This provides an update to the Investment Strategy, with particular reference to recent Government announcements.

Recommended –

(1) Executive are asked to note the contents of this report and to have regard to the information contained within this report when considering the recommendations to make to Council on the CIP for 2021-22.

(2) 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.

(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:

1. the asset retains or increases its value;
2. the return from the capital scheme is sufficient to repay the capital sum invested.

(4) The proposed 2021-22 MRP policy set out in Appendix 2 is approved

(5) The Flexible Use of Capital Receipts Strategy is approved.

(6) Specific approval be given for the following schemes previously approved by Executive to commence following a detailed review by Project Appraisal Group:

- **The 2021-22 Property Programme has a proposed total cost of £2.5m and this will be funded by the £2m allocated and the movement of £0.5m from the Argus Chambers Property Scheme.**
- **IT Processes and Systems – End to End Review. The scheme is for a planned programme of improvement work to systems and processes in Children's Services. The cost of the capital spend is £0.330m and it will be funded by corporate borrowing.**

Overview and Scrutiny Committee: Corporate

(Chris Chapman - 01274 433656)

7. ALLOCATION OF THE SCHOOLS BUDGET 2021/22 FINANCIAL YEAR 57 - 102

The Director of Finance will submit a report (**Document "DH"**) which seeks Executive approval of the recommendations of Bradford's Schools Forum in allocating the Dedicated Schools Grant (DSG) for 2021/22 and subsequent recommendation to Full Council.

Recommended –

It is recommended that the Executive asks Council to:

(1) Accept and approve the proposals for the allocation of the 2021/22 Dedicated Schools Grant as set out in this report.

(2) Approve the total amount of £634.679m 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 2021/22.

Overview & Scrutiny Committee: Corporate

(Andrew Redding – 01274 432678)

8. THE COUNCIL'S REVENUE ESTIMATES FOR 2021/22 103 - 118

The Director of Finance will submit a report (**Document "DL"**) which provides Members with details of the Council's Revenue Estimates for 2021/22.

Recommended –

Executive is asked to approve the recommendations to Council as set out in the report.

Overview and Scrutiny Committee: Corporate

(Chris Chapman – 01274 433656)

9. 2021/22 BUDGET PROPOSALS AND FORECAST RESERVES - S151 OFFICER ASSESSMENT 119 - 138

The Director of Finance will submit a report (**Document "DI"**) which assesses the robustness of the proposed budget for 2021/22, 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 2021/22 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**
- **the Medium Term Financial Strategy will be updated and reported to Executive as clarity on future local government funding is received.**

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 Chapman – 01274 433656)

10. ADDITIONAL BUDGET DOCUMENTS TABLED AT THE MEETING 139 - 168

The following documents will be tabled at the Executive Meeting:

1. **Bradford Council Executive's Budget and Council Tax proposals for 2021/22: Amended budget recommendation to full council**
2. **Updated Council's Revenue Estimates for 2021/22**
3. **Addendum to Document "DI" - s151 Officer Report on the proposed Council Budget 2021/22**

11. EXCLUSION OF THE PUBLIC

Recommended –

That the public be excluded from the meeting during the discussion of the Not for Publication Document "DM" on the grounds that it is likely, in view of the nature of the proceedings, that if they were present, exempt information within paragraph 3 (financial or business affairs) of Schedule 12A of the Local Government Act 1972 (as amended) would be disclosed and it is considered that, in all the circumstances, the public interest in allowing the public to remain is outweighed by the public interest in excluding public access to the relevant part of the proceedings for the following reasons:

It is in the public interest in maintaining these exemptions because it is in the overriding interest of proper administration that Members are made fully aware of the financial implications of any decision.

(Yusuf Patel – 07970 411923)

NOTE

The following item is included on this agenda as an exception to the Forward Plan in accordance with the provisions of Paragraph 10 (General Exception to the Forward Plan) of Part 3D of the Constitution.
Accordingly the proper officer has notified in writing the Chair of the Corporate Overview and Scrutiny Committee of the matter on which the decision is to be made.

12. BRADFORD LIVE

The Director of Finance will submit a report **Not for Publication** (**Document "DM"**) which sets out a number of arrangements in relation to Bradford live.

Recommended –

That the recommendations set out in Not for Publication Document "DM" be approved.

Overview and Scrutiny Committee: Corporate and Regeneration & Environment

(Chris Chapman - 01274 433656)

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CURRENT DISPENSATIONS AND DISCLOSURES OF INTEREST

DISPENSATIONS

Executive 2nd and 16th February 2021

Due to the number of Councillors who have a relevant Disclosable Pecuniary Interest (DPIs) there is a real risk that without a dispensation, a significant number of Councillors would be required to declare an interest and as such be prevented from participating in the decision making process.

It is in the interests of the citizens of the Bradford District that they are represented by their democratically elected Councillors in the process of setting the Council's Budget.

The Council's Code of Conduct also requires that where a Member has another interest in a matter to be discussed which should be declared in the public interest, it should be declared at the meeting.

On the same grounds as the case for dispensations in respect of DPIs, I have advised that Members who have personal interests where there is or may be a conflict of interest should also not be prevented from speaking and voting in the process of setting the Council's Budget owing to the number of Councillors likely to be affected

Having consulted the Chair of Standards Committee, under my delegated powers I have -

1. Granted a dispensation to the Members of the Executive who have requested one, to enable them to participate in full in the process of recommending the Council's Budget.
2. Requested the Executive to note my advice that personal interests that may give rise to a perception of a conflict of interest shall not prevent Members from speaking and voting at the Executive Budget meetings.

Parveen Akhtar
29th January 2021

DISCLOSURES OF INTEREST

Executive 2nd and 16th February 2021 - DISCLOSURES OF INTEREST

(i) The following Elected Members have been granted dispensations under the Localism Act 2011 in relation to their declared Disclosable Pecuniary Interests relating to employment, sponsorship and land.

EMPLOYMENT
Councillor Imran Khan
Councillor Hinchcliffe

SPONSORSHIP
Councillor Farley
Councillor Hinchcliffe
Councillor Jabar
Councillor Imran Khan
Councillor Ross-Shaw

LAND
Councillor Farley
Councillor Ferriby
Councillor Hinchcliffe
Councillor Jabar
Councillor Imran Khan
Councillor Ross-Shaw

(ii) The following members have disclosed a personal interest in the items on the agenda relating to the Budget 2021-22 and of the nature and
description indicated by each category:

Members with a spouse, partner or close relative in the employment of the Council
Councillor Jabar
Councillor Imran Khan

Members employed by or who have a spouse, partner or close relative employed by a voluntary organisation/public body funded by the Council.
Councillor Imran Khan

Members who occupied land or who had a spouse, partner or relative who did or who were directors of companies or sat on the management committee of an organisation that occupies land under a lease or licence granted by the Council.
Councillor I Khan
Councillor Ross-Shaw

Members of other public authorities.
Airedale Partnership
Councillor Ross Shaw

Arts Council North
Councillor Hinchcliffe

Bradford Economic Partnership
Cllr Hinchcliffe
Cllr Ross-Shaw

City Regions Board (LGA)
Councillor Hinchcliffe

Drake and Tonson Foundation
Cllr Farley

Haworth Exhibition Trust
Cllr Farley

Key Cities
Councillor Hinchcliffe
Councillor Imran Khan

Leeds Bradford International Airport – Consultative Committee
Councillor Ross-Shaw

Leeds City Region Local Enterprise Partnership
Councillor Hinchcliffe

Nell Bank Outdoor Education Centre
Councillor Ferriby

Northern Acceleration Council
Councillor Hinchcliffe

Transport for the North
Councillor Hinchcliffe

University of Bradford - Court
Councillor Hinchcliffe

West Yorkshire Combined Authority
Councillor Hinchcliffe
Councillor Imran Khan (alternate)

West Yorkshire Combined Authority Inclusive Growth and Public Policy Panel
Councillor Ross-Shaw

West Yorkshire Combined Authority West Yorkshire & York Investment Panel
Councillor Ross-Shaw

West Yorkshire Combined Authority Business Innovation and Growth Panel
Councillor Ross-Shaw

West Yorkshire Combined Authority Business Investment Panel
Councillor Ross-Shaw

West Yorkshire Combined Authority Employment Skills Panel
Councillor Hinchcliffe
Councillor Imran Khan

West Yorkshire Combined Authority Governance and Audit
Councillor Hinchcliffe
Councillor Imran Khan (alternate)

West Yorkshire Combined Authority Green Economy Panel
Councillor Ferriby

West Yorkshire Combined Authority City Region Partnership
Councillor Hinchcliffe

West Yorkshire Combined Authority Place Panel
Councillor Hinchcliffe
Councillor Ross-Shaw

West Yorkshire Joint Services Committee
Councillor Hinchcliffe
Councillor Imran Khan

Wrose Carnival Management Committee
Councillor Hinchcliffe
Councillor Ross-Shaw

Yorkshire Leaders Board
Councillor Hinchcliffe

Yorkshire Libraries and Information
Cllr Ferriby

Parish Councillors
Councillor Hinchcliffe
Councillor Ross-Shaw

Members who sit on the management committee/ trustee of a voluntary organisation in receipt of Council Funding.
Councillor Ferriby
Councillor Hinchcliffe
Councillor Jabar
Councillor Imran Khan

Members who are members of a Council funded organisation.
Councillor Imran Khan
Councillor Ross-Shaw

Members appointed by the Council to a public body with an interest in the Council's budget
-
Members who are appointed to external bodies
Bradford Business Improvement District
Councillor Ross-Shaw

Bradford City Challenge Foundation Limited
Councillor Imran Khan

Canal Road Urban Village
Councillor Ross-Shaw

City of Film
Councillor Ferriby

Friends of Brackenhill Park
Councillor Jabar

Great Horton Partnership
Councillor Jabar

Ilkley Business Improvement Board
Councillor Ross-Shaw

Keighley Business Improvement District Board
Councillor Ross-Shaw

Ummid/Himmat Management Board
Councillor Jabar

Other Interests

Farley
The Law Society & Unite

Unite
Ferriby

Unison Calderdale
Councillor Jabar

Unison, Unite, GMB, Community
Councillor Hinchcliffe

GMB
Imran Khan

Unison
Ross-Shaw

Members who are school governors
Councillor Farley
Councillor Ferriby

Members entitled to receive an allowance paid by the Council
All members of the Executive in attendance.
Any members who are in receipt of a West Yorkshire Pension Fund pension.

City of BRADFORD METROPOLITAN DISTRICT COUNCIL

Report of the Director of Finance to the meeting of Executive to be held on 16 February 2021

DG

Subject:

Capital Investment Plan 2021-22 to 2024-25

Summary statement:

Section A of this report presents the Council's Capital investment Plan 2021-22 to 2024-25.

Section B presents an updated Capital Strategy for 2021-22. This strategy underpins the spending proposals within the Capital Investment Plan.

Section C presents the Investment Strategy for 2021-22. This provides an update to the Investment Strategy, with particular reference to recent Government announcements.

Chris Chapman
Director of Finance

Report Contact: Chris Chapman
Director of Finance & IT
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Portfolio:

Corporate

Overview & Scrutiny Area:

Corporate

1. SUMMARY

1.1 This report proposes the Council's Capital Investment Plan (CIP) from 2021-22 to 2024-25. The report also includes for 2021-22: The Capital Strategy (Section B) and the Investment Strategy (Section C).

1.2 This report is part of the overall 2021-22 budget proposal for the Council which also includes:

- The Council's Revenue Estimates for 2021-22 (Document DE)
- Allocation of the Schools Budget 2021-22 Financial Year (Document DH)
- Section 151 Officer's Assessment of the proposed budgets (Document DI)

2. OVERVIEW

2.1 **SECTION A** of this report outlines the 2021-22 Capital Investment Plan (CIP). This includes:

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

2.2 **SECTION B** of this report sets out the 2021-22 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
- Risks
- Prudence, Affordability, Sustainability
- Skills & Knowledge
- Capital Strategy Actions

2.3 **Section C** updates the 2021-22 Investment Strategy.

SECTION A: CAPITAL INVESTMENT PLAN 2021-22

3. CAPITAL INVESTMENT PLAN - BACKGROUND

3.1 The Capital Investment Plan (CIP) is the Council's budget for expenditure on long-term infrastructure items, such as buildings and vehicles. These items are one-off, so need to provide value to the Council across a number of financial years; the items are also paid for across different financial years.

3.2 Expenditure in the CIP therefore differs significantly from that in Revenue Estimates – these estimates present ongoing expenditure, such as salaries, used up and

funded within one financial year.

3.3 The CIP is governed by statutory requirements set out in the 2003 Capital Regulations. The key points are:

- Capital expenditure within the CIP provides benefits to Council residents that lasts for more than one financial year, such as a new sports centre.

- The construction process, for example a new sports centre, can also stretch across a number of financial years. For these reasons the CIP budget is presented as a rolling programme across a number of future years.

- Capital expenditure can only be funded from a limited number of sources: external grants (designated by the grant provider as for a capital purpose); funding provided by the Revenue Estimates (Direct Revenue Financing); funding from reserves, including the Major Repairs Reserve in the case of the Housing Revenue Account and borrowing.

- All the above funding sources involve paying for capital expenditure directly and immediately, except when borrowing is required. The borrowing principal and the related interest charges are repaid gradually through successive Revenue Estimates. The impact of the borrowing principal and interest payments are known technically as capital financing charges.

- There are some further points to note around capital financing charges. The provision of funding for the principal repayments is governed by strict rules. These rules determine how this funding is identified and set aside within successive years of the Revenue Estimates. The rules are known technically as the Minimum Revenue Policy (MRP). This funding is set aside irrespective and unrelated to the actual principal repayments, which is managed within the Council's Treasury Management Strategy.

- Interest charges on the borrowing are charged to the Revenue Estimates based on the year to which these relate.

- Capital Expenditure is monitored using what are called Prudential Indicators. These aim to measure and weigh the Council's level of indebtedness and any impacts on the Revenue Estimates for future generations. This check is due to the importance of ensuring value from capital expenditure: it significantly impacts both on service provision and finances for many years in the future.

3.4 One other point about borrowing is the overall purpose from the Council's perspective. One purpose is to fund one-off expenditure to deliver an ongoing improvement to service provision for the residents' districts (The Council calls this Corporate Borrowing).

3.5 Sometimes the purpose of the one-off expenditure is to enable the same service provision to be delivered more efficiently: for example, the Council could purchase vehicles as opposed to paying to rent them. Such borrowing schemes are known as "Invest to Save" because the capital financing costs are mitigated by the savings they generate in the Revenue Estimates.

4. THE CAPITAL SCHEMES

4.1 As noted above, the CIP is always a rolling programme, because it continues across financial years. Therefore, the starting point for the proposed 2021-22 CIP is the quarter 3 monitoring position for the 2020-21 CIP. This is shown in Table 1 below:

Table 1: Quarter 3 Capital Investment Plan

	Q2 Re profiled Budget 2020-21	Changes	Re profile Budget 2020-21	Spend 31 Dec 2020	Budget 21-22	Budget 22-23	Budget 23-24 onwards	Total
	£m	£m	£m	£m	£m	£m	£m	£m
Health and Wellbeing	1.6	0	1.6	0.3	4.2	1.5	0	7.3
Children's Services	24.1	0.2	24.3	13.2	11.0	2.3	0	37.6
Place - Economy & Development Services	14.4	0.1	14.5	3.1	41.5	21.6	8.6	86.2
Place - Planning, Transport & Highways	28.3	1.7	30.0	13.4	65.4	112.0	16.5	223.9
Place - Other	20.4	0.5	20.9	8.9	12.3	14.0	10.5	57.7
Corp Service – Estates & Property Services	12.7	0.3	13.0	3.6	5.0	0.1	0	18.1
TOTAL – General Fund Services	**101.5**	**2.8**	**104.3**	**42.5**	**139.4**	**151.5**	**35.6**	**430.8**
HRA	**0.6**	**1.1**	**1.7**	**0**	**2.0**	**8.0**	**18.7**	**30.4**
Reserve Schemes & Contingencies	31.4	-0.9	30.5	0	110.3	101.7	38.6	281.1
Council TOTAL	**133.5**	**3.0**	**136.5**	**42.5**	**251.7**	**261.2**	**92.9**	**742.3**

4.2 In order to draw up the 2021-22 CIP proposed changes are:

- Revisions for estimated slippage in the current 2020-21 financial year.
- Ongoing schemes continued for the additional 2024-25 year added to the CIP.
- New schemes for CIP.
- Changes related to the HRA CIP schemes.

4.3 The first change is the ongoing schemes continued into 2024-25. These are detailed below:

- Replacement of Vehicles - £3m
- Property Programme - £2m
- General contingency for unforeseen capital expenditure - £1m

4.5 The new schemes proposed for the CIP are set out and described in Table 2 below. It is proposed these be identified as ‘reserve’ schemes, pending the presentation of full project appraisals to the Project Appraisal Group for review before seeking Executive approval.

Table 2: New proposed schemes for the 2021-22 CIP

Proposed Scheme	Total Budget £000	Description / Benefit
Health & Wellbeing		
PCS1 BACES	3,300 Additional 300k 2021-22 and 750k per year for 4 years, 2022-23 onwards	Additional Investment in Bradford & Airedale Community Equipment Service (BACES) is required beyond the currently approved funding period. The capital budget is an essential part of the BACES requirement for small and minor adaptations to people's homes that are not Disabled Facilities Grant eligible or for larger items of equipment such as Stair lifts and Hoists. It is intended that there will be a future requirement of £350k for Learning Disability service users and £400k for more general BACES capital items.
PCS2 Great Places to Grow Old – Saltaire Residential Care Home	2,400	The Scheme is already in the CIP for the construction of a new 50 bed short stay residential home on the site of Neville Grange in Saltaire.
Place – Sport & Culture		
PCS3 Marley Playing Field	500	Works to riverbank next to the playing field.
Corporate Resources		
PCS4 Core IT Infrastructure	1,220 2021-22	This is for SAP developments and the Digital Strategy capital innovation fund. It will be funded by £0.4m already in the 20-21 Programme, £0.2m revenue contribution and the remainder corporate borrowing.
Children's Services		
PCS5 SEND Expansion	6,000 2,000 per year for 3 years	This is the estimate of the additional budget need above current Basic Needs Grant. It would be funded by corporate borrowing and be used to complete SEND expansion in mainstream schools and SEN schools.
PCS6 IT Processes and Systems – End to End Review	330	A planned programme of work to systems and processes. The improvements to the systems are designed to promote better practice including facilitating improvements in the quality of analysis and the extent to which the child's lived experience is captured. This in turn will contribute to enhanced planning and review, helping us to ensure that progress towards clear targets is monitored.

PCS7 Laptops for Children	2,200 split over two financial years (one academic year)	Investment programme for raising attainment across the District. It includes continuing to invest capital funding in Digital Inclusion for Disadvantaged Children & Young People by investing in an infrastructure to support the programme.

4.6 In addition to the schemes above there are other possible schemes that are at a very early stage of development. Further work and investigations will be completed and they will be brought to Executive for approval. Schemes currently being considered are:

- A Waste Recycling Facility
- Crag Road Phase 2 Development
- A Business Development Zone
- A potential increase of £0.5m for the Saltaire Residential Care Home Scheme

4.7 The proposed new schemes in Table 2 are at different stages as regards the development of the relevant business cases. Points to note are:

- The 2021-22 Property Programme have already been subject to a detailed business case and approved by the Project Advisory Group. The total cost of the proposed Programme is £2.5m and this will be funded by the £2m included in Reserves and the movement of £0.5m from the Argus Chambers Property Scheme.
- IT Processes and Systems – End to End Review has already been reviewed by PAG. The scheme is for a planned programme of improvement work to systems and processes in Children's Services. The cost of the capital spend is £0.330m and it will be funded by corporate borrowing.

The remaining schemes are 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.

4.8 The proposed 2020-21 to 2024-25 Capital Investment Programme is a rolling programme including the quarter 3 capital budget, with the addition of the new schemes detailed in table 2. This is set out in Appendix 1, along with a funding analysis.

5 MINIMUM REVENUE PROVISION (MRP) POLICY

5.1 It is a statutory requirement for Full Council to set the Minimum Revenue Provision (MRP) policy each year. As noted, it is a technical term but refers to the rules governing how much funding is set aside from successive Revenue Estimates each year to repay debt.

5.2 The overall purpose of the policy is to charge the costs of capital schemes to current and future years in proportion to the amount of service benefit delivered in each year. The aim is to allocate costs between time periods and different generations in a fair and reasonable way. This means:

- Costs are charged only when schemes are in operation and not in the construction phase.

- Costs are generally allocated over the expected timespan in which any scheme is operational.

- The policy only relates to the repayment of borrowing: the elements of schemes funded directly, for example by grants, do not cause any future funding pressures on the Revenue Estimates.

5.3 The proposed policy is set out in Appendix 2. Compared to previous years, the only change to the policy is an update for the Council's new Housing Revenue Account. This allows funding to repay debt to be redirected to investment in the housing stock, providing that sufficient upkeep and improvement on the buildings is delivered.

5.4 The main elements of the policy set out in Appendix 2 are set out below:

- Pre 2008 debt, which cannot be distinguished against specific assets, is being repaid over 50 years on an equal instalment basis.

- Some debt taken out between 2008 and 2012 is currently being repaid on an annuity basis. This reflects policy and regulations during this period.

- Funding set aside for debt repayments within the HRA is calculated on a depreciation charge.

- All other debt is repaid on an equal life basis: as determined by the expected lifespan of each individual asset.

- The policy also provides some discretion to the Section 151 officer in determining debt repayments. However, this is subject to the relevant scheme meeting targets.

6. PRUDENTIAL INDICATORS

6.1 The Prudential Indicators are calculated on the basis that the CIP in future years is delivered in full and that there is no slippage. However, slippage has been included for the 2021-22 year.

6.2 The 2003 Capital Regulations authorise Councils to borrow for a capital purpose only. This is subject to tests of sustainability and affordable, using the Prudential Indicators.

6.3 One key Prudential Indicator, therefore, is a measure of the Council's outstanding debt. Outstanding debt is the Council's cumulative borrowing less any funding for debt repayment set aside within the Revenue Estimates. This Prudential Indicator is called the Capital Financing Requirement (CFR). The indicator is shown in Table 3a below:

Table 3a: Capital Financing Requirement (CFR)

	2019-20 Actual £m	2020-21 Estimate £m	2021-22 Estimate £m	2022-23 Estimate £m	2023-24 Estimate £m	2024-25 Estimate £m
Opening Capital Financing Requirement	***700***	**711**	**753**	**845**	**939**	**936**
Increase in borrowing	29	66	121	127	35	11
Less MRP and other financing movements	-18	-24	-28	-33	-38	-40
Closing Capital Financing Requirement	**711**	**753**	**845**	**939**	**936**	**907**

6.4 Table 3a above shows:

- The actual CFR at 31 March 2020 was £711m. This figure is also shown in the Council's statement of accounts and has been externally audited.

- The CFR is projected to increase, peaking at £939m in 31 March 2023. There is an increase when borrowing in year for a capital purpose is more than the amounts set aside to fund the principal repayments.

- The borrowing is estimated (apart from 31/03/2020) based on the proposed 2021-22 CIP, as set out in Appendix 1.

- Outstanding debt increases when new borrowing is higher than the principal payments charged to the Revenue Estimates.

6.5 When the Council borrows cash, this is nearly always from the Public Works Loan Board. However, cash borrowing is significantly lower than the CFR. A reconciliation between the CFR and the Council's loans is shown below in the Prudential Indicator for the external debt projection:

Table 3b: External Debt Projection

	31/03/20 Actual £m	31/03/21 Estimate £m	31/03/22 Estimate £m	31/03/23 Estimate £m	31/03/24 Estimate £m	31/03/25 Estimate £m
Opening Capital Financing Requirement	***700***	**711**	**753**	**845**	**939**	**936**
Private Finance Initiative	*-169*	-161	-157	-153	-148	-144
Earmarked Reserves	*-229*	-243	-202	-202	-202	-202
Investments	*52*	96	45	45	45	45
Working Capital	*-36*	-28	-28	-28	-28	-28
(ii) Opening External Debt 1 April	***318***	**375**	**411**	**508**	**606**	**607**
Under-borrowing	*382*	*336*	*341*	*337*	*333*	*328*

6.6 Regarding Table 3b above:

- External debt increases generally when the CFR increases but is significantly lower.

- The amount by which External debt is lower than the CFR is called under-borrowing. For example, under-borrowing is estimated to be £336m at 31 March 2021.

- The reasons for the under-borrowing are reconciled in the above table. One significant reason is that some of the borrowing is in the form of a lease arrangement (the Private Finance Initiative) rather than cash. The other is that the Council borrows from its own internal earmarked reserves, rather than borrowing, because it is less expensive.

6.7 As noted, the increase in the CFR drives the increase in external debts. This CFR increase in turn is caused by that part of the CIP funded from borrowing. The element of the CIP funded from borrowing is shown in the performance indicator below:

Table 3c: Analysis of Capital Spend Requiring Borrowing

	31/03/20 Actual £m	**31/03/21 Estimate £m**	**31/03/22 Estimate £m**	**31/03/23 Estimate £m**	**31/03/24 Estimate £m**	**31/03/25 Estimate £m**
Total Capital Spend	*81*	*137*	*255*	*268*	*76*	*27*
Capital Spend not funded from borrowing	*52*	*71*	*134*	*141*	*41*	*16*
Capital spend funded from borrowing	***29***	***66***	***121***	***127***	***35***	***11***

6.8 Another Prudential Indicator measures the impact of the Capital Financing Costs (debt repayments and interest) on the Revenue Estimates. This impact measures the annual costs as a ratio as the Net Expenditure Requirement shown in the 2021-22 Revenue Estimates (Document DE).

6.9 This Indicator is called the ratio of capital financing costs to the Net Revenue Stream. The indicator is shown in Table 4 below, together with a separate analysis for Invest to Save schemes:

Table 4: Ratio of Capital Financing costs to the Net Revenue Stream

	2020-21 £m	**2021-22 £m**	**2022-23 £m**	**2023-24 £m**	**2024-25 £m**
Total Capital Financing Costs	**56.6**	**60.8**	**66.4**	**71**	**72.5**
Projected Net Expenditure Requirement	391.3	391.3	391.3	391.3	391.3
Ratio: Capital Financing costs to Net Expenditure Requirement	**14.5%**	**15.5%**	**17.0%**	**18.1%**	**18.5%**
Invest to Save element of Total Capital Financing Costs	*6.7*	*8.1*	*11.3*	*13.9*	*15.3*

Invest to Save contribution to Ratio to Net Expenditure Requirement	*2.1%*	*1.9%*	*1.5%*	*1.3%*	*1.2%*

6.10 Key points about the above Prudential Indicator are:

- The ratio of capital financing costs to the Net Expenditure Requirement increases between 2020-21 and 2024-25.

- 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 Prudential Indicator reflects a number assumptions including: that interest rates are 1.4% in 2020-21, 1.5% in 2021-22, 1.6% in 2022-23, 1.6% in 2023-24 and 1.8% in 2024-25. The CIP has also been reprofiled to reflect lower spend in 2020-21. 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 5: Capital Financing Costs in the Revenue Estimates Budget

		2020-21	**2021-22**	**2022-23**	**2023-24**	**2024-25**
		£m	**£m**	**£m**	**£m**	**£m**
Total Capital Financing Costs		**56.6**	**60.8**	**66.4**	**71**	**72.5**
Direct Funding Schemes		1.0	1.0	1.0	1.0	1.0
PFI interest virement		-16.0	-15.5	-14.9	-14.2	-13.6
PFI virement		-7.9	-8.1	-8.6	-8.8	-9.0
Prudential borrowing virement		-6.7	-8.4	-12.9	-16.4	-17.8
Corporate Capital Financing Costs within Revenue Estimates		**27**	**29.9**	**31.1**	**32.6**	**33.3**

6.11 Items of expenditure such as PFI interest and the PFI Lease virement 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.

6.12 Similarly, borrowing for self-financing schemes is being funded from services, as set out in the Prudential borrowing virement shown in Table 5 above.

6.13 All the Prudential Indicators, including additional analysis, are set out fully in Appendix 3 of this report.

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 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 Council is also awaiting the introduction of a new funding regime for Local Government.

8 FINANCIAL & RESOURCE APPRAISAL

8.1 The finance and resourcing implications are set out in the body of this report.

9 RISK MANAGEMENT AND GOVERNANCE ISSUES

9.1 The risk implications are set out in the body of this report.

10 LEGAL APPRAISAL

10.1 The report complies with the Council's statutory obligations and the requirement to follow statutory guidance.

11 OTHER IMPLICATIONS

11.1 Equality and Diversity

None

11.2 SUSTAINABILITY IMPLICATIONS

There are no direct sustainability implications arising from this report, sustainability implications are considered as part of individual capital project appraisals

11.3 GREENHOUSE GAS EMISSIONS IMPACTS

There are no direct impacts arising from this report

11.4 COMMUNITY SAFETY IMPLICATIONS

There are no direct impacts arising from this report

11.5 HUMAN RIGHTS ACT

None

11.6 TRADE UNION

None

11.7 WARD IMPLICATIONS

None.

11.8 AREA COMMITTEE ACTION PLAN IMPLICATIONS (for reports to Area Committees only)

None

11.9 IMPLICATIONS FOR CORPORATE PARENTING

None

11.10 ISSUES ARISING FROM PRIVACY IMPACT ASSESMENT

None

11.11 NOT FOR PUBLICATION DOCUMENTS

None

11.12. OPTIONS

None

12 RECOMMENDATIONS

12.1 Executive are asked to note the contents of this report and to have regard to the information contained within this report when considering the recommendations to make to Council on the CIP for 2021-22.

12.2 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.

12.3 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:

1. the asset retains or increases its value;

2. the return from the capital scheme is sufficient to repay the capital sum invested.

12.4 The proposed 2021-22 MRP policy set out in Appendix 2 is approved

12.5 The Flexible Use of Capital Receipts Strategy is approved.

12.6 Specific approval be given for the following schemes previously approved by Executive to commence following a detailed review by Project Appraisal Group:

- The 2021-22 Property Programme has a proposed total cost of £2.5m and this will be funded by the £2m allocated and the movement of £0.5m from the Argus Chambers Property Scheme.
- IT Processes and Systems – End to End Review. The scheme is for a planned programme of improvement work to systems and processes in Children's Services. The cost of the capital spend is £0.330m and it will be funded by corporate borrowing.

13 APPENDICES

Appendix 1: The 2020-21 to 2023-24 Capital Investment Plan

Appendix 2: Proposed Minimum Revenue Policy and Prudential Indicators

Appendix 3: Supporting Tables for the Capital Strategy

Capital Strategy 2021-22

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 plan.

8.2 In respect of timeframes, the strategy is also both a plan for the current year and the long-term, with emphasis on the next ten years.

8.3 The strategy is the means by which the Council 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.

8.4 The simple purpose of the strategy is also to ensure that capital expenditure is deployed in such a way as to maximise the provision of the services needed by Council residents. Delivering this purpose involves selecting and project managing capital schemes; while coordinating their implications for risk, treasury and resourcing.

8.5 Capital Expenditure is defined as expenditure on the acquisition, creation or enhancement of assets that have a useful life or more than one year. This means items of expenditure on buildings, vehicles and substantial equipment. Local Government also has the statutory right to include within this definition, expenditure on assets owned by third parties, or loans given to third parties.

8.6 Capital expenditure schemes are also constructed, financed and used to deliver services across multiple financial years; so each one is a substantial commitment by the Council.

9 GUIDING PRINCIPLES

9.1 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. These strategic priorities include the statutory duties that Councils are responsible for undertaking.

9.2 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 (e.g Capital Investment Plan 2021-22 to 2024-25).

V. Commissioning and procuring for capital schemes will be legally compliant, which will be established by early and appropriate due diligence.

10 LINKS TO COUNCIL POLICIES, STRATEGIES AND OBJECTIVES

10.1 The Council's **Capital Programme** covers a four-year period: the latest proposed in

this report will cover 2021-2025. The proposed commitments in the programme reflect the Council Plan:

i. Better Skills, More Good Jobs and a Growing Economy
ii. Decent Homes
iii. Good Start, Great Schools
iv. Better Health, Better Lives
v. Safe, Strong and Active Communities
vi. A Sustainable District
vii. An Enabling Council

11 GOVERNANCE FRAMEWORK FOR CAPITAL DECISIONS

11.1 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 Investment 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 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 by Executive. 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.
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 **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. Its prime responsibility is to review the Capital Business Case.
vii. Investment assets are subject to specific approval processes, involving the Investment Advisory Group, discussed below.
viii. There is also discussion and a review underway to develop the support provided around project delivery as well as processes around contract management.

12 CAPITAL RESOURCES TO SUPPORT CAPITAL EXPENDITURE

12.1 Proposed future schemes are set out in the **Capital Investment Plan 2021-22**, due to be considered by Full Council on 18 February 2021.

12.2 Schemes not funded directly by grants, receipts from asset disposals or reserves generate **Capital Financing Costs**, which have to be paid for out of the annual Revenue Estimates (Document DE for 2021-22). Capital Financing Costs derive from the cumulative effect of previous years' borrowing to fund capital investment; net of amounts previously paid. These costs are not impacted by the current year capital expenditure: they can only be matched against service benefit when the related asset is operational.

12.3 **Invest to Save (self-financing) schemes** generate savings or additional income in the Revenue Estimates which offset the Capital Financing Costs**.** Such schemes and their related savings or additional income are projected to have an increasing impact on the Revenue Estimates and the Medium Term Financial Strategy in future years.

12.4 **Corporate Borrowing schemes do not generate savings or additional income in the Revenue Estimates.** Such schemes are chosen for their direct delivery of service provision. Of course, in practice individual schemes can generate some savings or additional income but also require a corporate borrowing contribution.

13 COMMERCIAL PROPERTY INVESTMENTS

13.1 A commercial property investment strategy was approved by Executive on 4 April 2017. This permitted investment in commercial property both to create long term income generation; or to promote economic development, service provision and regeneration within the District.

13.2 Since 2017, the Ministry of Housing, Communities and Local Government (MHCLG) has announced a number of changes in relation to borrowing for commercial property investments. These are summarised below:

- From 1 April 2018, Local Authorities were required to approve an Investment Strategy at Full Council. The definition of Local Authority investments was also updated to include investment property and loans to third parties and related companies.

- It was also announced (1 April 2018) that Local Authorities were no longer able to borrow in advance of their Capital Financing Requirements, solely for the purpose of investment yield. The impact was to restrict commercial investment where Councils' actual cash or finance lease borrowing was equal to their underlying need to borrow for a capital purpose (The Capital Financing Requirement). This did not apply to Bradford Council. Bradford internally borrowed from earmarked reserves, so that actual borrowing is below the Capital Financing Requirement (See Table 4b Capital Investment Programme 2020-21 to 2021-25)

- On 10 September 2019, the MHCLG increased the interest rate on borrowing by 1%. The reason given for this increase was to reduce the level of borrowing by Local Authorities for the purpose of acquiring commercial property portfolios.

- On 11 March 2020, the Government rescinded the 1% interest increase but only for borrowing related to the construction of social housing. The Government also announced a consultation on Local Authorities' commercial property portfolios.

- On 26 November 2020, the MHCLG rescinded the 1% increase on all borrowing from the PWLB. However, at the same time, the results of the consultation were that councils seeking to borrow from the PWLB will now have to confirm they are not borrowing primarily for yield at any point or from any source for a period of 3 years. MHCLG will monitor compliance by reviewing capital plans; in Bradford's case, the Capital Investment Programme 2020-21 to 2024-25.

13.3 As a result, Bradford can no longer invest in commercial property to create long term income generation. The prior criteria for investment in commercial property (see Criteria B below) has now been updated (see Criteria A below):

Criteria A

i A proven ability to promote economic development, service provision and regeneration within the District.

Criteria B

i. Risks associated with the investment

ii. The likelihood of being able to sell the investment in extremis

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 LOANS TO EXTERNAL ORGANISATIONS

14.1 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.

14.2 In such cases, a cost may be chargeable to the Revenue Estimates, either in accordance with the Council's Minimum Revenue (MRP) Policy or, alternatively, an expected credit loss model in line with IFRS 9 (financial instruments) would be required.

14.3 Loans to external organisations are covered under the Council's MRP policy because as noted above, they fall within the Local Authority definition of capital expenditure. The Council's MRP Policy sets out that the Capital Financing Costs can only be fully met from the loan repayments under the following conditions:

- The loan repayment schedule covers the full cost of the original loan.
- That there continues to be confidence that loan repayments will be repaid.
- That the external organisation adheres to the loan schedule.

14.4 In addition, a loan to an external organisation may reduce the interest income received into the Revenue Estimates. This will happen when the interest charged on the loan is less that the amount that would be received from an alternative investment.

14.5 Technical accounting rules many also require applying the credit loss model. This calculates a nominal cost to the Council equivalent to the monetary value of the difference between the interest charged on the external loan and the commercial rate. However, currently the Council is entitled to make an adjustment, so that there is no real impact in the Revenue Estimates.

15 ASSET MANAGEMENT PLANNING

15.1 The Council 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 2021-22 onwards.

15.2 The review will also cover disposals of buildings. As noted, the receipt from such disposals are a regulated funding source for the Capital Investment Programme. The fact that the property has been sold, can also reduce the repair and maintenance on the Council's estate. Table 5 (in Appendix 3) summarises the Council's achievements in rationalising the estate between 2009-10 and 2019-20.

15.3 The Council's Estates Strategy, including disposals of buildings, has been delayed due to the pandemic. Further the pandemic has had a significant impact of estates usage, some of which will be temporary. This includes the closure of buildings, the repurposing of assets, changes in priorities and a reduction in the occupancy rates of office space. All the above will be considered as part of a comprehensive review of the Estates Strategy in 2021-22.

16 RISKS

16.1 In considering the Capital Investment Programme 2021-22 to 2024-25 and the Capital Strategy, there are a number of key risks. These are summarised below:

- **Interest rates are higher than expected**. The current estimate of capital financing costs is based on interest rate forecasts. Such forecasts are inherently subject to change. Such changes could significantly increase capital financing costs.
- **Overspends**. The capital projects could overspend, or alternatively the expected funding may be lower than expected. This will reduce value for money and increase the future costs charged to the Revenue Estimates.
- **Project delivery impaired**. As well as the financial impacts, poor project delivery reduces the quality of service provision for residents.
- **Unanticipated Revenue Consequences of Capital Investment**. There could be additional costs in the Revenue Estimates that are not fully anticipated in the Business Case; for example, additional repair and maintenance costs.
- **Obsolete assets**. Technological changes, changes in Local Government or

different choices could make an asset obsolete, reducing the expected service provision. If this causes a reduction in the expected life of the asset, debt repayments may need to be made out of the Revenue Estimates over a shorter period of time.

- **Invest to Save schemes rely on over-optimistic revenue projections**. The revenue savings or income generation forecasted from a scheme may not materialise. This is a particular risk, because as noted above, budget projections for the Revenue Estimates are increasingly reliant on such forecasts.
- **Change to regulations**. The Government may change current regulations, so that the financial impact of debt and borrowing on the Revenue Estimates could increase.
- **Committed Capital Expenditure**. During the construction phase, new information may become available, for example as a result of a site investigation or other circumstances, which prevents a scheme progressing. In such circumstances, the committed costs add no value and are written off against the Revenue Estimates.
- **The value of property reduces and/or it is more difficult to dispose of property.** The anticipated capital receipts in the CIP are over-optimistic, more borrowing is required and Capital Financing Costs increase.
- **Actual or prospective loans to external parties are not repaid.** If external loans are not repaid, they will have to written off, with the cost charged directly against the Revenue Estimates. Such write offs could increase costs unexpectedly.
- **Change in Government Policy.** There are assumptions in the CIP that some Government grants are recurring. If these assumptions are incorrect, the Council will have to choose between reducing service provision or using additional financial resources.

16.2 The policy framework in the Capital Strategy aims to mitigate the risks identified above. Other risk mitigations are set out in the proposed Capital Strategy actions.

17. PRUDENCE, AFFORDABILITY, SUSTAINABILITY

17.1 As noted, the Prudential Code for Capital Finance in Local Authorities issued in December 2017 requires the Council to consider the key judgement criteria of Prudence, Affordability and Sustainability when considering the Capital Programme.

17.2 Some considerations around this are:

- At 1 April 2020, the Council had £1,000m of long-term assets, when valued according to their potential to provide service provision to the Council. Outstanding debt on these assets is £711m.
- The CIP 2020-21 to 2024-25 proposes £763m of new capital expenditure: funded by £396m of capital grants and miscellaneous items; £190m of Invest to Save borrowing; and £167m of corporate borrowing. Individual schemes are detailed in Appendix 1 by department and analysed according their individual funding requirements.
- Current interest rates are very low by historical standards. For example, the current interest rate from the PWLB on a 50-year loan repaid at maturity, is lower than the Bank of England inflation target (2% as measured by the consumer price index). However, these interest rates fluctuate and can be volatile.
- Other potential risks are outlined in the Risk section above (see 16 Risks).
- The CIP is a rolling programme. Current schemes include those approved as part of the budget process last year and individual schemes progressed, developed and

approved at Executive during the current financial year. Each scheme's contribution to the Council's service provision and its resource requirement is assessed individually.

- The Prudential indicators set out in Appendix 3, Table 4, show the ratio of capital financing costs to the net revenue requirement increasing from 14.5% to 18.5% between 2020-1 to 2024-25.
- The increase in the ratio of capital financing costs is mitigated within the Medium Term Financial Strategy by: savings and income generation from the Invest to Save schemes; some technical accounting adjustments impacting on the profile of the repayments of debt for the Public Finance Initiative.

17.3 Overall the Capital Financing Requirement (CFR) of £711m and will be paid for from Capital Financing Costs charged to future revenue estimates. The proposed CIP 2020-21 to 2024-25 requires substantial new borrowing, increasing the CFR and the amount of funding set aside from future revenue estimates.

17.4 The projected CFR and Capital Financing Costs are shown in detail by the Prudential Indicators. These are used to test the affordability of the proposed CIP.

17.5 Most of the Council's long-term borrowing is from the PWLB; which was £375m at 1 April 2020. A further £161.7m of borrowing relates to the private finance initiative with a private company and will be repaid from future contracted lease payments.

17.6 Borrowing decisions are made on a cash flow basis so are not directly aligned with the Capital Financing Costs charged to the Revenue Estimates. In practice, the Council's earmarked reserves are used to reduce actual borrowing. This is because borrowing costs are higher that the interest the Council received on its investments. However, the relationship between the CFR, earmarked reserves and other assets and liabilities is summarised in Table 4, 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 ongoing 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, commensurate 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. CAPITAL STRATEGY ACTIONS

19.1 These are intended to align the Council's operations with the CFR, and are listed in Schedule 2 of the Capital Strategy. The Actions represent the programme for

implementation of the Capital Strategy, which as a high-level document omits much operational detail in favour of a strategic overview of how the Council will manage and optimise its use of its capital assets.

Investment Strategy 2021-22

INVESTMENT STRATEGY

20. BACKGROUND:

This strategy document sets out the Council's annual Investment Strategy as is required by the 3rd Edition of the Section 15 guidance on local government finance issued by the Secretary of State under section 15(1)(a) of the Local Government Act 2003 in 2018. It covers the budget year 2021-22 onwards. The overall objective of the strategy is to provide high-level guidance on acquiring and managing investments in order to improve the financial resilience of the Council, the income base for its services and to ensure that its financial assets are applied efficiently for the benefit, improvement or development of the area through the acquisition, retention and management of good quality investments and the granting of loans.

The 2011 Localism Act provides a general power of competence which permits local authorities to do anything they consider likely to promote or improve the economic, social and environmental well-being of their area. This means that the annual Investment Strategy closely links to the Council's Economic Strategy in order to deliver economic growth, tackle inequality and create change in the area that benefits everyone.

This Investment Strategy also provides an update for recent announcements. The Ministry of Housing, Communities and Local Government (MHCLG) has determined that councils seeking to borrow from the PWLB can no longer incur capital expenditure primarily for yield at any point or from any source for a period of 3 years.

21. INVESTMENTS – DEFINITION

The section 15 guidance issued on 1 April defined investments as including both financial assets and commercial property, held primarily for yield.

The guidance was issued in part as a response to the increasing investment of Local Authorities in commercial property. As such, commercial property was specifically identified as falling within the terms of the guidance and this strategy.

Most of the Council's commercial property portfolio is historic, with just two additional investments in recent times. At 1 April 2020, this commercial property portfolio was valued at £54.5m (2019-20 audited statement of accounts), a small proportion of overall long-term assets of £1000.2m.

The definition of an investment also covers loans made by the Council to one of its wholly-owned companies, a joint venture, or to a third party. However, this strategy does not cover investments managed within the treasury management scheme of delegation. These are considered within the annual Treasury Management Strategy.

22. KEY STRATEGIC PRINCIPLES

This Investment Strategy sets objective criteria for any investment. These are listed below:

i. Is within the General Power of Competence (2011 Localism Act)
ii. Transparency and democratic accountability
iii. Contribution
iv. Use of indicators
v. Security, Liquidity and Yield
vi. Investment Limit

22.1 Transparency and democratic accountability:

The Council is required to prepare at least one annual Investment Strategy that contains the details specified in the 2018 guidance and is approved by full Council.

22.2 Contribution to Council's overall purposes:

Investments made by local authorities can be classified into one of two main categories:

- Investments held for treasury management purposes; and
- Other Investments, which are not held for treasury management purposes

Investments held for treasury management purposes usually comprises short term lending to banks, financial institutions and other local authorities, when the Council has a cash surplus. These are managed within Treasury Management Strategy, so do not need to be considered within this Investment Strategy.

Other investments previously made by the authority are commercial property investments and loans to third parties. Future decisions will be assessed on the contribution made, using the criteria set out below. A key measure of contribution will be the delivery of service provision, as set out in the General Power of Competence within the Localism Act: therefore. the supporting business case assessment should demonstrate that the investment forms part of a project in the Council's Plan or some other formal statement of the Council's strategic or policy aims.

The full criteria to measure contribution and make investment decisions (as included in the Capital Strategy is set out below:

Criteria A

i A proven ability to promote economic development, service provision and regeneration within the District.

Criteria B

i. Risks associated with the investment
ii. The likelihood of being able to sell the investment in extremis
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

i. Falls within the General Power of Competence (Where an investment is classified as contributing to regeneration or local economic benefit)
ii. Yield
iii. Regeneration
iv. Economic benefit/business rates growth
v. Responding to local market failure
vi. Treasury management
vii. Invest to Save Schemes capacity to reduce costs or generate additional income from an asset (including a sensitivity analysis to test the robustness of the expected savings).

All business case proposals for investments will be evaluated by the Project Appraisal Group, including using the key strategic principles and the contribution criteria.

As noted, the Council can no longer invest in commercial property primarily for yield. However, yield is important criteria where service provision can be financed, or partly financed by savings or income generation. This is also consistent with the Capital Strategy, which aims to encourage the identification of Invest to Save (or self-financing) schemes.

The Council's Housing Revenue Account (HRA), which aims to increase affordable housing in the district, meets criteria A.

22.3 Investment indicators:
The Council proposes to adopt a system of quantitative indicators to guide and inform investment decisions relating to Other Investments. The Council proposes to initially adopt the indicators proposed within the Guidance (see the Annex to this Investment Strategy). These indicators will be reported upon and reviewed annually.

The Council's proposed range of indicators will allow members and other interested parties to understand the total exposure from borrowing and investment decisions. They will cover both the Council's current position and the expected position assuming all planned investments for the following year are completed. They will not take account of Treasury Management investments which will continue to be reported within the Treasury Management report.

22.4 Security, Liquidity and Yield:
In this context, Security means protecting the capital sum invested from loss; and Liquidity means ensuring the funds invested are available for expenditure when needed. Yield is the expected return of the investment over its lifetime, and can be expressed either in financial terms or as the achievement of policy or strategic aims.
In considering Other Investments the balance between security, liquidity and yield will be considered as part of the business case, alongside the contribution the Other Investment can make to achieving policy objectives.

22.5 Investment Limit
The Council will from time to time set one or more Investment Limits and keep them under review. The Council will use prudential borrowing to fund Other Investments / strategic acquisitions. Currently interest rates remain at a low level and the rental income / Contribution from Other Investments should more than cover the associated debt costs, whilst also providing a net yield to support the Council's revenue budget. The Council has the ability to fix interest over the long-term which removes the risk of interest rate volatility.

Provision of £40 million has been included in the capital programme, phased across the programme and funded by prudential borrowing. A small £0.7m budget is also included, as part of the Leeds City Region Revolving Investment Fund.

23. GOVERNANCE ARRANGEMENTS
The Council has set up an Investment Advisory Board to consider specific business cases in relation to investing in Other Investments / strategic acquisitions. The core group consists of:

- Leader of the Council – (Chair)
- Cllr Alex Ross Shaw – portfolio holder for Regeneration, Planning & Transportation
- A representative nominated by the Leader of the Conservatives
- Cllr Jeanette Sunderland – Leader of Liberal Democrat & Independent Group
- Strategic Director of Corporate Resources
- Strategic Director of Place
- Director of Finance / s151 Officer
- Assistant Director Estates & Property
- City solicitor / Monitoring Officer

Other officers will attend as relevant to the specific business case.

24. RISK ASSESSMENT

Any capital expenditure falling within the definition of investment (but excluding Treasury Management) will be risk assessed as follows:

i. Whether, and if so, on what terms the Council uses external advisors as treasury management advisors, property investment advisors or any other relevant persons. In each case such engagements will be on the Council's standard terms and conditions unless there is an agreed exception, as is provided for under No. 17 of the Council's Contracts Standing Orders.

ii. The outcome of any monitoring by the Council of the quality of advice provided by its external advisors.

iii. To what extent, if at all, any risk assessment is based on credit ratings issued by credit ratings agencies, and the reliability of such ratings given the current degree of engagement between the rating agency and the market under assessment.

iv. Where credit ratings are used, how frequently they are monitored and the procedures for taking action if credit ratings change.

v. What other sources of information are used to assess and monitor risk.

vi. Any specific property-related risks – covenant strength, lease period/s, condition, maintenance costs, etc.

Risk Assessment will be undertaken as part of business case considerations and regularly reviewed.

25. CAPACITY, SKILLS AND CULTURE

The Investment Strategy Guidance requires that Councillors and Officers involved in investment decisions need the appropriate capacity, skills and information to enable then to take an informed decision as to whether or not to enter into a specific investment. As part of this, the Council will procure specialist legal and financial support as required.

26 PRUDENTIAL INDICATORS

As noted above, the Council has a historic portfolio of commercial property. This has been expanded recently, with just two investments.

Overall Return

	2019-20 £m
Rental income	-2.74
Service charges	-0.12
Repairs and Maintenance	0.95
Capital Financing costs & other	0.27
Total return	**-2.48**
Source 2019-20 Statement of Accounts	

The value of the Council's investment property as at 31 March 2019 was £54.5m, making a return of 4.5%. The historic investment property has been revalued upwards above its purchase cost, so taking this into account, the return would be higher. This means historic spend on investment property is supporting the current revenue estimates.

The Council also recently completed an additional two investments in the Bradford area.

Debt to Net Service Expenditure (NSE) Ratio

This indicator measures the gross debt associated with property investment as a percentage of the Council's net expenditure requirement, where the Net Expenditure Requirement is a proxy for the size and financial strength of a council.

	2020/21 Actual £000	2021/22 Actual £000	2022/23 Actual £000
Gross Debt	11,177	10,902	11,037

Net Service Expenditure	391,300	391,300	391,300
Debt to NSE Ratio	2.9	2.8%	2.8%

The indicator shows the proposed debt level arising from the Council's two recent investments. This shows that the debt ratio from investment in a property portfolio will be approximately less than 3% of the Council's net revenue budget if the investment in commercial property is funded solely from borrowing. There is no specific debt that can be identified against the Council's historic portfolio. No additional investments are assumed in the indicator at present, in the light of the MHCLG guidance.

Commercial Income to NSE Ratio

This indicator measures the Council's dependence on the income from property investments to deliver core functions.

The income generated from property investments will fund 0.6% of the Council's' net service expenditure over the medium term. This shows that the Council's reliance on income from property investments is low.

	2020/21 Actual £000	2021/22 Estimate £000	2022/23 Estimate £000
Commercial Income	2,500	2,500	2,500
Net Service Expenditure	391,300	391,300	391,300
Commercial Income to NSE Ratio	0.6%	0.6%	0.6%

Investment Cover Ratio

This indicator measures the total net income from property investments compared to interest expense.

	2020/21 Estimate £000	2021/22 Estimate £000	2022/23 Estimate £000
Investment Cover Ratio	0.59	0.43	0.38

The indicator shows that net income from property investments is lower than the interest expense. However, interest rates have since reduced.

Loan to Value Ratio

This indicator measure the amount of debt compared to the total asset value. In the period immediately after purchase it is normal for the directly attributable costs of purchasing commercial property investments to be greater than the realisable value of the asset (for

example, because of non value adding costs such as stamp duty and fees). The Loan to value ration should gradually decrease, reflecting the assumption that property values will remain constant while borrowings will be repaid.

	2020/21 Estimate £000	2021/22 Estimate £000	2022/23 Estimate £000
Loan to value Ratio	1.01	0.99	0.96

Target Income Returns

This indicator shows net revenue income compared to equity and is a measure of the achievement of the property portfolio.

	2020/21 Estimate £000	2021/22 Estimate £000	2022/23 Estimate £000
Target Income Returns	1.8%	1.5%	1.4%

Gross and Net Income

The net income targets are included in the Councils financial projections. The achievement of target income streams will be managed as part of the Council's standard budget monitoring process. Targets are dependent upon investments being made.

	2020/21 Estimate £000	2021/22 Estimate £000	2022/23 Estimate £000
Gross Income	800	800	800
Net Income	200	200	200

Operating Costs

Operating costs relate to the cost of the Council's internal Estate Management function in relation to managing assets acquired under the property investment strategy.

Additional operating costs may be incurred as a result of the purchase of investment properties. Any such costs will be factored into financial appraisals as part of the purchase assessment to ensure that target net rates of return are achieved. This indictor may therefore be revised once investments are made.

	2020/21	2021/22	2022/23

	Estimate £000	Estimate £000	Estimate £000
Operating Costs	400	400	400

Vacancy Levels and Tenant Exposures

	2020/21 Actual £000	2021/22 Estimate £000	2022/23 Estimate £000
Void periods	0%	0%	0%

The target of 0% reflects the strong tenant covenant strengths that will be required under the commercial property investment strategy. Void periods will be factored into financial appraisals as part of the assessment criteria where relevant, therefore this indicator may be revised once investments have been made.

Appendix 1

Scheme No	Scheme Description	2020-21 Budget as at Q3 February 2021	Budget 2021-22	Budget 2022-23	Budget 2023-24	Budget 2024-25 onwards	Budget Total	Specific Grants, cap receipts, reserves	Invest to Save Funding	Corporate Borrowing	Funding Total
		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Health and Wellbeing											
CS0237a	Great Places to Grow Old	500	3,000	1,500	0	0	5,000	0	0	5,000	5,000
CS0237c	Keighley Rd Residential Care Valley View	350	0	0	0	0	350	350	0	0	350
CS0373	BACES DFG	465	443	0	0	0	908	0	0	908	908
CS0239	Community Capacity Grant	202	750	0	0	0	952	952	0	0	952
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
Total - Health and Wellbeing		**1,626**	**4,193**	**1,500**	**0**	**0**	**7,319**	**1,411**	**0**	**5,908**	**7,319**
Children's Services											
CS0249	Schools DRF	0	0	0	0	0	0	0	0	0	0
CS0022	Devolved Formula Capital	1,868	0	0	0	0	1,868	1,868	0	0	1,868
CS0030	Capital Improvement Work	484	0	0	0	0	484	484	0	0	484
CS0240	Capital Maintenance Grant	4,014	2,869	0	0	0	6,883	6,883	0	0	6,883
CS0244a	Primary Schools Expansion Programme	2,358	1,298	0	0	0	3,656	3,656	0	0	3,656
CS0244b	Silsden School	7,207	2,000	465	0	0	9,672	9,672	0	0	9,672
CS0244c	SEN School Expansions	3,628	1,000	0	0	0	4,628	4,628	0	0	4,628
CS0362	Secondary School Expansion	2,401	2,500	1,798	0	0	6,699	6,699	0	0	6,699
CS0421	Healthy Pupil Capital Grant	65	120	0	0	0	185	185	0	0	185
CS0436	Children’s Home (A) & (B)	900	0	0	0	0	900	250	0	650	900
CS0488	Digital Strategy	1,200	0	0	0	0	1,200	0	0	1,200	1,200
CS0314	Foster Homes Adaptation	25	0	0	0	0	25	25	0	0	25
CS0500	TFD new scheme	200	1,200	0	0	0	1,400	0	0	1,400	1,400
Total - Children's Services		**24,350**	**10,987**	**2,263**	**0**	**0**	**37,600**	**34,350**	**0**	**3,250**	**37,600**
HRA											
CS0237b	Keighley Rd Extra Care Fletcher Court	196	0	0	0	0	196	0	0	196	196
CS0160	Repayment of Grant	51	0	0	0	0	51	51	0	0	51
CS0308	Afford Housing Programme 15 -18	979	0	0	0	0	979	1,075	-96	0	979
Reserve Schemes & Contingencies											
CS0407z	Affordable Housing	500	2,000	8,000	10,724	8,000	29,224	14,430	14,794	0	29,224

Scheme No	Scheme Description	2020-21 Budget as at Q3 February 2021	Budget 2021-22	Budget 2022-23	Budget 2023-24	Budget 2024-25 onwards	Budget Total	Specific Grants, cap receipts, reserves	Invest to Save Funding	Corporate Borrowing	Funding Total
		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Total - HRA		**1,726**	**2,000**	**8,000**	**10,724**	**8,000**	**30,450**	**15,556**	**14,698**	**196**	**30,450**
Place - Economy & Development Services											
CS0136	Disabled Housing Facilities Grant	4,098	4,000	4,392	2,028	5,753	20,271	14,518	0	5,753	20,271
CS0137	Development of Equity Loans	800	1,195	1,211	451	0	3,657	1,727	0	1,930	3,657
CS0144	Empty Private Sector Homes Strat	1,151	825	831	0	0	2,807	0	0	2,807	2,807
CS0250	Goitside	0	178	0	0	0	178	0	0	178	178
CS0280	Temp Housing Clergy House	46	0	0	0	0	46	0	0	46	46
CS0496	Town Fund Keighley & Shipley	1,500	0	0	0	0	1,500	1,500	0	0	1,500
CS0084	City Park	192	0	0	0	0	192	0	0	192	192
CS0085	City Centre Growth Zone	883	600	0	0	0	1,483	0	0	1,483	1,483
CS0228	Canal Road	0	100	0	0	0	100	0	0	100	100
CS0241	Re-use of Forrmer College Builds Kghly	356	0	0	0	0	356	0	0	356	356
CS0266	Superconnected Cities	329	500	0	0	0	829	0	0	829	829
CS0446	Staithgate La Enterprise Zone site Site Investigation works	13	0	0	0	0	13	13	0	0	13
CS0291	One City Park	800	23,900	10,300	0	0	35,000	7,500	15,300	12,200	35,000
CS0265	LCR Revolving Econ Invest Fund	658	0	0	0	0	658	658	0	0	658
CS0345	Develop Land at Crag Rd, Shply	43	0	0	0	0	43	0	0	43	43
CS0107	Markets	21	0	0	0	0	21	0	0	21	21
CS0363	Markets Red'mnt - City Cntr	3,001	9,160	4,900	400	0	17,461	800	5,824	10,837	17,461
CS0363b	Markets Red'mnt - City Cntr Public Realm	596	1,000	0	0	0	1,596	0	0	1,596	1,596
Total - Place - Economy & Development Services		**14,487**	**41,458**	**21,634**	**2,879**	**5,753**	**86,211**	**26,716**	**21,124**	**38,371**	**86,211**
Place - Planning, Transportation & Highways											
CS0131	Kghly Town Centre Heritage Initiative	151	0	0	0	0	151	151	0	0	151
CS0178	Ilkley Moor	14	0	0	0	0	14	14	0	0	14
CS0285	Blight Sites	517	650	0	0	0	1,167	0	0	1,167	1,167
CS0071	Highways S106 Projects	528	0	0	0	0	528	528	0	0	528
CS0372	Countryside S106 Projects	564	0	0	0	0	564	564	0	0	564
CS0091	Capital Highway Maintenance	4,952	0	0	0	0	4,952	4,952	0	0	4,952
CS0095	Bridges	201	0	0	0	0	201	201	0	0	201
CS0096	Street Lighting	132	0	0	0	0	132	132	0	0	132
CS0099	Integrated Transport	73	0	0	0	0	73	73	0	0	73
CS0168	Connecting the City (Westfield)	9	0	0	0	0	9	9	0	0	9
CS0172	Saltaire R/bout Cong& Safety Works	279	0	0	0	0	279	279	0	0	279
CS0282	Highways Strategic Acquisitions	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

Scheme No	Scheme Description	2020-21 Budget as at Q3 February 2021	Budget 2021-22	Budget 2022-23	Budget 2023-24	Budget 2024-25 onwards	Budget Total	Specific Grants, cap receipts, reserves	Invest to Save Funding	Corporate Borrowing	Funding Total
		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
CS0293	West Yorks & York Transport Fund	4,807	34,448	93,147	0	0	132,402	132,402	0	0	132,402
CS0396	WYTF Corridor Imp Projects	2,720	5,077	3,000	0	0	10,797	10,797	0	0	10,797
CS0296	Pothole Funds	3,536	400	0	0	0	3,936	3,936	0	0	3,936
CS0306a	Strategic Transport Infrastructure Priorities	780	2,000	0	0	0	2,780	0	0	2,780	2,780
CS0302	Highways Prop Liab Redn Strat	59	0	0	0	0	59	59	0	0	59
CS0319	Challenge Fund	1,092	800	0	0	0	1,892	1,892	0	0	1,892
CS0323	Flood Risk Mgmt	177	0	0	0	0	177	177	0	0	177
CS0329	Damens County Park	106	0	0	0	0	106	0	0	106	106
CS0370	LTP IP3 Safer Roads	29	500	0	0	0	529	529	0	0	529
CS0386	Cycling & Walking Schemes LTP3	17	0	0	0	0	17	17	0	0	17
CS0414	LTP IP3 Safer Rds	10	0	0	0	0	10	10	0	0	10
CS0398	Bfd City Ctre Townscape Heritage	560	845	290	1,000	0	2,695	2,445	0	250	2,695
CS0430	Hwys Maint Fund Oct18	382	0	0	0	0	382	382	0	0	382
CS0432	Steeton/Silsden Crossing	90	0	0	0	0	90	90	0	0	90
CS0423	Highways IT upgrade	50	0	0	0	0	50	0	50	0	50
CS0433	Gain Lane / Leeds Rd Jct	29	0	0	0	0	29	29	0	0	29
CS0450	CILS payments	180	0	0	0	0	180	180	0	0	180
CS0453	IP3 Safer Rds 1920	196	0	0	0	0	196	196	0	0	196
CS0454	Area Comm ITS 1920	72	0	0	0	0	72	72	0	0	72
CS0434	Smart Street Lighting	670	14,399	14,852	14,128	1,370	45,419	0	45,419	0	45,419
CS0455	IP4 projects	1,389	1,201	0	0	0	2,590	2,590	0	0	2,590
CS0456	WY Integrated UTMC Centre	432	0	0	0	0	432	432	0	0	432
CS0464	Ben Rhydding Railway Station Car Park	845	500	750	0	0	2,095	2,095	0	0	2,095
CS0467	Transforming Cities Fund (TCF)	261	0	0	0	0	261	261	0	0	261
CS0469	IP4 Safer Roads 20-21	932	0	0	0	0	932	932	0	0	932
CS0470	IP4 Safer Roads 21-22	0	932	0	0	0	932	932	0	0	932
CS0471	Clean Air Zone	747	2,132	0	0	0	2,879	2,879	0	0	2,879
CS0483	LTP grant 2021	40	0	0	0	0	40	40	0	0	40
CS0486	Active Travel Fund Programme	1,238	1,000	0	0	0	2,238	2,238	0	0	2,238
CS0494	City Centre Bollards	210	0	0	0	0	210	0	0	210	210
CS0502	Corridor Improvement Programme (CIP2)	200	470	0	0	0	670	670	0	0	670
CS0499	Buck Mill Footbridge	40	0	0	0	0	40	0	0	40	40
Total Place - Planning, Transportation & Highways		**29,987**	**65,354**	**112,039**	**15,128**	**1,370**	**223,878**	**173,856**	**45,469**	**4,553**	**223,878**
Dept of Place - Waste, Fleet & Transport											
CS0060	Replacement of Vehicles	4,356	3,000	3,000	0	0	10,356	0	10,356	0	10,356

Scheme No	Scheme Description	2020-21 Budget as at Q3 February 2021	Budget 2021-22	Budget 2022-23	Budget 2023-24	Budget 2024-25 onwards	Budget Total	Specific Grants, cap receipts, reserves	Invest to Save Funding	Corporate Borrowing	Funding Total
		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
CS0435	Sugden End Landfill Site	1,145	500	0	0	0	1,645	0	0	1,645	1,645
CS0415	Shearbridge Depot Security	89	0	0	0	0	89	0	0	89	89
CS0359	Community Resilience Grant	13	0	0	0	0	13	13	0	0	13
CS0463	Waste Trommel	115	0	0	0	0	115	0	115	0	115
CS0497	Climate Change Initiatives – Vehicles	25	0	0	0	0	25	25	0	0	25
CS0503	Environmental Delivery Works	50	125	125	0	0	300	0	0	300	300
Total Place - Waste, Fleet & Transport		**5,793**	**3,625**	**3,125**	**0**	**0**	**12,543**	**38**	**10,471**	**2,034**	**12,543**
Dept of Place - Neighbourhoods & Customer Services											
CS0066	Ward Investment Fund	0	35	0	0	0	35	0	0	35	35
CS0466	Parks Depots	203	0	0	0	0	203	0	0	203	203
CS0378	Cust Services Strategy	158	0	0	0	0	158	0	0	158	158
Total Place - Neighbourhoods & Customer Services		**361**	**35**	**0**	**0**	**0**	**396**	**0**	**0**	**396**	**396**
Dept of Place - Sports & Culture											
CS0151	Building Safer Communities	26	0	0	0	0	26	26	0	0	26
CS0328	Cliffe Castle Various	15	0	0	0	0	15	15	0	0	15
CS0340	St George's Hall	33	0	0	0	0	33	0	0	33	33
CS0487	Alhambra Theatre Lift	90	0	0	0	0	90	0	0	90	90
CS0129	Scholemoor Project	0	0	0	83	0	83	83	0	0	83
CS0162	Capital Projects - Recreation	1,346	10	0	0	0	1,356	1,356	0	0	1,356
CS0229	Cliffe Castle Restoration	88	0	0	0	0	88	88	0	0	88
CS0004	S106 Recreation	100	0	0	0	0	100	100	0	0	100
CS0501	Parks Development Fund	250	250	0	0	0	500	500	0	0	500
CS0367	King George V Playing Fields	200	820	0	0	0	1,020	700	0	320	1,020
CS0403	Bereavement Strategy	7,086	4,750	8,100	3,245	0	23,181	0	7,000	16,181	23,181
CS0277	Wyke Community Sport Hub	2,613	2,665	523	0	0	5,801	2,474	0	3,327	5,801
CS0245	Doe Park	37	0	0	0	0	37	37	0	0	37
CS0459	Ilkley Lido Tank	374	0	0	0	0	374	0	115	259	374
CS0461	Shipley Gym extension & equipment	163	0	0	0	0	163	0	0	163	163
CS0458	Doe Park Drainage	40	0	0	0	0	40	0	0	40	40
CS0468	Bowling Pool extension	483	0	0	0	0	483	0	433	50	483
CS0356	Sedbergh SFIP	758	0	0	0	0	758	0	0	758	758
CS0354	Squire Lane Sports Facility	0	0	2,300	5,400	1,700	9,400	0	0	9,400	9,400
CS0482	Marley Replacement Pitch	329	0	0	0	0	329	329	0	0	329
CS0489	Lister Park Playable Spaces	650	0	0	0	0	650	0	0	650	650
CS0498	Libraries IT Infrastructure	50	170	0	0	0	220	0	60	160	220

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		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Total - Dept of Place - Sports & Culture		**14,731**	**8,665**	**10,923**	**8,728**	**1,700**	**44,747**	**5,708**	**7,608**	**31,431**	**44,747**
Corp Resources - Estates & Property Services											
CS0094	Museum Store	500	0	0	0	0	500	0	0	500	500
CS0333	Argus Chambers / Britannia House	689	0	0	0	0	689	0	0	689	689
CS0443	Property Programme 19-20	643	0	0	0	0	643	0	0	643	643
CS0460	Mitre Court CPU Property & Equip	1,690	0	0	0	0	1,690	250	0	1,440	1,690
CS0475	Property Programme 20-21	1,755	525	0	0	0	2,280	0	0	2,280	2,280
CS0230	Beechgrove Allotments	0	148	0	0	0	148	148	0	0	148
CS0408	Top of Town - purchase 21 St Johns St	325	0	0	0	0	325	0	0	325	325
CS0050	Carbon Management	544	250	0	0	0	794	0	0	794	794
CS0420	Electric vehicle charging Infr (Taxi Scheme)	436	93	0	0	0	529	529	0	0	529
CS0495	Bradford LAD1 Scheme	421	1,000	0	0	0	1,421	1,421	0	0	1,421
CS2000	DDA	50	62	59	50	0	221	0	0	221	221
CS0381	Godwin St	1,559	0	0	0	0	1,559	1,559	0	0	1,559
CS0409	Coroner's Court and Accommodation	1,898	1,778	0	0	0	3,676	0	0	3,676	3,676
CS0383	Jacobs Well demolition	87	0	0	0	0	87	0	0	87	87
CS0427	Coroner's Equipment	285	0	0	0	0	285	0	0	285	285
CS0457	Simpson Green - roof	41	0	0	0	0	41	0	0	41	41
CS0445	Core IT Infrastructure	2,064	1,194	0	0	0	3,258	64	0	3,194	3,258
Total Corp Resources – Estates & Property Services		**12,987**	**5,050**	**59**	**50**	**0**	**18,146**	**3,971**	**0**	**14,175**	**18,146**
Reserve Schemes & Contingencies											
CS0395z	General Contingency	429	1,000	1,000	1,000	0	3,429	0	0	3,429	3,429
CS0397z	Property Programme	0	2,000	2,000	2,000	0	6,000	0	0	6,000	6,000
CS0399z	Strategic Acquisition	13,460	10,000	10,000	10,000	0	43,460	0	43,460	0	43,460
CS0400z	Keighley One Public Sector Est	500	4,000	9,500	4,000	0	18,000	0	18,000	0	18,000
CS0402z	Canal Road Land Assembly	0	450	0	0	0	450	0	0	450	450
CS0401z	Depots	0	3,000	0	0	0	3,000	0	0	3,000	3,000
	2018-19 Schemes										
CS0404z	Sports Pitches	0	1,068	4,248	4,250	0	9,566	2,400	0	7,166	9,566
CS0404zb	Playgrounds	85	2,900	2,750	0	0	5,735	1,385	0	4,350	5,735
CS0405z	City Hall / RFL	0	4,000	5,000	3,000	0	12,000	2,000	5,000	5,000	12,000
CS0408z	Top of town	0	0	2,675	0	0	2,675	0	0	2,675	2,675
CS0381z	Godwin St (fmr Odeon)	4,000	5,500	2,000	0	0	11,500	0	11,500	0	11,500
	2020-21 Schemes										

Scheme No	Scheme Description	2020-21 Budget as at Q3 February 2021	Budget 2021-22	Budget 2022-23	Budget 2023-24	Budget 2024-25 onwards	Budget Total	Specific Grants, cap receipts, reserves	Invest to Save Funding	Corporate Borrowing	Funding Total
		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
CS0060z	Vehicles	0	0	0	3,000	0	3,000	0	3,000	0	3,000
CS0060zb	Electric vehicles/ New street cleansing	1,804	0	0	0	0	1,804	0	1,804	0	1,804
CS0472z	District Heating	250	250	4,752	6,702	2,361	14,315	6,459	2,871	4,985	14,315
CS0473z	Renewable Energy	500	3,000	1,500	0	0	5,000	2,000	3,000	0	5,000
CS0476z	Additional Building controls	250	1,000	500	750	0	2,500	0	0	2,500	2,500
CS0477z	CCTV	500	475	0	0	0	975	0	0	975	975
CS0474z	Transforming cities fund	2,250	33,000	30,750	0	0	66,000	66,000	0	0	66,000
CS0480z	Flood Alleviation	200	0	0	0	0	200	200	0	0	200
CS0481z	City Centre Regeneration Fund	500	9,000	0	0	0	9,500	0	9,500	0	9,500
CS0471z	Clean Air Zone	2,943	26,026	24,400	0	0	53,369	53,369	0	0	53,369
CS0445z	Core IT Infrastructure 20-21	0	506	0	0	0	506	0	0	506	506
CS0484z	New Reserve	1,000	1,000	0	0	0	2,000	0	0	2,000	2,000
CS0485z	Alternative Fuel Centre	1,813	2,114	120	60	1,440	5,547	795	4,752	0	5,547
CS0485z	Alternative Fuel Centre - additional	0	0	483	0	0	483	0	0	483	483
	2021-22 Schemes										
	Great Places to Grow Old - Saltaire	0	0	2,400	0	0	2,400	0	0	2,400	2,400
CS0060z	Vehicles	0	0	0	0	3,000	3,000	0	3,000	0	3,000
CS0397z	Property Programme	0	0	0	0	2,000	2,000	0	0	2,000	2,000
CS0395z	General Contingency	0	0	0	0	1,000	1,000	0	0	1,000	1,000
	BACES	0	300	750	750	1,500	3,300	0	0	3,300	3,300
	IT – End to End	0	330	0	0	0	330	0	0	330	330
	Lap tops for Children	0	1,100	1,100	0	0	2,200	0	0	2,200	2,200
	SEND	0	1,000	2,000	3,000	0	6,000	0	0	6,000	6,000
	Marley Playing Field	0	500	0	0	0	500	0	0	500	500
	IT	0	0	1,220	0	0	1,220	200	0	1,020	1,220
Total - Reserve Schemes & Contingencies		30,484	113,519	109,148	38,512	11,301	302,964	134,808	105,887	62,269	302,964
TOTAL - All Services		**136,532**	**254,886**	**268,691**	**76,021**	**28,124**	**764,254**	**396,414**	**205,257**	**162,583**	**764,254**

Appendix 2: Minimum Revenue Policy (Proposed 2021-22)

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 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 31st March 2012 the MRP is calculated on the annuity basis and for schemes funded after 1st 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.

1.9 The funding to be set aside for the repayment of debt within the Housing Revenue Account will be equal to the depreciation charge, as calculated over 60 years. Further an amount equal to the set-aside will be used to fund capital expenditure on the housing stock.

APPENDIX 3: CAPITAL STRATEGY TABLES

Table (i)

Asset Balance Sheet values as at 31 March 2020

Category	Value as at 31 March 2020 £'000
Council Dwellings	36,274
Land & Buildings	566,826
Vehicles, Plant, Furniture & Equipment	20,500
Infrastructure	232,086
Community Assets	54,278
Surplus Assets	12,640
Assets Under Construction	13,223
Heritage Assets	37,413
Investment Property	54,580
Intangible Assets	379
Total	**1,028,199**

Source: Statement of Accounts 2019-20

Table (ii)

Capital Investment Plan 2021-22

	2020-2021	2021-2022	2022-2023	2023-2024	2024-25	Total
Funding:	£m	£m	£m	£m		£m
Grants	67	125	132	37	13	374
Miscellaneous	6	10	11	3	1	31
Borrowing	66	121	127	35	10	359
Total Spend:	**137**	**256**	**269**	**76**	**24**	**763**

Table (iii)

Split of Invest to Save Borrowing

	2020-2021	2021-2022	2022-2023	2023-24	2024-25	Total
Funding:	£m	£m	£m	£m	£m	£m
Borrowing: Invest to Save	35	64	67	19	5	190
Borrowing: Other	31	57	60	16	5	169
Total borrowing	66	121	127	35	10	359

Table (iv)

Capital financing costs

	2020-21 £m	2021-22 £m	2022-23 £m	2023-24 £m	2024-25 £m
MRP overprovision	0	0	0	0	0
MRP, excluding PFI	19.7	23.9	28.9	33.7	35.9
MRP PFI, finance lease	4.5	4.5	4.5	4.5	4.5
Old West Yorkshire Waste debt	0.2	0.2	0.2	0.2	0.2
Interest on external borrowing	16.3	16.8	18.0	18.5	18.5
Interest on PFI	16.2	15.6	15.0	14.3	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
Total Capital Financing Costs	**56.6**	**60.8**	**66.4**	**71.0**	**72.5**
Projected Net Revenue Stream	391.3	391.3	391.3	391.3	391.3
Ratio to Net Revenue Stream	**14.5%**	**15.5%**	**17.0%**	**18.1%**	**18.5%**
Invest to Save element of Total Capital Financing Costs	6.7	8.1	11.3	13.9	15.3
Invest to Save contribution to Ratio to Net Revenue Stream	**2.1%**	**1.9%**	**1.5%**	**1.3%**	**1.2%**

Table (v)

Backlog maintenance

Backlog maintenance	**2009-10**	**2017-18**	**2019-20**
Operational Estate £ms	83	46	44
Non-Operational £ms	13	8	8
Total Backlog maintenance £ms	96	54	52
Operational Estate size GIAm2 000s	319	228	231
Non-Operational Estate size GIAm2 000s	27	37	33
Total	**346**	**265**	**267**

Table (vi):

Capital Financing Requirement 31 March 2020

Balance Sheet	31/03/2020 £m
Capital financing Requirement	**711**
Private finance Initiative	-161
Underlying Borrowing Requirement	**550**
Investments Held	96
Cash Reserves	-274
Less School Balances	31
Provisions/Collection Fund	-28
Borrowing from Public Works Loan Board	**375**
Under-Borrowing	175

Table vii:

Projected increased in Capital Financing Requirement

(see Prudential Indicators)

Table viii:

Affordability measures

Table ix

Capital Strategy Actions

Measure	Current Position	Potential Position
Total Borrowing related to long term assets	As at 31-03-2020 £375m total borrowing is 36% of long terms assets of £1,028m.	CIP2020-21 to 2024-25 has £169m of Corporate Borrowing and £190m of Invest to Save (self-financing borrowing), totalling an assumed increase of £359m in borrowing to £731m. Assuming this increases long term assets also by £359m to £1,387m, this is 53% of long term assets.
Total Borrowing costs as a percentage of net budget	For 2020-21 borrowing costs of £49.9m plus Invest to Save borrowing costs of £6.7m, totalling £56.6m are 14.5% of net budget	At 2022-23 borrowing costs of £52.7m plus invest to save of £8.1m total £60.8m. 15.5% of the net revenue budget.

Table ix

Capital Strategy Actions

NUMBER	ISSUE	ACTION
1.	Management of the Balance Sheet	A balance sheet projection and analysis is included in the Council's quarterly monitoring reports to Executive and Council. The purpose of this is to monitor the Council's assets and liabilities going forward and report on any increase in liabilities. Further, it would develop the reporting of potential financial risks to the Council in relation to the Capital Investment Plan and other expenditure.
2.	Loans to External Organisations	i. A responsible officer is assigned to monitor all outstanding loans to external organisations and assess on a quarterly basis any risk of non-payment. ii. The rate of interest on loans to external organisations will reflect the level of risk and liquidity of them. Where additional loans are considered, the rate of interest may be above the rate at which the Council can borrow from the Public Works Loan Board. The Capital Strategy proposes that a more detailed policy is drawn up. iii. Loans for regeneration and local growth purposes may be granted at discounted rates (soft loans). Indicators on proportionality and total level of loans by type will be developed by the responsible officer. iv. The responsible officer will also maintain a central list of financial guarantees provided to external organisations. v. The purpose is to ensure that the Council's long term debts are fully repaid or any future difficulties are anticipated so mitigating action can be taken. Any loans given to an external organisation used for capital expenditure increase the Council's Capital Financing Requirement. If it looks likely that the loan will not be repaid,

		additional capital financing costs will be a cost pressure within the revenue estimates.
3.	Forecasts of spend against the Capital Investment Plan	i. Responsible finance officers will arrange departmental meetings to provide accurate capital forecasting of the 2021-22 Capital Investment Plan. As part of this to develop the Council's shared understanding of the critical paths of the capital schemes. ii. The Treasury Management Officer will monitor current interest rates and expectations of future rate increases on a daily basis. iii. The Treasury Management Officer will develop options to contractually borrow in the future at current interest rates. iv. A responsible officer will calculative the sensitivity of Invest to Save schemes to interest rate increases. v. The overall purpose is to enable the Council to take out borrowing at the most optimal time. Accurate forecasting will help the Council understand when borrowing will be required. vi. The purpose of the option to contractually borrow in the future at current interest rates would reduce the risk of interest rates rising. An interest rate rise would increase capital financing costs. Further the calculations for the Invest to Save schemes, embody assumptions about interest rates which may be incorrect.
4.	Investigate borrowing with annuity loans	i. The Treasury Management Officer and Business Advisor Capital will assess the optimal use of annuity loans compared to repayment at maturity loans. ii. The Treasury Management Officer and Business Advisor Capital also consider whether equal instalment of principal loans would be appropriate. iii. The purpose is to take out borrowing in a

			way which minimises the Council's costs. Repayment at maturity loans requires the Council to repay the loan principal at the end of the period of the loan and pay annual interest on the outstanding amount. Annuity loans require the Council to make a uniform payment each year over the whole term of the loan. This method of repayment would align more closely with how capital financing costs are charged in practice to the Revenue Estimates. Such alignment could help the Council manage its cash flow, reducing overall capital financing costs. Annuity loans may be more appropriate where there is an expectation that the size of the Capital Investment Plan reduces in future years.
		iv.	Equal instalments of principal loans require that an equal amount of the principal repaid each year. The purpose of investigating this option is to ascertain whether this would reduce capital financing costs and improve cash flow.
5.	Review leases arrangements that involve an asset to determine if a purchase arrangement would be more cost effective	i.	A responsible officer to review lease arrangements to determine if it would more cost effective to buy any assets outright.
		ii.	The purpose is to ensure that lease arrangements are as cost effective as possible. Further the purpose is to prepare for a likely change in accounting rules which may increase the Council's capital financing costs arising from lease arrangements.
6.	Project Appraisal Group (PAG)	i.	Any new proposals which are not funded from capital grants or receipts from the sale of land buildings would have to be: either financed directly from the Revenue Estimates and vired from another capital scheme.
		ii.	The quarterly monitoring of capital spend will be reported to Project Appraisal Group. As part of the Capital Strategy's aim to continually align the Capital

			Investment Plan with Council strategies, budget challenge sessions will be conducted with senior officers and Councillors during May and June 2021.
		iii.	Key strategies are the Council Plan and the Invest in Bradford Economic Strategy. Project Appraisal Group will assign an officer to participate on refreshing these strategies. This will further improve linkages between the Capital Strategy and other Council strategies.
		iv.	Post completion statements for schemes costing in excess of £10m will be brought to Project Appraisal Group to appraise value for money and achievement against the Council Plan. As part of this, a revised process for evaluating benefits will be developed during 2021-22 by the Business Advisor Capital.
		v.	Project Appraisal Group will determine whether there are opportunities to share expertise in accessing capital grants across the Council.
		vi.	The schemes in the 2021-22 Capital Investment are formerly linked for reporting purposes to the Council's strategies. Capital Financing Costs are modelled over the asset life as standard, under the guidance of the Business Advisor Capital.
		vii.	A representative from the Council's procurement section will attend Project Appraisal Group.
		viii.	The purpose is to minimise the Council's requirement for borrowing and to streamline the Project Appraisal Group.
7.	Risk Reporting	i.	A responsible officer will be assigned to develop the reporting and escalation of

		risks arising from the Capital Investment Plan and monitoring of balance sheet liabilities. This would involve the Project Appraisal Group, the Section 151 Officer and to align with the Corporate Risk Register as appropriate. ii. The Council's risk appetite is low. This is consistent with the CIPFA Treasury Management Code of Practice which stipulates that investments are prioritised according to security, liquidity and yield, in that order of importance. Subject to careful due diligence, the Council will consider a moderately higher level of risk for capital schemes which meet an important objective in the Council plan and generate significant non-financial benefits for the District. iii. A specific risk as a VAT registered body is the recovery of exempt VAT only up to a value of 5% of all the VAT it incurs. This is known as the de-minimis limit. Monitoring and control of exempt input tax is essential for the Council as where exempt input tax exceeds the 5% limit the whole amount is irrecoverable and will represent an additional cost to the council. Each capital investment will be closely reviewed to assess its VAT implications. iv. Inflation risk will be managed by using fixed price contracts wherever possible. Further the Capital Investment Plan includes £2m annual contingency. There is an additional risk contingency for the capital financing costs in the revenue estimates. v. The purpose is to ensure that risks are monitored and escalated appropriately.

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City of BRADFORD METROPOLITAN DISTRICT COUNCIL

Report of the Director of Finance to the meeting of the Executive to be held on 16 February 2021 and Council to be held on 18 February 2021.

DH

Subject:

Allocation of the Schools Budget 2021/22 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 2021/22 and subsequent recommendation to Full Council.

EQUALITY & DIVERSITY:

The Schools Budget proposed for 2021/22 is put forward to retain a significant amount of continuity on current practice, Dedicated Schools Grant distribution and formula funding policy and methodology.

Schools Block

Council has previously (for April 2018) determined to mirror the DfE's National Funding Formula (NFF) for the calculation of primary and secondary school / academy delegated funding allocations. There is no change in this policy in 2021/22 and only minor technical change in the NFF itself. As such, we continue to align with the DfE regarding the National Formula Funding policy and its priorities and impacts on the funding of children and young people that share protected characteristics.

In setting the School's Budget for 2021/22, Council is asked to approve that the Minimum Funding Guarantee (MFG) for primary and secondary schools / academies is set at + 2.0%, which is the maximum permitted by the Regulations. The purpose and consequence of this proposal is to uplift the funding of schools / academies that remain on the MFG, in particular in the primary phase where 64% of schools / academies are on this in 2021/22. This is to ensure that funding is available to these schools / academies to use in support of all pupils including those that share protected characteristics.

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High Needs Block

Council is asked to approve, for the allocation of Education Health and Care Plan (EHCP) top up funding to schools and providers, the continued application of the Banded Model, which was first introduced at April 2020. The impact of this Model, on the funding of schools and providers for all children and young people with EHCPs, is assessed to continue to be entirely positive. The Banded Model continues to improve 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 has directly advanced equality of opportunity for children and young people that share a protected characteristic, it is expected that this Model will support this.

Council is asked to approve the proposal to amend the Special Educational Needs and Disabilities (SEND) Funding Floor for mainstream schools in 2021/22. As well as supporting provision for pupils with EHCPs, the new approach is aimed at protecting the funding used by schools / academies to support their wider Additional Educational Needs (AEN), SEND and Alternative Provision (AP) activities. This will better financially support schools / academies that have higher proportions of pupils with EHCPs, in support of inclusion, combining also to support schools / academies that may have lower levels of AEN formula funding and that may be smaller in size. It will also support schools / academies that may have some turbulence in formula funding as a result of in year pupil numbers changes. The impact of this new Floor, combined with the increases in the minimum level of per pupil funding and continuing protection for named identified schools / academies, is assessed to be entirely positive.

Early Years Block

Council is asked to approve the continued protection of maintained nursery schools, at this time for the period April to August 2021 with arrangements from September 2021 to be further discussed once the DfE confirms the position. This protection is funded using the specific supplement within the Early Years Block, supported by one off monies. 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.

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 as these have done in 2020/21. The proposal to increase Disability Access Funding, from £615 to £1,000 for eligible children, is put forward with the aim of further supporting providers in meeting the needs of eligible children with SEND in 2021/22.

Council is asked to approve the recommendation to pause the previously planned further reduction in spend on the Deprivation & SEND supplement, meaning that spending on this supplement will be retained at 8% in 2021/22. This proposal is put forward in recognition of the current impact of the COVID-19 situation and the Authority's concern to maximise the amount of funding that will be allocated to early years providers to support children from more deprived backgrounds next year.

The position of the Deprivation & SEND supplement will need to be reviewed again for

2022/23. The average of our statistical neighbours, at last measurement, was 6%. The Authority set out in consultation in autumn 2019 how brought forward balances (one off monies) are currently being used within the Early Years Block to protect the current value of the Universal Base Rate (UBR) following the national early years funding reform in 2017. However, 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 (including the Deprivation & SEND supplement) will need to reduce. Protecting and uplifting the UBR annually for all providers helps support universal good quality provision for all children. However, the Authority sees that reducing the Deprivation & SEND supplement to better afford the UBR in 2021/22 will not help providers manage the impact of the COVID-19 situation on children from more deprived background. For this reason, the pausing of the reduction is strongly supported by the Schools Forum.

Chris Chapman
Director of Finance

Portfolio: Leader of Council

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Overview & Scrutiny Area: Corporate

Version 4 FINAL

1. SUMMARY

1.1 This report informs the Executive of the allocation of the Dedicated Schools Grant (DSG) and the proposed Schools Budget for the 2021/22 financial year. The proposed Schools Budget incorporates the decisions and recommendations that were made by the Schools Forum on 13 January 2021.

1.2 The Schools Budget is part of the overall budget proposal for the Council, which includes:

- The recommended Capital Investment Plan (Document “DG”)
- The Revenue Estimates (Document “DL”)

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 2021/22, 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.
- Changes to the operation of the Minimum Funding Guarantee.
- Arrangements for the funding of the early years entitlements.
- Financial arrangements for pupils with special educational needs and disabilities, and for pupils in pupil referral units, including arrangement for paying top-up funding for pupils with Education Health and Care Plans.
- Changes to or new contracts that are funded from the Schools Budget.

The Forum is responsible for decisions on:

- How much funding is centrally retained within the Dedicated Schools Grant.
- Growth Funding and Falling Rolls Funding within the Schools Block.
- The movement of Schools Block funding to other DSG Blocks.
- 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 constructed in four blocks with each block having a 'national formula' basis. The movement to National Funding Formula is accompanied by transitional protections.

All four blocks continue to include capping and floors in 2021/22. However, these have been adjusted by the Government's settlement, which, most significantly, means that Bradford's High Needs Block has increased by 12% per pupil (+ £9.23m). This is the second year of significant high needs funding increase; Bradford received an additional 17% per pupil (+ £11.47m) in 2020/21. These increases have placed our High Needs Block in a stronger position. As a consequence, it is not proposed for 2021/22 to transfer monies out of the Schools Block in support of high needs pressures.

2.3 The Government has recently again 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 2021/22 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 the Schools Block to primary and secondary schools / academies. Council took this decision at April 2018 and the Schools Block recommendations for 2021/22 are put forward to ensure that we continue to mirror the Government's National Funding Formula as this annually incrementally develops.

The Government's 2021/22 Schools Block primary and secondary mainstream National Funding Formula provides broadly for an increase in funding per pupil of 3.0%. This is a little lower than the 4.0% increase in 2020/21 but is still substantially improved on the increases in recent prior years. However, schools / academies will not uniformly receive 3.0%. Increases will depend on data and on pupil numbers changes but also signficantly on the school's / academy's relationships to both the Minimum Funding Guarantee (MFG) and the Government's mandatory minimum per pupil funding levels. On a simple basis, increases in per pupil funding in mainstream primary and secondary schools / academies in Bradford, prior to the impact of data and pupil numbers changes, range between + 2.0% and + 6.7%.

In consultation with the Schools Forum, the Minimum Funding Guarantee (MFG) for primary and secondary schools / academies is proposed to be set at + 2.0% in 2021/22, meaning all schools / academies will receive a minimum 2.0% increase in per pupil funding using the DfE's prescribed methodology. 2.0% is the maximum

permitted by the Regulations. The MFG is a very significant factor in Bradford, in particular for our primary phase where 99 out of 156 (64%) schools / academies receive funding through it. In total, 109 out of 191 (57%) primary and secondary schools / academies in Bradford are funded on the MFG set at + 2.0% in 2021/22.

A significant element of the Government's National Funding Formula for mainstream primary and secondary schools / academies in 2021/22 is the requirement that all primary schools / academies receive a minimum of £4,180, and all secondary schools / academies a minimum of £5,415, per pupil. This continues to deliver the Government's intention to 'level up'. The funding of 40 (out of 156) primary schools / academies and 3 (out of 31) secondary schools / academies in Bradford is increased by this requirement.

2.5 The increases allocated by the national settlement for the Early Years Block for 2021/22 are lower than by the 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 £4.69 (+ 1.30%) and for 2 year olds is increased by £0.08 per hour to £5.36 (+ 1.52%).

In the context of the current COVID-19 situation, the Authority remains concerned about the potential for sizeable additional unexpected costs or losses in DSG income that could be incurred during 2021/22 especially within the Early Years Block. The Authority will continue to monitor closely COVID-19 matters in relation to our 2021/22 early years entitlement funding arrangements (EYSFF). After our 'normal' arrangements have been agreed, we will continue to respond appropriately during the year, but in line with the Finance Regulations and with the DfE's expectations and guidance. Local authorities are not permitted to alter their EYSFF arrangements in year without DfE approval, so we are minded to continue to ensure that there is sufficient "controlled flexibility" within our arrangements, especially flexibility in our entitlement delivery counting arrangements, to enable us to respond to any unexpected exceptional circumstances.

Also within the Early Years Block, a matter of significant uncertainty has been the settlement for maintained nursery schools. Bradford currently receives a discrete sum (a 'supplement'), which is used to protect our 7 nursery schools at historic funding levels. Without this supplement, 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.

At the time of writing this report, the DfE has only confirmed supplement funding up to the end of August 2021. Although the DfE has published supplement allocations for the period September 2021 to March 2022, these allocations are described as "conditional" and the DfE has instructed authorities to treat these as unconfirmed. We are only able at this time therefore, to confirm our proposals for nursery school funding for the period April to August 2021. Depending on what the DfE confirms, we may need to consult with the Schools Forum and nursery schools again specifically on this matter. If the DfE confirms the continuation of our supplement, and that we are permitted to continue to protect nursery school funding as we do currently, the Authority anticipates proposing to extend our April to August 2021

arrangements to the period September 2021 to March 2022.

2.6 The proposed allocation of the High Needs Block in Bradford continues to incorporate our responses to the growth in the needs of children and young people as well as the structural changes taking place in the delivery of provision across the District.

The planned budget for 2021/22 fully allocates the additional £9.23m received within the 2021/22 settlement and incorporates the following continuing headline structural changes:

- The development of additional specialist SEND places, including the development of Authority-led resourced provisions in mainstream primary and secondary schools / academies.

- The restructuring of our PRU provision, where our High Needs Block funded PRUs going forward deliver provision for pupils permanently excluded.

- The re-alignment of responsibility between the High Needs Block and schools for the funding of alternative provision that is commissioned by schools.

Members are reminded that the Council introduced at April 2020 a new Banded Model for the funding of top up for Education Health and Care Plans (EHCPs). It is our intention to use this model in 2021/22 as the vehicle through which to release to SEND providers a significant proportion of the additional £9.23m High Needs Block funding. The minimum value of increase proposed in EHCP top up funding is 6.6% (with increases ranging between 6.6% and 13.8%). It is important to continue to emphasise that the way we moved to the new Banded Model has meant that no EHCP that was in place at 1 April 2020 has reduced in value as a result of this change.

The £9.23m is also allocated to increase the number of specialist places and to meet the increased provision costs resulting from the continued growth in the numbers of children and young people with EHCPs.

Our current four year forecast indicates that our High Needs Block should not develop a structural deficit problem in the medium term. The retention of the brought forward balance that is forecasted to be held at the close of 2020/21 is an important part of this current view. Our forecast does confirm the need to continue to monitor key aspects, to ensure value for money and to control expenditure, in particular, through the continued development of 'local' specialist places. This forecast does also rely on continued growth in funding from Government year on year, which if not received via the national DSG settlements will require us to take mitigating action.

2.7 The reports to Council on the Schools Budget, presented in previous years, have highlighted the extent to which increases in funding have not been sufficient to match growth in costs, especially in salaries, leading to schools and other providers being required to deliver structural budget savings. However,

- The increases provided by this current year's DSG settlement were substantially improved and the increases for 2021/22 continue on this basis.

- We highlight in particular that primary schools / academies funded on the increased mandatory minimum of £4,180 per pupil will see significant (up to 6.7% per pupil) growth.

- Two thirds of secondary schools / academies will broadly see 3% per pupil.

- The Teacher Pay and Pensions Grants, which are transferred into, and are secured within, the DSG from April 2021, continue to support schools / academies to meet a large proportion of the growth in the employer's costs of teacher salaries that took place in 2018 and again in 2019.

- Through our Banded Model, we are proposing to continue to substantially increase funding allocated to schools and providers in support of EHCPs. This will continue to improve the position of all providers and of special schools in particular. We have also consulted on, and now propose, to strengthen our SEND Funding Floor arrangement, which will better support mainstream schools / academies in meeting their responsibilities for the first £6,000 of the cost of the additional needs of all pupils.

- Locally, education budgets will still be required to absorb the impact of pay award, incorporating employer contributions to staff pension costs and the increase in the national living wage, as well as increases in the prices of goods and services. However, an overall headline pay freeze for teachers at September 2021 will positively benefit school / academy budgets and should mean headroom is available to be re-deployed.

Against this position however, it is forecasted that the COVID-19 situation will have some negative impact on education budgets in this current financial year. This is due to the additional expenditure that has been incurred, as well as losses in funding and in private income streams, that may not be fully covered by the Government's national support schemes. This is a matter the Authority and the Schools Forum continue to monitor. COVID-19 is likely to continue to have financial impact into 2021/22. Schools, academies and other providers will need to take focused decisions on how they use the totality of their budget resources, including the Government's COVID-19 Catch Up Premium, to support their pupils. This is likely to include re-prioritising budget allocations in line with a re-focused school development plan as well as continuing to manage other financial implications related to additional expenditure and reduced income.

Also against this position, as set out in paragraphs 2.4 and 2.5, the health of the budgets of individual schools, academies, and other providers will be dependent on a number of factors. In terms of areas of possible pressure in Bradford, we highlight:

- The settlement for two thirds of primary schools / academies, and a third of secondary schools / academies, is at the level of the Minimum Funding

Guarantee at + 2.0%, which is lower than the 'national headline' of + 3.0%.

- In the context of meeting the cost pay award, including the increase in the national living wage (+ 2.2%), the combined overall settlement for early years providers is lower than + 1.5%.

- There is uncertainty still over the funding of maintained nursery schools from September 2021. Even where the supplement continues, the national early years funding settlement does not currently recognise that the cost base of maintained nursery schools has increased in recent years.

- Pupil Premium Grant (PPG), which is a substantial funding stream for schools / academies in Bradford focused on supporting children from more deprived backgrounds, is not increased in value in 2021/22. The DfE has also adjusted the methodology, to use the October 2020 census rather than the January 2021 census, meaning that children that would have become eligible for the PPG over the autumn term after the October census was taken will now not be funded.

- The specific Year 7 Catch Up Premium, allocated to secondary schools / academies for lower achieving pupils, has ceased and is now contained within the COVID-19 Catch Up Premium.

Schools and providers, in their management of their delegated funds, continue to need to take prudent decisions understanding that there is significant uncertainty for the near-future. The Government has re-stated its commitment to completing in 2022/23 the "£7.1bn over 3 years" school funding increase. However, the position of the DSG in 2022/23 is not yet clear in detail and the extent to which school funding settlements after 2022/23 will be affected by public sector spending restraint following COVID-19 is unclear. The status, and timescale for the delivery, of the Government's intended increase in the minimum salary of qualified teachers to £30,000 and the knock-on implications for salaries across main pay scale especially (which was previously announced for September 2022 and which will significantly increase salaries expenditure in schools) is also currently uncertain.

2.8 In summary, Bradford has received in 2021/22 compared against 2020/21:

- An additional £32.74m within the Schools Block (+ 7.49%). £18.95m comes from the transfer of the Teacher Pay and Teacher Pension Grants, so this is not new money into the District. £12.74m comes from the Government's broad 3% uplift of its National Funding Formula alongside its commitment to allocate an increased minimum level of per pupil funding. £2.02m comes from the continued growth in pupil numbers in our secondary schools / academies netted against the continued reduction in pupil numbers in the primary phase. Other adjustments account for a reduction of £0.97m.

- An additional £11.19m within the High Needs Block (+ 13.8%). £1.24m comes from the transfer of the Teacher Pay and Teacher Pension Grants, so this is not new money into the District. £9.23m comes from the Government's uplift of its

National Funding Formula. £0.72m comes from the growth of our special school population and from other minor adjustments.

- An additional £0.55m within the Early Years Block (+ 1.28%). This is the total increase resulting from the Government's National Funding Formula uplift, net of adjustments for changes in estimated entitlement delivery numbers. The Early Years Block continues to include an estimated / "conditional" full year value of the supplement for maintained nursery schools.

- An additional £0.51m within the Central Schools Services Block (+ 17.4%). £0.41m comes from the transfer of the Teacher Pay and Teacher Pension Grants, so this is not new money into the District. £0.10m comes from the Government's uplift of its National Funding Formula, which is partially offset by the reduction in funding for our historic commitments.

2.9 The total estimated amount of DSG available for distribution in 2021/22 is £634.679m, which includes a forecasted cumulative value of under-spend (one off carry forward balance) up to 31 March 2021 of £25.271m (4.0%). 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 2021/22 (inc. transfers)	£43.514	£470.038	£92.678	£3.178	£609.408
Estimated DSG B'fwd from 2020/21	£3.273	£6.550	£15.449	£0.000	£25.271
Total Estimated DSG (Schools Budget) 2021/22	**£46.787**	**£476.588**	**£108.127**	**£3.178**	**£634.679**
Delegated to Schools / Providers	£43.389	£467.673	£85.249	£0.000	£596.310
Non-Delegated Items	£0.126	£1.899	£7.429	£3.178	£12.632
Allocation of One Off	£0.615	£0.430	£0.235	£0.000	£1.280
Total Funding Allocated	**£44.130**	**£470.001**	**£92.912**	**£3.178**	**£610.221**
Difference (C'Fwd)	**£2.657**	**£6.587**	**£15.214**	**£0.000**	**£24.458**

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

2.10 Members are asked to consider and to approve the 2021/22 Schools Budget as proposed in this report. This proposed Schools Budget incorporates the decisions and recommendations that were made by the Schools Forum on 13 January 2021. Should Members wish to propose amendments to this Schools Budget then representation must be made back to the Schools Forum.

3. SCHOOLS FORUM DECISIONS & RECOMMENDATIONS ON THE ALLOCATION OF THE SCHOOLS BUDGET 2021/22

	(£000)
Total Estimated DSG (Schools Budget) Available 2021/22	**£634,679**

3.1 The Schools Block £470,038

This Block funds formula-based delegated allocations for mainstream primary and secondary schools / 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 2021/22, the Schools Block is calculated on National Funding Formula-based primary and secondary per pupil values x October 2020 census pupil numbers, plus additional defined cash allocations. Bradford's primary amount per pupil (£app) is £4,596 (+6.98% on 2020/21; +2.79% excluding grant transfer); our secondary £app is £6,042 (+8.13% on 2020/21; +3.38% excluding grant transfer). 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. They also now include the former Teacher Pay and Pensions Grants (£18.95m) that have been transferred into the Schools Block at 1 April 2021. Additional cash allocations total £13.30m, for Business Rates (£3.98m), split sites (£0.42m), PFI (£6.70m) and Pupil Numbers Growth (£2.20m).

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.

3.2 The High Needs Block £92,678

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 / independent provisions.

High Needs Block allocations are calculated via National Funding Formula under transitional arrangements. Bradford receives £4,661 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

(+12% per pupil) on 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 specific allocations (£1.94m in 2021/22) for Education in Hospital and home tuition (medical needs) provision and £0.25m in respect of the former Teacher Pension Grant that is allocated to alternative provisions and that is transferred into the High Needs Block at 1 April 2021.

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.

(£000)

3.3 **The Early Years Block** **£43,514**

This Block funds delegated allocations, and a smaller value of funds held centrally, relating to the delivery of the entitlements to early years education for eligible 2, 3 and 4 year olds in nursery schools, in primary schools / academies with nursery classes and in Private, Voluntary and Independent (PVI) settings. The value of this Block is currently estimated and will be finalised, on current guidance, on the number of eligible children recorded in the January 2021 and January 2022 censuses x £4,456 per FTE (£4.69 per hour) for children aged 3 & 4 and £5,092 per FTE (£5.36 per hour) for children aged 2.

Estimated figures of £0.407m and £0.196m are included for the Early Years Pupil Premium and for the Disability Access Fund. In addition, an estimated £1.213m is currently included for the DfE's Maintained Nursery School supplement. Please see the introduction of this report for further explanation of the current unconfirmed status of this supplement.

3.4 **The Central Schools Services Block** **£3,178**

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 and academies that were previously funded through the now ceased Education Services Grant.

The 2021/22 allocation is calculated on a National Funding Formula. Bradford receives £35.44 per pupil x October 2020 census numbers recorded in primary and secondary schools and academies, plus a lump sum of £0.28m to match 60% of the value of our 'historic commitments' spend we recorded in 2017/18. This additional £0.28m has been reduced from the £0.35m (80%) funded in 2020/21 and is set to be fully phased out by the DfE over time. The £35.44 per pupil includes the former Teacher Pension Grant monies (£0.41m) in respect of centrally employed teachers that are transferred into the DSG at 1 April 2021.

(£000)

3.5 **Estimated DSG Balance Brought Forward from 2020/21** **£25,271**

Final DSG allocations are not confirmed by the DfE until later in the financial year and the Authority's proposals 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 year's planned budget. Decisions taken in previous years have already committed a proportion of the sum estimated to be carried forward from 2020/21.

The table in paragraph 2.9 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 **£596,310**

Broken down as follows:

4.1 **Early Years Providers via Single Funding Formula** **£43,389**

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

- Maintained Nursery Schools 3 / 4 year old universal and extended entitlements, incorporating the estimated Maintained Nursery School supplement £3.708m.
- Nursery Classes in Maintained Primary Provisions 3 /4 year old universal and extended entitlements £6.918m.
- PVI Providers (including academies) 3 / 4 year old universal and extended entitlements £24.321m.
- The entitlement for the 40% most deprived 2 year olds £7.954m.
- Early Years SEND Inclusion for 2 Year Olds £0.100m.
- Early Years SEND Inclusion for 3&4 Year Olds £0.400m.
- Early Years Pupil Premium £0.407m.
- Disability Access Fund £0.196m.
- Adjustment for the planned spending of balance brought forward (minus) £0.615m.

Members are reminded of what is said in paragraph 2.5 regarding the uncertainty the COVID-19 situation creates for early years entitlement funding. This report asks the Council to agree our 'normal' funding arrangements for 2021/22.

Due to the timing of the DfE's announcements on early years funding for 2021/22, which were significantly later than usual, the Authority completed on 3 February a short consultation on our Early Years Single Funding Formula (EYSFF) proposals. At its meeting on 13 January, the Schools Forum gave its full formal support to the Authority's proposals. 3 other responses to the consultation were received; 1 from a PVI provider and 2 from maintained nursery schools. These responses also supported the Authority's proposals for 2021/22. In their responses however, the maintained nursery schools emphasised the extremely difficult financial situation they currently face.

The Authority therefore, following the Forum's support, recommends that the Early Years Single Funding Formula (EYSFF) that was set out in the Authority's consultation is used to calculate budget shares for all providers delivering provision for 2 and 3 & 4 year olds in 2021/22. A summary of Bradford's recommended EYSFF is attached at Appendix 3. In headline:

- Providers will be funded for the delivery of the 2 year old entitlement on a single flat rate per hour of £5.36, which fully passes on the £0.08 per hour increase allocated to our Early Years Block by the Government.

- Regarding the main 3 & 4 year old entitlement, the Universal Base Rate (UBR) will be set at £4.25 per hour. This is an uplift of +£0.06 on the £4.19 set for 2020/21 and passes through to providers in full the increase Bradford has received from the Government. We propose to 'pause' the previously planned further reduction in spend on the Deprivation & SEND supplement, meaning that spending on this supplement will be retained at 8% in 2021/22. The planned reduction, ultimately to 6%, will be reviewed again for 2022/23. We do not introduce any more supplements into our 3 & 4 year old EYSFF. New supplements would dilute further both the UBR and the Deprivation & SEND rates at a time when we see our priority to be to maximise the values of these rates for providers.

- Regarding the funding of the 3&4 year old entitlements in Maintained Nursery Schools, proposed for the period April 2021 to August 2021 only at this time, the protected setting base rate will be set at £5.84 per hour. This is the 2020/21 protected rate uplifted by £0.06 per hour in line with the uplift delivered in the 3&4 year old Universal Base Rate. The Deprivation and SEND rates for each nursery school will continue to be retained at their 2016/17 values. The nursery school lump sum for sustainability will continue to be calculated on existing variable values using the current methodology. Proposals for the period September 2021 to March 2022 will be put forward following the DfE's confirmation of the status of the supplement, as explained in the introduction.

- Our current SEND Inclusion Fund 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.

- We will increase the value of the Disability Access Fund (DAF) allocation paid per child in 2021/22, from the minimum required of £615 to £1,000, using a proportion of the balance brought forward in support of the cost of this increase, if this is required.

98.0% of our 2021/22 3&4 year old entitlement funding will be passed-through to providers. Our Early Years Block planned budget complies with the DfE's statutory restrictions for the funding of 3&4 year old hours delivery concerning a) the minimum 95% pass-through and b) the maximum 10% spend on supplements.

As far as we are able to confirm at this time, for the period April to August 2021, our planned budget also complies with the DfE's expectation that the specific Maintained Nursery School supplement is allocated to protect nursery school funding at pre-national reform (2016/17) rates.

(£000)

4.2 **Primary and Secondary Schools and Academies** **£467,673**

Primary £250.682m.
Secondary £216.991m.

The Schools Forum has recommended to:

- Use the formula outlined in Appendix 1 to calculate delegated budget shares for primary and secondary schools / academies. This formula has been agreed following consultation with schools / academies in autumn 2020. We submitted the final version of the required Pro-forma on 15 January 2021 and this is subject to final validation by the Education & Skills Funding Agency.

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

  Amend our minimum levels of per pupil funding to match the mandatory values of £4,180 primary and £5,415 secondary.

  Amend our local formula to mirror the Government's 2021/22 National Funding Formula values for existing factors. The values of these factors have broadly increased by 3% on 2020/21.

- Set the Minimum Funding Guarantee at + 2.00%.

- Continue to use our existing local formula for the funding of schools / academies 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 / academies within the Schools Block funding formulae.

- Retain, with their existing criteria and methodologies, the additional funds that are initially managed centrally within the Schools Block (with some then released to eligible schools / academies during the year) – Growth Fund, Falling Rolls Fund (primary phase only), De-delegated Funds (maintained schools only).

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

(£000)

4.3 **Special Schools and Special Academies** **£34,550**

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 for this element of funding.

The 2021/22 planned budget of £34.550m is calculated on 1,500 places on a full year 2021/22 academic year basis across eight special schools / academies.

As stated in paragraph 2.6, the Council introduced at April 2020 a new Banded Model for the funding of top up for Education Health and Care Plans (EHCPs). This Banded Model, as set out in Appendix 2 for 2021/22, is proposed to continue to be used to allocate top up funding for pupils with EHCPs placed in special schools and in special academies.

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** **£3,985**

Two key strategic provision changes that have adjusted the 2021/22 High Needs

Block planned budget are:

- The restructuring of our PRUs, where our High Needs Block funded PRUs going forward deliver turn-around provision for pupils permanently excluded.

- The re-alignment of responsibility for the funding of alternative provision that is commissioned by schools.

We have now moved to a position where schools / academies are responsible for paying from their delegated budgets the cost of placements they commission (for pupils without EHCPs and that are not permanently excluded). 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 2021/22 planned budget makes provision in total for 165 places on a full year basis to be available for turn-around provision for pupils permanently excluded. We propose to continue to calculate top up for this provision using the Day Rate Model, which was first introduced at April 2020. The rate of funding allocated by the Day Rate Model is proposed to increase in 2021/22 by 7.29%.

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 **School-Led SEND Resourced Provisions (Primary & Secondary) £6,300**

School-Led SEND Resourced Provisions are provisions attached to mainstream primary and secondary schools / academies where the school / academy under Service Level Agreement manages this provision and employs its staffing. Place and top up funding is fully delegated.

The planned budget of £6.300m is calculated on 343 places across 23 provisions for the 2021/22 academic year.

School-Led SEND resourced provisions are funded using the Place-Plus framework and the Banded Model as set out in Appendix 2.

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

4.6 **Authority-Led SEND Resourced Provisions (Primary & Secondary) £5,090**

Authority-Led SEND Resourced Provisions are provisions attached to mainstream primary and secondary schools / academies where the Authority, rather than the school / academy, manages this provision and employs its staffing. Funding is

partly delegated and partly retained. The top up is retained and managed by the Authority. The host school / academy retains the first element of place funding (broadly £4,000) to cover its basic curriculum and site costs.

The planned budget for Authority-Led SEND Resourced Provisions incorporates both the budget for the established sensory provisions as well as the growing budget for the SEND resourced provisions that began to be established from 2019 as part of the strategy to deliver additional specialist SEND places.

The planned budget of £5.090m is calculated on 236 places in total for the 2021/22 academic year, with 100 places attached to the 4 established sensory provisions and 136 places attached to 7 developing SEND provisions.

Authority-Led SEND resourced provisions are funded using the Place-Plus framework and the Banded Model as set out in Appendix 2.

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

(£000)

4.7 **Pupils with EHCPs in Mainstream Schools and Academies** **£12,513**

Top up funding is delegated to mainstream schools / academies for pupils with EHCPs. The Banded Model, as set out in Appendix 2, is proposed to apply to the calculation of this top up for 2021/22. The planned budget of £12.513m incorporates a forecasted 12% increase in cost as a result of the continued growth in the numbers of EHCPs that are anticipated to be placed in mainstream schools / academies during 2021/22.

The national high need funding system works on the basis that mainstream schools / 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. Local authorities are required to define for each primary and secondary school / academy 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 planned budget of £12.513m 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. Following our consultation on this matter in autumn 2020, we propose to amend our SEND Funding Floor for the 2021/22 financial year. This proposal is supported by the Schools Forum and is put forward as a trial, for one year only, and being subject to further review including in the light of the outcomes of the DfE’s expected national reviews.

The amended formula is aimed at ensuring that no mainstream primary or

secondary school / academy will have to manage from their own formula funding an above phase-average cost pressure in respect of their commitment to fund the first £6,000 of cost for their pupils with EHCPs. As well as supporting provision for pupils with EHCPs, the new approach is aimed at protecting the funding used by schools / academies to support their wider AEN (Additional Educational Needs), SEND and AP (Alternative Provision) activities. It will directly financially support schools / academies that have higher proportions of pupils with EHCPs, in support of inclusion, combining also to support schools / academies that may have lower levels of AEN formula funding and that may be smaller in size. It will also support schools / academies that may have some turbulence in formula funding as a result of in year pupil numbers changes.

Given that we expect a DfE review, we have not previously seen merit in adjusting our SEND Floor for this to be immediately changed by a new national policy. Our current SEND Funding Floor however, was substantially affected by our movement at April 2018 to the National Funding Formula for mainstream primary and secondary funding. Since then, the values of SEND Floor allocations received by individual primary and secondary schools / academies have been protected at 2017/18 cash levels.

The current status of the DfE's national reviews is not confirmed. At the same time however, we are starting to see a greater number of issues being raised by schools / academies in respect of the sufficiency of their funding in relation to their numbers of EHCPs. These issues are expanding as the numbers of pupils with EHCPs that are educated in mainstream settings continue to grow. We also identify that, due to the DfE's 'levelling up' of mainstream formula funding, in particular where all mainstream primary schools / academies will receive a minimum of £4,180 in per pupil funding in 2021/22, many schools / academies that would continue to have their previous Floor allocations protected are now allocated significantly higher levels of relevant formula funding. It does not feel to be correct to continue in 2021/22 to protect previous allocations where it is clear a school's / academy's circumstances have changed.

(£000)

4.8 **Post 16 Further Education / Special Post 17 Institutions (SPIs) £5,329**

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. For top up, Further Education providers and SPIs are funded for the vast majority of their Post 16 students at 60% of the values prescribed by the Banded Model as set out in Appendix 2. The main exception are students with the primary need of sensory impairment (hearing / visual), where funding is calculated on an actual cost basis.

The planned budget of £5.329m is calculated on 341 places commissioned by the Authority in the 3 main Bradford-located FE colleges for the 2021/22 academic year, plus provision for the estimated cost of top up allocations to all Post 16 provisions and for the cost of potential growth in places during the year.

Please note that the place funding for the 3 FE colleges is 'top sliced' from the High Needs Block so that these settings can be funded directly by the Education & Skills Funding Agency.

(£000)

4.9 **Early Years Resourced Provisions** **£1,315**

Early years resourced provisions are attached to 5 maintained nursery schools and will continue to be funded via the Place-Plus framework. The Banded Model set out in Appendix 2 applies to the calculation of top up from April 2021.

These provisions operate as school-led SEND resourced provisions, where the school under Service Level Agreement manages the provision and employs its staffing. Place and top up funding is fully delegated.

The planned budget of £1.315m is calculated on an allocation of 78 FTE places for the 2021/22 academic year.

4.10 **Placements in Out of Authority & Independent Settings** **£10,745**

The cost of placements of pupils with EHCPs in out of authority and in 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 £10.745m is calculated estimating that the cost will continue to grow at current rates.

4.11 **Provision for the Creation of Additional SEND Places** **£3,000**

The planned budget includes £3.000m full year provision to support the creation of a further 120 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 and will make budget provision for this from the High Needs Block.

4.12 **Additional Provision for the Banded Model** **£1,000**

The 2021/22 planned budget retains a reduced earmarked contingency provision (of £1.000m reduces from £2.000m held in 2020/21) which is available to cover further costs that may potentially come from the embedding of our EHCP Banded Model in its second year of operation.

4.13 **Former Teacher Pay and Pensions Grants** **£1,422**

We are required to add into our formula funding arrangements for specialist settings

the allocation of the Teacher Pay Grant (TPG) and the Teacher Pension Grant (TPECG). This change is required in response to these grants being transferred into the High Needs Block at April 2021. These grants have previously been allocated separately and in addition to place-plus funding.

These monies are described by the DfE as “additional place funding” and we propose to allocate them in 2021/22 on a place-led basis as we set out for consultation in autumn term 2020.

Unlike main place-element funding, the Authority will allocate these monies to academies as well as to maintained schools and PRUs.

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

Total Allocated to non-delegated Budgets **£12,632**

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 require a greater proportion of the DSG to be delegated to schools, academies and other providers and also require that the Schools Forum makes recommendations (and some decisions) for permitted centrally managed items individually and, in some cases, on a phase specific basis.

5.1 Schools Block non-delegated budgets £1,899

A total of £1.899m 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.

- £0.772m for items de-delegated from maintained mainstream primary and secondary schools. De-delegated funds continue in line with 2020/21.

- £1.127m of provision for new growth (pupil numbers expansions in primary and secondary schools / academies) at September 2021. £0.952m of this is for growth in the secondary phase; £0.175m is for growth in the primary phase.

- £0.000m for the 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. The cost of the 2021/22 Falling Rolls Fund will be met from the balance that will be brought forward from 2020/21 rather than by taking new budget from the 2021/22 Schools Block.

(£000)

5.2 **High Needs Block non-delegated budgets** **£7,429**

A total of £7.429m is recommended to be held centrally within the High Needs Block for the following purposes:

- £4.830m for centrally managed SEND teaching support services. In support of the particular difficulties and pressures that exist within the Early Years Block in 2021/22, the Authority proposes that the £0.448m, that would have been the Early Years Block's contribution to high needs support services, including portage, the pre-5 service and the administration and management of the Early Years SEND Inclusion Fund, is transferred to be funded by the High Needs Block. The Authority would expect to move this budget back to the Early Years Block in 2022/23.

- £1.341m 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.

- £0.800m for the DSG's contribution to the Affordability Gap for Building Schools for the Future for special schools.

- £0.458m of smaller budgets, including copyright licences for special schools and PRUs, speech and language therapy services and specialist equipment.

5.3 **Early Years Block non-delegated budgets** **£126**

A total of £0.126m is recommended to be held centrally within the Early Years Block for the following purposes:

- £0.094m for nursery schools to access relevant agreed 'de-delegated' funds.

- £0.032m for copyright licences.

98.0% of our 2021/22 3&4 year old entitlement funding will be passed-through to providers in 2021/22.

5.4 **Central Schools Services Block** **£3,178**

The £3.178m is recommended to be allocated as follows:

- £0.010m Schools Forum costs.

- £0.737m Pupil Admissions.

- £1.495m Statutory duties delivered by the Authority on behalf of all state funded schools including academies.

- £0.349m Copyright Licences Schools Block.

- £0.423m Education Access Officers

- £0.164m Teachers Pension Grant. £0.406m has been received within the 2021/22 settlement for the continuation of former Teacher Pension Grant monies allocated in respect of centrally employed teachers. £0.242m of this is transferred to the High Needs Block to ensure that all DSG income relating to centrally managed teachers, employed within the SEND teaching support services and within the central Education in Hospital and Medical Home Tuition Service, is accounted for within the High Needs Block where their expenditure is also charged.

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

Total allocated on a one off basis in 2021/22 **£1,280**

The £1.280m is made up of the following 3 recommended allocations:

- Schools Block: £0.430m, which is the estimated cost of the financial support for Beckfoot Upper Heaton Academy to be allocated via the long-standing agreed model. 2021/22 is the final year of this support model.

- Early Years Block: £0.615m, which is allocated to support the estimated cost of our Early Years Single Funding Formula (EYSFF) in 2021/22.

- High Needs Block: £0.235m, which is allocated to formally 'balance' the 2021/22 planned budget at this stage.

7. AMOUNT NOT ALLOCATED IN 2021/22 (£000)

Total amount not allocated in 2021/22 **£24,458**

The £24.458m of balance forecasted to be retained at the planned budget stage / carried forward into 2022/23 is made up of the following sums.

Schools Block £6.587m:

- £0.956m of Growth Fund balance ring-fenced to support additional costs of pupil numbers growth.

- £0.500m retained as the ring-fenced balance for the primary phase Falling Rolls Fund. We do expect to agree allocations from this fund with the Schools Forum in March 2021 and March 2022. However, we have shown the Fund as fully unspent at this time so that it can clearly been seen that two years' of budget provision totalling £500,000 is now available. This helps to explain the rationale for the proposal that we 'pause' taking new budget provision from the 2021/22 Schools Block.

- £1.091m of balance ring-fenced to de-delegated funds for maintained schools. An amount of this balance (£0.20m) is planned to be released in 2021/22 to support 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.

- £0.650m for the deficit of a school converting to academy status.

- £0.917m of primary phase headroom from the 2020/21 and 2021/22 settlements that is earmarked to be spent in support of the primary-phase funding formula (provisionally the one off application of the reception uplift factor) in 2022/23.

- £2.473m resilience reserve. This sum is effectively the remaining unallocated balance within the Schools Block.

Early Years Block £2.657m:

- £0.072m of balance ring-fenced to de-delegated funds for maintained nursery schools.

- £0.460m retained and earmarked for the Disability Access Fund (DAF). As well as carrying out work to better understand why providers may not be fully claiming DAF funds, and to encourage higher take up, the Authority proposes to increase the value of the DAF allocation paid per child in 2021/22, from £615 to £1,000, and to use a proportion of the £0.460m balance in support of the cost of this increase if this is required.

- £2.125m retained to be used in support of the cost, including any unexpected or higher than expected cost, of the Early Years Funding Formula (EYSFF) in 2021/22 and going forward.

High Needs Block £15.214m:

- The first call on the £15.214m, after balancing the planned budget, will be meeting any unexpected or higher than expected costs that may arise across the remainder of the 2020/21 and then the 2021/22 financial years, noting that the £15.214m figure itself is significantly estimated.

- The balance of the £15.214m will then be retained to support the avoidance of

cumulative deficit in the High Needs Block over the medium term, with its use forming part of our DSG Management Plan.

8. FINANCIAL & RESOURCE APPRAISAL

This appraisal is given thoughout this report. The table provided in paragraph 2.9 demonstrates that a balanced Schools Budget for 2021/22 is put forward for the Council's approval.

9. RISK MANAGEMENT AND GOVERNANCE ISSUES

If the allocations set out in this report are not fully agreed by Elected Members then representations must 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).

10. 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. Local authorities must have regard to advice given by schools forum and or consult them on certain matters before taking prescribed decisions.

Schools forum generally have 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 in certain circumstances.

The 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 core basic structure of the schools national funding formula has not changed for 2021/2022. The National Funding Formula for schools and high needs 2021-22 contains some formula and technical changes, which are highlighted in the body of the Report. It is the Government's stated

intention to introduce a 'hard' NFF in the future whereby every primary and secondary mainstream school's / academy's budget share will be set on the basis of a single national formula. The Local Authority currently maintains some flexibility over how it distributes the funding it receives through the NFF locally in consultation with schools.

The School and Early Years Finance (England) Regulations require the Local Authority to calculate budgets for all maintained schools, and amounts to be allocated in repect of early years provision, 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 provisions set out in the School and Early Years Finance (England) Regulations 2020, and in the DSG conditions of grant for 2021-22, 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).

11. OTHER IMPLICATIONS

11.1 SUSTAINABILITY IMPLICATIONS

There are no direct implications resulting from this report.

11.2 GREENHOUSE GAS EMISSIONS IMPACTS

There are no direct implications resulting from this report.

11.3 COMMUNITY SAFETY IMPLICATIONS

There are no direct implications resulting from this report.

11.4 HUMAN RIGHTS ACT

There are no direct implications resulting from this report.

11.5 TRADE UNION

There are no direct implications resulting from this report.

11.6 WARD IMPLICATIONS

There are no direct implications resulting from this report.

11.7 IMPLICATIONS FOR CORPORATE PARENTING

There are no direct implications resulting from this report.

11.8 ISSUES ARISING FROM PRIVACY IMPACT ASSESMENT

There are no issues resulting from this report.

12. NOT FOR PUBLICATION DOCUMENTS

None.

13. OPTIONS

Please see the recommendations below.

14. RECOMMENDATIONS

14.1 It is recommended that the Executive asks Council to:

a) Accept and approve the proposals for the allocation of the 2021/22 Dedicated Schools Grant as set out in this report.

b) Approve the total amount of £634.679m 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 2021/22.

15. APPENDICES

- Appendix 1 – Local Authority Funding Reform Pro-Forma 2021/22 (Schools Block).
- Appendix 2 –Banded Model for EHCP Top Up Funding (High Needs Block).
- Appendix 3 – Early Years Single Funding Formula 2021/22 (Early Years Block).

16. BACKGROUND DOCUMENTS

- Decisions List of the Schools Forum meeting 13 January 2021 (link to webpage)
- Consultation on the High Needs Funding Model 2021/22 (link to webpage)
- Consultation on the Early Years Single Funding Formula 2021/22 (link to webpage)
- Consultation on Schools Block Funding Arrangements 2021/22 (link to webpage)
- SEND Places Sufficiency Report (within 9 December Schools Forum reports)
- High Needs Block DSG Management Plan (within 13 January Schools Forum reports)
- Section 151 Officer's Report – Executive 16 February 2021

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Local Authority Funding Reform Proforma **Appendix 1**

LA Name:	Bradford
LA Number:	380

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
£4,180	£5,215.00	£5,715.00	£5,415.00

Disapplication number where alternative MPPF values are

Pupil Led Factors

1) Basic Entitlement Age Weighted Pupil Unit (AWPU)	Reception uplift	No	Pupil Units		0.00				
	Description	**Amount per pupil**		**Pupil Units**		**Sub Total**	**Total**	**Proportion of total pre MFG funding (%)**	**Notional SEN (%)**
	Primary (Years R-6)	£3,123.50		54,197.00		£169,284,312	**£328,765,997**	36.58%	7.51%
	Key Stage 3 (Years 7-9)	£4,404.70		21,246.00		£93,582,355		20.22%	6.28%
	Key Stage 4 (Years 10-11)	£4,963.79		13,276.00		£65,899,330		14.24%	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	£460.07	£460.07	13,360.00	8,819.81	£10,204,346	**£55,139,786**	11.91%	23.08%	10.16%
	FSM6	£575.09	£840.13	14,645.61	12,269.41	£18,730,527			23.08%	10.16%
	IDACI Band F	£215.03	£310.05	7,379.87	4,921.36	£3,112,793			22.45%	19.18%
	IDACI Band E	£260.04	£415.07	9,702.38	6,504.58	£5,222,858			22.45%	19.18%
	IDACI Band D	£410.07	£580.09	5,888.40	4,039.67	£4,758,016			22.45%	19.18%
	IDACI Band C	£445.07	£630.10	6,101.79	3,897.51	£5,171,551			22.45%	19.18%
	IDACI Band B	£475.08	£680.11	5,772.02	3,709.66	£5,265,124			22.45%	19.18%
	IDACI Band A	£620.10	£865.14	2,333.14	1,419.19	£2,674,572			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 March 19			643.13		£0	**£7,133,561**	0.00%		
4) English as an Additional Language (EAL)	EAL 3 Primary	£550.09		10,359.91		£5,698,864		1.51%		
	EAL 3 Secondary		£1,485.24		873.85	£1,297,876				
5) Mobility	Pupils starting school outside of normal entry dates	£900.14	£1,290.21	111.06	28.56	£136,821		0.03%		

	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) Low prior attainment	Primary low prior attainment		£1,095.18	32.89%	17,822.88	£19,519,172	**£34,120,013**	7.37%	100.00%	100.00%
	Secondary low prior attainment (year 7)	64.53%	£1,660.27	24.84%	8,794.28	£14,600,841				
	Secondary low prior attainment (year 8)	64.53%		24.96%						
	Secondary low prior attainment (year 9)	63.59%		25.58%						
	Secondary low prior attainment (year 10)	58.05%		25.87%						
	Secondary low prior attainment (year 11)	48.02%		26.21%						

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	£117,818.85	£117,818.85			**£22,503,400**	4.86%		
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	**£441,196**	0.10%
11) Rates	**£3,770,879**	0.81%
12) PFI funding	**£6,612,385**	1.43%

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 FY20-21	**£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%		

Total Funding for Schools Block Formula (excluding minimum per pupil funding level and MFG Funding Total)	**£458,487,218**	**99.07%**
14) Additional funding to meet minimum per pupil funding level	**£4,308,746**	0.93%
Total Funding for Schools Block Formula (excluding MFG Funding Total)	**£462,795,964**	**100.00%**

15) Minimum Funding Guarantee	2.00%	**£5,315,273**	
Where a value less than 0.5% or greater than 2% has been entered please provide the disapplication reference number authorising the value			
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)	£5,315,273	1.13%	
Total Funding for Schools Block Formula	**£468,111,237**		**£67,131,336**

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	£2,158,569.00	
Growth fund (if applicable)	£1,789,294.17	
Falling rolls fund (if applicable)	£0.00	
Other Adjustment to 20-21 Budget Shares	**£100,867**	
Total Funding For Schools Block Formula (including growth and falling rolls funding)	**£470,001,398**	
% Distributed through Basic Entitlement	**71.04%**	
% Pupil Led Funding	**91.87%**	
Primary: Secondary Ratio	**1 :**	**1.37**

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City of BRADFORD METROPOLITAN DISTRICT COUNCIL

Appendix 2 - The Banded Model for Funding Pupil-Led Need EHCP Top Up 2021/22

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. Top-up funding is expected to reflect the cost of additional support an institution incurs related to the individual needs of the child or young person.

1.2 As with many authorities, Bradford allocates top up funding using a band system. This model is used to assign EHCPs into bands of need for funding purposes. Each band has an applicable level of funding and every EHCP assigned to a band is allocated a set value of funding.

1.3 We would like to remind providers that the current Banded Model was first introduced at April 2020. This model replaced our previous 'Ranges Model' and quite significantly uplifted the funding of EHCPs in all settings, both mainstream and specialist. This model includes protections, which have ensured, and will continue to ensure, that no EHCP in place on 1 April 2020 reduces in value as a result of funding model change.

1.4 A band system is more responsive to 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 Banded 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 the needs of an individual child or young person with an EHCP.

1.5 In continuing to use our Banded Model in 2021/22, the Council's intention is still to retain a uniform framework for calculating top-up funding for 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 and will ensure consistency of approach in the funding of high needs across mainstream and specialist settings both pre and post 16. 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 Banded Model 2021/22

2.1 The Banded Model uses at its base the Bradford Matrix of Need, which outlines waves of intervention:

- Band 1 (Quality First Teaching)
- Band 2 (SEND Support)
- Band 3 (EHCP) – typically mainstream - this is the band at which Element 3 EHCP funding begins
- Band 4 (EHCP Plus) – typically specialist provision

This Matrix identifies the responsibilities of schools and providers in their use of already delegated funds in meeting the cost of support up to Band 3. It then identifies the point at which top up funding will begin in our model, which is EHCP Band 3.

2.2 The Banded Model has 6 bands and 6 funding steps, with values for 1 April 2021 as set out in the table below. This table shows the value of top up by band and the value of Element 2 contributions, which schools and providers will 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 / 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 a value of £6,000 per 1 FTE, to the cost of the additional needs set out in the EHCP. For EHCPs for 2, 3 and 4 year olds (in pre-reception) in mainstream not specialist provision, that are only funded through the Early Years Single Funding Formula (EYSFF), because the EYSFF does not allocate Element 2 funding, Element 2 is allocated on an FTE basis in addition to the top up value for these EHCPs until these children enter reception year. This addition does not apply to early years children that are placed in special schools or in resourced provisions as these provisions are funded on a place-led basis, which includes Element 2.

	Top Up Value at April 2021	**Element 2 Value FTE the school / provider adds**	**Total Value of Funding to support the EHCP**
Band 3 Low (3L)	**£1,900**	£6,000	£7,900
Band 3 Medium (3M)	**£3,626**	£6,000	£9,626
Band 3 High (3H)	**£5,302**	£6,000	£11,302
Band 4 Low (4L)	**£8,435**	£6,000	£14,435
Band 4 Medium (4M)	**£12,235**	£6,000	£18,235
Band 4 High (4H)	**£16,148**	£6,000	£22,148
Protected 7	**£26,534**	£6,000	£32,534

The 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 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.

The Band 3 values are calculated on assumptions on additional 'support assistant' time (where bespoke means 1:1 and group time is in groups of 1:3). The cost per hour assumption within the indicative 2021/22 financial year model, on a term time only basis and incorporating assumptions about on-costs, is £16.10. This represents a 3% increase on the £15.63 that was used in the 2020/21 model.

The Band 4 values are calculated on assumptions on both support assistant time (where bespoke means 1:1 and group time is in groups of 1:2) and teacher time in group sizes of 1:12, 1:8 and 1:6. The cost per hour assumption for support assistant time within the indicative 2021/22 financial year model is £16.10 as in Band 3. The indicative cost per hour assumption for teacher time in the model is £45.03. This represents a 9.35% increase on the £41.18 that was used in the 2020/21 model.

2.4 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 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 It is helpful to continue to highlight the main differences between the Banded Model and the previous Ranges Model that was used up to 31 March 2020:

- The Banded Model does not have a 7th step (the equivalent of the previous Range 7). It is expected that stacking will deliver a level of support higher than the single band 4H where this is necessary. Specific transition arrangements are in place for Range 7 EHCPs that existed at 1 April 2020.

- The Panel can 'stack' values (meaning an EHCP can be allocated more than one value) in order to find a close fit.

- The Banded Model does not use primary need as a marker for the placement of an EHCP into a band. Placement is based on assessed level of need.

- Whereas the previous Ranges Model defined need in terms of 1:1 hours of support, the Banded Model uses a notional provision mapping approach and a combination of bespoke time and time in smaller groups.

- The values allocated by the Banded Model are significantly increased on those allocated by the Ranges Model. These increases are the result of two main adjustments; a) refreshing the assumptions about the salaries of support assistants and teachers - the Banded Model uses estimates of salaries and on-costs for 2021/22; b) allowing the top up model now to compensate for the fixed £6,000 Element 2. Because the £6,000 Element 2 has not increased since the implementation of the national model in 2013/14, and has not increased in 2021/22 vs. 2020/21, the annual increase in the costs of support from increased salaries must be met solely by the top up element otherwise there is an annual erosion of funding in real terms. This is the reason why the % increases in top up funding on their own are significantly higher than inflation / pay award. However, when top up funding is added to the fixed £6,000 Element 2, the true total % increases in funding available to meet need are reduced. Previously, under the Ranges Model, there was not sufficient funding in the High Needs Block to adjust for this erosion.

- The Banded Model works alongside a clarified / amended approach to the sharing of the cost of specialist equipment.

2.6 To highlight how the Banded Model continues to be the same or similar to the previous Ranges Model:

- Decisions on the application of the Banded Model – which of the 6 bands an EHCP is placed in and whether an EHCP is given more than one band value - continue to be taken by Bradford Council's SEND Panel with reference to the evidence submitted through the EHCP assessment process. Appeals and disputes also continue to be resolved through the Panel process.

- In all steps within the model, the school / 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 a value of £6,000 to the cost of additional needs.

- The bottom 'threshold' for the 1st step of Band 3 (3 Low) is the same as the Ranges Model. The Banded Model itself has not changed the threshold at which EHCP funding can initiate nor has it changed the points of access to an EHCP. It simply has changed the options that are available to the SEND Panel to use to ensure that an EHCP is appropriately and accurately funded.

- 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. Due to the specific support needs of these students in Further Education, and the diverse nature of their curriculum choices, it is not possible to formularise this funding element. This approach is continued in the application Banded Model.

- The 'technical framework' is the same for the operation of the Banded Model during the year e.g. the monthly re-calculation of EHCP funding from the census of EHCPs on roll on 10th of each month.

- An assessment place (which was Range 4D) has become Band 4L. This funds EHCPs placed in specialist provisions until a final determination of band from the Panel is received. Funding is changed at this point if this is different from 4L. Band 4L also continues to be used to permanently fund all placements in the Early Years ESPs that are attached to maintained nursery schools.

A reminder of the transition from the previous Ranges Model

3.1 It is helpful to remind providers of how we moved from the Ranges Model to the now established Banded Model at 1 April 2020 and what protections continue to be in place.

3.2 All EHCPs in place at 1 April 2020 were automatically transferred on to the new Banded Model system at 1 April 2020 as follows:

Range		Band
Range 4A	became	Band 3L
Range 4B	became	Band 3M
Range 4C	became	Band 3H
Range 4D	became	Band 4L
Range 5	became	Band 4M
Range 6	became	Band 4H
Range 7	became	Protected 7

3.3 Most existing EHCPs on an on-going basis will remain within the band they were transferred to. The SEND Panel will continue to 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.

3.4 The Banded Model operates under the guarantee that, for EHCPs in place at 1 April 2020, the EHCP will not ever drop to a lower valued band 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 remains in place until the pupil reaches the end of year 11. This guarantee does not extend to assessment places that were funded at 1 April 2020 (as these pupils did not yet have EHCPs).

3.5 The Banded Model retains a transitional 'Protected 7' band, which will continue to fund EHCPs that we graded at Range 7 under the old model. These 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 remains in place until the pupil reaches the end of year 11. The value of Protected 7 will be uplifted each year by the same % that is applied to Band 4H.

Summary of Place-Plus and how this works for different providers in Bradford

	Pre-16	Pre-16	Post-16	Post-16		
Type of Provision	**Place (Core) Funding**	**Top-Up Funding (Pupil-Led Need)**	**Place Funding**	**Top-Up Funding (Pupil-Led Need)**	**Setting-Led Need Factors**	**Additional Support Measures**
Mainstream primary & secondary (maintained schools, academies and free schools)	Element 1 is included within the per-pupil funding allocated through the local school funding formula (NFF-based). Element 2 - the first £6,000 of additional support cost – is also already delegated with the school's formula funding allocation. Notional SEND defines the value of funding already allocated	Agreed per-pupil top up paid by the commissioning local authority. Allocated in 'real time' during the year. Changes for starters and leavers. Uses the Banded Model. The top up funding is allocated to and retained by the school.	Element 1 (based on the 16-19 national funding formula) plus Element 2 (£6,000) based on the number of places to be commissioned.	Agreed per-pupil top up paid by the commissioning local authority. Allocated in 'real time' during the year. Changes for starters and leavers. Uses the Banded Model. The top up funding is allocated to and retained by the school.	None.	SEND Funding Floor support Element 2 cost in pre-16 provisions
Mainstream early years (nursery schools, classes and PVI providers)	Element 1 is included within the per-pupil funding allocated through the local EYSFF. Early Years SEND Inclusion Grant allocates Element 2 (£6,000) for eligible low level emerging SEND (non-EHCP)	Agreed per-pupil top up paid by the commissioning local authority. Allocated in 'real time' during the year. Changes for starters and leavers. Uses the Banded Model.	n/a	n/a	None.	Early Years SEND Inclusion Grant. DAF Grant.

	as agreed by Panel. Element 2 is allocated to early years EHCPs in addition to top up.	The top up funding is allocated to and retained by the school or provider.				
School-led Resourced Provisions (mainstream primary & secondary) *(formerly known as DSPs).*	Elements 1 & 2 are allocated through a combination of per-pupil funding allocated through the local school's funding formula plus £6,000 per place for places occupied by pupils on roll in October in the previous year and £10,000 per place for the remainder of places agreed to be commissioned. Additional place-funding is allocated in real time where occupancy is exceeded, with an end of year reconciliation to ensure no overall overpayment of additional place-led funding for the actual total composite occupancy across the year.	Agreed per-pupil top up paid by the commissioning local authority. Allocated in 'real time' during the year. Changes for starters and leavers. Uses the Banded Model. The top up funding is allocated to and retained by the school.	Element 1 (based on the 16-19 national funding formula) plus Element 2 (£6,000) based on the number of places to be commissioned. Both Elements 1 and 2 are retained by the school.	Agreed per-pupil top up paid by the commissioning local authority. Allocated in 'real time' during the year. Changes for starters and leavers. Uses the Banded Model. The top up funding is allocated to and retained by the school.	Small Setting Protection. 3% Cash Budget Protection.	Teacher Pay and Teacher Pensions Grants (for places un-occupied in the October 2020 Census)

	Both Elements 1 and 2 are retained by the school. Element 1 is set at a minimum of £4,000 per agreed place.					
Local Authority-led Sensory Need Resourced Provisions (mainstream primary & secondary). *(formerly known as ARCs).* .	Elements 1 & 2 are allocated through a combination of per-pupil funding allocated through the local school's funding formula plus £6,000 per place for those occupied by pupils on roll in October in the previous year and £10,000 per place for the remainder of places agreed to be commissioned. The host school retains Element 1, set at a minimum of £4,000 per agreed place. Element 2 funding is retained by Bradford Council. This currently requires host schools to repay Element 2 back to the Council. Additional place-funding is allocated	Agreed per-pupil top up paid by the commissioning local authority. Allocated in 'real time' during the year. Changes for starters and leavers. Uses the Banded Model. The top up funding is retained by Bradford Council.	Element 1 (based on the 16-19 national funding formula) plus Element 2 (£6,000) based on the number of places to be commissioned. The host school retains Element 1. Element 2 funding is retained by Bradford Council. This currently requires host schools to repay Element 2 back to the Council.	Agreed per-pupil top up paid by the commissioning local authority. Allocated in 'real time' during the year. Changes for starters and leavers. Uses the Banded Model. The top up funding is retained by Bradford Council.	None.	Teacher Pay and Teacher Pensions Grants

	in real time where occupancy is exceeded, with an end of year reconciliation to ensure no overall overpayment of additional place-led funding for the actual total composite occupancy across the year.					
Local Authority-led Resourced Provisions (mainstream primary & secondary). *(established from 2019).*	Element 1 is allocated through a combination of per-pupil funding allocated through the local school's funding formula plus £4,000 for places to agreed to be commissioned but not occupied by pupils on roll in October in the previous year. The host school retains Element 1, set at a minimum of £4,000 per agreed place. Element 2 funding is calculated at £6,000 per commissioned place and is retained by Bradford Council.	Agreed per-pupil top up paid by the commissioning local authority. Allocated in 'real time' during the year. Changes for starters and leavers. Uses the Banded Model. The top up funding is retained by Bradford Council.	Element 1 (based on the 16-19 national funding formula) plus Element 2 (£6,000) based on the number of places to be commissioned. The host school retains Element 1. Element 2 funding is retained by Bradford Council.	Agreed per-pupil top up paid by the commissioning local authority. Allocated in 'real time' during the year. Changes for starters and leavers. Uses the Banded Model. The top up funding is retained by Bradford Council.	None.	Teacher Pay and Teacher Pensions Grants

Early Years Enhanced Specialist Provisions (maintained nursery schools)	Elements 1 & 2 are allocated through a combination of per-pupil funding allocated through the local EYSFF plus £6,000 per FTE commissioned place. Both Elements 1 and 2 are retained by the school. Additional Element 1 funding is paid using EYSFF rates for any FTE places not occupied in the EYSFF termly censuses. Additional place-funding is allocated in real time where occupancy is exceeded, with an end of year reconciliation to ensure no overall overpayment of additional place-led funding for the actual total composite occupancy across the year.	Agreed per-pupil top up paid by the commissioning local authority. Allocated in 'real time' during the year. Changes for starters and leavers. Uses the Banded Model. All EYESP places funded at Band 4L. The top up funding is allocated to and retained by the school.	n/a	n/a	Small Setting Protection.	Teacher Pay and Teacher Pensions Grants
Maintained Special Schools & Special	Elements 1 and 2 are combined in a	Agreed per-pupil top up paid by the	£10,000 per place based on an agreed	Uses the Banded Model.	Split Sites.	Teacher Pay and Teacher

School Academies	fixed £10,000 per place, based on an agreed number of places to be commissioned. Additional place-funding is allocated in real time where occupancy is exceeded, with an end of year reconciliation to ensure no overall overpayment of additional place-led funding for the actual total composite occupancy across the year. Retained by the school.	commissioning local authority. Allocated in 'real time' during the year. Changes for starters and leavers. Uses the Banded Model. The top up funding is allocated to and retained by the school.	number of places. Additional place-funding is allocated in real time where occupancy is exceeded, with an end of year reconciliation to ensure no overall overpayment of additional place-led funding for actual total composite occupancy across the year. Retained by the school.		Post 16 Element 1 enhancement. New Services Delegation. Small Setting Protection *(Not currently needed).* 3% Cash Budget Protection.	Pensions Grants
PRUs & AP Academies (funding provision for pupils permanently excluded).	Elements 1 and 2 are combined in a fixed £10,000 per place, based on an agreed number of places to be commissioned. Retained by the PRU. Additional place-funding is allocated in real time where occupancy is exceeded, with an	Agreed per-pupil top up paid by the commissioning local authority. Allocated in 'real time' during the year. Changes for starters and leavers. Uses the Day Rate Model. The top up funding is allocated to and retained by the PRU.	n/a	n/a	No specific additional factors – setting-led need costs are to be covered within the calculation of the Day Rate.	Teacher Pay and Teacher Pensions Grants

	end of year reconciliation to ensure no overall overpayment of additional place-led funding for the actual total composite occupancy across the year.					
Hospital Education, Tracks and Medical Home Tuition.	The funding of the centrally managed services operates outside the Place-Plus mechanism, working within the discrete allocation provided for this service within our HNB. This will be subject to annual review to incorporate any changes in the DfE's funding methodology and requirements.	n/a	n/a	n/a	None.	Teacher Pay and Teacher Pensions Grants
Further Education Institutions, special institutions and ILPs (post 16)	n/a	n/a	Element 1 (based on the 16-19 national funding formula) plus Element 2 (£6,000) based on the number of places to be funded. Additional place-funding (element 2 only) can be allocated in year where	Agreed per-pupil top up paid by the commissioning local authority. Allocated in 'real time' during the year. Changes for starters and leavers. Uses the Banded	None.	None.

			occupancy exceeds agreed places, with an end of year reconciliation to ensure no overall overpayment. Both Elements 1 and 2 are retained by the institution.	Model. Typically values are funded at 60% for most placements. Higher cost placements (low incidence high need) are typically funded on an actual cost basis.		
Independent Schools	The place funding system doesn't operate in independent schools.	Agreed per-pupil top up paid by the commissioning local authority.	The place funding system doesn't operate in independent schools.	Agreed per-pupil top up paid by the commissioning local authority.	None.	Teacher Pensions Grant (for EHCPs)

% budget pass-through 3&4 year old EYSFF (excluding one off monies); Must be greater than 95%:	98.0%
% spend 3&4 year old EYSFF on supplements - SEND& Deprivation (excluding one off monies); Cannot exceed 10%:	8.0%

		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	PVI	Nursery School	Primary Nursery Class	TOTAL
1. EYSFF (3 & 4 year olds): Base rate		Universal Base Rate Applicable to all Providers	£4.25	£4.25	£4.25	*per hour*	4,470,860	445,160	1,306,400	819,875	66,748	188,111	£22,485,624	£2,175,610	£6,351,672	£31,012,905
2. EYSFF (3 & 4 year olds): Other formula factors		Description	Unit Value (£)				Number of Units (Universal & Additional 15 hours)						Anticipated Budget (£)			
			PVI	Nursery School	Primary Nursery Class		PVI	Nursery School	Primary Nursery Class				PVI	Nursery School	Primary Nursery Class	TOTAL
2. Supplements	Variable 1 Deprivation (Mandatory)	All providers (variable rate) calculated using a 3 year rolling average of Index of Multiple Deprivation (IMD) scores.	PVI	Nursery School	Primary Nursery Class	Unit Applied	PVI	Nursery School	Primary Nursery Class				PVI	Nursery School	Primary Nursery Class	TOTAL
			£0.74	£0.74	£0.74	*per hour*	1,875,610	235,500	572,734				£1,379,873	£173,256	£421,357	£1,974,485
	Variable 2 Deprivation (Mandatory)	Rates include a weighting, to allocate additional funding to providers that have above average levels of deprivation as measured by IMD.	PVI	Nursery School	Primary Nursery Class	Unit Applied	PVI	Nursery School	Primary Nursery Class				PVI	Nursery School	Primary Nursery Class	TOTAL
			£0.19	£0.19	£0.19	*per hour*	2,437,852	363,383	775,127				£455,812	£67,943	£144,928	£668,682
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 is £5.84 & the deprivation rate is the same as that used in 2016/17. Arrangements confirmed only for the period April - August 2021		Variable		*lump sums*		7						£1,291,263		£1,291,263
															TOTAL FUNDING FOR EARLY YEARS SINGLE FUNDING FORMULA (3 & 4 YEAR OLDS):	£34,947,335

EYSFF (2 year olds)		Description	Unit Value (£)				Number of Units				Anticipated Budget (£)			
			PVI	Nursery School	Primary Nursery Class		PVI	Nursery School	Primary Nursery Class		PVI	Nursery School	Primary Nursery Class	TOTAL
4. Base Rate(s) per hour, per provider type		Universal Base Rate Applicable to all Providers	PVI	Nursery School	Primary Nursery Class	Unit Applied	PVI	Nursery School	Primary Nursery Class		PVI	Nursery School	Primary Nursery Class	TOTAL
			£5.36	£5.36	£5.36	*per hour*	1,280,127	119,184	84,482		£6,861,481	£638,824	£452,821	£7,953,126
										TOTAL FUNDING FOR EARLY YEARS SINGLE FUNDING FORMULA (2 YEAR OLDS):				£7,953,126

5. SEN Inclusion Fund (funded directly		Description	Anticipated total budget (£)			
			PVI	Nursery School	Primary Nursery Class	TOTAL
(a) 3 & 4 Year Olds (Mandatory)	(ai) Funding allocated from EY Block	Funding for Early Years SEND Inclusion (element 2 replication) - allocated using agreed criteria and method. See Early Years Technical Statement on Bradford Schools Online	£183,051	£75,000	£141,949	£400,000
	(aii) 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. See Early Years Technical Statement on Bradford Schools Online	£66,667	£10,000	£23,333	£100,000
	(bii) Funding allocated from HN Block	EY SEND Inclusion is 100% funded from the Early Years Block				
					TOTAL FUNDING FOR SEN INCLUSION FUND (TOP-UP GRANT ELEMENT):	£500,000

6. Early years contingency funding	Description	Anticipated total budget (£)	
3 & 4 Year Olds	no contingencies are held		£0
2 Year Olds	no contingencies are held		£0
7. Early years centrally retained funding	Description	Anticipated total budget (£)	
3 & 4 Year Olds	See Document MQ Appendix 1 (de-delegated funds for nursery schools). Budgets for EY SEND activities & EYIF management are transferred to the High Needs Block in 2021/22		£94,348
2 Year Olds	no central funds for 2 year olds are held		£0
		TOTAL FUNDING FOR EARLY YEARS CENTRAL EXPENDITURE:	£94,348

8. Early years pupil premium		Anticipated total budget (£)	
3 & 4 Year Olds			£407,271
		TOTAL FUNDING FOR EARLY YEARS PUPIL PREMIUM:	£407,271

9. Disability access fund		Anticipated total budget (£)	
3 & 4 Year Olds			£196,185
		TOTAL FUNDING FOR EARLY YEARS DISABILITY ACCESS FUND:	£196,185

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City of BRADFORD METROPOLITAN DISTRICT COUNCIL

Report of the Director of Finance to the meeting of Executive to be held on 16 February 2021 and Council to be held on 18 February 2021

DL

Subject:

The Council's Revenue Estimates for 2021/22

Summary Statement:

The report provides Members with details of the Council's Revenue Estimates for 2021/22

Chris Chapman
Director of Finance

Portfolio:

Leader

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Overview & Scrutiny Area:

Corporate

THE COUNCIL'S REVENUE ESTIMATES FOR 2021/22

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 2021/22.

1.2 The revenue estimates are part of the overall budget proposal for the Council which includes:

- the recommended Capital Investment Plan
- the allocation of the Schools Budget 2021/22
- Section 151 Officer's Assessment of the proposed budgets

1.3 This report is submitted to enable the Executive to make recommendations to Budget Council on the setting of the 2021/22 budget and the Council Tax for 2021/22, as required by Part 3C of the Council's Constitution.

2. PROPOSED REVENUE BUDGET 2021/22

2.1 The balanced 2021/22 revenue budget is predicated on total available general resources (Council Tax income, Business Rates income, general government grant and use of reserves) of £384.173m in 2021/22.

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 £12.441m in 2021/22 (Appendix B)
- New proposals amounting to a reduction in the budget of £0.745m in 2021/22 (Appendix C)
- The net effect of previous years' policy decisions, including decisions made by Budget Council in February 2019 and 2020 in respect of 2021/22 which amounted to a net reduction in the budget for 2021/22 of £9.142m (Appendix D). Appendix E sets out amendments to prior decisions at a cost of £1.608m
- Provision for pay increases of 2% for 2021/22 at a cost of £5.4m, and c£1.7m to account for the 2020-21 pay award that was 0.75% higher than had been budgeted on a recurring basis[1].
- Provision for CPI price increases of 1.2% with additional amounts for National Living Wage increases in contracts; increases in Social Care contract costs, and price increases that are included within the Council's main waste disposal contract.
- Provision for demographic growth of £1.85m.
- The impact on the Council's funding arising from 2021/22 Provisional Local Government Settlement (The Final settlement is still unconfirmed but is unlikely to be material).
- Council's decisions about changes to Council Tax, with an increase of 1.99% plus a further 3% Adult Social Care Precept, a total of 4.99%
- The proposal to balance the budget by using £5.2m of reserves as outlined in

[1] As the pay award for 2020/21 was unknown in February 2020, the Council budgeted for a 2% pay increase, and an extra £1.7m was put into an Indexation pressures reserve to fund any pay award in excess of 2% in 2020/21 only.

Appendix F.

2.3 Key changes since the publication of the Proposed Financial Plan updated 2021/22 (approved by Executive 2 February 2021) are:

- £2.1m of additional net income from the Local Council Tax Support Grant. This results from applying £2.1m of the £6.1m Local Council Tax Support Grant that has been provided by the Government, to cover the costs of higher number of Council Tax Reduction Scheme claimants due to the Pandemic. The remainder will be used to provide a Hardship Discount of up to £100 per Council Tax Reduction Scheme claimant. This Council Tax Hardship Discount is awarded under Section 13a (1)c of the Local Government Finance Act 1992.

This reduces the call on reserves from c£7.3m to c£5.2m.

2.4 The reserves that are proposed to be used to fund the gap in 2021-22 are.

- Insurance Risk reserve £1.793m
- Council Tax reserves £0.575m
- NDR Volatility reserve £1.735m
- Transition and Risk Reserve £1.092m

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

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

3. COUNCIL TAX IMPLICATIONS

3.1 In setting the Council Tax for 2021/22, Council will have regard to the Council Tax base approved by the Executive on 5 January 2021. 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 2020/21 financial position is contingent upon the 2020/21 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 2020/21.

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. Existing governance arrangements around the Council's 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 2021/22 at their meeting on 18 February 2021. 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 16 February 2021 following their consideration on 2 February 2021 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 to the 16 February 2021 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 2 February 2020 (Document DE). The equality implications of the 2021/22 proposals previously approved by Budget Council in February 2020 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 2021/22 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 2 February 2021 (Document DE). The consultation feedback on the proposals previously approved by Budget Council was fully considered by Council at that time.

7.7 WARD IMPLICATIONS

7.7.1 In general terms, where proposals 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 ASSESMENT

None.

8. RECOMMENDATIONS TO COUNCIL

Executive is asked to approve the following recommendations to Council:

8.1 REVENUE ESTIMATES 2021/22

(a) That the Base Revenue Forecast of £384.173m for 2021/22 be approved as set out in this report.

(b) That the recurring pressures and investment proposals of £12.441m in 2021/22 as set out in Appendix B be approved.

(c) That the additional service savings and additional income of £0.745m in 2021/22 as set out in Appendix C be approved.

(d) That the prior agreed savings be noted and the amendment to previous budget decisions totalling £1.608mm in 2021/22 as set out in Appendix E be approved.

(e) That it be noted that within the revenue budget there is a net use of £5.195m in revenue reserves in 2021/22 as set out in Appendix F

(f) That the service savings proposals for 2021/22 be approved, requiring the Chief Executive, Strategic Directors and Directors to take necessary action during 2020/21 to ensure those savings are fully achievable for 2021/22.

(g) That the comments of Director of Finance set out in Section 151 Officer's Assessment of the proposed budgets on the robustness of the estimates and the adequacy of reserves taking account of the recommendations made at 8.1(a) to

(f) above be noted.

8.2 PROPOSED COUNCIL TAX 2021/22

8.2.1 That it be noted that the projected council tax base and expenditure forecasts outlined in this report together with the 2021/22 resources and the budget variations approved in 8.1 produce a proposed Band D council tax of £1,499.11 for 2021/22.

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 2020/21, 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 2020/21 and 2021/22 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 2020/21.

8.6 COUNCIL TAX REQUIREMENT 2021/22

(a) That the council tax base figures for 2021/22 calculated by the Council at its meeting on 5th January 2021 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 2021/22 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:

Gross expenditure	**£1,124,943,943**
Income	**£909,425,822**
Council Tax requirement	**£215,518,121**
Council tax base	**142,000**
Basic amount of council tax	**£1,517.73**
Adjustment in respect of parish and town council precepts	**£ 18.62**
Basic amount excluding parish and town councils	**£1,499.11**

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:

Parish or Town Council Area	Local Precept £	Council Tax Base	Parish/Town Council Tax £	Whole Area Council Tax £	Basic Council Tax Amount £
Addingham	98,800	1,756	56.26	1,499.11	1,555.37
Baildon	304,000	6,226	48.83	1,499.11	1,547.94
Bingley	187,396	8,491	22.07	1,499.11	1,521.18
Burley	245,754	2,997	82.00	1,499.11	1,581.11
Clayton	72,740	2,423	30.02	1,499.11	1,529.13
Cullingworth	40,155	1,277	31.44	1,499.11	1,530.55
Denholme	51,660	1,148	45.00	1,499.11	1,544.11
Harden	37,755	839	45.00	1,499.11	1,544.11
Haworth, Crossroads and Stanbury	105,456	2,343	45.01	1,499.11	1,544.12
Ilkley	338,788	7,191	47.11	1,499.11	1,546.22
Keighley *	595,548	15,005	39.69	1,499.11	1,538.80
Menston	117,450	2,175	54.00	1,499.11	1,553.11
Oxenhope	35,875	1,025	35.00	1,499.11	1,534.11
Sandy Lane	15,678	871	18.00	1,499.11	1,517.11
Shipley	139,937	4663	30.01	1,499.11	1,529.12
Silsden	86,800	3,023	28.71	1,499.11	1,527.82
Steeton with Eastburn	79,462	1,769	44.92	1,499.11	1,544.03
Wilsden	62,169	1,739	35.75	1,499.11	1,534.86
Wrose *	28,998	2,148	13.50	1,499.11	1,512.61
Total of all local precepts	2,644,421	67,109			

(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							
	Band A	Band B	Band C	Band D	Band E	Band F	Band G	Band H
	£	£	£	£	£	£	£	£
All parts of the Council's area other than those below	999.41	1,165.97	1,332.54	1,499.11	1,832.25	2,165.38	2,498.52	2,998.22
The parish and town council areas of:								
Addingham	1,036.91	1,209.73	1,382.55	1,555.37	1,901.01	2,246.65	2,592.28	3,110.74
Baildon	1,031.96	1,203.95	1,375.95	1,547.94	1,891.93	2,235.91	2,579.90	3,095.88
Bingley	1,014.12	1,183.14	1,352.16	1,521.18	1,859.22	2,197.26	2,535.30	3,042.36
Burley	1,054.07	1,229.75	1,405.43	1,581.11	1,932.47	2,283.83	2,635.18	3,162.22
Clayton	1,019.42	1,189.32	1,359.23	1,529.13	1,868.94	2,208.74	2,548.55	3,058.26
Cullingworth	1,020.37	1,190.43	1,360.49	1,530.55	1,870.67	2,210.79	2,550.92	3,061.10
Denholme	1,029.41	1,200.97	1,372.54	1,544.11	1,887.25	2,230.38	2,573.52	3,088.22
Harden	1,029.41	1,200.97	1,372.54	1,544.11	1,887.25	2,230.38	2,573.52	3,088.22
Haworth, Crossroads and Stanbury	1,029.41	1,200.98	1,372.55	1,544.12	1,887.26	2,230.40	2,573.53	3,088.24
Ilkley	1,030.81	1,202.62	1,374.42	1,546.22	1,889.82	2,233.43	2,577.03	3,092.44
Keighley *	1,025.87	1,196.84	1,367.82	1,538.80	1,880.76	2,222.71	2,564.67	3,077.60
Menston	1,035.41	1,207.97	1,380.54	1,553.11	1,898.25	2,243.38	2,588.52	3,106.22
Oxenhope	1,022.74	1,193.20	1,363.65	1,534.11	1,875.02	2,215.94	2,556.85	3,068.22
Sandy Lane	1,011.41	1,179.97	1,348.54	1,517.11	1,854.25	2,191.38	2,528.52	3,034.22
Shipley	1,019.41	1,189.32	1,359.22	1,529.12	1,868.92	2,208.73	2,548.53	3,058.24
Silsden	1,018.55	1,188.30	1,358.06	1,527.82	1,867.34	2,206.85	2,546.37	3,055.64
Steeton with Eastburn	1,029.35	1,200.91	1,372.47	1,544.03	1,887.15	2,230.27	2,573.38	3,088.06
Wilsden	1,023.24	1,193.78	1,364.32	1,534.86	1,875.94	2,217.02	2,558.10	3,069.72
Wrose *	1,008.41	1,176.47	1,344.54	1,512.61	1,848.75	2,184.88	2,521.02	3,025.22

(f) That it be noted that for the year 2021-22 the Police and Crime Commissioner and West Yorkshire Fire and Rescue Authority (WYFRA) have indicated the following precepts (provisional and still to be confirmed).

Precept Amount £	Council Tax Amount for Each Valuation Band							
	Band A £	Band B £	Band C £	Band D £	Band E £	Band F £	Band G £	Band H £
West Yorkshire Fire and Rescue Authority								
9,507,839	43.91	51.23	58.55	65.87	80.50	95.14	109.78	131.73
Police and Crime Commissioner for West Yorkshire								
28,332,739	130.85	152.66	174.47	196.28	239.90	283.51	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 2021-22 in each of the categories of dwellings shown below:

	Band A £	Band B £	Band C £	Band D £	Band E £	Band F £	Band G £	Band H £
All parts of the Council's area other than those below	1,174.17	1,369.86	1,565.56	1,761.26	2,152.65	2,544.03	2,935.43	3,522.51
The parish and town council areas of:								
Addingham	1,211.67	1,413.62	1,615.57	1,817.52	2,221.41	2,625.30	3,029.19	3,635.03
Baildon	1,206.72	1,407.84	1,608.97	1,810.09	2,212.33	2,614.56	3,016.81	3,620.17
Bingley	1,188.88	1,387.03	1,585.18	1,783.33	2,179.62	2,575.91	2,972.21	3,566.65
Burley	1,228.83	1,433.64	1,638.45	1,843.26	2,252.87	2,662.48	3,072.09	3,686.51
Clayton	1,194.18	1,393.21	1,592.25	1,791.28	2,189.34	2,587.39	2,985.46	3,582.55
Cullingworth	1,195.13	1,394.32	1,593.51	1,792.70	2,191.07	2,589.44	2,987.83	3,585.39
Denholme	1,204.17	1,404.86	1,605.56	1,806.26	2,207.65	2,609.03	3,010.43	3,612.51
Harden	1,204.17	1,404.86	1,605.56	1,806.26	2,207.65	2,609.03	3,010.43	3,612.51
Haworth, Crossroads and Stanbury	1,204.17	1,404.87	1,605.57	1,806.27	2,207.66	2,609.05	3,010.44	3,612.53
Ilkley	1,205.57	1,406.51	1,607.44	1,808.37	2,210.22	2,612.08	3,013.94	3,616.73
Keighley *	1,200.63	1,400.73	1,600.84	1,800.95	2,201.16	2,601.36	3,001.58	3,601.89
Menston	1,210.17	1,411.86	1,613.56	1,815.26	2,218.65	2,622.03	3,025.43	3,630.51
Oxenhope	1,197.50	1,397.09	1,596.67	1,796.26	2,195.42	2,594.59	2,993.76	3,592.51
Sandy Lane	1,186.17	1,383.86	1,581.56	1,779.26	2,174.65	2,570.03	2,965.43	3,558.51
Shipley	1,194.17	1,393.21	1,592.24	1,791.27	2,189.32	2,587.38	2,985.44	3,582.53
Silsden	1,193.31	1,392.19	1,591.08	1,789.97	2,187.74	2,585.50	2,983.28	3,579.93
Steeton with Eastburn	1,204.11	1,404.80	1,605.49	1,806.18	2,207.55	2,608.92	3,010.29	3,612.35
Wilsden	1,198.00	1,397.67	1,597.34	1,797.01	2,196.34	2,595.67	2,995.01	3,594.01
Wrose *	1,183.17	1,380.36	1,577.56	1,774.76	2,169.15	2,563.53	2,957.93	3,549.51

(h) That Council notes the movement in Band D equivalent charges for 2021-22 over 2020-21 as set out in the table below.

	Council Tax 2021-22 Band D Equivalent	Council Tax 2020-21 Band D Equivalent	Percentage change 2021-22 on 2020-21
Bradford Metropolitan District Council	**1,499.11**	**1,427.86**	**4.99%**
West Yorkshire Fire and Rescue Authority		***65.87**	**%**
West Yorkshire Police Authority		**196.28**	**%**
Local (Parish Council) Precepts:			
Addingham	**56.26**	**56.32**	**-0.1%**
Baildon	**48.83**	**48.83**	**0.0%**
Bingley	**22.07**	**20.13**	**9.6%**
Burley	**82.00**	**82.00**	**0.0%**
Clayton	**30.02**	**29.94**	**0.3%**
Cullingworth	**31.44**	**29.79**	**5.5%**
Denholme	**45.00**	**42.00**	**7.1%**
Harden	**45.00**	**45.00**	**0.0%**
Haworth etc	**45.01**	**45.01**	**0.0%**
Ilkley	**47.11**	**45.00**	**4.7%**
Keighley *	**39.69**	**34.73**	**14.3%**
Menston	**54.00**	**54.00**	**0.0%**
Oxenhope	**35.00**	**35.00**	**0.0%**
Sandy Lane	**18.00**	**18.00**	**0.0%**
Shipley	**30.01**	**30.01**	**0.0%**
Silsden	**28.71**	**28.93**	**-0.8%**
Steeton/ Eastburn	**44.92**	**41.00**	**9.6%**
Wilsden	**35.75**	**35.75**	**0.0%**
Wrose *	**13.50**	**13.50**	**0.0%**
***Provisional figures**			

BACKGROUND DOCUMENTS

Executive reports

- 16th February 2021: 2021/22 Budget Proposals and Forecast Reserves – s151 Officer Assessment
- 2nd February 2021: 2021-22 Budget Update Report
- 2nd February 2021: Qtr 3 Finance Position Statement 2020-21
- 5th January 2021: Calculation of Bradford's Council Tax Base and Business Rates Base for 2021/22
- 1st December 2020 Proposed Financial Plan and Budget proposals for 2021/22 and Addendum

- 18th February 2020 - The Council's Revenue Estimates for 2020/21 – Budget Council

10 APPENDICES

10.1 Appendix A: Council Cumulative Budget 2021/22

10.2 Appendix B: Recurring pressures and investment proposals

10.3 Appendix C: New Proposals that were subject to consultation

10.5 Appendix D: Schedule of 2021/22 agreed savings previously consulted upon (for reference only)

10.6 Appendix E: Schedule of proposed amendments to previous budget decisions

10.7 Appendix F: Proposed Use of Reserves statement

Appendix A

COUNCIL CUMULATIVE BUDGET 2021/22

SUMMARY OF FINANCIAL IMPLICATIONS

	2021/22 Budget £'000
NET EXPENDITURE	
2020/21 Budget brought forward	378,080
Reversal of non-recurring investment from 2020/21	(5,630)
Sub total	**372,450**
Proposed Recurring Investments in 2021-22 (Appendix B)	12,411
Funding Changes	(7,237)
Inflation incl Pay Award	14,120
Base Net Expenditure Requirement	**391,744**
Demographic pressures in Adults, Children's and Waste	1,850
Capital financing and central budget adjustments	(1,143)
Previously approved budget savings (Appendix D)	(9,142)
Amended prior Budget decisions (Appendix E)	1,608
New Budget proposals for consultation (Appendix C)	(745)
Net Expenditure Requirement	**384,173**
RESOURCES	
Localised Business Rates	(62,458)
BR Collection fund deficit from 2020-21	924
BR Collection fund deficit compensation scheme (75%)	(693)
Adj to enable remaining 25% deficit to be split over 3 yeas	(231)
Remaining forecast BR fund deficit repayment (£231k split over 3 years)	77
Top Up Grant	(69,259)
Revenue Support Grant	(34,800)
Council Tax	(212,874)
CTax fund deficit from 2020-21	6,400
CTax 2020-21 fund deficit compensation scheme	(4,800)
Adj to enable remaining 25% deficit to split over 3 years	(1,600)
Remaining 2020-21 CTax fund deficit repayment (£1.6m split over 3 years)	533
Pre-approved use of reserves	(198)
Proposed use of reserves to balance 2021-22 budget (Appendix F)	(5,195)
Total Resources	**(384,173)**
Budget (surplus)/shortfall	**0**

Appendix B - Recurring pressures and investment proposals which were open for Consultation until 15th January 2021

Appendix Costs and Savings are shown for both 2021-22 and 2022-23 in comparison to the 2020-21 Budget

Proposed Recurring Investments for 2021-22 for Consultation		2021-22	2022-23
		£'000	£'000
CHR8.1	Children's Services demand pressures & improvement	6,500	6,500
CHR8.3	Skills House – Investment (£1m investment in 21-22 to be funded from Covid Grants)	0	1,019
PR8.1	Waste Services demand & lower recycling income	1,000	1,000
CR8.1	Learning & Development and equalities	1,250	1,250
CR8.2	IT requirements to support Children's Services	843	174
CR8.3	SEND Transport Demographic Growth	500	500
HWR8.1	Adults Commissioning Team expansion	500	1,000
PR8.2	Stronger Communities Team	250	500
CRR8.4	Legal Services, to support children service demands	442	577
PR8.3	Culture investment	258	461
CRR8.5	Craft working review	210	210
PR8.4	Housing First	360	360
CXR8.1	Safeguarding Pressure	128	128
CRR8.6	Continuing support for Community Asset Transfers	120	120
HWR8.1	Financial Inclusion	50	50
CRR8.7	Microsoft licences	0	700
	Total	12,411	14,549

Appendix C - New proposals which were open for Consultation until 15th January 2021

New budget proposals for consultation		2021-22	2022-23
		£'000	£'000
8CR 1	Reduce added years pensions budget as saving already delivered	-500	-500
8CR 2	Saving in Cash handling and transit as saving already delivered	-160	-160
8P2	Fund contract manager post from European Structural Investment Programme 0.6FTE	-35	-35
8P3	Vacant post - delete vacant Housing Technician post	-27	-27
	Total	**-745**	**-745**

Appendix D - Schedule of agreed savings previously consulted on (for reference only)

Schedule of agreed savings previously consulted on (for reference only)		2021-22	2022-23
		£'000	£'000
4A1	**Adults - Overall Demand Management Strategy** - 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).	-8,379	-13,868
T1-T6	**Remaining Travel Assistance Saving**	-250	-250
5E2	**Youth Service –** The Youth service saving will be delayed by one year to 2022-23 as outlined in Table 4	-513	-513
	Total	**-9,142**	**-14,631**

Appendix E - Schedule of proposed amendments to previous budget decisions open for consultation until 15th January 2021

Amended prior year budget savings for Consultation		2021-22	2022-23
		£'000	£'000
4L1	**Legal and Democratic Services** – to reflect the reduced size and scope of the Council, reductions to Civic, Legal and Committee Services, including Overview and Scrutiny are proposed – **Delete the saving as the work of the service has not reduced as expected**	50	50
4R14	**Asset Management Saving - "**Seek to invest in non-operational property to generate surplus income" - **Defer the saving as the investment market is impacted by the current economical position created by Covid.**	500	500
4E8	**Events and Festivals Saving** - review to develop a more sustainable and balanced events programme – **Delete saving as part of investment in City of Culture bid**	120	120
5X1	**5X1 - Reduce total cost of top management** - the scope is the senior management (Strategic and Assistant Directors) and their PA structure **– Delete saving as original proposal not valid**	75	75
6X1	Welfare Advice & Customer Service - 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'. - **Delay the full implementation of the £844k approved saving to 2022-23 as these services are critical to the on-going response to Covid and continue to review their approach to delivery**	350	0
5E2	Youth Services Saving – **delay the £513k saving to 2022/23 at a cost of £513k as response to Covid has been critical**	513	0
	Cost of deleting or delaying the implementation of previously agreed savings	**1,608**	**745**

Appendix F Proposed Used of Reserves

The reserves that are proposed to be used to fund the gap in 2021-22 are.

Amended prior year budget savings for Consultation		2021-22
		£'000
	Insurance Risk Reserve	1,793
	Council Tax Reserve	575
	NDR Volatility Reserve	1,735
	Transition and Risk Reserve	1,092
	Total Reserve draw down	5,195

City of BRADFORD METROPOLITAN DISTRICT COUNCIL

Report of the Director of Finance to the meeting of Executive to be held on 16 February 2021 and Council to be held on 18 February 2021

DI

Subject:

2021/22 Budget Proposals and Forecast Reserves – S151 Officer Assessment

Summary statement:

This report assesses the robustness of the proposed budget for 2021/22, 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.

Chris Chapman
Director of Finance & IT

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E-mail: chris.chapman@bradford.gov.uk

Portfolio:

Leader of Council and Corporate

Overview & Scrutiny Area:

Corporate

1. SUMMARY

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

The Council is setting its budget for 2021/22, including proposals for savings and proposals for investment which will require implementation action to be undertaken during 2021/22.

It should be noted the proposal is a single year budget, pending clarity of future national local government settlement data and any progression of fair funding, business rate and other outstanding reviews of local government finances. As this evolves the Council's Medium Term Financial Strategy will be updated and resources will continue to be aligned to achieve the outcomes in the Council Plan.

For the past five budget rounds, the Council's S151 Officer has concluded that the General Fund reserve at a level of £15.0m and unallocated reserves in the range of £10-15m 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 2021/22. 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 2021/22 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 the 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.

2021/22 Onwards Budget Appraisal

Context

- In setting the budget it is important to recognise the context and consequence of austerity measures implemented in 2011/12; the impact of Covd19 and difficulties in forecasting the future impacts of Covid19 on Council resources; and the current uncertainties of national local government settlement and funding arrangements.

- In the period from 2011/12 to 2021/22 the Council has had to take measures to reduce costs and increase income amounting to over £300m.

- The following sections seek to highlight changes to the Council's Medium Term Financial Strategy, the risks of those changes and how they impact on the delivery of the 2021/22 budget and our longer term financial and reserve strategies.

2020/21 Projected Position

- The Q3 monitoring report presented to Executive on 2 February 2021 forecasts a £0.4m underspend for 2020/21.

- 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 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 this financial year, the impact of Covid has been significant against individual budget lines, therefore monitoring reports included additional detail to report both Covid related variances and non-Covid related variances; and to report on the additional Covid funding received by Central Government and any additional expenditure / investment commitments made.

- In prior years the achievement of savings represented cause for concern and additional monitoring and governance processes introduced during 2019/20 have ensured a higher proportion of planned savings are delivered, the Q3 report forecasts 70% will be delivered, with a number of those not delivered having been constrained by the Covid pandemic.

- 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. Additional core budget

allocation has been invested in to these areas over the past two financial years, which should help mitigate these pressures in future years.

- 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.

- Improvements introduced to the financial control environment, such as extended use of Business Intelligence reporting and the production of enhanced monthly reporting at Departmental Management Team level; enhancements to Capital approval processes through enhanced Project Appraisal Group approval processes; formal capital monitoring processes including challenge sessions chaired by the Leader of the Council; combined with prompt and effective management action to manage budgets within overall approval levels have improved the effectiveness of financial governance, reporting and performance.

- 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 2021/22, with the Medium Term Financial Strategy updated based on current best assumptions, considering the significant uncertainty over future national funding levels and distribution mechanisms.

- Council Tax remains our most stable and reliable revenue stream and will account for 55% 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 (3%). This equates to a weekly rise of £1.37 for a Band D property.

Formulating the 2021/22 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 2021/22 include a number of key proposals to mitigate the worst impacts of the COVID-19

pandemic on our children and young people and our economy, to support communities, care for vulnerable adults and build workforce capacity; including:

- £6.5m to support the District's most vulnerable children.
- £0.5m to improve commissioning of services for vulnerable adults.
- £2.4m to raise educational attainment, to help children to catch up in the wake of the COVID-19 pandemic.
- £1.0m to help improve skills and employability in response to increased unemployment, by supporting skills development through Bradford's Skills House.
- £1.0m to meet demand and market price volatility pressures in Waste Services.
- £1.25m for Workforce Development to ensure that the workforce has sufficient capacity and skills to sustain services, build local leadership and reduce inequality.

- In delivering a balanced budget a strategic decision was taken to seek to limit new savings proposals for 2021/22, and defer a number of planned savings for a further year. This was mainly recognising our role in aiding and supporting the District's socio-economic recovery at a macro level, and the negative impact cuts to essential services would entail and partly in recognition of the difficulty in forecasting future demand levels across a number of services due to the impact of Covid. In combination with a programme of "Grip...Reset...Transform" activity and further progression of 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 2021/22 budget assumes pay awards at 2% pending further national negotiation on this issue. The current MTFS assumes pay awards of 2% to all employees in subsequent years. 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 2021/22 budget assumes inflationary increases of 2% in line with CPI forecasts, combined with pressures upon social care contracts and other contracts. The MTFS makes provision for total inflationary increases to our cost base in future years 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.

Other Considerations

- There is still a high degree of uncertainty over local government funding, both in quantum and allocation mechanisms; and in medium term impacts of Covid, especially upon Council Tax and Business Rate revenues. However, based on current assumptions and indications, the Council's Medium Term Financial Strategy and flexibility of earmarked reserves will enable the council to continue to plan effectively over a medium term. This is further enabled if 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.

- 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. 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. It is noted PWLB rates are currently at a low level which makes it a good point to invest, further aiding recovery.

- 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.

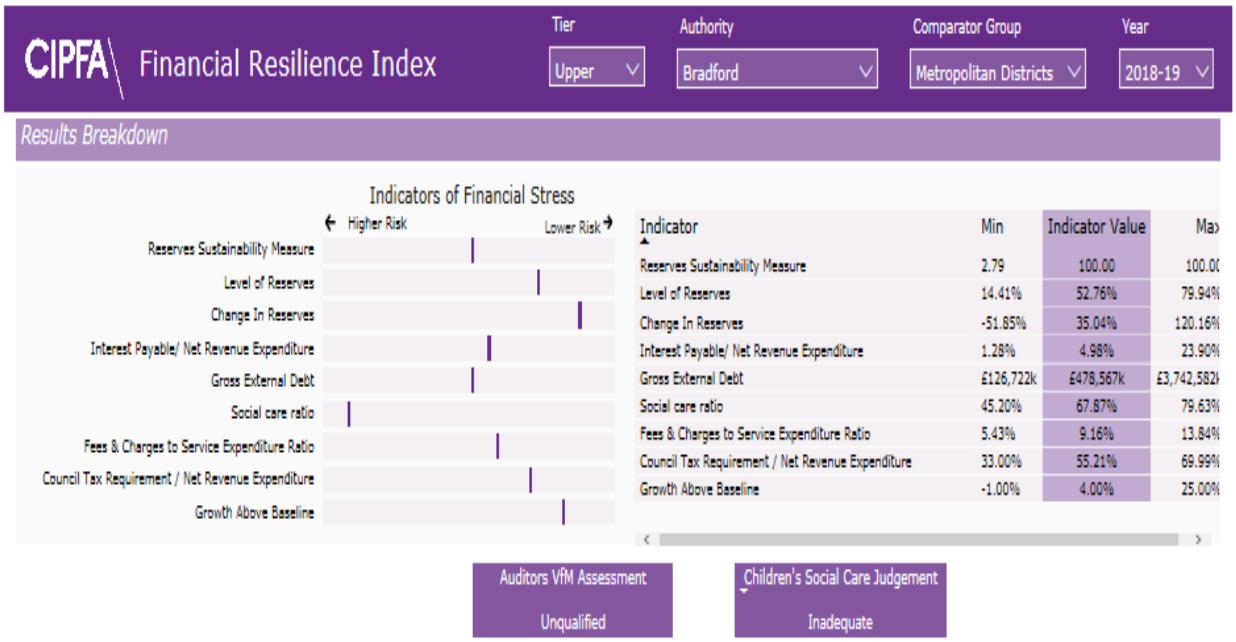
- Building on this last point, it is important to acknowledge the growing interdependencies in public sector finances, and in particular Health, and the way that we use our funds, and partners use theirs, will have an increasing bearing on outcomes in the district.

CIPFA Financial Resilience Index

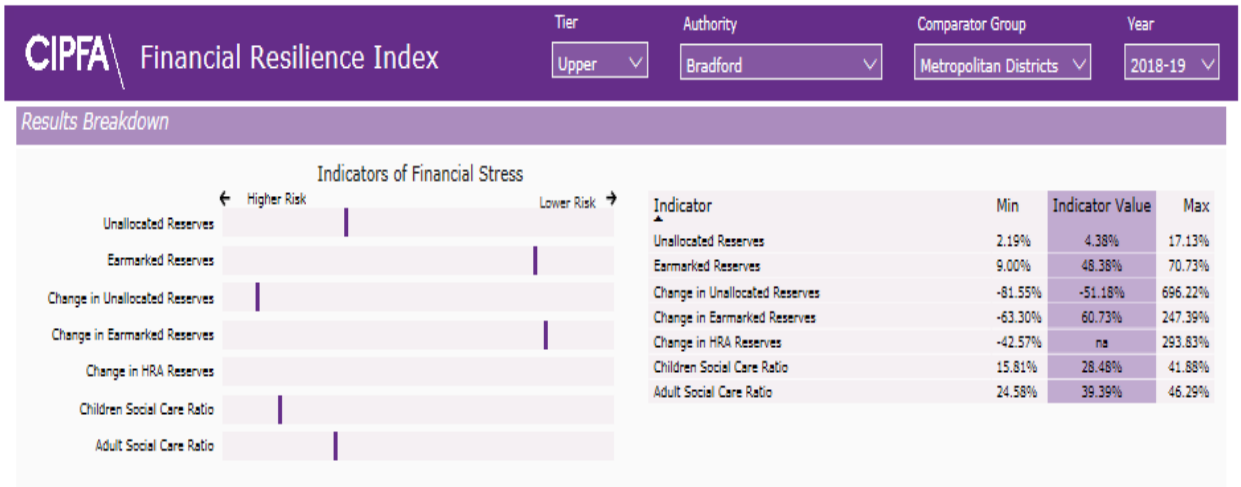
CIPFA (Chartered Institute of Public Finance and Accountancy, the professional public sector accountancy body) issued their Financial Resilience Index in December 2019 (this year's data is not yet available). The index provides an assessment of an authority's financial resilience across a number of indicators 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. The 2019-20 index is expected to continue to show the Council to be in a relatively good position, as through prudent financial management we have maintained reserves at a consistent and prudent level.



Indicator	Min	Indicator Value	Max
Reserves Sustainability Measure	2.79	100.00	100.00
Level of Reserves	14.41%	52.76%	79.94%
Change In Reserves	-51.85%	35.04%	120.16%
Interest Payable/ Net Revenue Expenditure	1.28%	4.98%	23.90%
Gross External Debt	£126,722k	£478,567k	£3,742,582k
Social care ratio	45.20%	67.87%	79.63%
Fees & Charges to Service Expenditure Ratio	5.43%	9.16%	13.84%
Council Tax Requirement / Net Revenue Expenditure	33.00%	55.21%	69.99%
Growth Above Baseline	-1.00%	4.00%	25.00%



Indicator	Min	Indicator Value	Max
Unallocated Reserves	2.19%	4.38%	17.13%
Earmarked Reserves	9.00%	48.38%	70.73%
Change in Unallocated Reserves	-81.55%	-51.18%	696.22%
Change in Earmarked Reserves	-63.30%	60.73%	247.39%
Change in HRA Reserves	-42.57%	na	293.83%
Children Social Care Ratio	15.81%	28.48%	41.88%
Adult Social Care Ratio	24.58%	39.39%	46.29%

<u>Summary</u>

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 2021/22 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 2021/22 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 reserves held within 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 reserves held within the balance sheet include:

- 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 remains unchanged at £15.0m and Unallocated Corporate Reserves currently sit at £10.3m, 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 2021/22 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 2021/22 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 2 February 2021 and 16 February 2021. 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 prior years 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 1 December 2020, 5 January 2021, 2 February 2021 and 16 February 2021.

7.3 GREENHOUSE GAS EMISSIONS IMPACTS

The budget proposals for both revenue and capital investment include Climate Emergency impacts, 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 2021/22 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. It should be noted there are no proposals within the 2021/22 budget that would give rise to TUPE.

The financial position and the proposals were explained at a Trade Union briefing on 1 December 2020 formally commencing the consultation. Further Consultation was held via service based level 2 and level 3 OJC meetings. Any Trade Union feedback relating to these budget proposals for 2021/22 will be collated and will be reported at Executive in February 2021 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 2021/22 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
- the Medium Term Financial Strategy will be updated and reported to Executive as clarity on future local government funding is received.

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

- 2nd February 2021: Capital Investment Plan (includes Capital and Investment Strategies) 2021 to 2024-25
- 2nd February 2021: Quarter 3 Finance Position Statement 2020/21
- 2nd February 2021: 2021/22 Revenue Estimates
- 5th January 2021: Calculation of Bradford's Council Tax Base and Business Rates Base for 2021/22
- 1st December 2020: Proposed Financial Plan and Budget Proposal for 2021/22
- 9th November 2020: Covid19 Response, Resilience, Recovery
- 9th November 2020: Quarter 2 Finance Position Statement 2020/21
- 8 September 2020: Medium Term Financial Strategy Update, 2020/21 to 2022/23
- 7th July 2020: Finance Position Statement for 2019/20
- 7th July 2020: Quarter 1 Finance Position Statement for 2019/20
- 9th June 2020: Building a Better Future: Living with Covid19 and laying the foundations for a better future
- 30th April 2020: The Response to Covd19 and the Forecast Financial Impact on the Council including Decisions Taken using Emergency Powers
- 24th March 2020: Quarter 4 Finance Position Statement for 2019/20
- 18th February 2020: The Council's Revenue Estimates for 2020/21
- 18th February 2020: The Council's Capital Investment Plan for 2020/21 – 2023/24
- 18th February 2020: 2020/21 Budget Proposals and Forecast Reserves – s151 Officer Assessment
- 4th February 2020: 2020/21 Budget Update
- 4th February 2020: Quarter 3 Finance Position Statement for 2019/20

Plus

- Monthly Change Programme Reports to CMT
- Monthly Finance position statements to CMT
- Medium Term Financial Strategy / Budget Working Papers

APPENDIX 1

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
Outcome of Central Government reviews such as fair funding review and/or business rate review adversely impact Bradford funding levels	There is little mitigation we can undertake directly as this is an external Central Government review. However, the expectation would be for funding to additionally recognise the impact of deprivation and other factors upon Councils and address prior funding streams which have seen Met/ Unitary Councils adversely impacted more than others. The MTFS reflects current funding patterns and future year budgets are not predicated on assumptions of large funding increases or upon large savings. Our MTFS budget is therefore consistent with current budget. The Council additionally has reserves that could be drawn upon in the short to medium term to enable a medium term approach to any future funding reductions if they occur.	Low / Medium Indication are that funding revisions would be beneficial. The MTFS has prudent assumptions, whilst the level or reserves, including earmarked reserves, enables impacts to be managed over a medium term
Financial impact of Covid exceeds government funding	Covid has had a significant impact on Council finances in terms of additional direct expenditure (egPPE); lost revenue (eg from closed Theatres and Leisure facilities); additional investment requirements (eg to protect the vulnerable) and medium term impacts upon the collection fund. Ongoing infection control measures, Lateral Flow Testing facilities and measures to protect the vulnerable, support communities, support businesses and keep essential services running continue to impact. Various funding allocations have been received from Central Govt and further funding was announced as part of the Spending	Medium / High Investment decisions taken to mitigate the worst implications and support future recovery action. Funding to date has met direct cost implications.

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
	Review. The duration of Covid related impacts and the length of subsequent recovery will determine whether funding has been sufficient to meet all financial implications.	
Demand for services increase placing pressure on budgets	Demand for services may increase both in terms of general service demands and specific Covid related demands. MTFS includes provision for general demand pressures such as demographics and additional budget provision for services where demand is currently forecast to increase or generate an upward pressure on budgets. Covid funding has been allocated to seek to mitigate impacts whilst seeking to protect the vulnerable, support businesses and communities and keep essential services running. In responding to Covid the focus has been on supporting recovery post Covid.	Medium / Medium MTFS includes allocation of budget to reflect key demographics and spend pressures. Covid response and investment has considered mitigating impact and supporting recovery
Taxation streams are unstable	Additional uncertainty caused by Covid and potential post Covid impacts; eg potential significant business restructuring, e.g impact of pandemic on office space & retail, Brexit impact e.g on services. Lower impact of housebuilding on Council Tax 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. (Note: Impact of Covid assessed in row above)	Medium/Medium Contingency provided through adjustment of plans for subsequent years.

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
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 and planned change to ICS. 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. (Note: Impact of Covid assessed in row above)	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
Non-payment of debtors leading to additional write-offs	Potential economic downturn may result in additional non-payment of debts over and above existing bad debt provisions. Existing mitigation is through existing debt management processes and recovery action. Where possible services are paid at point of service; or through debtor invoice processes enabling effective monitoring and tracking of debt to enable recovery	Low / Low Contingency provided through bad debt provision. Should a trend be identified MTFS will be adjusted to reflect additional bad debt provision / write off requirements and amendments proposed to provision of services where possible
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 savings 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	Low / Low Mitigation provided through continuous

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
robust	Programme 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 a dedicated project management resource (which continues to be funded in the budget).	improvement of plans and regular monitoring reports through CMT. Risk reduced as no additional savings proposed for 2021/22
Plans for implementation of change projects do not deliver expected outcomes	Investment made in 2020/21 budget for transformational change has been deferred due to essential Covid related activity. Budget proposals for 2021/22 reference need for implementation of sound financial governance, including through the Grip…Reset…Transform programme, which has been fleshed out into identified projects. Transformational activity within Adults, Childrens, Early Help and Prevention and localities are progressing	Low / Low Transformational plans developed into some detail. Budget does not include a 'targeted' saving from transformation and therefore is not predicated upon achieving an outcome. Transformation is expected to feed into future MTFS and mitigate a level of future savings and /or enable investment in services
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 Evidenced through high extensive period of need to be flexible to effectively manage Covid related events
Risks to timely implementation of changes to packages of care in	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	Medium/High Use of dedicated programme management resource

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
adults and children services	further demand management activity to be implemented to meet budget savings targets to 2022/23. The programme for change for Childrens and Early Help & Prevention including locality working is starting to evidence achievements. 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.	Continued collaboration with NHS and other partners Learning from developments in other local authorities and engagement of Impower to provide external support/expertise/ challenge/ change. The risk is part mitigated as additional budgetary resource included in MTFS for Children's services
Uncertainties over the integration of health and social care, including delays in developing new models of care to support changes to service delivery	The future of adult social care is heavily influenced by national policy on integration. Progression of ICS model over next year may trigger changes, but could also potentially delay 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. Strategic and operational arrangements improved further over Covid joint working. Negotiations continue over the distribution of the Better Care Fund.	Medium / Low The Council may have to make unilateral 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	No new staff savings as part of 2020/21 proposals or 2021/22 proposals, which also see some prior savings being deferred. Any implementation of current planned savings will focus on avoiding compulsory redundancy.	Low/Low Use of voluntary redundancy and vacancy management to mitigate impacts. Savings not predicated on staffing reductions
Demographic	The proposed budget has been increased for demographic	Low/Low

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
changes place unplanned burden on resources	growth in Adults and Childrens, with further core budget proposed within Childrens. 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.	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 for 2021/22 by 2, and price inflation has been included at 2%. The MTFS includes pay award indexation at 2%, and price indexation (CPI) at 2%. The impact of potential greater inflationary pressures in the economy on the MTFS will need to be managed.	Low/Low Compensating action to reduce net costs
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 implemented. Proposals to enhance project management, particularly larger / more complex projects are being developed.	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 an annual £2m of general capital receipts from emerging sales of Council property. If they do not	Low/Low Contingency provided through adjustment of plans for subsequent

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
	materialise, the plan (or individual projects within it which are dependent on receipts) will need to be reviewed.	years, and ability to flex the capital programme or borrow relatively cheaply
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 processes.	Medium/Medium Compensating action to reduce net costs Re-profiling and reprioritisation of the capital plan Strong link between capital forecast and MTFS
The baseline budget is structurally compromised	The proposed budget is set using the 2020/21 baseline as amended for specific changes. The 2020/21 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	Three factors could lead to financial stress in schools, which,	Medium/Medium

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
funding and in school structures created unforeseen and unfunded liabilities	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	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 agenda. These factors do not increase financial risk as much as absorb leadership and management attention.	Low/Low

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Executive Committee 16th February 2021

Bradford Council Executive's Budget and Council Tax proposals for 2021/22: Amended budget recommendation to full council

Introduction

This is a strong budget of investment and recovery for the Bradford District. It's a budget that strengthens the universal services we provide for everyone in the district, supports our local economy and provides new investment through difficult times to help people access the support they need in their local neighbourhoods, when they need it.

We have prudently managed the budget when dealing with ten years of government austerity preceding the pandemic and this has enabled us to draw on reserves to make critical investments when the district needs it most - in a time of national crisis. Thanks to our careful management, we are now able to make these reinvestments into frontline services that residents rightly care about. We have listened to our residents and partners through the budget consultation and on the ground during our Covid response. Therefore, through this amendment we propose to invest in cleaner streets and stronger services rooted in local communities. This is also a budget that invests significantly in our young people to fulfil their potential and in support for our older citizens. The future of local government finance is still unclear, there is no certainty of funding for councils beyond next financial year from national Government. We must continue to transform services to make them sustainable. In short, this is a budget of investment to enable the strongest possible recovery.

While investing more in everyday services, we are also maintaining strong support for the district's high-level priorities and long-term ambitions – the building blocks of education, skills and jobs in our city, towns and villages. The pandemic, which has hit underprivileged communities and key workers hardest and exposed unacceptable inequalities in our society, has highlighted the need to deliver on these ambitions. Our values drive us to tackle these inequalities head on and achieve social justice for all, so that everyone has the chance to live well and better themselves whatever their background. We will work with partners to address the root causes of inequalities in health, wealth and education, so that every child living in this district can fulfil their unique potential. The comprehensive response during the pandemic has shown the importance of good quality local services. We will also deliver on our major regeneration projects and our ambitious culture-led regeneration programme.

This is a budget of resilience but also of hope for building a better future. Now more than ever as we emerge collectively from the pandemic, we need to invest in our local communities and provide strong support for our local economy to create a future where more people enjoy the benefits of growth.

We give our thanks to council staff, all key workers and the people of the district who have helped one another through this pandemic with fortitude and resilience, and we offer our heartfelt condolences to all those families who have lost loved ones. As a district, we will remember them.

Cllr Susan Hinchcliffe, Leader of Bradford Council

New investments
The investments proposed below build on those we previously announced in December and have been developed while taking account of the feedback we received from residents and partner organisations in the consultation.

Street cleansing - £600,000 base budget

We propose to invest new recurring funds into this core service that matters to every council tax and business rate payer. The need for cleaner streets is a universal concern in all our neighbourhoods across the district – our communities are overwhelmingly united in the common cause to eliminate litter, fouling and fly tipping, which are a blight on our streets and green spaces. In spite of the government cuts over recent years we have maintained high service standards thanks to the hard work of clean teams and environmental wardens and the introduction of new ways of working. We have introduced new technology (such as solar powered litter bins and electric vacuum cleaners) and an increase in enforcement in terms of fines for fly tipping, litter from vehicles and people littering on the street. Our use of surveillance cameras has also had a positive impact in catching offenders. This, together with a number of high profile anti-litter, chewing gum, dog fouling and fly tipping campaigns over the last five years has increased awareness of environmental issues. In addition, the help of individuals and community groups across the district to organise clean-ups and litter picks has been invaluable and we will continue to support that activity. This additional investment will fund more street cleaning as well as strengthen our prevention and enforcement activity to clean up our streets, deal with the culprits and address the root causes so that we can all live in cleaner and healthier environments. The investment will pay for more frontline staff and cleansing equipment, more surveillance cameras for enforcement, increase the environmental campaigns targeting litterers and fly tippers and provide extra resources for community groups organising clean-ups.

Ward teams – support for communities - £600,000 base budget

This investment will be used to refresh our approach to how we support communities on a local level, helping them to respond to local issues, address local priorities and shape their own futures. It will strengthen Neighbourhood Management, Ward Member support and locally based work to help people address issues and problems in their lives at the earliest possible stage before they reach crisis point. Working in localities during the pandemic has brought increased inter-agency working which has benefitted residents. Learning from this, the refreshed approach to locality working will be developed in consultation with councillors, particularly Area Committee Chairs, staff across council departments and partner organisations. It will enhance the delivery of our services on a local level and empower local people and their representatives who know their communities best. It will be used to support our ambition for greater co-ordination of council and other public services at a local level, helping to deliver services more efficiently and effectively. People will be better supported to help themselves as part of our 'People Can' programme of support for volunteering and unlocking the potential of local community assets. Knowledge and understanding of our communities on the ground, what they need and what they can offer has been critical in delivering an effective response to the pandemic. This investment reflects the importance of working together with communities and across

council departments and partner organisations at the local level to build resilience and support a strong and inclusive recovery. We want to deepen our connection with all our communities so that our residents can more easily access the local services, resources and support they need when they need them.

Youth services – retain our ongoing investment

Last year we postponed the scheduled reduction of £513,000 in spending on youth services. This was a cut we never wanted to make but which was made in response to the national government cuts. Through this amendment, the Executive proposes to remove the planned cut altogether and commit to retaining at least the current level of funding for youth services in base budget for future years without the threat of reduction. We believe it's the right thing to do, given the invaluable work of the Youth Service during the pandemic which is likely to continue to be needed in future years. This has also shone through in the public consultation which has made clear the value of services for our young people.

Welfare Advice – amendment to previous budget decision

The budget reduction in Welfare Advice scheduled previously was based around a fundamental change to the way the council and its partners deliver customer facing services and customers getting the 'right support at the right time'. Now however, a time of national emergency is not the right time to remodel this service. We therefore propose to delay full implementation of the £844,000 approved saving to 2022/23, and a review is underway into how they can best be delivered over the longer term.

Investing in education and skills for a strong recovery

At the start of the consultation for this budget we were clear about the importance of investing in Education and Skills to support a strong recovery. We are investing significantly to support our children's learning and to help them catch up after such a disruptive year. Every child matters, therefore our strategy is to support the learning of every child regardless of the type of school they attend. In addition, we are investing in skills to help individuals and families particularly those whose employment has been hit by the pandemic and economic downturn. Our pioneering local jobs and skills programmes have strong track records and now more than ever is the right time to invest in them to support our residents.

Post-Covid Education Recovery Plan

Our post-Covid Education Recovery Plan builds on the work undertaken particularly over the last year and is a collaboration between the council and schools across the district. It is a comprehensive approach that seeks to address the root causes, not just the symptoms, of underachievement. It will support the building blocks of language, literacy and numeracy early in Key Stages 1 and 2; core skills in Maths and English for those pupils who need additional support in Key Stages 3 and 4; a relentless focus on persistent absence across all ages; continued investment in therapeutic support for children to aid their learning; strengthening leadership and governance; and a substantial investment in capital funding to support the delivery of our programme to ensure digital inclusion for all our children and young people.

SkillsHouse expansion

Our investment in SkillsHouse will help respond to the expected significant increase in unemployment caused by the pandemic. It will enable SkillsHouse to rapidly expand its service and build the capacity of partners to support individuals across the district in accessing training and employment opportunities. We have a successful track record as a partnership of supporting jobseekers into sustained work, and businesses to recruit locally. The additional investment will enable us to upscale this through interventions that address the immediate job losses of the Covid-19 recession and underlying local need: skills gaps, low pay, low productivity and social inequalities; and it will also build the capacity of deprived communities and residents to access training to secure sustainable employment and careers. Ramping up the successful work of SkillsHouse is vital if the system is to have the capacity to support jobseekers and employers so that when the economy recovers, it does so in a way that is sustainable and inclusive for all our communities.

Government policy on council tax and social care precept

The government's long-running policy of reducing its core funding to councils and shifting the responsibility on to the local council taxpayer to fund local services has resulted in the vast majority of councils across the country having to increase their council tax over the past 10 years. Unfortunately, the funds this has raised have fallen well short of the gap left by the government cuts – hence the extensive loss of local services across the country since 2010. The government's approach of placing a greater reliance on council tax rises also means that councils in wealthier parts of the country, which have more expensive properties and higher council tax incomes to begin with, have been able to raise even more income than less well-off areas.

Council funding remains uncertain

While we have welcomed all of the necessary additional one-off funding that has supported our pandemic response, local government finance remains in a fragile position and councils require new and sustained funding to secure their viability. It is worth noting that 87% of the £2.2bn increase in core spending power that was recently announced by Government actually comes from council tax increases and is accompanied by relatively low increases in grant funding. During austerity the proportion of the council's net budget funded by council tax has risen from around 35% to approximately 55% currently. And we now face an added pressure, as the council's income from council tax has reduced for the first time in living memory this year by £3.5 million because of the huge economic downturn.

Council tax funds essential services

We spend every penny of council tax raised locally wisely and well. It has enabled us to save services that are valued by our local communities across the district. We never take any decision lightly to increase council tax – more so than ever this year when so many people are feeling the brunt of the economic downturn. But the events of this year have also demonstrated the value of local services. In addition, there is

always the need to simply try to keep pace with inflation in order for services at the very least to stand still amid rising costs as well as rising demands.

Council services have literally been a lifeline for many residents this year. For example our food provision to children and families, putting in enhanced test, trace and isolation measures to help keep people safe, our partnership work with the health and care sector to support older people and others, and our work with schools and other partners to ensure the safeguarding and education of our young people throughout such a difficult period. Doorstep waste collections have been hugely valued by our communities and continued throughout the lockdowns, similarly our top-class parks and green spaces have proven to be a mental and physical health lifeline for many. We are determined not only to maintain all these facilities and more, but we are ambitious to invest and improve them for a better future.

The Executive recommendation is, in common with most other councils, to proceed with a 1.99% council tax rise, plus the maximum permissible 3% adult social care precept to pay towards demographic growth pressures and better pay and conditions for care workers. This total of 4.99% will amount to an increase of, for example, £56.22 per year for a property in Band A and £84.33 per year in Band D.

We fundamentally disagree with Government that the essential services of adult and children's social care should be funded solely by council tax, not by national government. They are however leaving us with no other option in challenging financial times. We are however doing everything we can to mitigate the impact of council tax increases on those with the lowest incomes. The Executive is proposing that we enhance our council tax support for taxpayers who need it. We will provide a discount of up to £100 for all residents who qualify for Council Tax Reduction. This is on top of the £38 million we already fund annually to support Council Tax Reduction claimants.

Again we must be clear that it is Government's decision to instruct councils to implement an additional adult social care precept to pay for increased social care costs. The fact of the matter is that it should be Government's duty to fund the increase in costs in services at a time when people are struggling most. No other funding for the Adult Social Care sector is guaranteed to be forthcoming from government next year, yet we need £5m as a minimum just for care wages to keep up with the cumulative impact of year-on-year inflation. This would provide for a 3% increase in weekly rates to care homes and a 7.2% increase for homecare. In addition, we need £1.1m for demographic pressures – more people are eligible for services and there is greater complexity of need. This £6.1m will be funded by the 3% adult social care precept. Social care workers have given so much for this country and its vulnerable citizens over the last year. They deserve thanks, praise but also a decent pay settlement from a Government that cares enough to fund adult social care properly and sustainably.

Staff Pay

As in previous years we cannot know the outcome of any pay negotiations which are yet to take place, however we are continuing to budget for a 2% pay increase for staff and we are again committed to ensuring that all council employees will be paid

the Real Living Wage next year. This year more than any other year council staff have gone above and beyond to keep the district moving and we thank them sincerely.

Use of reserves

When the above are taken into account, the financial gap to be covered by reserves in 2021/22 will be approximately £6.4m. Although using reserves is far from ideal, we are in extraordinary times, and our budget strikes the right balance between providing much needed services with prudent financial management.

Green growth

Through last year's budget we launched our ambitious plans to tackle the climate emergency and support a green recovery. It's as crucial as ever that we deliver these measures at pace as we emerge from Covid and rebuild with clean new jobs and infrastructure. We need to extract best possible value from the £25m investment which continues to be delivered, including £24m for transformational plans and £1m to support community projects.

The continuing £24m investment in transformational capital projects includes:
• LED smart streetlights
• District heat network
• Electric vehicles and infrastructure
• Renewable energy
• Hydrogen.

The £1m funding is being used to support community projects, including our flagship "tree for every primary school child" scheme (55,000 trees); upgrading the fleet; extending 20mph zones; ward-level climate initiatives; upgrading the council estate; flood alleviation works; and increasing recycling rates. Just this year in delivering on green measures in spite of the emergency pandemic response, we have secured funding for an advanced fuel centre for more environmentally friendly HGVs, we have secured Unesco City of Trees status, we have invested in new anti-flytipping cameras and our tree for every child initiative has captured imaginations young and old. We must push on and accelerate our progress.

Our vision is for a green new deal for our residents and businesses in which these projects and investments are delivered to support living and working in greener, more productive ways, with the development of new technologies, jobs and infrastructure coupled with harnessing the energy of our children and young people – as it is the younger generation who will be driving this forward in the years to come. We want to position the Bradford District at the heart of a green new North connected to new jobs and opportunities and which enables people to live healthier lives and enjoy fulfilling careers. Our transformational transport plans are at the heart of this, most notably our campaign for a Bradford city centre stop on Northern Powerhouse Rail which will boost the economy of the North by £15bn and bring thousands of new jobs to the district and region. It is the kind of essential and truly transformational project needed to make the levelling-up aspiration a reality.

We have instructed officers to ensure that every new investment we make has top-class green credentials at its core so that our recovery from Covid and our next wave of growth addresses the climate emergency, reduces our carbon footprint and creates and cleaner and greener district for everyone's benefit.

Continuation of our emergency Covid support for communities

Alongside this budget we will continue investing in our priorities for the district as part of our comprehensive pandemic response to support people and businesses. The funding we have lobbied for and received from government to date has been much-needed by the council and our communities. We now need the government to follow up with a sustainable funding plan for local authorities that matches levels of need and people's desire for a better future. Yet more austerity cannot provide the solutions that our communities and businesses need.

We have plans to use the remainder of Covid funding wisely and efficiently to bolster our support across the district. In particular, we will invest it in vital support such as:

- Keeping children warm and well fed
- Funding additional pressures in children's social care
- Extending our support for mental health services
- Continuing our successful Youth Covid Ambassador provision
- Funding improvements to paths and rights of way, which have seen a significant increase in use as people exercised locally during the lockdowns

These planned investments are in addition to the measures and activities approved by Executive Committee on 2nd February, such as our £2.4m plan to raise educational attainment, £1.019m for SkillsHouse; £5.3m for adult social care; £500,000 to support victims of sexual abuse and domestic violence; £90,000 for communicable disease control and £218,000 for the MAST team which is a partnership of voluntary and community sector organisations assisting with timely discharges from hospital and other positive health interventions to help our residents and the wider health system.

Closing comments

This is a budget to support the district through the pandemic and prepare us for a strong recovery that maintains - and strengthens - the council's key role in supporting our people and businesses. This is a budget to support resilience amidst a hugely challenging situation for the economy of the district, region and country. It is an investment in our young people's futures and for a good quality of life for our older citizens too. And it invests in the everyday services that make such a difference to all people wherever they live in the district. It also includes significant capital plans that aim to deliver on our ambitions to transform the district's work and leisure opportunities, for example in the delivery of Wyke Sports Village, our successful laptops for children programme and the prime One City Park development that will bring more quality new jobs to the district. Our investment in and support for the Stronger Towns regeneration initiatives in Keighley and Shipley will also bring growth and jobs as part of our work across the district to boost our economy and create new opportunities for our people and businesses.

The Executive would like to place on record its thanks to residents, council staff and our partners, who have truly gone above and beyond to support the district through this historic challenge. Individually and collectively they have put in sterling work through the pandemic, showing flexibility and resolve, taking on additional responsibilities to support communities and maintaining business as usual services. This budget will strengthen our work across the district to tackle inequality, ensure continued support for those who need it and rise to the challenge of ensuring the strongest possible recovery for our people and businesses.

City of BRADFORD
METROPOLITAN DISTRICT COUNCIL

Report of the Director of Finance to the meeting of Executive to be held on 16 February 2021 and Council to be held on 18 February 2021

Updated Revenue Estimates

Subject:

The Council's Revenue Estimates for 2021/22 - updated

Summary Statement:

The report provides Members with details of the Council's Revenue Estimates for 2021/22

Chris Chapman
Director of Finance

Portfolio:

Leader

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Overview & Scrutiny Area:

Corporate

THE COUNCIL'S REVENUE ESTIMATES FOR 2021/22

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 2021/22.

1.2 The revenue estimates are part of the overall budget proposal for the Council which includes:

- the recommended Capital Investment Plan
- the allocation of the Schools Budget 2021/22
- Section 151 Officer's Assessment of the proposed budgets

1.3 This report is submitted to enable the Executive to make recommendations to Budget Council on the setting of the 2021/22 budget and the Council Tax for 2021/22, as required by Part 3C of the Council's Constitution.

2. PROPOSED REVENUE BUDGET 2021/22

2.1 The balanced 2021/22 revenue budget is predicated on total available general resources (Council Tax income, Business Rates income, general government grant and use of reserves) of £385.373m in 2021/22.

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 £13.611m in 2021/22 (Appendix B and Appendix Bii)
- New proposals amounting to a reduction in the budget of £0.745m in 2021/22 (Appendix C)
- The net effect of previous years' policy decisions, including decisions made by Budget Council in February 2019 and 2020 in respect of 2021/22 which amounted to a net reduction in the budget for 2021/22 of £9.142m (Appendix D). Appendix E sets out amendments to prior decisions at a cost of £1.608m
- Provision for pay increases of 2% for 2021/22 at a cost of £5.4m, and c£1.7m to account for the 2020-21 pay award that was 0.75% higher than had been budgeted on a recurring basis[1].
- Provision for CPI price increases of 1.2% with additional amounts for National Living Wage increases in contracts; increases in Social Care contract costs, and price increases that are included within the Council's main waste disposal contract.
- Provision for demographic growth of £1.85m.
- The impact on the Council's funding arising from 2021/22 Final Local Government Settlement.
- Council's decisions about changes to Council Tax, with an increase of 1.99% plus a further 3% Adult Social Care Precept, a total of 4.99%
- The proposal to balance the budget by using £6.395m of reserves as outlined in Appendix F.

[1] As the pay award for 2020/21 was unknown in February 2020, the Council budgeted for a 2% pay increase, and an extra £1.7m was put into an Indexation pressures reserve to fund any pay award in excess of 2% in 2020/21 only.

2.3 Key changes since the publication of the Proposed Financial Plan updated 2021/22 (approved by Executive 2 February 2021) are:

- £2.1m of additional net income from the Local Council Tax Support Grant. This results from applying £2.1m of the £6.1m Local Council Tax Support Grant that has been provided by the Government, to cover the costs of higher number of Council Tax Reduction Scheme claimants due to the Pandemic. The remainder will be used to provide a Hardship Discount of up to £100 per Council Tax Reduction Scheme claimant. This Council Tax Hardship Discount is awarded under Section 13a (1)c of the Local Government Finance Act 1992.
- Proposal to invest £0.6m in Street Cleansing and £0.6m in Ward Teams to provide support to communities.
- Proposal to delete the previously approved £0.513m Youth Services saving, rather than the prior proposal which was to defer the saving to 2022/23.

This reduces the call on reserves from c£7.3m to c£6.4m.

2.4 The reserves that are proposed to be used to fund the gap in 2021-22 are.

- Insurance Risk reserve £1.793m
- Council Tax reserves £0.575m
- NDR Volatility reserve £1.735m
- Energy Reserve £0.100m
- Transition and Risk Reserve £2.192m

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

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

3. COUNCIL TAX IMPLICATIONS

3.1 In setting the Council Tax for 2021/22, Council will have regard to the Council Tax base approved by the Executive on 5 January 2021. 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 2020/21 financial position is contingent upon the 2020/21 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 2020/21.

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. Existing governance arrangements around the Council's 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 2021/22 at their meeting on 18 February 2021. 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 16 February 2021 following their consideration on 2 February 2021 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 to the 16 February 2021 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 2 February 2020 (Document DE). The equality implications of the 2021/22 proposals previously approved by Budget Council in February 2020 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 2021/22 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 2 February 2021 (Document DE). The consultation feedback on the proposals previously approved by Budget Council was fully considered by Council at that time.

7.7 WARD IMPLICATIONS

7.7.1 In general terms, where proposals 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 ASSESMENT

None.

8. RECOMMENDATIONS TO COUNCIL

Executive is asked to approve the following recommendations to Council:

8.1 REVENUE ESTIMATES 2021/22

(a) That the Base Revenue Forecast of £385,373m for 2021/22 be approved as set out in this report.

(b) That the recurring pressures and investment proposals of £13.611m in 2021/22 as set out in Appendix B be approved.

(c) That the additional service savings and additional income of £0.745m in 2021/22 as set out in Appendix C be approved.

(d) That the prior agreed savings be noted and the amendment to previous budget decisions totalling £1.608mm in 2021/22 as set out in Appendix E be approved.

(e) That it be noted that within the revenue budget there is a net use of £6.395m in revenue reserves in 2021/22 as set out in Appendix F

(f) That the service savings proposals for 2021/22 be approved, requiring the Chief Executive, Strategic Directors and Directors to take necessary action during 2020/21 to ensure those savings are fully achievable for 2021/22.

(g) That the comments of Director of Finance set out in Section 151 Officer's Assessment of the proposed budgets on the robustness of the estimates and the adequacy of reserves taking account of the recommendations made at 8.1(a) to (f) above be noted.

8.2 PROPOSED COUNCIL TAX 2021/22

8.2.1 That it be noted that the projected council tax base and expenditure forecasts outlined in this report together with the 2021/22 resources and the budget variations approved in 8.1 produce a proposed Band D council tax of £1,499.11 for 2021/22.

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 2020/21, 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 2020/21 and 2021/22 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 2020/21.

8.6 COUNCIL TAX REQUIREMENT 2021/22

(a) That the council tax base figures for 2021/22 calculated by the Council at its meeting on 5th January 2021 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 2021/22 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:

Gross expenditure	**£1,097,743,943**
Income	**£882,225,822**
Council Tax requirement	**£215,518,121**
Council tax base	**142,000**
Basic amount of council tax	**£1,517.73**
Adjustment in respect of parish and town council precepts	**£ 18.62**
Basic amount excluding parish and town councils	**£1,499.11**

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:

Parish or Town Council Area	Local Precept £	Council Tax Base	Parish/Town Council Tax £	Whole Area Council Tax £	Basic Council Tax Amount £
Addingham	98,800	1,756	56.26	1,499.11	1,555.37
Baildon	304,000	6,226	48.83	1,499.11	1,547.94
Bingley	187,396	8,491	22.07	1,499.11	1,521.18
Burley	245,754	2,997	82.00	1,499.11	1,581.11
Clayton	72,740	2,423	30.02	1,499.11	1,529.13
Cullingworth	40,155	1,277	31.44	1,499.11	1,530.55
Denholme	51,660	1,148	45.00	1,499.11	1,544.11
Harden	37,755	839	45.00	1,499.11	1,544.11
Haworth, Crossroads and Stanbury	105,456	2,343	45.01	1,499.11	1,544.12
Ilkley	338,788	7,191	47.11	1,499.11	1,546.22
Keighley	595,548	15,005	39.69	1,499.11	1,538.80
Menston	117,450	2,175	54.00	1,499.11	1,553.11
Oxenhope	35,875	1,025	35.00	1,499.11	1,534.11
Sandy Lane	15,678	871	18.00	1,499.11	1,517.11
Shipley	139,937	4663	30.01	1,499.11	1,529.12
Silsden	86,800	3,023	28.71	1,499.11	1,527.82
Steeton with Eastburn	79,462	1,769	44.92	1,499.11	1,544.03
Wilsden	62,169	1,739	35.75	1,499.11	1,534.86
Wrose *	28,998	2,148	13.50	1,499.11	1,512.61
Total of all local precepts	2,644,421	67,109			

(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							
	Band A £	Band B £	Band C £	Band D £	Band E £	Band F £	Band G £	Band H £
All parts of the Council's area other than those below	999.41	1,165.97	1,332.54	1,499.11	1,832.25	2,165.38	2,498.52	2,998.22
The parish and town council areas of:								
Addingham	1,036.91	1,209.73	1,382.55	1,555.37	1,901.01	2,246.65	2,592.28	3,110.74
Baildon	1,031.96	1,203.95	1,375.95	1,547.94	1,891.93	2,235.91	2,579.90	3,095.88
Bingley	1,014.12	1,183.14	1,352.16	1,521.18	1,859.22	2,197.26	2,535.30	3,042.36
Burley	1,054.07	1,229.75	1,405.43	1,581.11	1,932.47	2,283.83	2,635.18	3,162.22
Clayton	1,019.42	1,189.32	1,359.23	1,529.13	1,868.94	2,208.74	2,548.55	3,058.26
Cullingworth	1,020.37	1,190.43	1,360.49	1,530.55	1,870.67	2,210.79	2,550.92	3,061.10
Denholme	1,029.41	1,200.97	1,372.54	1,544.11	1,887.25	2,230.38	2,573.52	3,088.22
Harden	1,029.41	1,200.97	1,372.54	1,544.11	1,887.25	2,230.38	2,573.52	3,088.22
Haworth, Crossroads and Stanbury	1,029.41	1,200.98	1,372.55	1,544.12	1,887.26	2,230.40	2,573.53	3,088.24
Ilkley	1,030.81	1,202.62	1,374.42	1,546.22	1,889.82	2,233.43	2,577.03	3,092.44
Keighley*	1,025.87	1,196.84	1,367.82	1,538.80	1,880.76	2,222.71	2,564.67	3,077.60
Menston	1,035.41	1,207.97	1,380.54	1,553.11	1,898.25	2,243.38	2,588.52	3,106.22
Oxenhope	1,022.74	1,193.20	1,363.65	1,534.11	1,875.02	2,215.94	2,556.85	3,068.22
Sandy Lane	1,011.41	1,179.97	1,348.54	1,517.11	1,854.25	2,191.38	2,528.52	3,034.22
Shipley	1,019.41	1,189.32	1,359.22	1,529.12	1,868.92	2,208.73	2,548.53	3,058.24
Silsden	1,018.55	1,188.30	1,358.06	1,527.82	1,867.34	2,206.85	2,546.37	3,055.64
Steeton with Eastburn	1,029.35	1,200.91	1,372.47	1,544.03	1,887.15	2,230.27	2,573.38	3,088.06
Wilsden	1,023.24	1,193.78	1,364.32	1,534.86	1,875.94	2,217.02	2,558.10	3,069.72
Wrose*	1,008.41	1,176.47	1,344.54	1,512.61	1,848.75	2,184.88	2,521.02	3,025.22

(f) That it be noted that for the year 2021-22 the Police and Crime Commissioner and West Yorkshire Fire and Rescue Authority (WYFRA) have indicated the following precepts (provisional and still to be confirmed).

Precept Amount £	Council Tax Amount for Each Valuation Band							
	Band A £	Band B £	Band C £	Band D £	Band E £	Band F £	Band G £	Band H £
West Yorkshire Fire and Rescue Authority								
9,539,560	44.79	52.25	59.72	67.18	82.11	97.04	111.97	134.36
Police and Crime Commissioner for West Yorkshire								
30,001,760	140.85	164.33	187.80	211.28	258.23	305.18	352.13	422.56

(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 2021-22 in each of the categories of dwellings shown below:

	Band A £	Band B £	Band C £	Band D £	Band E £	Band F £	Band G £	Band H £
All parts of the Council's area other than those below	1,185.05	1,382.55	1,580.06	1,777.57	2,172.59	2,567.60	2,962.62	3,555.14
The parish and town council areas of:								
Addingham	1,222.55	1,426.31	1,630.07	1,833.83	2,241.35	2,648.87	3,056.38	3,667.66
Baildon	1,217.60	1,420.53	1,623.47	1,826.40	2,232.27	2,638.13	3,044.00	3,652.80
Bingley	1,199.76	1,399.72	1,599.68	1,799.64	2,199.56	2,599.48	2,999.40	3,599.28
Burley	1,239.71	1,446.33	1,652.95	1,859.57	2,272.81	2,686.05	3,099.28	3,719.14
Clayton	1,205.06	1,405.90	1,606.75	1,807.59	2,209.28	2,610.96	3,012.65	3,615.18
Cullingworth	1,206.01	1,407.01	1,608.01	1,809.01	2,211.01	2,613.01	3,015.02	3,618.02
Denholme	1,215.05	1,417.55	1,620.06	1,822.57	2,227.59	2,632.60	3,037.62	3,645.14
Harden	1,215.05	1,417.55	1,620.06	1,822.57	2,227.59	2,632.60	3,037.62	3,645.14
Haworth, Crossroads and Stanbury	1,215.05	1,417.56	1,620.07	1,822.58	2,227.60	2,632.62	3,037.63	3,645.16
Ilkley	1,216.45	1,419.20	1,621.94	1,824.68	2,230.16	2,635.65	3,041.13	3,649.36
Keighley*	1,211.51	1,413.42	1,615.34	1,817.26	2,221.10	2,624.93	3,028.77	3,634.52
Menston	1,221.05	1,424.55	1,628.06	1,831.57	2,238.59	2,645.60	3,052.62	3,663.14
Oxenhope	1,208.38	1,409.78	1,611.17	1,812.57	2,215.36	2,618.16	3,020.95	3,625.14
Sandy Lane	1,197.05	1,396.55	1,596.06	1,795.57	2,194.59	2,593.60	2,992.62	3,591.14
Shipley	1,205.05	1,405.90	1,606.74	1,807.58	2,209.26	2,610.95	3,012.63	3,615.16
Silsden	1,204.19	1,404.88	1,605.58	1,806.28	2,207.68	2,609.07	3,010.47	3,612.56
Steeton with Eastburn	1,214.99	1,417.49	1,619.99	1,822.49	2,227.49	2,632.49	3,037.48	3,644.98
Wilsden	1,208.88	1,410.36	1,611.84	1,813.32	2,216.28	2,619.24	3,022.20	3,626.64
Wrose *	1,194.05	1,393.05	1,592.06	1,791.07	2,189.09	2,587.10	2,985.12	3,582.14

(h) That Council notes the movement in Band D equivalent charges for 2021-22 over 2020-21 as set out in the table below.

	Council Tax 2021-22 Band D Equivalent	Council Tax 2020-21 Band D Equivalent	Percentage change 2021-22 on 2020-21
Bradford Metropolitan District Council	**1,499.11**	**1,427.86**	**4.99%**
West Yorkshire Fire and Rescue Authority *	**67.18**	**65.87**	**1.99%**
West Yorkshire Police Authority*	**211.28**	**196.28**	**7.64%**
Local (Parish Council) Precepts:			
Addingham	**56.26**	**56.32**	**-0.1%**
Baildon	**48.83**	**48.83**	**0.0%**
Bingley	**22.07**	**20.13**	**9.6%**
Burley	**82.00**	**82.00**	**0.0%**
Clayton	**30.02**	**29.94**	**0.3%**
Cullingworth	**31.44**	**29.79**	**5.5%**
Denholme	**45.00**	**42.00**	**7.1%**
Harden	**45.00**	**45.00**	**0.0%**
Haworth etc	**45.01**	**45.01**	**0.0%**
Ilkley	**47.11**	**45.00**	**4.7%**
Keighley	**39.69**	**34.73**	**14.3%**
Menston	**54.00**	**54.00**	**0.0%**
Oxenhope	**35.00**	**35.00**	**0.0%**
Sandy Lane	**18.00**	**18.00**	**0.0%**
Shipley	**30.01**	**30.01**	**0.0%**
Silsden	**28.71**	**28.93**	**-0.8%**
Steeton/ Eastburn	**44.92**	**41.00**	**9.6%**
Wilsden	**35.75**	**35.75**	**0.0%**
Wrose *	**13.50**	**13.50**	**0.0%**
***Provisional figures**			

BACKGROUND DOCUMENTS

Executive reports

- 16th February 2021: 2021/22 Budget Proposals and Forecast Reserves – s151 Officer Assessment
- 2nd February 2021: 2021-22 Budget Update Report
- 2nd February 2021: Qtr 3 Finance Position Statement 2020-21
- 5th January 2021: Calculation of Bradford's Council Tax Base and Business Rates Base for 2021/22
- 1st December 2020 Proposed Financial Plan and Budget proposals for 2021/22 and Addendum

- 18th February 2020 - The Council's Revenue Estimates for 2020/21 – Budget Council

10 APPENDICES

10.1 Appendix A: Council Cumulative Budget 2021/22

10.2 Appendix B: Recurring pressures and investment proposals

10.3 Appendix C: New Proposals that were subject to consultation

10.5 Appendix D: Schedule of 2021/22 agreed savings previously consulted upon (for reference only)

10.6 Appendix E: Schedule of proposed amendments to previous budget decisions

10.7 Appendix F: Proposed Use of Reserves statement

Appendix A

COUNCIL CUMULATIVE BUDGET 2021/22

SUMMARY OF FINANCIAL IMPLICATIONS

	2021/22 Budget £'000
NET EXPENDITURE	
2020/21 Budget brought forward	378,080
Reversal of non-recurring investment from 2020/21	(5,630)
Sub total	**372,450**
Proposed Recurring Investments in 2021-22 (Appendix B + Bii)	13,611
Funding Changes	(7,237)
Inflation incl Pay Award	14,120
Base Net Expenditure Requirement	**392,944**
Demographic pressures in Adults, Children's and Waste	1,850
Capital financing and central budget adjustments	(1,143)
Previously approved budget savings (Appendix D)	(9,142)
Amended prior Budget decisions (Appendix E)	1,608
New Budget proposals for consultation (Appendix C)	(745)
Net Expenditure Requirement	**385,373**
RESOURCES	
Localised Business Rates	(62,458)
BR Collection fund deficit from 2020-21	924
BR Collection fund deficit compensation scheme (75%)	(693)
Adj to enable remaining 25% deficit to be split over 3 yeas	(231)
Remaining forecast BR fund deficit repayment (£231k split over 3 years)	77
Top Up Grant	(69,259)
Revenue Support Grant	(34,800)
Council Tax & Adult Social Care Precept	(212,874)
CTax fund deficit from 2020-21	6,400
CTax 2020-21 fund deficit compensation scheme	(4,800)
Adj to enable remaining 25% deficit to split over 3 years	(1,600)
Remaining 2020-21 CTax fund deficit repayment (£1.6m split over 3 years)	533
Pre-approved use of reserves	(198)
Proposed use of reserves to balance 2021-22 budget (Appendix F)	(6,395)
Total Resources	**(385,373)**
Budget (surplus)/shortfall	**0**

Appendix B - Recurring pressures and investment proposals which were open for Consultation until 15th January 2021

Appendix Costs and Savings are shown for both 2021-22 and 2022-23 in comparison to the 2020-21 Budget

Proposed Recurring Investments for 2021-22 for Consultation		2021-22	2022-23
		£'000	£'000
CHR8.1	Children's Services demand pressures & improvement	6,500	6,500
CHR8.3	Skills House – Investment (£1m investment in 21-22 to be funded from Covid Grants)	0	1,019
PR8.1	Waste Services demand & lower recycling income	1,000	1,000
CR8.1	Learning & Development and equalities	1,250	1,250
CR8.2	IT requirements to support Children's Services	843	174
CR8.3	SEND Transport Demographic Growth	500	500
HWR8.1	Adults Commissioning Team expansion	500	1,000
PR8.2	Stronger Communities Team	250	500
CRR8.4	Legal Services, to support children service demands	442	577
PR8.3	Culture investment	258	461
CRR8.5	Craft working review	210	210
PR8.4	Housing First	360	360
CXR8.1	Safeguarding Pressure	128	128
CRR8.6	Continuing support for Community Asset Transfers	120	120
HWR8.1	Financial Inclusion	50	50
CRR8.7	Microsoft licences	0	700
	Total	12,411	14,549

Appendix B II) - Recurring pressures and investment proposals Additional proposals submitted on 16th February 2021

Proposed Recurring Investments for 2021-22		2021-22	2022-23
		£'000	£'000
	Street Cleansing	600	600
	Ward Teams – support for communities	600	600
	Total	1,200	1,200

Appendix C - New proposals which were open for Consultation until 15th January 2021

New budget proposals for consultation		2021-22	2022-23
		£'000	£'000
8CR1	Reduce added years pensions budget as saving already delivered	-500	-500
8CR2	Saving in Cash handling and transit as saving already delivered	-160	-160
8P2	Fund contract manager post from European Structural Investment Programme 0.6FTE	-35	-35
8P3	Vacant post - delete vacant Housing Technician post	-27	-27
	Total	**-745**	**-745**

Appendix D - Schedule of agreed savings previously consulted on (for reference only)

Schedule of agreed savings previously consulted on (for reference only)		2021-22	2022-23
		£'000	£'000
4A1	**Adults - Overall Demand Management Strategy** - 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).	-8,379	-13,868
T1-T6	**Remaining Travel Assistance Saving**	-250	-250
5E2	**Youth Service –** The Youth service saving will be delayed by one year to 2022-23 as outlined in Table 4	-513	-513
	Total	**- 9,142**	**- 14,631**

Appendix E - Schedule of proposed amendments to previous budget decisions open for consultation until 15th January 2021

Amended prior year budget savings for Consultation		2021-22	2022-23
		£'000	£'000
4L1	**Legal and Democratic Services** – to reflect the reduced size and scope of the Council, reductions to Civic, Legal and Committee Services, including Overview and Scrutiny are proposed – **Delete the saving as the work of the service has not reduced as expected**	50	50
4R14	**Asset Management Saving - "**Seek to invest in non-operational property to generate surplus income" - **Defer the saving as the investment market is impacted by the current economical position created by Covid.**	500	500
4E8	**Events and Festivals Saving** - review to develop a more sustainable and balanced events programme – **Delete saving as part of investment in City of Culture bid**	120	120
5X1	**5X1 - Reduce total cost of top management** - the scope is the senior management (Strategic and Assistant Directors) and their PA structure **– Delete saving as original proposal not valid**	75	75
6X1	Welfare Advice & Customer Service - 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'. - **Delay the full implementation of the £844k approved saving to 2022-23 as these services are critical to the on-going response to Covid and continue to review their approach to delivery**	350	0
5E2	Youth Services Saving – **delay the £513k saving to 2022/23 at a cost of £513k as response to Covid has been critical**	513	513
	Cost of deleting or delaying the implementation of previously agreed savings	**1,608**	**1,258**

Appendix F Proposed Used of Reserves

The reserves that are proposed to be used to fund the gap in 2021-22 are.

Amended prior year budget savings for Consultation		2021-22
		£'000
	Insurance Risk Reserve	1,793
	Council Tax Reserve	575
	NDR Volatility Reserve	1,735
	Energy Price Reserve	100
	Transition and Risk Reserve	2,192
	Total Reserve draw down	6,395

City of BRADFORD
METROPOLITAN DISTRICT COUNCIL

Report of the Director of Finance to the meeting of Executive to be held on 16 February 2021

Addendum to DOC "DI"

Subject:

Addendum to the s151 Officer Report on the proposed Council Budget 2021/22

Summary statement:

This report provides an update to the s151 Officer report on the proposed Council Budget 2021/22 following the Labour Group amended budget proposals.
The report should be read in conjunction with the 2021/22 Budget Proposals and Forecast Reserves – s151 Officer Assessment (Document "DI") presented earlier.

EQUALITY & DIVERSITY:

Equality assessments –
there are no specific equality objectives arising from this report. Equality Impact Assessments for individual budget proposals have been completed and considered as part of budget considerations and budget consultation processes.

Chris Chapman
Director of Finance & IT

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Director of Finance & IT
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Portfolio:

Leader

Overview & Scrutiny Area:

Corporate

1. SUMMARY

This report provides a s151 Officer Assessment of the Labour Group amended budget proposals.

2. BACKGROUND

The 2021/22 budget proposal was reported to Executive on 1st December 2020.

A budget update was reported to Executive on 2nd February 2021, providing an update following the Local Government Finance Settlement, and including detailed consultation feedback.

The Council's Revenue Estimates 2021/22, Capital Investment Plan 2021/22 – 2024/25 and Allocation of School Budgets 2021/22 are reported to this Executive (16th February 2021).

These budget proposals have been subject to financial due diligence and my s151 Officer report on this agenda provides a comprehensive assessment of these budget proposals and their robustness and adequacy of reserves.

This report provides commentary on the impact upon my s151 assessment arising from the proposed Labour Group budget amendments.

This report does not seek to replicate the details of my s151 assessment but should be considered as an addendum to that report.

3. OTHER CONSIDERATIONS

The Labour Group proposed budget amendments are:

- Proposed additional recurring investments of £1.2m per annum from 2021/22 to be added into core budget
    - £600,000 investment in Street Cleansing; and
    - £600,000 in ward teams – support for communities

- The removal of the proposed Youth Service saving of £513,000. This saving has already been proposed to be deferred from 2021/22 to 2022/23. This proposal would remove the planned saving in entirety.

4. FINANCIAL & RESOURCE APPRAISAL

The proposals generate an additional financial cost of £1.2m in 2021/22 rising to £1.713m in 2022/23.

My s151 assessment concludes that the additional cost in 2021/22 can be met from reserves, without drawing upon the Unallocated Reserve or General Reserve, which are the specific subject of my s151 report.

The additional budget requirement from 2022/23 will be factored into the Medium Term Financial Strategy.

Due to the uncertainties of future Local Government Finance Settlements, the Fair Funding Review, the Adult Social Care Green paper, the Business Rates Review and other unknown impacts e.g. the levelling up agenda, impact of Brexit, it is not possible to state with certainty the level of any potential budget gap from 2022/23.

My s151 assessment is the additional budgetary impact is not material against the overall council budget, and the Council has evidenced ability to meet challenging budget targets in prior years through efficiencies, savings and income growth. The Council has additionally invested in early help and prevention activity, delivery of transformation in adult social care and has commenced a programme entitled Grip..Reset..Transform which should additionally drive future benefits and savings.

5. RISK MANAGEMENT AND GOVERNANCE ISSUES

The budgetary risk is reduced as the 2021/22 budget is not predicated on the achievement of large scale costs.
Financial Governance processes are well established, and the Council has strong credentials in delivering within overall budget levels. These mitigate budget delivery risks.

6. LEGAL APPRAISAL

There are no specific legal issues arising from this report.
A legal appraisal was included within the budget proposals as previously submitted to Executive Committee.

7. OTHER IMPLICATIONS

7.1 SUSTAINABILITY IMPLICATIONS

None specific from this report.

7.2 GREENHOUSE GAS EMISSIONS IMPACTS

None specific from this report.

7.3 COMMUNITY SAFETY IMPLICATIONS

None specific from this report.

7.4 HUMAN RIGHTS ACT

None specific from this report.

7.5 TRADE UNION

None specific from this report

7.6 WARD IMPLICATIONS

None specific from this report

7.7 AREA COMMITTEE ACTION PLAN IMPLICATIONS (for reports to Area Committees only)

None specific from this report

7.8 IMPLICATIONS FOR CORPORATE PARENTING

None specific from this report

7.9 ISSUES ARISING FROM PRIVACY IMPACT ASSESMENT

None specific from this report

8. NOT FOR PUBLICATION DOCUMENTS

N/A

9. OPTIONS

There are no options within this report.

10. 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 2021/22 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
- the Medium Term Financial Strategy will be updated and reported to Executive as clarity on future local government funding is received

11. APPENDICES

N/A

12. BACKGROUND DOCUMENTS

- Medium Term Financial Plan and budget updates a reported to Executive
- Budget Monitoring reports as reported to Executive

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