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# Agenda for a meeting of the Executive to be held on Tuesday, 21 February 2023 at 10.30 am in Council Chamber - City Hall, Bradford

**Members of the Executive – Councillors**

| **LABOUR** |
| --- |
| Hinchcliffe (Chair) |
| I Khan |
| Ross-Shaw |
| Ferriby |
| Jabar |
| Duffy |

**Notes:**

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

**From**: **To:**
Asif Ibrahim
Director of Legal and Governance
Agenda Contact: Yusuf Patel/Fatima Butt
Phone: 01274 4579/2227
E-Mail: yusuf.patel@bradford.gov.uk/fatima.but@bradford.co.uk

# A. PROCEDURAL ITEMS

## 1. DISCLOSURES OF INTEREST 1 - 6

(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 must consider their interests, and act according to the following:*

| ***Type of Interest*** | ***You must:*** |
|---|---|
| *Disclosable Pecuniary Interests* | *Disclose the interest; not participate in the discussion or vote; and leave the meeting unless you have a dispensation.* |
| *Other Registrable Interests (Directly Related)* ***OR*** *Non-Registrable Interests (Directly Related)* | *Disclose the interest; speak on the item onl if the public are also allowed to speak but otherwise not participate in the discussion c vote; and leave the meeting unless you hav a dispensation.* |
| *Other Registrable Interests (Affects)* ***OR*** *Non-Registrable Interests (Affects)* | *Disclose the interest; remain in the meeting participate and vote unless the matter affec the financial interest or well-being (a) to a greater extent than it affects the financial interests of a majority of inhabitants of the affected ward, and (b) a reasonable member of the public knowing all the facts would believe that it would affect your view of the wider public interest; in which case speak on the item only if the public are also allowed to speak but otherwise not do not participate in the discussion or vote; and leave the meeting unless you have a dispensation.* |

*(2) Disclosable pecuniary interests relate to the Member concerned or their spouse/partner.*

*(3) 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.*

*(4) Officers must disclose interests in accordance with Council Standing Order 44.*

**2. MINUTES**

**Recommended –**

**That the minutes of the meeting held on 3 and 31 January 2023 be signed as a correct record.**

(Fatima Butt/Yusuf Patel - 01274 432227/434579)

**3. 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.

(Fatima Butt/Yusuf Patel - 01274 432227/434579)

**4. RECOMMENDATIONS TO THE EXECUTIVE**

To note the following recommendation:

**Regeneration and Environment Overview and Scrutiny Committee – 31 January 2023 –**

**REPORT ON THE USE OF GLYPHOSATE FOR WEED CONTROL WITHIN BRADFORD METROPOLITAN DISTRICT COUNCIL**

**Resolved –**

**(1) That, following consideration the solutions set out in**

**Document "V", that Solution 2: Reduced Use of Glyphosate, be recommended to the Executive for adoption. This would see a reduction in the use of glyphosate, primarily by avoiding those areas of the highest environmental sensitivity, whilst allowing for some form of weed control on the rest of the highway network.**

**(2) That it be further recommended to the Executive that public engagement and communication regarding the reduced use of glyphosate in some areas be undertaken and that Officers continue to engage with other Local Authorities that are also reducing the use of glyphosate.**

(3) That an update report be presented to this Committee by the Strategic Director, Place, in 12 months' that includes information on the trial involving no use (or exceptional use) of glyphosate within 2 parks within the Shipley ward that is planned for 2023 and learning from other Local Authority areas.

(Fatima Butt/Yusuf Patel - 01274 432227/434579)

## B. STRATEGIC ITEMS

**LEADER OF COUNCIL & CORPORATE**

*(Councillor Hinchcliffe)*

**5. THE COUNCILS REVENUE ESTIMATES FOR 2023/24** 7 - 26

The report of the Director of Finance **(Document "AU")** provides Members with details of the Council's Revenue Estimates for 2023/24.

**Recommended –**

**Executive is asked to approve the following recommendations to Council:**

**(a) That the Base Revenue Forecast of £453.159m for 2023/24 be approved as set out in the report.**

**(b) That the Existing pressures of £62.0m in 2023/24 as set out in Appendix B be approved.**

**(c) That the Investments previously approved of £0.5m in 2023/24 as set out in Appendix C be noted.**

**(d) That the Recurring investment proposals of £1.098m in 2023/24 as set out in Appendix D be approved.**

**(e) That the prior agreed savings in Appendix E be noted.**

**(f) That New savings of £13.580m in 2023/24 as set out in Appendix F be approved.**

**(g) That the Capital Financing and Central budget adjustments of £22.390m in 2023/24 as set out in Appendix G be approved.**

**(h) That it be noted that within the revenue budget there is a net use of £44.299m in revenue reserves in 2023/24 to balance the budget as outlined in Appendix A.**

**(i) That it is noted that £4.250m of pre-approved reserve use is required for City of Culture and a Regeneration opportunity.**

**(j) That £6m of reserves are earmarked to the Energy Price Volatility reserve.**

**(k) That £3.163m is earmarked to the General Fund Reserve balance so that it remains at 5% of the net revenue budget in line with recommended practice.**

**That the comments of the Director of Finance set out in the 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 (a) to (k) above be noted.**

Overview and Scrutiny Committee: Corporate
(Andrew Cross – 07870 386523)

**6. ALLOCATION OF THE SCHOOLS BUDGET 2023/24 FINANCIAL YEAR** 27 - 76

The report of the Director of Finance **(Document "AV")** seeks Executive approval of the recommendations of Bradford's Schools Forum in allocating the Dedicated Schools Grant (DSG) for 2023/24 and subsequent recommendation to Full Council.

**Recommended-**

**That the Executive asks Council to:**

**a) Accept and approve the proposals for the allocation of the 2023/24 Dedicated Schools Grant, as set out in this report.**

**b) Approve the total amount of £708.868m 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 2023/24.**

Overview and Scrutiny Committee: Corporate

(Andrew Redding – 01274 432678)

**7. CAPITAL INVESTMENT PLAN FOR 2023-24 TO 2026-27** 77 - 132

The report of the Director of Finance **(Document "AW")** presents in Section A the Council's Capital Investment Plan 2023-24 to 2026-27. Section B presents an updated Capital Strategy for 2023-24. This strategy underpins the spending proposals within the Capital Investment Plan. Section C presents the Investment Strategy for 2023-24.

**Recommended -**

**(1) That the Executive are asked to note the contents of the report and to have regard to the information contained within Document "AW" when considering the recommendations to make to Council on the Capital Investment Plan for 2023-24.**

**(2) That the updated Capital Plan for 2023-27, be approved; (Appendix A). Commitments against reserve schemes and contingencies can only be made after a business case has been assessed by the Project Appraisal Group and approved by Executive.**

**(3) That Specific approval be given for the following schemes to commence following a detailed review by the Project Appraisal Group:**

- **The 2023-24 Property Programme has a proposed total cost of £4m and this will be funded by corporate borrowing.**
- **IT software – three schemes are planned to improve IT security. The cost of the capital spend is £0.965m and it will be funded by corporate borrowing.**

**In addition:**

- **£6m from Reserve schemes for SEND provision across the district funded by corporate borrowing. It will be used to complete a number of SEND expansions across both the mainstream school sector and SEND schools. The budget is required to allow for the development of up to three proposed schemes. Once the initial design and development works have been completed, the necessary statutory processes will commence, including approval from Executive and an update will be**

**provided to the Project Appraisal Group.**

- **The utilisation of the Inflation Contingency as set out in the report be delegated to the Strategic Director of Corporate Resources. The additional costs will be funded through corporate borrowing.**

**(4) That the amendment to the 2022-23 Minimum Revenue Provision Policy and the proposed 2023-24 MRP policy set out in Appendix 2 is approved.**

**(5) That 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.**

**(6) That the Capital Strategy (including Prudential Indicators), set out at Appendix 3, be approved.**

**(7) That the Flexible Use of Capital Receipts Strategy as presented at Appendix 4 - is recommended to the Executive to:**

- **Approve the Flexible use of Capital Receipts policy for 2022-23 and 2023-24 as outlined in Appendix 4 section 2.2.**

- **Delegate powers to the Section 151 office in consultation with the Leader to vary the values outlined in Appendix 4 section 2.2 subject to the value of Capital receipts achieved in 2023-24, whilst ensuring compliance with the Direction from DHLUC outlined in section 2.1.**

Overview and Scrutiny Committee: Corporate

(Lynsey Simenton – 01274 434232)

**8. HOUSING REVENUE ACCOUNT (HRA) 2023-24** 133 - 138

The Director of Finance will submit **Document "AX"** which reports on the introduction of a Housing Revenue Account from 1st April 2023. The report provides Members with details of the Housing Revenue Estimates for 2023-24.

**Recommended -**

**That the Executive is asked to approve the following recommendations to Council:**

**(1) That Rent increase of 7% be applied from 1st April 2023 as set out in section 4.7 of Document "AX".**

**(2) That Transfer of housing reserves of £503k from General Fund to the Housing Revenue Account as set out in section 4.4 of Document "AX" be approved.**

**(3) That Service charges to apply from April 1 2023 as set out in section 4.11 of Document "AX".**

Overview and Scrutiny Area: Corporate

(Arfat Lohn – 0786 6887377)

**9. 2023/24 BUDGET PROPOSALS AND FORECAST RESERVES - SECTION 151 OFFICER ASSESSMENT** 139 - 160

The report of the Director of Finance **(Document "AY")** assesses the robustness of the proposed budget for 2023/24, 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.

The report also provides commentary on the financial resilience of the Council over the medium term and the level of reserves held.

**Recommended –**

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

- **the estimates presented to Council are sufficiently robust to set a balanced and deliverable budget in 2023-24.**
- **the reserves are adequate for the 2023/24 proposed budget. The level of reserves has reduced substantially to support the Council budget and in line with Central Government expectation that Councils should use their reserves**
- **the projected corporate reserves, on current estimates, are adequate in the short term, subject to the implementation of the rest of the proposed financial plan, however they do not represent a sustainable solution to addressing budget pressures beyond 2023-24.**
- **the Medium Term Financial Strategy will be updated and reported to Executive as clarity on future local government**

**funding, reforms of adult and social care and other relevant issues are 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 have to be amended if a decision was proposed that leads to the Council's reserves reducing below their recommended General Fund balance 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

(Andrew Cross – 07870 386523)

**10. APPOINTMENT OF OFFICERS TO SERVE AS DIRECTORS ON BOARDS OF COMPANIES** 161 - 168

The Director of Legal and Governance will submit a report **(Document "AZ")** which details that that the former Director of Finance and IT left the Council's service on 31 of December 2022, was a Council appointed director of a number of companies and new director appointments are required to replace him. This report deals with the appointment of replacement directors to those companies as well as an opportunity to review new director officer appointments on boards of companies.

The Council's Constitution states that the Executive is responsible for the appointments to outside bodies. This report presents the nominations for the appointment of officers as directors to the companies referred to in Appendix 1 to the report.

**Recommended -**

**(1) That officers' appointments to serve as directors to the boards of companies as detailed in Appendix 1 to Document "AZ" be approved.**

**(2) That Authority be given to the Director of Legal and Governance in consultation with the Leader of the Council to make new director officer appointments to ensure ongoing Council representation on the boards of companies and to advise Executive members of any such appointments thereafter.**

Overview and Scrutiny Committee: Corporate

(Christine Meakins – 0785 5177224)

## C. PORTFOLIO ITEMS

| HEALTHY PEOPLE AND PLACES PORTFOLIO |
|---|
| *(Councillor Ferriby)* |

**11. CONSULTATION FEEDBACK AND RECOMMENDATIONS FOLLOWING THE CONSULTATION ON PROPOSED CHANGES TO ADULT SOCIAL CARE NON-RESIDENTIAL CHARGES** 169 - 198

The Strategic Director Health and Wellbeing will submit **“Document BA”** which provides feedback following the consultation on the proposed changes to Adult Social Care Non-residential charges and makes recommendations based on the consultation feedback.

**Recommended –**

**That the Executive, following consideration of the issues raised within Document “AB” and the Equality Impact Assessment set out in Appendix 1, authorises the Strategic Director for Health and Wellbeing to implement charges based on actual costs of the service for adult social care non-residential services to apply from 1 April 2023.**

Overview and Scrutiny Committee:  Health and Social Care

(Jane Wood – 01274 437312)

| REGENERATION, PLANNING AND TRANSPORT |
|---|
| (Councillor Ross-Shaw) |

**12. SQUIRE LANE LEISURE, COMMUNITY, HEALTH AND WELLBEING CENTRE** 199 - 206

The Strategic Director, Place will submit **Document “BB”** which provides an update on the progress with the delivery of the Squire Lane Leisure, Community, Health and Well Being Centre and seeks approval from the Executive to proceed with the delivery of the project.

**Recommended –**

**That the Executive:**

**(1) Approve the appointment of the current Design Team for RIBA Stage 3 and subsequent development stages subject to meeting value for money and affordability criteria.**

**(2) Approve the appointment of a contractor to engage in the design process and also for the subsequent construction contract within the funding envelope previously approved by the Executive**

**(3) Delegate Authority to the Strategic Director Place, in consultation with the Executive Members for Regeneration, Planning and Transport and Healthy People and Places, the Director of Finance and Monitoring Officer, to make such further decisions as are required to deliver the project, within the funding available including;**
   **a. The undertaking of a community consultation exercise and**
   **b. The subsequent submission of a Planning Application having regard to the outcome of the community consultation process.**

**(4) Delegate authority to the Director of Legal and Governance to enter into all legal agreements to enable implementation of the above recommendations subject to prior satisfaction that the requirements of the best value duty and Subsidy Control Act 2022 are met.**

Overview and Scrutiny Area:  Regeneration and Environment

(Ian Smart – 01274 431735)

## CHILDREN AND FAMILIES PORTFOLIO

*(Councillor Duffy)*

### 13. FULL OFSTED INSPECTION (ILACS) 21 NOVEMBER TO 2 DECEMBER 2022 — 207 - 232

The Strategic Director Children's Services will submit **"BC"** which reports on the details of the Ofsted full inspection of Local Authority Children's Services (ILACS) which took place in November 2022.  The Council has been subject to a number of Monitoring Visits and a Focused Visit since the outcome of the full Inspection of Local Authority Children's Services (ILACS) in 2018, where services were judged to be Inadequate. Inspectors have provided feedback at subsequent Visits that whilst there have been improvements within the service, that overall more improvements were necessary.

**Recommended –**

**That the Executive ask Officers to work quickly towards the establishment of the Trust and that the Improvement Plan which has been endorsed by the Commissioner be supported.**

Overview and Scrutiny Committee: Children's Services

(Picklu Roychoudhury – 01274 431867)

**14. UPDATE ON THE ESTABLISHMENT OF THE BRADFORD CHILDREN AND FAMILIES TRUST** 233 - 252

The report of the Chief Executive **(Document "BD")** provides an update on the progress to date of establishing the Bradford Children and Families Trust, including an update on progress towards agreeing commercial arrangements and sets out the proposed draft governance arrangements. The report also outlines the critical next steps and makes a number of recommendations to the Executive.

**Recommended –**

**That the Executive are requested to:**

- **Note the update report and note the progress undertaken to date.**
- **Delegate to the Chief Executive in consultation with the Leader and the Portfolio Holder for Children and Families authority to take all steps to enable the Council to enter into the Service Delivery Contract and the Support Services Agreements, leases and all necessary associated agreements to enable the establishment of the Bradford Children and Families Trust and commence of the delivery of services.**
- **Delegate to the Chief Executive in consultation with the Leader and the Portfolio Holder for Children and Families authority to approve the adoption of the new Articles of Association and sign any required written resolution.**

Overview and Scrutiny Committee: Children's Services

(Joanne Hyde – 01274 432131))

**Executive 21 February 2023 - DISCLOSURES OF INTEREST**

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

**EMPLOYMENT**
Councillor Abdul Jabar
Councillor Imran Khan

**SPONSORSHIP**
Councillor Hinchcliffe
Councillor Duffy
Councillor Jabar
Councillor Imran Khan
Councillor Ross-Shaw

**LAND**
Councillor Duffy
Councillor Ferriby
Councillor Hinchcliffe
Councillor Jabar
Councillor Imran Khan
Councillor Ross-Shaw

**TENANCY**

(ii) The following members disclosed a personal interest in the item on the agenda relating to the Budget 2022-23 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 Duffy
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 Imran 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

Bradford Partnership (Safeguarding)
Councillor Duffy

City Regions Board (LGA)
Councillor Hinchcliffe

Key Cities
Councillor Hinchcliffe
Councillor Imran Khan

Leeds Bradford International Airport – Consultative Committee
Councillor Cunningham

Leeds City Region Local Enterprise Partnership
Councillor Hinchcliffe

Nell Bank Outdoor Education Centre
Councillor Ferriby

Northern Acceleration Council
Councillor Hinchcliffe

Rail North
Councillor Hinchcliffe

Sir Titus Salt Trust
Councillor Hinchcliffe

Transport for the North
Councillor Hinchcliffe (alternate for the WY Mayor)

University of Bradford - Court
Councillor Hinchcliffe

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

**West Yorkshire Combined Authority Culture, Arts, and Creative Industries Committee**
Councillor Sarah Ferriby

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

**West Yorkshire Combined Authority Finance, Resources, and Corporate Committee**
Councillor Hinchcliffe
Councillor Imran Khan (alternate)

**West Yorkshire Combined Authority Business, Economy and Innovation Committee**
Councillor Ross-Shaw

**West Yorkshire Combined Authority Business Investment Panel**
Councillor Ross-Shaw

**West Yorkshire Combined Authority Employment Skills Committee**
Councillor Imran Khan

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

**West Yorkshire Combined Authority Climate, Energy, and Environment Committee**
Councillor Ferriby

**West Yorkshire Combined Authority Leeds City Region Partnership Committee**
Councillor Hinchcliffe
Councillor Imran Khan (alternate)

**West Yorkshire Combined Authority Place, Regeneration and Housing Committee**
Councillor Alex Ross-Shaw

**West Yorkshire Combined Authority Transport Committee**
Councillor Hinchcliffe

**West Yorkshire Combined Authority Vision Zero Board**
Councillor Ross-Shaw

**West Yorkshire Joint Services Committee**
Councillor Duffy
Councillor Hinchcliffe
Councillor Imran Khan

Yorkshire Leaders Board
Councillor Hinchcliffe

Yorkshire Libraries and Information
Councillor 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
Councillor Ross-Shaw

**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**
Councillor Ross-Shaw

**Members who are appointed to external bodies**
Bradford Business Improvement District Board
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 District Board
Councillor Ross-Shaw

Keighley Business Improvement District Board
Councillor Ross-Shaw

Keighley Towns Fund Board
Councillor Ross-Shaw

Shipley Towns Fund Board
Councillor Ross-Shaw

Ummid/Himmat Management Board
Councillor Jabar

**Other Interests**

Co-operative Party
Councillor Hinchcliffe

Education and Skills Board of Northern Powerhouse Partnership
Councillor Hinchcliffe

GMB
Councillor Imran Khan

Prospect
Councillor Duffy

Unison
Councillor Jabar
Councillor Ross-Shaw

Unite
Councillor Duffy
Councillor Ferriby

Unison, Unite, GMB, Community
Councillor Hinchcliffe

New Choices
Councillor Ferriby - Director

President of Bradford Council for Mosques
Councillor Imran Khan

President of Great Horton Church Cricket Club
Councillor Imran Khan

**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.

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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 21 February 2023 and Council to be held on 23 February 2023

**AU**

## Subject:

The Council's Revenue Estimates for 2023-24

## Summary Statement:

The report provides Members with details of the Council's Revenue Estimates for 2023/24

**EQUALITY & DIVERSITY:**

The report sets out clearly the need for equality to be considered as part of the Budget Strategy. As in previous years full Equality Impact Assessments have been produced for all budget proposals and full consultation with relevant groups has been undertaken. The outcome of consultation will be considered and reported upon before the 2023/24 budget is approved.

The Revenue budget supports the delivery of Council priorities including significant action to address inequalities in health, income, opportunity and environmental quality.

Christopher Kinsella
Director of Finance

**Portfolio:**

Leader

**Report Contact:**
Andrew Cross
Phone: 07870386523
E-mail: andrew.cross@bradford.gov.uk

**Overview & Scrutiny Area:**

Corporate

## THE COUNCIL'S REVENUE ESTIMATES FOR 2023/24

## 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 2023/24.

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

- the recommended Capital Investment Plan, including changes to the Minimum Revenue Provision policy and the adoption of Flexible use of capital receipts.
- the recommendations associated with the new Housing Revenue Account.
- the allocation of the Schools Budget 2023/24
- Section 151 Officer's Assessment of the proposed budgets

1.3 The overall budget proposal allocates available resources to support the delivery of Council priorities:

- A great start and a good school for all our children
- Better health, better lives
- Safe, strong and active communities
- Skills, jobs and a growing economy
- A Sustainable District
- Decent homes
- Enabling Council

1.4 This report is submitted to enable the Executive to make recommendations to Budget Council on the setting of the 2023/24 budget and the Council Tax for 2023/24, as required by Part 3C of the Council's Constitution.

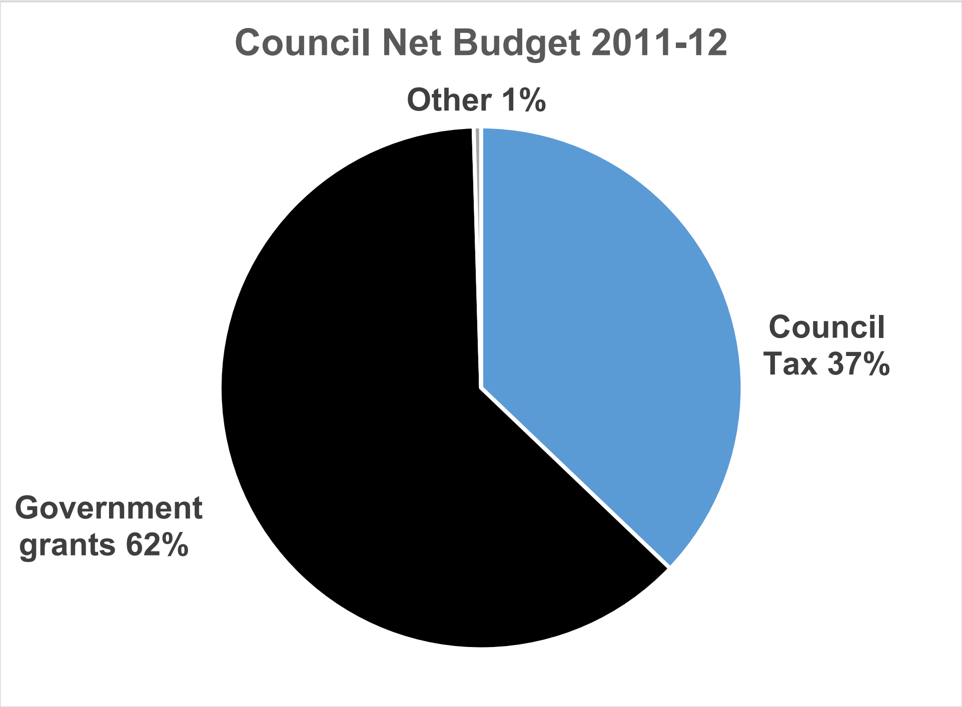
## 2 Context

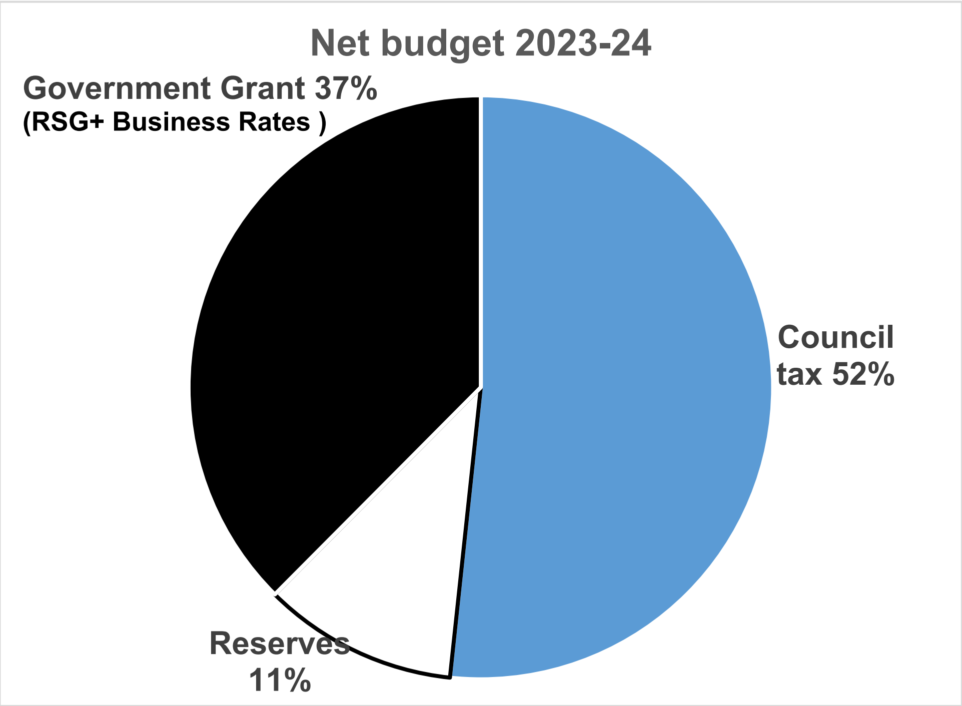
2.1 The 2023-24 Budget proposals published in December 2022, were developed amidst unprecedented levels of uncertainty and financial pressure resulting from extraordinary levels of inflation, rising demand for services particularly children's and adults social care, the increasing cost and complexity of those services, the need to deliver improvements and the impact of austerity which has already required the Council to find £310m savings.

2.2 The interim period since publication has seen those pressures continue to grow both in Bradford and across local government as a whole and the proposals set out in this report allocate £58.4m – almost 13% of the proposed net budget –just to meet the costs of inflation and before any demand pressures are taken into account.

2.3 While the Government's Financial Settlement for Local Authorities has increased the core spending power of Councils this includes the assumption that all Councils will raise Council tax and the Adult Social Care precept to the maximum allowed without a local referendum. In line with that assumption the budget proposes an increase of 4.99% in Council tax. This would add the equivalent of £1.48 per week to Band D council tax. Council tax would continue to be among the lowest in West Yorkshire.

2.4 Over recent years the proportion of the Council's budget funded by Council Tax payers has increased significantly and now accounts for more than half of the Council's net resources. Conversely, the proportion of the budget funded by central government has shrunk. Authorities such as Bradford, which have below average levels of Council Tax and high numbers of properties in lower Council Tax bands, are unable to raise as much funding locally as other often far wealthier areas with lower levels of need. Bradford is therefore less able to raise sufficient funding to keep pace with inflation and demand for services. While the proposed increase in Council Tax will raise £11m to support local services this sum is dwarfed by the scale of the current financial pressures.



2.5 National Government has been clear that it expects Councils to deploy reserves to mitigate against the impact of inflation and demand. The revenue estimates set out in this report propose the use of £44.299m of Council reserves. This represents an unprecedented use of reserves that cannot be sustained beyond the short-term. Our reserves can only be used once, and resources set aside for investment in the District's priorities and its future must now be used to meet the immediate funding challenges.

2.6 Since 2011-12 the Council has had to find £310m in savings as a result of austerity, rising demand and increasing costs. The revenue estimates propose a further £36m of savings for 2023-24 including significant savings to be made through the management of vacant posts which will inevitably impact on council capacity.

2.7 A number of financial adjustments are reported that are in train; ostensibly these do not impact directly on frontline service delivery however many of them will have an effect on financial resilience and organisational capacity.

2.8 The proposed budget invests in vitally important services to our most vulnerable residents, protects frontline services and retains the capacity to deliver key regeneration projects.

2.9 Most of the Council's services are relatively low cost and high performance compared to similar councils and delivery of the Council's transformation programme will be key to securing and sustaining services and outcomes must be prioritised over the next twelve months. There is however a limit to what more can be saved without reducing services; reserves are finite and rapidly diminishing; Council Tax cannot meet cost and demand pressures.

2.10 For the fifth consecutive year, local authorities have been provided with only a one-year funding settlement from Government and one which lags behind inflation making financial planning difficult and uncertain. Reforms to the funding system which would benefit Bradford by £32m a year have been repeatedly delayed and put on hold. To date public health grants for 2023-24 have not yet been announced.

2.11 Responses to the national challenges in Adult Social Care have been based on short-term annual funding announcements when what is needed is sustained investment and reform to meet increasing demand and challenges in recruitment and retention as competitive wages for care workers are increasingly unaffordable for cash strapped Councils.

2.12 Likewise, while the Government's recognition of the demand pressures facing children's social care nationally, the dysfunctional nature of the residential care market and the need for wide ranging reforms are welcome, its response both in terms of the investment on offer and the pace of reform needs to go further and faster if we are to sustain good local services and financial viability.

2.13 In order for the District is to achieve its full productive potential then Government must also signal an ongoing commitment to its levelling up agenda, to work with the Council to secure the infrastructure investment that the District needs and to shift from the competitive funding regime for regeneration funds to one based on needs and local circumstances.

2.14 However, a sustainable future for Council services and investment in our District's future requires certainty, fairness and reform in funding, national solutions to the crises in adults and children's social care and a renewed and re-shaped commitment to levelling up. The Council's submission to the Chancellor's Spring Budget has made the case for these policy shifts.

## 3 PROPOSED REVENUE BUDGET 2023/24

3.1 The balanced 2023/24 revenue budget is predicated on total available general resources (Council Tax income, Business Rates income, Top up Grant, Revenue Support Grant and use of reserves) of £453.270m in 2023/24.

3.2 The total expenditure takes account of changes to the underlying (base) level of expenditure at the start of the year arising from:

- £58.4m to meet cost pressures arising from inflation including increases in pay, the National, energy price inflation and general inflation. Given the volatility of energy prices £6m is also recommended to be added to an earmarked reserve to cover risk of energy price volatility.
- Significant new investment in support for Children's Social Care of £57m.
- Additional support for Adult Social Care of £5m.
- £2.7m to meet the cost of demographic growth in Adults, Children's Social Care and Waste Services.
- £36m of budgeted savings; making greater use of financing flexibilities, additional income, and partner contributions as outlined in Appendix E and F.
- 4.99% increase in Council tax and Social Care Precept as outlined in the Chancellor's Autumn statement, raising an additional £11m for vital local services.
- £44.3m of reserve use to balance the budget (Appendix I), and a further £4.25m for City of Culture and a Regeneration opportunity that have been previously approved as outlined in Appendix (H).
- £6m of reserves will also be earmarked to the Energy Price volatility reserve, and £3.1m of reserves will be added to the £19.5m General Fund reserve to ensure that 5% is held as a General Fund balance in line with recommended practice as outlined in Appendix J
- The proposals would potentially result in 3 redundancies, and every effort would be made to ensure that staff affected will be redeployed in line with Council policy.
- The intent to continue to focus on the delivery of efficiencies and cost-effective service delivery whilst improving outcomes.
- Proposals for a number of new investments to be added to the Capital Investment Plan (see accompanying Capital Investment Budget report) including Vehicle replacements (£3m), Property Programme improvements including investments to help move the Councils estate to net zero (£4m) - this will help supplement other energy efficiency schemes already in the CIP, IT equipment upgrades (£2m), Additional contingency to help mitigate additional construction inflation (£10m), and City Centre Regeneration (£18m). £5.2m is also recommended to be added to the Reserve list of the Capital investment plan for Children's Residential Care pending agreement with the Bradford Children's and Families Trust.

3.3 Key changes since the approval of the 2023/24 Budget Update Report & Addendum (Executive 31st January 2023) are:

- Negotiations have been on going about the contract price for the Bradford Children's and Families Trust. As a result of continued growth in Children Looked After numbers in high-cost placements, and continued increases in Agency staff numbers, the costs of Children's Social Care have continued to increase throughout 2022-23, and this will impact on the costs in 2023-24. This has added £12m of additional costs for Children's Social Care.
- The Local Government Final Settlement was also published by the Government on 7th February 2023. This resulted in some small-scale changes in the Final Settlement the Council will receive £223k more than had been estimated at the Provisional Settlement.
- The Waste Services saving of £500k has also been amended to £388k in 2023-24, following public consultation and the identification of alternative proposals, the closure of the Keighley Household Waste and Recycling centre will no longer happen.
- The overall impact of the above is an increased call on reserves to balance the budget of £11.889m to £44.299m
- Further, as a result of the increase in the size of the Council's net revenue budget, the General fund reserve will also need to be increased pro rata, so that the Council continues to hold 5% as a contingency. This will result in a £3.163m increase in the General Fund reserve, with funding to derive from other existing reserves.

3.4 The additional £11.889m of reserves that are proposed to be used to fund the budget gap in 2023-24 have derived from mitigating actions that will reduce the Councils forecast overspend in 2022-23, meaning that more reserves will be carried forward to 2023-24 than would otherwise be the case. The mitigations include applying the Minimum Revenue Provision policy change to 2022-23 (c£5m); including redistributed National Levy Account surplus from Government (c£1.1m) (notified by government on 6th February 2023), and additional Health related funding including recently announced discharge to assess grants and planned for contributions from Local health partners.

3.5 Negotiations continue with the Bradford Children's and Families Trust.

3.6 The overall budget summary position is shown at Appendix A, with further detail contained in Appendices B to J.

## 4 COUNCIL TAX IMPLICATIONS

4.1 In setting the Council Tax for 2023/24, Council will have regard to the Council Tax base approved by the Executive on 3 January 2023. The Council will also wish to note the precepts of the parish and town councils.

## 5 MATTERS RELATING TO 2022/23 FINANCIAL POSITION

5.1 The 2023/24 financial position is contingent upon the 2022/23 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 2023/24 in preparing the Final Accounts for 2022/23.

## MATTERS RELATING TO FUTURE EXTERNAL AUDIT

5.2 The External Audit contract was renewed in 2022-23, for 5 years from April 2023 through a procurement coordinated by Public Sector Audit Appointments.

## 6 RISK MANAGEMENT AND GOVERNANCE ISSUES

6.1 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.

## 7 LEGAL APPRAISAL

7.1 It is necessary to ensure that Executive have comprehensive information when considering the recommendations to make to Council on the budget for 2023/24 at their meeting on 21 February 2023. 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 21 February 2023 following their consideration on 31st January 2023 of the feedback received to date from the 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 21st February 2023 Executive meeting.

## 8 OTHER IMPLICATIONS

### 8.1 EQUALITY & DIVERSITY

8.1.1 The equality implications of the new budget proposals and the proposed amendments to previous budget decisions were highlighted in an appendix in Budget Update report presented to the meeting of Executive on 31st January 2023. The equality implications of the 2023/23 proposals previously approved by Budget Council in February 2022 were fully considered by Council at that time.

8.1.2 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 feedback received. These assessments for the 2023/24 proposals are accessible via this link:

Budget EIAs - 2023-24 | Bradford Council

The EIAs have been updated and republished for this meeting.

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.

### 8.2 SUSTAINABILITY IMPLICATIONS

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

**8.3 GREENHOUSE GAS EMISSIONS IMPACTS**

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

**8.4 COMMUNITY SAFETY IMPLICATIONS**

8.4.1 There are no direct community safety implications of new budget proposals.

**7.5 HUMAN RIGHTS ACT**

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

**8.6 TRADE UNION**

8.6.1 The feedback from the consultation programme on the Council's new budget proposals and the proposed amendments to previous budget decisions were detailed in an appendix to a report presented to the meeting of Executive on 31st January 2023. The consultation feedback on the proposals previously approved by Budget Council was fully considered by Council at that time.

**8.7 WARD IMPLICATIONS**

8.7.1 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**

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

**8.9 ISSUES ARISING FROM PRIVACY IMPACT ASSESEMENT**

None.

**9 RECOMMENDATIONS TO COUNCIL**

Executive is asked to approve the following recommendations to Council:

**9.1 REVENUE ESTIMATES 2023/24**

(a) That the Base Revenue Forecast of £453.159m for 2023/24 be approved as set out in this report.

(b) That the Existing pressures of £62.0m in 2023/24 as set out in Appendix B be approved.

(c) That the Investments previously approved of £0.5m in 2023/24 as set out in Appendix C be noted.

(d) That the Recurring investment proposals of £1.098m in 2023/24 as set out in

Appendix D be approved.

(e) That the prior agreed savings in Appendix E be noted.

(f) That New savings of £13.580m in 2023/24 as set out in Appendix F be approved.

(g) That the Capital Financing and Central budget adjustments of £22.390m in 2023/24 as set out in Appendix G be approved.

(h) That it be noted that within the revenue budget there is a net use of £44.299m in revenue reserves in 2023/24 to balance the budget as outlined in Appendix A

(i) That it is noted that £4.250m of pre-approved reserve use is required for City of Culture and a Regeneration opportunity.

(j) That £6m of reserves are earmarked to the Energy Price Volatility reserve.

(k) That £3.163m is earmarked to the General Fund Reserve balance so that it remains at 5% of the net revenue budget in line with recommended practice.

That the comments of the Director of Finance set out in the 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 (k) above be noted

**9.2 PROPOSED COUNCIL TAX 2023/24**

9.2.1 That it be noted that the projected council tax base and expenditure forecasts outlined in this report together with the 2023/24 resources and the budget variations approved in 8.1 produce a proposed Band D council tax of £1,620.98 for 2023/24.

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

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

**9.4 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.

**9.5 PREPARATION OF ACCOUNTS**

(a) That in preparing the Final Accounts for 2022/23, 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 2022/23 and 2023/24 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 2022/23.

**9.6 COUNCIL TAX REQUIREMENT 2023/24**

(a) That the council tax base figures for 2023/24 calculated by the Council at its meeting on 3rd January 2023 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 2023/24 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** | **£1,280,230,616** |
| **Income** | **£1,043,866,646** |
| **Council Tax requirement** | **£236,363,970** |
| **Council tax base** | **143,920** |
| **Basic amount of council tax** | **£1,642.33** |
| **Adjustment in respect of parish and town council precepts** | **£21.35** |
| **Basic amount excluding parish and town councils** | **£1,620.98** |

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

| Parish or Town Council Area | Local Precept £ | Council Tax Base | Parish/Town Council Tax £ | Whole Area Council Tax £ | Basic Council Tax Amount £ |
|---|---|---|---|---|---|
| Addingham | 99,749 | 1,773 | 56.26 | 1,620.98 | 1,677.24 |
| Baildon | 306,990 | 6,287 | 48.83 | 1,620.98 | 1,669.81 |
| Bingley | 238,242 | 8,589 | 27.74 | 1,620.98 | 1,648.72 |
| Burley | 264,440 | 3,005 | 88.00 | 1,620.98 | 1,708.98 |
| Clayton | 68,427 | 2,505 | 27.32 | 1,620.98 | 1,648.30 |
| Cullingworth | 45,470 | 1,322 | 34.39 | 1,620.98 | 1,655.37 |
| Denholme | 52,155 | 1,159 | 45.00 | 1,620.98 | 1,665.98 |
| Harden | 48,952 | 844 | 58.00 | 1,620.98 | 1,678.98 |
| Haworth, Crossroads and Stanbury | 106,140 | 2,384 | 44.52 | 1,620.98 | 1,665.50 |
| Ilkley | 392,902 | 7,232 | 54.33 | 1,620.98 | 1,675.31 |
| Keighley | 798,793 | 15,214 | 52.50 | 1,620.98 | 1,673.48 |
| Menston | 122,796 | 2,274 | 54.00 | 1,620.98 | 1,674.98 |
| Oxenhope | 41,960 | 1,049 | 40.00 | 1,620.98 | 1,660.98 |
| Sandy Lane | 16,100 | 875 | 18.40 | 1,620.98 | 1,639.38 |
| Shipley | 164,255 | 4,693 | 35.00 | 1,620.98 | 1,655.98 |
| Silsden | 90,250 | 3,145 | 28.70 | 1,620.98 | 1,649.68 |
| Steeton with Eastburn | 86,504 | 1,785 | 48.46 | 1,620.98 | 1,669.44 |
| Wilsden | 95,000 | 1,759 | 54.01 | 1,620.98 | 1,674.99 |
| Wrose | 33,945 | 2,190 | 15.50 | 1,620.98 | 1,636.48 |
| Total of all local precepts | 3,073,070 | 68,084 | | | |

(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** | 1,080.65 | 1,260.76 | 1,440.87 | 1,620.98 | 1,981.20 | 2,341.42 | 2,701.63 | 3,241.96 |
| **The parish and town council areas of:** | | | | | | | | |
| Addingham | 1,118.16 | 1,304.52 | 1,490.88 | 1,677.24 | 2,049.96 | 2,422.68 | 2,795.40 | 3,354.48 |
| Baildon | 1,113.21 | 1,298.74 | 1,484.28 | 1,669.81 | 2,040.88 | 2,411.95 | 2,783.02 | 3,339.62 |
| Bingley | 1,099.15 | 1,282.34 | 1,465.53 | 1,648.72 | 2,015.10 | 2,381.48 | 2,747.87 | 3,297.44 |
| Burley | 1,139.32 | 1,329.21 | 1,519.09 | 1,708.98 | 2,088.75 | 2,468.53 | 2,848.30 | 3,417.96 |
| Clayton | 1,098.87 | 1,282.01 | 1,465.16 | 1,648.30 | 2,014.59 | 2,380.88 | 2,747.17 | 3,296.60 |
| Cullingworth | 1,103.58 | 1,287.51 | 1,471.44 | 1,655.37 | 2,023.23 | 2,391.09 | 2,758.95 | 3,310.74 |
| Denholme | 1,110.65 | 1,295.76 | 1,480.87 | 1,665.98 | 2,036.20 | 2,406.42 | 2,776.63 | 3,331.96 |
| Harden | 1,119.32 | 1,305.87 | 1,492.43 | 1,678.98 | 2,052.09 | 2,425.19 | 2,798.30 | 3,357.96 |
| Haworth, Crossroads and Stanbury | 1,110.33 | 1,295.39 | 1,480.44 | 1,665.50 | 2,035.61 | 2,405.72 | 2,775.83 | 3,331.00 |
| Ilkley | 1,116.87 | 1,303.02 | 1,489.16 | 1,675.31 | 2,047.60 | 2,419.89 | 2,792.18 | 3,350.62 |
| Keighley | 1,115.65 | 1,301.60 | 1,487.54 | 1,673.48 | 2,045.36 | 2,417.25 | 2,789.13 | 3,346.96 |
| Menston | 1,116.65 | 1,302.76 | 1,488.87 | 1,674.98 | 2,047.20 | 2,419.42 | 2,791.63 | 3,349.96 |
| Oxenhope | 1,107.32 | 1,291.87 | 1,476.43 | 1,660.98 | 2,030.09 | 2,399.19 | 2,768.30 | 3,321.96 |
| Sandy Lane | 1,092.92 | 1,275.07 | 1,457.23 | 1,639.38 | 2,003.69 | 2,367.99 | 2,732.30 | 3,278.76 |
| Shipley | 1,103.99 | 1,287.98 | 1,471.98 | 1,655.98 | 2,023.98 | 2,391.97 | 2,759.97 | 3,311.96 |
| Silsden | 1,099.79 | 1,283.08 | 1,466.38 | 1,649.68 | 2,016.28 | 2,382.87 | 2,749.47 | 3,299.36 |
| Steeton with Eastburn | 1,112.96 | 1,298.45 | 1,483.95 | 1,669.44 | 2,040.43 | 2,411.41 | 2,782.40 | 3,338.88 |
| Wilsden | 1,116.66 | 1,302.77 | 1,488.88 | 1,674.99 | 2,047.21 | 2,419.43 | 2,791.65 | 3,349.98 |
| Wrose | 1,090.99 | 1,272.82 | 1,454.65 | 1,636.48 | 2,000.14 | 2,363.80 | 2,727.47 | 3,272.96 |

(f) That it be noted that for the year 2023-24 the Police and Crime Commissioner & the West Yorkshire Fire and Rescue Authority (WYFRA) have indicated the precepts as below while awaiting approval by the precepting authority.

| 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*** | | | | | | | | |
| 11,107,746 | 51.45 | 60.03 | 68.60 | 77.18 | 94.33 | 111.48 | 128.63 | 154.36 |
| **Police and Crime Commissioner for West Yorkshire*** | | | | | | | | |
| 34,005,418 | 157.52 | 183.77 | 210.03 | 236.28 | 288.79 | 341.29 | 393.80 | 472.56 |

(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 2023-24 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 | 1,289.62 | 1,504.56 | 1,719.50 | 1,934.44 | 2,364.32 | 2,794.19 | 3,224.06 | 3,868.88 |
| The parish and town council areas of: | | | | | | | | |
| Addingham | 1,327.13 | 1,548.32 | 1,769.51 | 1,990.70 | 2,433.08 | 2,875.45 | 3,317.83 | 3,981.40 |
| Baildon | 1,322.18 | 1,542.54 | 1,762.91 | 1,983.27 | 2,424.00 | 2,864.72 | 3,305.45 | 3,966.54 |
| Bingley | 1,308.12 | 1,526.14 | 1,744.16 | 1,962.18 | 2,398.22 | 2,834.25 | 3,270.30 | 3,924.36 |
| Burley | 1,348.29 | 1,573.01 | 1,797.72 | 2,022.44 | 2,471.87 | 2,921.30 | 3,370.73 | 4,044.88 |
| Clayton | 1,307.84 | 1,525.81 | 1,743.79 | 1,961.76 | 2,397.71 | 2,833.65 | 3,269.60 | 3,923.52 |
| Cullingworth | 1,312.55 | 1,531.31 | 1,750.07 | 1,968.83 | 2,406.35 | 2,843.86 | 3,281.38 | 3,937.66 |
| Denholme | 1,319.62 | 1,539.56 | 1,759.50 | 1,979.44 | 2,419.32 | 2,859.19 | 3,299.06 | 3,958.88 |
| Harden | 1,328.29 | 1,549.67 | 1,771.06 | 1,992.44 | 2,435.21 | 2,877.96 | 3,320.73 | 3,984.88 |
| Haworth, Crossroads and Stanbury | 1,319.30 | 1,539.19 | 1,759.07 | 1,978.96 | 2,418.73 | 2,858.49 | 3,298.26 | 3,957.92 |
| Ilkley | 1,325.84 | 1,546.82 | 1,767.79 | 1,988.77 | 2,430.72 | 2,872.66 | 3,314.61 | 3,977.54 |
| Keighley | 1,324.62 | 1,545.40 | 1,766.17 | 1,986.94 | 2,428.48 | 2,870.02 | 3,311.56 | 3,973.88 |
| Menston | 1,325.62 | 1,546.56 | 1,767.50 | 1,988.44 | 2,430.32 | 2,872.19 | 3,314.06 | 3,976.88 |
| Oxenhope | 1,316.29 | 1,535.67 | 1,755.06 | 1,974.44 | 2,413.21 | 2,851.96 | 3,290.73 | 3,948.88 |
| Sandy Lane | 1,301.89 | 1,518.87 | 1,735.86 | 1,952.84 | 2,386.81 | 2,820.76 | 3,254.73 | 3,905.68 |
| Shipley | 1,312.96 | 1,531.78 | 1,750.61 | 1,969.44 | 2,407.10 | 2,844.74 | 3,282.40 | 3,938.88 |
| Silsden | 1,308.76 | 1,526.88 | 1,745.01 | 1,963.14 | 2,399.40 | 2,835.64 | 3,271.90 | 3,926.28 |
| Steeton with Eastburn | 1,321.93 | 1,542.25 | 1,762.58 | 1,982.90 | 2,423.55 | 2,864.18 | 3,304.83 | 3,965.80 |
| Wilsden | 1,325.63 | 1,546.57 | 1,767.51 | 1,988.45 | 2,430.33 | 2,872.20 | 3,314.08 | 3,976.90 |
| Wrose | 1,299.96 | 1,516.62 | 1,733.28 | 1,949.94 | 2,383.26 | 2,816.57 | 3,249.90 | 3,899.88 |

(h) That Council notes the movement in Band D equivalent charges for 2023-24 over 2022-23 as set out in the table below.

| | Council Tax 2023-24<br>Band D Equivalent | Council Tax 2022-23<br>Band D Equivalent | Percentage change |
|---|---|---|---|
| **Bradford Metropolitan District Council** | **1,620.98** | **1,543.93** | **4.99%** |
| **West Yorkshire Fire and Rescue Authority *** | **77.18** | **72.18** | **6.93%** |
| **West Yorkshire Police Authority *** | **236.28** | **221.28** | **6.78%** |
| **Local (Parish Council) Precepts:** | | | |
| **Addingham** | **56.26** | **56.26** | **0.0%** |
| **Baildon** | **48.83** | **48.83** | **0.0%** |
| **Bingley** | **27.74** | **27.79** | **-0.2%** |
| **Burley** | **88.00** | **85.00** | **3.5%** |
| **Clayton** | **27.32** | **27.59** | **-1.0%** |
| **Cullingworth** | **34.39** | **34.62** | **-0.7%** |
| **Denholme** | **45.00** | **52.00** | **-13.5%** |
| **Harden** | **58.00** | **46.00** | **26.1%** |
| **Haworth etc** | **44.52** | **45.03** | **-1.1%** |
| **Ilkley** | **54.33** | **47.11** | **15.3%** |
| **Keighley** | **52.50** | **48.11** | **9.1%** |
| **Menston** | **54.00** | **54.00** | **0.0%** |
| **Oxenhope** | **40.00** | **35.00** | **14.3%** |
| **Sandy Lane** | **18.40** | **18.00** | **2.2%** |
| **Shipley** | **35.00** | **31.68** | **10.5%** |
| **Silsden** | **28.70** | **21.07** | **36.2%** |
| **Steeton/ Eastburn** | **48.46** | **45.70** | **6.0%** |
| **Wilsden** | **54.01** | **51.25** | **5.4%** |
| **Wrose** | **15.50** | **14.50** | **6.9%** |

***Provisional figures**

## BACKGROUND DOCUMENTS

Executive reports

- 21st February 2023: 2023-24 Budget Proposals and Forecast Reserves – S151 Officer Assessment
- 31st January 2023: 2023-24 Budget Update Report and Addendum
- 31st January 2023: Qtr 3 Finance Position Statement 2022-23
- 3rd January 2023: Calculation of Bradford's Council Tax Base and Business Rates Base for 2023-24
- 14th December 2022 Proposed Financial Plan and Budget proposals for 2023-24

## 10 APPENDICES

10.1 Appendix A: Council Cumulative Budget 2023/24

10.2 Appendix B – Existing pressures for consultation until 25th January 2023

10.3 Appendix C: Schedule of agreed recurring investments previously consulted on (for reference only)

10.4 Appendix D: Recurring investment proposals which are open for consultation until 25th January 2023

10.5 Appendix E: Schedule of agreed savings previously consulted on (for reference only)

10.6 Appendix F: Schedule of proposed savings open for Consultation until 25 January 2023

10.7 Appendix G: Financing and central budget adjustments (for reference only)

10.8 Appendix H: Time limited investments previously approved by Full Council (For reference only)

10.9 Appendix I: Proposed Used of Reserves

10.10 Appendix J: Proposed Earmarking of Reserves

## COUNCIL CUMULATIVE BUDGET 2023/24

### SUMMARY OF FINANCIAL IMPLICATIONS

| Cumulative gap £000s | 2023/24 Budget Proposals Addendum 31st Jan 2023 £000s | Difference £000s | 2023/24 Revenue Estimates 21st Feb 2023 £000s |
|---|---|---|---|
| 2022/23 Base Budget | 388,456 | | 388,456 |
| Existing Pressures in Children's & Adults Care (App B) | 50,000 | 12,000 | 62,000 |
| Investments previously approved (App C) | 500 | | 500 |
| Recurring Investments (App D) | 1,098 | | 1,098 |
| Inflation | 58,450 | | 58,450 |
| Demographic Growth | 2,713 | | 2,713 |
| Funding Changes | (21,914) | (223) | (22,137) |
| Base Net Expenditure Requirement | 479,302 | 11,777 | 491,079 |
| Reversal of One-Off investments | (1,600) | | (1,600) |
| Existing approved savings (App E) | (350) | | (350) |
| New Savings for consultation (App F) | (13,692) | 112 | (13,580) |
| Capital financing & central budget adjustments (App G) | (22,390) | | (22,390) |
| **Net Expenditure Requirement** | 441,270 | 11,889 | 453,159 |
| **RESOURCES** | | | |
| Localised Business Rates (BR) | (58,249) | | (58,249) |
| BR Coll Fund deficit from 2022-23 | 2,067 | | 2,067 |
| Top Up Business Rates Grant | (74,971) | | (74,971) |
| Revenue Support Grant | (40,304) | | (40,304) |
| Council Tax Income | (233,290) | | (233,290) |
| CT Coll Fund deficit from 2022-23 | 138 | | 138 |
| Pre agreed Use of reserves (App H) | (4,250) | | (4,250) |
| Dept of Place reserve use (App I) | (2,000) | | (2,000) |
| Use of reserves to balance the budget (App I) | (30,410) | (11,889) | (42,299) |
| **Total resources** | **(441,270)** | | **(453,159)** |

## Appendix B – Existing pressures for consultation until 25th January 2023

Appendix Costs and Savings are shown for both 2023-24 and 2024-25 in comparison to the 2022-23 Budget

| Existing Pressures for consultation | | 2023-24 |
|---|---|---|
| | | £'000 |
| | Children's Social Care Pressures | 57,000 |
| | Adults Social Care Pressures – part reversal of prior Demand Management Saving | 5,000 |
| | Total | 62,000 |

## Appendix C - Schedule of agreed recurring investments previously consulted on (for reference only)

| Recurring Investments for 2023-24 previously consulted on (For reference only) | | 2023-24 | 2024-25 |
|---|---|---|---|
| | | £'000 | £'000 |
| HWR8.1 | Adults Commissioning Team expansion (£500k increase in each year for 3 years from 2021-22 as previously planned) | 500 | 500 |
| | Total | 500 | 500 |

## Appendix D - Recurring investment proposals which are open for consultation until 25th January 2023

| Proposed Recurring Investments for 2023-24 - for consultation | | 2023-24 | 2024-25 |
|---|---|---|---|
| | | £'000 | £'000 |
| | SEND Improvement Plan - Additional investment in SEND in line with improvement plan | 700 | 700 |
| | Environmental Health – Support recruitment to enable the Council to meet its statutory requirements and meet demand generated through City of Culture | 268 | 268 |
| | Digital Autopsy Scanner - investment in the digital autopsy (non-invasive post mortem) service | 72 | 72 |
| | Share of Mortuary Staffing Costs - required to address a shortfall identified following inspection from HTA (Regulator). | 58 | 58 |
| | Total | 1,098 | 1,098 |

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

| Recurring Savings for 2022-23 previously consulted on (For reference only) | | 2023-24 | 2024-25 |
|---|---|---|---|
| | | £'000 | £'000 |
| 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'. | (350) | (350) |
| | Total | (350) | (350) |

## Appendix F- Schedule of proposed savings open for Consultation until 25 January 2023

| Savings proposals | | 2023-24 | 2024-25 |
|---|---|---|---|
| | | £'000 | £'000 |
| CH6 | Aspiration Bradford – cease service | (140) | (140) |
| CH8 | Child Friendly City – Reduce Costs | (35) | (35) |
| CR25 | Digital Mailroom - Reduce outgoing mail and printing costs | (75) | (75) |

| | | | |
|---|---|---|---|
| CR4 | Vacancy Review & Abatement Factor – keep vacant posts unfilled for longer. | (10,000) | (10,000) |
| CR6 | Estates - Closure of Argus and MMT 23-24. Closure of Britannia and additional sites 24-25. | (279) | (840) |
| CR8 | IT Programme – Implement IT strategy; initial savings identified | (350) | (350) |
| HW7 | Charging Adult Social Care Self Funders full costs – This is being separately consulted on. | (1,250) | (1,250) |
| R40 | Car Parking - Implement consistent parking regime | (218) | (308) |
| R52 | PTH Improvement Plan implementation | (320) | (420) |
| R54 | CCTV commercialisation - Opportunities for CCTV commercialisation. Historic business case to be reassessed to determine viability and options. | (25) | (25) |
| R71 | Fleet Review: Transformation programme Looking at Fleet efficiencies that includes reducing Grey Fleet, centralising budgets, reducing the use and costs of hire vehicles, value for money planned vehicle replacement plans. | (500) | (700) |
| R41 | Waste Review - Development of Mechanical Recycling Facility (pending government consultation), review of food waste, recycling processing, consistent collections, fuel, re-routing of rounds and some reduced weekend opening hours at all HWRCs. | **(388)** | **(776)** |
| | Total | (13,580) | (14,919) |

## Appendix G – Financing and central budget adjustments (for reference only)

| Financing and Central budget adjustments (For reference only) | | 2023-24 | 2024-25 |
|---|---|---|---|
| | | £'000 | £'000 |
| CR10 | Capitalisation: Impact of recent Executive decision to fund Directly Financed Capital Expenditure through borrowing instead. | (900) | (900) |
| CR12 | Flexible use of capital receipts – apply to use Capital receipts flexibilities to fund transformation and other qualifying revenue expenditure. | (2,000) | (2,000) |
| CR13 | MRP (Minimal Revenue Position) review - Change policy to annuity method from straight line. | (5,000) | (1,000) |
| CR5 | Capitalisation: capitalise project manager and other support service costs currently funded by revenue budgets in line with Executive approval in 2022-23 | (1,000) | (1,000) |
| R56 | Clean Air Zone Funding – Opportunities for reinvestment in activities supporting clean transport, improved air and environmental quality | (3,000) | (3,000) |
| R59 | Maximise funding from devolution. | (640) | (640) |
| CH9 | Increase Dedicated Schools Grant Early Years Block contribution | (350) | (350) |
| CH1 | Health Investment – Seek contributions for CHC and shared funding commitments for Children's Social Care. | (6,000) | (6,000) |
| R78 | UK Shared Prosperity Fund - Management Fee to be used to cover existing staff costs | (100) | (100) |
| R53 | Housing Revenue Account Implementation in line with prior Executive approval – Saving on General Fund Minimum Revenue Provision for prior Housing related capital expenditure. | (500) | (500) |
| CR28 | Pension Pre Payment - pay annual pension contributions to West Yorkshire Pension Fund on day 1 of financial year rather than in monthly instalments. | (500) | (500) |
| CR30 | Reduce employers pension contribution rate in line with WYPF requirements. | (400) | (852) |
| CR31 | Reduce Corporate Contingency revenue budget from £3.0m to £1.0m. | (2,000) | (2,000) |
| | Total | (22,390) | (18,842) |

## Appendix H – Time limited investments previously approved by Full Council (For reference only)

| Time limited Investments (for reference only) | 2023-24 | 2024-25 |
|---|---|---|

| | | | |
|---|---|---|---|
| | | | |
| | | £’000 | £’000 |
| | City of Culture – previously approved by Full Council | 3,000 | 3,000 |
| | Regeneration Opportunity – previously approved by Full Council | 1,250 | 0 |

## Appendix I Proposed Use of Reserves

The reserves that are proposed to be used to fund the remaining budget gap pending are outlined below

| Reserve drawdown | | 2023-24 |
|---|---|---|
| | | £’000 |
| | Financing Reserve | 42,299 |
| | Dept of Place Reserves | 2,000 |

## Appendix J Proposed Earmarking of Reserves

In addition to the reserves used to balance the budget, it is also recommended to earmark £6m into the Energy Price Volatility Reserve to cover the risk of energy prices remaining high.

Further, as a result of the increase in the Net budget, the General fund reserve will also need to be increased pro rata by £3.163m, so that the Council remains in line with recommended practice of holding 5% of the net budget as General Fund reserves.

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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 21 February 2023 and Council to be held on 23 February 2023.

**AV**

**Subject:**

**Allocation of the Schools Budget 2023/24 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 2023/24 and subsequent recommendation to Full Council.**

**EQUALITY & DIVERSITY:**

The Schools Budget proposed for 2023/24 is put forward to retain a significant amount of continuity on current practice, Dedicated Schools Grant distribution and formula funding policy and methodology. In addition to the summarised equalities impact assessment, which is presented at Appendix 1, a fuller assessment of our formula funding proposals was included in each of the consultation documents that were published in the autumn (please see the links to these in the background documents section of this report).

Chris Kinsella
Director of Finance

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

**Portfolio: Leader of Council**

**Overview & Scrutiny Area: Corporate**

## 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 2023/24 financial year. The proposed Schools Budget incorporates the decisions and recommendations that were made by the Schools Forum on 11 January 2023.

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

- The recommended Capital Investment Plan (Document AW)
- The Revenue Estimates (Document AU)

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 2023/24, 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 maintained 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’s decision making powers include:

- 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 within the Schools Block.
- Changes to the Scheme of financial management that governs maintained schools.

One of the primary functions of the Schools Forum is to recommend to the Local

Authority how the funding, which the Government provides for maintained schools and academies and for individual pupils through the Dedicated Schools Grant (DSG), is managed.

2.2 Following the Government's 'National Funding Formula' reforms, which began at April 2018, the Dedicated Schools Grant (DSG) in 2023/24 continues to be constructed in four blocks – Schools Block, High Needs Block, Early Years Block, and Central Schools Services Block - with each block having a 'National Formula' basis. The movement to National Funding Formula is accompanied by transitional arrangements, and all four DSG blocks continue to include protections. However, as in 2022/23, these arrangements have been adjusted by the Government's 2023/24 settlement, which was confirmed on 16 December 2023.

As a result of the additional £2bn for the national schools budget, that was announced by the Chancellor within the 17 November 2022 Autumn statement:

a) A new grant has been introduced for the 2023/24 financial year for primary and secondary mainstream schools and academies, known as the 'Mainstream Schools Additional Grant (MSAG)'. The MSAG is non-ring-fenced funding, additional to the Dedicated Schools Grant, that is allocated directly to schools and academies to support costs, including energy costs. The Government's energy costs protection scheme, that has been in place for schools and academies during 2022/23, will reduce in scale from the end of March 2023. It is estimated that Bradford will receive £17m through the MSAG in 2023/24, and, on average (nationally), MSAG is worth an additional 3.4% in funding per pupil.

b) An additional £400m of High Needs Block funding has been allocated to local authorities. Bradford's share is £4.76m. This is allocated into our High Needs Block, mostly for us to use according to local circumstances and pressures. An additional Condition of Grant however, has been established, the purpose of which is to require authorities to pass through to Special Schools, Special School Academies, PRUs and Alternative Provision Academies an additional 3.4% in funding per place. Incorporating the additional £4.76m, Bradford's High Needs Block has increased by £11.70m (11.1%) in cash budget terms on 2022/23. As a consequence of this, as well as of the surplus balance that is forecasted to be retained within the High Needs Block at 31 March 2023, it is not proposed to transfer monies out of the Schools Block in support of high needs pressures in 2023/24.

2.3 Regarding the High Needs Block, the proposed 2023/24 budget that is set out in this report continues to incorporate our responses to the growth in the needs of children and young people. Bradford District has experienced a significant increase in demand for Special Educational Needs and Disabilities (SEND) provision. For example, the total number of Education, Health and Care Plans (EHCPs) for 0-25 year olds across the Bradford District was recorded as 5,452 in November 2022. This has increased from 4,915 in November 2021 (+11%). Requests for EHCP assessments have risen from 813, between October 2019 and October 2020, to 1,322, between September 2021 and September 2022. Despite these increases, our overall proportion of children and young people with EHCPs (3.6%), recorded at January 2022, remains lower than the national average (4.0%). This is suggestive that there is still more growth in our EHCPs to come, and with the potential for our future annual growth rate to be higher than national averages.

The Local Authority has created a significant number of additional specialist places across the District in response to the continuing growth in the numbers of children and young people requiring specialist provision. The planned budget for 2023/24 incorporates revenue funding for the continued development of specialist SEND places. Our forecast indicates that we need to develop an additional 100 to 120 specialist places in both the 2022/23 and 2023/24 academic years. Going forward, the Authority has also applied to the DfE for a special school free school, and is currently waiting to hear whether we have been successful.

2.4 We propose to allocate £6.998m of the £35.665m DSG reserves to the 2023/24 planned budget. £4.200m of this within the High Needs Block. Bradford's Dedicated Schools Grant account is not forecasted to be cumulatively in deficit at either 31 March 2023 or 31 March 2024. Our forecast does currently identify however, that there is clear risk of a cumulative deficit building within our High Needs Block by the end of the 2025/26 financial year, as a result of recurrent structural in-year over spending. The risk of cumulative deficit by the end of the 2026/27 financial year is then high. Continued substantial growth in spending in four areas – specialist places, independent and non-maintained placements, children and young people with EHCPs in mainstream schools and academies, students with EHCPs in post-16 provision – mostly explains the downturn in our forecasted High Needs Block position. Whilst our forecast contains many estimates, and uncertainties, it identifies at this time that mitigating action will be needed in order to prevent the accrual of a deficit balance. This will be a piece of work that the Authority will discuss with the Schools Forum during 2023. In forecasting future year spending, we are conscious of four uncertainties, in particular, that may substantially alter (increase, as well as decrease) the pressure on our High Needs Block. These require close monitoring:

a) Whether we are successful in our bid for a Special School Free School.

b) The outcomes of the current national reviews on SEND, EHCP and Alternative Provision systems and funding (the SEND Green Paper that was published in March 2022). It is likely that national changes will alter the cost base that our High Needs Block will need to manage.

c) The rate of continuing growth in the number of children and young people with EHCPs in Bradford, including the number that will require specialist provisions, as well as high cost independent provisions, in the context of wider demographic changes. We are currently experiencing significant growth in these numbers, but for how long will growth (at this rate) continue?

d) Whether the annual increases in High Needs Block funding allocated by the DfE will keep pace with increasing costs.

2.5 Regarding the Schools Block, the Government has re-affirmed its intention to implement a 'hard' National Funding Formula for mainstream primary and secondary maintained schools and academies. Further transition has been directed for 2023/24. The DfE's stated aim is for the National Funding Formula to be fully implemented by 2027/28, at the latest. Although local responsibility is expected to be retained for the High Needs Block, Early Years Block and Central Schools Services Block, at the point the National Funding Formula is implemented, mainstream Schools Block primary and secondary funding formula is expected to be calculated nationally and only 'pass ported' by the Authority to schools. However, the Authority continues in 2023/24 to have responsibility for deciding all formula funding arrangements locally, within tight regulations.

2.6 Given this direction of travel, a key decision for all authorities recently has been whether to adopt locally the Government's National Funding Formula for the allocation of the Schools Block to mainstream primary and secondary maintained schools and academies. Council took this decision at April 2018 and the Schools Block recommendations for 2023/24 are put forward to ensure that we continue to fully mirror the Government's National Funding Formula as this annually incrementally develops.

The Government's 2023/24 Schools Block primary and secondary mainstream National Funding Formula (NFF) provides for a 'headline' increase in funding per pupil nationally of 1.9%, before the new Mainstream Schools Additional Grant is allocated directly to schools / academies. By comparison, the headline per pupil increase in the NFF in 2022/23 was 3.0%, before the allocation of the Schools Supplementary Grant. The 1.9% in 2023/24 is not allocated equally across factors, and is weighted towards additional educational needs. For example, the base funding per pupil factor for all schools / academies has increased by 2.4%, whereas the deprivation factors have increased by 4.3%. This weights the 2023/24 settlement towards local authorities, and towards schools and academies, with higher levels of deprivation. The primary-phase mean average change in formula funding per pupil in Bradford in 2023/24 is positive 2.1%. The secondary-phase mean average change is positive 2.3%. The all-through academy mean average change is positive 3.0%. These averages are higher than the 'headline' of 1.9%.

As in previous years however, maintained primary and secondary schools and academies will not uniformly receive the same percentage increases in per pupil funding. Increases will depend on levels of deprivation, but also on changes in pupil circumstances data, in pupil numbers, and significantly on the school's / academy's relationships to both the Minimum Funding Guarantee (MFG) and to the Government's mandatory minimum per pupil funding levels (MFL):

a) The Minimum Funding Guarantee (MFG) for primary and secondary maintained schools and academies is proposed to be set at positive 0.5% in 2023/24, meaning all schools / academies will receive a minimum 0.5% increase in per pupil funding, using the DfE's prescribed methodology. 0.5% is the maximum MFG that is permitted by the Regulations.

b) A significant element of the Government's National Funding Formula for mainstream primary and secondary maintained schools and academies is the requirement that all primary maintained schools and academies receive a minimum of £4,405, and all secondary maintained schools and academies a minimum of £5,715, per pupil. These minimums (MFL) for both phases have been increased by 0.5% on the equivalent minimums that were in place in 2022/23.

c) 41% of Bradford's schools and academies will be funded on either the MFG or the MFL; 45% of the primary-phase and 16% of the secondary-phase.

Increases in cash allocations (rather than in per pupil values) of formula funding, for individual maintained schools and academies, will be affected by changes in the numbers of pupils recorded on roll at October 2022, compared with October 2021. The number of pupils recorded in mainstream secondary-phase maintained schools and academies continues to increase, with 436 (+1.2%) more pupils recorded at October 2022. This is the continuation of the school population bulge, which began some time ago in the primary-phase. As a result of more recent demographic trends, the number of pupils recorded in mainstream primary-phase maintained schools and academies continues to reduce, with 465 (-0.9%) fewer pupils recorded at October 2022. This reduction is forecasted to continue in the medium term and, as a result, formula funding levels in the primary-phase are also forecasted to continue to reduce. Pupil numbers in the secondary-phase are forecasted to flatten, before then beginning to reduce in future years.

2.7 In recent years, the increases that have been allocated to the Early Years Block by the Government's national settlements have generally been low, and lower than the settlements received for primary and secondary maintained schools and academies. The most recent 2022/23 settlement however, was improved - Bradford's rate of funding from Government for the 3&4-year-old entitlements was increased by + 3.62% and our rate of funding for the 2-year-old entitlement was increased by + 3.92%.

However, Bradford's Early Years Block settlement for the 2023/24 financial year is again low. Bradford's rate of funding for the 3&4-year-old entitlements is increased from £4.86 to £5.05 per hour. Although this represents an increase of + 3.91% (+ £0.19), £0.14 of this increase relates purely to the transfer of the school-led Teacher Pay and Pensions Grants into the Early Years Block, which is not 'new money' into the District. Adjusting for this, our equivalent funding rate has increased by only 1.03%. Bradford's rate of funding from the DfE for the 2-year-old entitlement is increased from £5.57 to £5.63 per hour, which represents an increase of only + 1.08%. This 1% settlement comes at a time when costs for providers – especially pay and energy costs - have significantly increased. This 1% settlement immediately restricts the flexibility that the Authority has to increase our provider funding rates to respond to cost pressures. As such, we anticipate that the 2023/24 settlement will produce a very challenging financial environment for early years' providers in Bradford.

The financial issues for our Early Years Block, that were created by the 2017 national reforms, are also still present. In addition, the DfE published a consultation in July 2022, which principally focused on the national distribution of Early Years Block funding. The DfE explained that the underlying data that forms the basis of the current distribution between local authorities has not been updated for some time. The DfE proposed, and has subsequently agreed, to correct this. Updating the data produces swings in funding levels. The DfE is managing this by using 'floors and ceilings'; with a floor of 1% (meaning that no local authority's funding rates, both for the 2-year-old entitlement as well as for the 3&4-year-old entitlement, will increase by lower than 1% in 2023/24). Bradford's settlement is on this 1% floor.

A matter of uncertainty for the Early Years Block has been the settlement for maintained nursery schools. Bradford receives a discrete sum (a 'supplement'), which is used to protect our seven 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 viable in their current forms. The DfE has confirmed the continuation of this supplement for the 2023/24 and 2024/25 financial years, which is a positive step. The DfE has also stated that it remains committed to supporting nursery schools going forward.

For important wider context, in relation to overall sector financial pressures, as outlined in paragraph 2.6 for the primary-phase, demographic trends are reducing the numbers of early years children across the District. As a result, the total value of funding that will be allocated to early years entitlement providers is expected to continue to reduce in 2023/24.

2.8 Reports to Council on the Schools Budget, that were presented prior to the 2020/21 financial year, recurrently highlighted the extent to which increases in DSG funding were assessed to be insufficient to match growth in costs, especially in salaries, leading to maintained schools, academies and other providers being required to deliver structural budget savings. The increases in DSG funding that were provided by the 2020/21, 2021/22 and 2022/23 settlements however, were substantially improved, and the messages that we highlighted in the Schools Budget reports to Council over this period changed to reflect this.

There is consolidated, as well as further, improvement in the 2023/24 DSG school funding settlement, as amended by the 17 November 2022 Autumn Statement. To summarise the main features of this improvement for Bradford:

- Whilst only increasing by 0.5% in 2023/24, mainstream primary and secondary maintained schools and academies, that are now funded on the DfE's mandatory minimums (MFL), have seen significant growth in their funding levels since 2019/20, which has now been consolidated.

- The vast majority of mainstream secondary schools and academies, and more than 70% of mainstream primary schools and academies, are funded in 2023/24 above the Minimum Funding Guarantee. The Schools Block National Funding Formula in 2023/24 has been weighted towards additional educational needs factors, and the Bradford District overall has benefited from this. The increases in per pupil funding for our primary-phase range between the MFG / MFL and 6.2% and, for our secondary-phase, between the MFG / MFL and 4.2%. Following the collection of updated pupil circumstances data, funding for individual schools and academies has responded again to increases in Free Schools Meals numbers, meaning that more funding is allocated in 2023/24 in support of this pupil-led need. Pupil Premium Grant allocations will also increase in response to this, and the DfE is increasing Pupil Premium Grant factor values by 5.0%.

- The additional funding from the Schools Supplementary Grant, which was allocated in 2022/23, has been added as a permanent on-going funding stream within the Schools Block National Funding Formula and within the High Needs Block. This is despite the cessation of the National Insurance Social Care / NHS Levy, which the Supplementary Grant was introduced in part to support. Mainstream primary and secondary maintained schools and academies will also now receive the Mainstream Schools Additional Grant (MSAG), which on average will be worth an extra 3.4% per pupil in 2023/24. The Government's energy cost protection scheme, though reducing in scale and scope, is continuing, and some schools will continue to benefit from this.

- The COVID-19 pandemic grants – the Recovery Premium and the National Tutoring Programme – continue for the 2022/23 and 2023/24 academic years (though the subsidy of the cost of tutoring provided by the grants is reduced).

- Bradford has received in 2023/24 a fourth year of significant High Needs Block cash budget increase. Through our Banded Model, we are proposing to continue to increase the value of top-up funding that is allocated to schools, academies and providers in support of Education Health and Care Plans (EHCPs). Under our proposals, the funding received by special schools and special school academies will exceed the requirements of the DfE's 3% Minimum Funding Guarantee. The uplifts in 2023/24 should be viewed in the context of the very significant increases that have been applied in 2020/21, 2021/22 and in 2022/23. The uplifts should also be viewed in the context of the Authority's prioritisation of the expansion of specialist places capacity (securing appropriate provision for high needs pupils) and of meeting the cost of the growth in the numbers of children and young people in Bradford with EHCPs. As a result of the DfE's new Condition of Grant, Special Schools, Special School Academies, PRUs and Alternative Provision Academies will receive + 3.4% in funding per place from the High Needs Block in 2023/24, in addition to place-element and top-up funding increases.

- The historic higher funding levels of maintained nursery schools are secured for 2023/24 via the DfE's continuation of the Maintained Nursery School Supplement within the Early Years Block. Our proposals for the Early Years Single Funding Formula mean that the former school-led Teacher Pension Grant continues to be allocated to schools and academies.

However, the scale of the growth in costs that schools, academies and other providers, including early years providers, in Bradford are absorbing – from inflation and from pay – has created a very challenging financial environment, which is expected to continue in 2023/24. The health of the budgets of individual schools, academies, and other providers will be additionally affected by variable factors. In terms of general, as well as specific variable, pressure points for Bradford in 2023/24, we highlight that:

- The Government's Early Years Block settlement for Bradford, at 1% in 2023/24, will mean that our Early Years Single Funding Formula will not keep pace on a like-for-like basis with the salaries increases, and increases in the prices of goods and services, that early years providers will need to continue to meet in 2023/24. In particular, the National Living Wage is increasing by 9.7% at April 2023. A further specific point to highlight is that early years providers will not receive the Government's Mainstream Schools Additional Grant.

- Mainstream primary and secondary schools and academies, that are funded on either the Minimum Funding Guarantee or the Minimum Funding Level, will see only a 0.5% increase in their core formula funding per pupil, prior to the addition of the Mainstream Schools Additional Grant. This level of increase is very unlikely to keep pace with the salaries, and other inflationary cost, increases that these schools and academies will need to meet in 2023/24.

- Locally, all education budgets will still be required to fully absorb the impact of pay awards, incorporating the teacher pay award, the officer (NJC) pay award, the increase in the National Living Wage and employer contributions to staff pension costs. Salaries increases in 2023/24 will need to be met, in addition to education budgets having already absorbed a higher than planned for, and higher than DfE initially recommended (as affordable), teacher pay award at September 2022, and a substantial officer (NJC) pay award at April 2022. National decisions on pay awards to come will have a direct impact on the health of education budgets in 2023/24.

- Whilst mainstream primary and secondary schools and academies will receive the Mainstream Schools Additional Grant, this Grant is allocated at the same time that the Government's energy costs protection scheme will reduce in scale and scope. It is likely therefore, for many schools, that the MSAG may simply replace existing energy cost support, rather than the MSAG representing new funding to support growing pressures within school and academy budgets.

- Demographic trends are reducing the numbers of early years children and primary-phase pupils across the District. The cash funding that some primary schools, primary academies and early years providers receive will reduce, which will require structural spending adjustments, at the same time as increased costs are absorbed.

- The COVID-19 pandemic continues to have implications for the budgets of schools, academies and other providers, especially because of additional expenditure that is being incurred, including in support of education recovery as well as absence cover. Feedback to the Authority has indicated that early years providers generally now hold lower levels of business reserves than they did pre-pandemic. The reserves that are held by maintained schools, on current forecasts, are also expected to have substantially reduced during 2022/23, in particular as a result of the 2022 pay awards.

- Schools, academies and other providers, in their management of their delegated funds, continue to need to take prudent decisions understanding that there is uncertainty for the near-future. This includes uncertainty regarding funding increases from April 2024, pay awards in 2023/24, and the financial implications of the major national SEND and Alternative Provision reviews.

2.9 In summary, Bradford has received in 2023/24, compared against 2022/23:

- An additional £25.01m within the Schools Block (+ 5.2%). Of this increase, £13.90m relates to the transfer of the Schools Supplementary Grant into the Schools Block, leaving £11.11m, which is actually new funding. The majority of this growth comes from the increase provided by the National Funding Formula-led settlement. £0.89m comes from the increase (RPIX) in PFI (Building Schools for the Future) funding.

- An additional £11.70m within the High Needs Block (+ 11.1%). £6.94m comes from the Government's uplift of its National Funding Formula. £4.76m comes from the additional funding that has been allocated following the 17 November Autumn Statement.

- An additional £1.63m within the Early Years Block (+ 3.90%). Of this increase however, £1.11m relates to the transfer of the former Teacher Pay and Pensions Grants into the Early Years Block, which is not new funding. This leaves £0.52m, which is actually new. This growth in funding is estimated on the entitlement numbers that are used by the DfE in 2022/23. Actual cash growth will be affected by changes in our entitlement delivery that will be recorded during 2023/24. Our estimate of the Early Years Block includes the continuation of the Maintained Nursery School Supplement, at £1.23m.

- An additional £0.03m within the Central Schools Services Block (+ 0.8%). This increase comes from the Government's uplift of its National Funding Formula, which is partially offset by the reduction in funding for our historic commitments.

2.10 The total estimated value of Dedicated Schools Grant (DSG) available for distribution in 2023/24 is £708.868m, which includes a forecasted cumulative value of under-spend (one off carry forward balance / reserve) up to 31 March 2023 of £35.665m (5%). 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 2023/24 | £43.371 | £509.390 | £116.884 | £3.559 | £673.203 |
| Estimated DSG B'fwd from 2022/23 | £4.211 | £5.343 | £25.830 | £0.281 | £35.665 |
| **Total Estimated DSG (Schools Budget) 2023/24** | **£47.582** | **£514.732** | **£142.714** | **£3.840** | **£708.868** |
| Delegated to Schools / Providers | £42.103 | £507.842 | £108.163 | £0.000 | £658.108 |
| Non-Delegated Items | £1.268 | £1.547 | £8.721 | £3.559 | £15.095 |
| Allocation of One Off | £0.957 | £1.787 | £4.200 | £0.054 | £6.998 |
| **Total Funding Allocated** | **£44.328** | **£511.177** | **£121.084** | **£3.612** | **£680.202** |
| **Difference (C'Fwd)** | **£3.254** | **£3.556** | **£21.630** | **£0.227** | **£28.667** |

*Please note due to the rounding of figures in this display, the total may not add up exactly*

2.11 Elected Members are asked to consider and to approve the 2023/24 Schools Budget, as proposed in this report. This proposed Schools Budget incorporates the decisions and recommendations that were made by the Schools Forum on 11 January 2023.

Should Elected 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 2023/24

| | |
|---|---|
| | **(£000)** |
| **Total Estimated DSG (Schools Budget) Available 2023/24** | **£673,203** |

### 3.1 The Schools Block **£509,390**

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

For 2023/24, the Schools Block is calculated on National Funding Formula-based primary and secondary per pupil values x October 2022 census pupil numbers, plus additional defined cash allocations. Bradford's primary phase amount per pupil (£app) is £4,929 (+4.80% on 2022/23); our secondary phase £app is £6,551 (+5.49% on 2022/23). These values have been derived by the DfE through the amalgamation of the allocations that individual maintained schools and academies in Bradford would receive via the National Funding Formula and following the application of minimum floors. The 2023/24 values include the transfer of the Schools Supplementary Grant into the Schools Block. Additional cash allocations total £13.70m, for Business Rates (£3.74m), Split Sites (£0.43m), PFI (£7.71m) and Pupil Numbers Growth (£1.82m).

Please note that the funding associated with the delegated budgets of academies is 'top sliced' from this Block so that academies can be funded directly by the Education & Skills Funding Agency.

### 3.2 The High Needs Block **£116,884**

This Block funds resources for pupils in mainstream schools and academies with Special Educational Needs & Disabilities (with Education Health and Care Plans), delegated budgets for Special Schools and Special School Academies, Pupil Referral Units and Alternative Provision Academies, and resourced provisions within mainstream maintained schools and academies. 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 SEND mainstream school teaching support services, Education in Hospital provision and home tuition (medical needs). It also includes 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 special school academies (including independent special schools), plus 50% of the value of our High Needs Block actual spending as it was in 2017/18, plus an allocation using the National Funding Formula, which is based on population, deprivation and other needs-led data. The Authority then also receives an allocation of £2.19m 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. Finally, an adjustment is made to recognise the cross border movement of children between authority areas.

In addition to the High Needs Block settlement, which was previously announced in summer 2022, the DfE has uplifted Bradford's 2023/24 High Needs Block allocation by a further £4.76m, following the Chancellor's 17 November 2022 Autumn Statement. Incorporating this £4.76m, Bradford's High Needs Block has increased by £11.70m (11.1%) in cash budget terms on 2022/23.

Please note that the funding for high needs places in Bradford-located academies and in 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** **£43,371**

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 maintained nursery schools, primary maintained schools and academies with nursery classes, and Private, Voluntary and Independent (PVI) settings. The value of this Block is estimated and will be finalised on the number of eligible children that are recorded in the January 2023 and January 2024 censuses x £4,798 per FTE (£5.05 per hour; + 3.91% on 2022/23) for children aged 3 & 4 and £5,349 per FTE (£5.63 per hour; + 1.08% on 2022/23) for children aged 2. The figure of £4,798 for children aged 3 & 4 includes the transferred Teacher Pay and Pensions Grant monies, which were previously allocated via separate grant arrangements.

Estimated figures of £0.437m and £0.288m are included for the Early Years Pupil Premium and for the Disability Access Fund. In addition, an estimated £1.232m is currently included for the DfE's Maintained Nursery School Supplement.

3.4 **The Central Schools Services Block** **£3,559**

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 that are held in respect of all state funded schools and academies and that were previously funded through the now ceased Education Services Grant.

The 2023/24 allocation is calculated on a National Funding Formula. Bradford receives £38.03 per pupil (+2.23% on 2022/23) x October 2022 census numbers recorded in primary and secondary maintained schools and academies, plus a lump sum of £0.180m relating to the value of 'historic commitments' spend we recorded in 2017/18. This additional £0.180m has been reduced from the £0.225m funded in 2022/23 and is set to be fully phased out by the DfE over time.

3.5 **Estimated DSG Balance Brought Forward from 2021/22 £35,665**

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 2022/23.

The table in paragraph 2.10 separates the total estimated carry forward balance into the four DSG blocks. This follows our local informal 'block earmarking' approach to the management of DSG balances, which 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 <u>£658,108</u>**

**Broken down as follows:**

4.1 **Early Years Providers via Single Funding Formula £42,103**

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 £3.559m.
- Nursery Classes in Maintained Primary Provisions 3 / 4 year old universal and extended entitlements £5.662m.
- PVI Providers (including academies) 3 / 4 year old universal and extended entitlements £25.122m.
- The entitlement for the 40% most deprived 2 year olds £7.510m.
- Early Years SEND Inclusion for 2 Year Olds £0.100m.
- Early Years SEND Inclusion for 3&4 Year Olds £0.550m.
- Early Years Pupil Premium £0.437m.
- Disability Access Fund £0.120m.
- Adjustment for the planned spending of balance brought forward (minus) £0.957m.

Due to the timing of the DfE's announcements on early years funding for 2023/24, which did not take place until 16 December, the Authority completed on 6 February a consultation on our Early Years Single Funding Formula (EYSFF) proposals. At its meeting on 11 January, the Schools Forum gave its full formal support to the Authority's proposals, subject to the wider outcomes of our consultation. 2 responses to this consultation were received; both these supported the Authority's proposals (either strongly or 'on balance'), whilst making some comments about the insufficiency of the increase in provider funding rates in 2023/24 in relation to the scale of the increasing costs faced by providers.

The Authority therefore, following the School 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 entitlement provision for 2 and 3 & 4 year olds in 2023/24. A summary of Bradford's recommended EYSFF is attached at Appendix 4. In headline:

- For the delivery of the 2-year-old entitlement, providers will continue to be funded on a single flat rate per child per hour with no additional supplements. This rate was £5.55 in 2022/23. Bradford's rate of funding for 2-year-olds in 2023/24, from the DfE at Early Years Block level, has been uplifted by £0.06 to £5.63 per hour. We will set our rate of funding for providers at £5.61 per child per hour. This fully passes the DfE's £0.06 uplift onto providers.

- Regarding the 3 & 4-year-old entitlement:

  The Universal Base Rate (UBR) for providers in 2023/24 will be £4.46 per child per hour. This is an uplift of £0.07 on the £4.39 that was funded in 2022/23. This uplift fully passes through to providers, via the Universal Base Rate, the DfE's uplift at Early Years Block level (the £0.05 out of the £0.19 uplift, excluding the £0.14 transfer of the school-led Teacher Pay and Pensions Grants), plus a further £0.02 per hour uplift, which is taken from the element of the grants transfer that relates to the school-led Teacher Pay Grant (not the Teacher Pensions Grant).

  We will take the previously identified and planned second step, of the three steps in total, to reduce our spending on our Deprivation & SEND Supplement. The first step was taken in 2020/21, reducing our spending from 9.50% to 8.00%. The second step in 2023/24 will reduce spending from 8.00% to 7.00%. The third step will be further reviewed and discussed for 2024/25 arrangements. We previously indicated that we are minded to propose a reduction from 7.00% to 6.00%, to bring us in line with the average of our statistical neighbour local authorities, and we are very likely to propose this in our 2024/25 EYSFF arrangements. We set out the rationale and impact of this change in our consultation document, that was published in autumn 2019. The 'second step' was proposed at this time, in outline, to be enacted in 2021/22, but was postponed over the COVID-19 pandemic period. We now propose to enact this in 2023/24. In the context of our benchmarking, showing our significantly higher spending level, the primary purpose of the reduction in % spending is to enable us to sustain Universal Base Rate (UBR) funding. If we do not reduce Deprivation & SEND Supplement spending, we will not be able to afford the UBRs (for both the 2-year-old and the 3&4-year-old entitlements) that we propose. The proposal is put forward to be progressed at this time also because we already calculate that we will need to earmark a substantial value of Early Years Block reserve, in order to secure the 2023/24 EYSFF. This proposal does not affect the funding of maintained nursery schools. These schools will continue to have their 'historic' Deprivation & SEND Supplement rates protected, as expected by the DfE and using the specific Maintained Nursery School Supplement.

We will introduce a new Supplement, for the primary immediate purpose of replicating as closely, but as simply, as possible the Teacher Pension Grant funding stream, that has previously been received by maintained primary schools and primary academies that deliver the 3&4-year-old entitlement, and that has now been transferred into the EYSFF. This is a proposal for 2023/24 only at this time, pending further review for 2024/25.

- Regarding the funding of the 3&4 year old entitlements in Maintained Nursery Schools, the protected setting base rate will be £6.08 per hour. This is the 2022/23 protected £5.98, uplifted by 1.60% in line with the uplift that is applied to the 3&4 year old Universal Base Rate for other providers. The Deprivation and SEND supplement rates for each maintained nursery school are protected at their 2022/23 values, plus 1.60%. The existing elements of the lump sum sustainability supplement will continue to be calculated using the 2022/23 methodology, but with the values of the protection factors uplifted by 1.60%. We then propose that an additional new fixed value lump sum is added into the Maintained Nursery School Sustainability Lump Sum Factor for each nursery school, to continue to allocate (to protect and to closely, but simply, replicate) their former Teacher Pay and Pensions Grants allocations.

- Our existing 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 continue to allocate Disability Access Fund (DAF), at an enhanced value of £1,200 per child, (above the DfE's prescribed £828 minimum), using a proportion of balance brought forward in support of the cost of this enhancement, if this is required.

96.7% of our 2022/23 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 12% spend on supplements. Our planned budget also complies with the DfE's expectation that the specific Maintained Nursery School supplement is allocated to protect maintained nursery school funding at pre-national reform levels.

**(£000)**

4.2 **Primary and Secondary Schools and Academies** **£507.842**

Primary Phase £263.932m.
Secondary Phase £243.910m.

The Schools Forum has recommended to:

- Use the formula outlined in Appendix 2 to calculate delegated budget shares for mainstream primary and secondary maintained schools and academies. This formula has been agreed following consultation with schools and academies in autumn 2022. We submitted the final version of the required Pro-forma on 20 January 2023, 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 £4,405 primary and £5,715 secondary. These minimums have increased on 2022/23 by 0.50%, prior to the transfer in of the Schools Supplementary Grant).

  Amend our local formula to mirror the Government's 2023/24 National Funding Formula values for existing factors. The values of these factors have broadly increased between 2.1% and 4.7% on 2022/23, prior to the transfer of the Schools Supplementary Grant.

- Set the Minimum Funding Guarantee at the maximum permitted + 0.50%.

- Continue to use our existing local formula for the funding of maintained schools and academies that operate across split sites, as this will not be covered by the DfE's National Funding Formula until 2024/25. Continue to pass through the specific PFI (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.

- Amend our definition of Notional SEND budgets for mainstream schools and academies, to bring this definition more in line with the national picture and to improve fairness.

- 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 School Academies** **£39,814**

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 the top-up element of funding.

The 2023/24 planned budget of £39.814m is calculated on 1,540 places on a full year 2023/24 academic year basis across 8 special schools / academies.

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, uplifted as set out in Appendix 3 for 2023/24, is proposed to continue to be used to allocate top-up funding for pupils with EHCPs placed in special schools and in special academies.

The 2023/24 planned budget includes a sum of £0.240m, which is planned to be allocated to special schools / special school academies to enable them to support inclusion in mainstream settings.

The 2023/24 planned budget also includes a sum of £1.392m, which is to be allocated specifically in response to the new DSG Condition, which require local authorities to pass through to Special Schools, Special School Academies, PRUs and Alternative Provision Academies an additional + 3.4% in funding per place.

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.

**(£000)**

4.4 **Pupil Referral Units (PRUs) & Alternative Providers** **£4,067**

The Authority retains responsibility for funding from the High Needs Block provision for pupils that have been permanently excluded. Maintained schools and academies continue to be responsible for paying, from their delegated budgets, the cost of placements they commission (for pupils that are not permanently excluded).

The 2023/24 planned budget makes provision in total for 160 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 2023/24 by 1.73%.

Please note that the place funding for Alternative Provision Academies is ‘top sliced’ from the High Needs Block so that these settings can be funded directly by the Education & Skills Funding Agency.

4.5 **School-Led SEND Resourced Provisions (Primary & Secondary)** **£6,097**

School-Led SEND Resourced Provisions are provisions attached to mainstream primary and secondary maintained 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 £6.097m is calculated on 361 places across 23 provisions for the 2023/24 academic year.

School-Led SEND resourced provisions are funded using the Place-Plus framework and the Banded Model as set out in Appendix 3.

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

**(£000)**

4.6 **Authority-Led SEND Resourced Provisions (Primary & Secondary) £6,274**

Authority-Led SEND Resourced Provisions are provisions attached to mainstream primary and secondary maintained 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 long-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 Authority's strategy to deliver additional specialist SEND places.

The planned budget of £6.274m is calculated on 272 places in total for the 2023/24 academic year, with 100 places attached to the 4 established sensory provisions and 172 places attached to 9 recently developed / newly developing SEND provisions.

Authority-Led SEND resourced provisions are funded using the Place-Plus framework and the Banded Model as set out in Appendix 3.

Please note that a proportion of the planned budget is centrally 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.

4.7 **Pupils with EHCPs in Mainstream Schools, Academies and PVI £18,754**

Top-up funding is delegated to mainstream maintained schools / academies and early years PVI providers for pupils with Education Health and Care Plans (EHCPs). The Banded Model, as set out in Appendix 3, is proposed to apply to the calculation of this top-up for 2023/24. The planned budget of £18.754m incorporates a forecasted net 15% increase in cost as a result of the continued growth in the numbers of EHCPs that are anticipated to be placed in mainstream maintained schools / academies and PVI providers during 2023/24.

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 maintained school and 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 £18.754m incorporates the SEND Funding Floor, which is a factor that ensures a minimum level of funding for SEND provision in primary and secondary maintained schools and academies. The Floor 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 Floor 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 directly financially supports 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 also supports schools / academies that may have some turbulence in formula funding as a result of in year pupil numbers changes.

We introduced our SEND Funding Floor in 2021/22. At that time, the Floor was 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 national SEND Review. We now propose to continue this Floor arrangement for the 2023/24 financial year, April 2023 to March 2024, but again pending review for 2024/25. However, as we proposed in our autumn 2022 consultation, we have adjusted (increased – from median plus + 1% to median + 3%) the thresholds that are used to calculate this Floor.

**(£000)**

4.8 **Post-16 Further Education / Special Post 16 Institutions (SPIs) £9,008**

Places for high needs students at post-16 are funded at £6,000. For top-up funding, Further Education providers and SPIs are funded for the vast majority of their Post-16 high needs students at 60% of the values prescribed by the Banded Model, as set out in Appendix 3. The main exception is students with the primary need of sensory impairment, where funding is calculated on an actual cost basis.

The planned budget of £9.008m is calculated on 488 places commissioned by the Authority in the 3 main Bradford-located Further Education Colleges for the 2023/24 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.

4.9 **Early Years Resourced Provisions** **£1,650**

Early years resourced provisions are attached to 6 maintained nursery schools and will continue to be funded via the Place-Plus framework. The Banded Model set out in Appendix 3 applies to the calculation of top-up from April 2023.

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

The planned budget of £1.650m is calculated on an allocation of 78 FTE places for the 2023/24 academic year.

**(£000)**

4.10 **Placements in Out of Authority & Independent Settings** **£21,750**

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 and pupil population growth. The planned budget of £21,750m is calculated estimating that the cost in 2023/24 will continue to grow at current rates.

4.11 **Provision for the Creation of Additional SEND Places** **£3,409**

The planned budget includes £3.409m, which is revenue provision to support the creation of a further 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 revenue budget provision for this from the High Needs Block.

4.12 **Former Teacher Pay and Pensions Grants** **£1,540**

We were required in 2021/22 to add into our formula funding arrangements for specialist settings the allocation of the Teacher Pay Grant (TPG) and the Teacher Pension Grant (TPECG), in response to these grants being transferred into the High Needs Block. Prior to this, these grants were allocated to providers separately and in addition to place-plus funding.

We propose to continue to allocate these monies in 2023/24, as we have done in 2022/23, on a place-led basis. Unlike main place-element funding however, the Authority will continue to allocate these monies to academies as well as to maintained schools and to PRUs.

4.13 **Allocation of High Needs Block balance to Overspend** **- £4,200**

The 2023/24 High Needs Block planned budget, as proposed, overspends the

2023/24 High Needs Block income by £4.200m. It is not possible to apportion this overspending to the individual delegated expenditure lines that are listed in paragraphs 4.3 to 4.12, and so is shown here as a single sum.

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

**Total Allocated to non-delegated Budgets** **£15,095**

**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. These Regulations require a greater proportion of the DSG to be delegated to schools, academies and to 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** **£1,547**

A total of £1.547m is recommended to be held within the Schools Block for the following purposes. Please note that some of the monies below that are initially retained will actually be delegated to schools and academies during 2023/24.

- £0.947m for items de-delegated from maintained mainstream primary and secondary schools. De-delegated funds continue in line with 2022/23.
- £0.600m of provision for new growth (pupil numbers expansions in secondary maintained schools and academies) at September 2023. The cost of growth, in both the primary and secondary phases, will be supported by the balance that will be brought forward from 2022/23. Please see section 7.
- £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. Any cost of the Falling Rolls Fund in 2023/24 will be met from the balance that will be brought forward from 2022/23, rather than by taking new budget from the 2023/24 Schools Block. Please see section 7.

5.2 **High Needs Block non-delegated budgets** **£8,721**

A total of £8.271m is recommended to be held centrally within the High Needs Block for the following purposes:

- £5.715m for Local Authority centrally managed SEND teaching support services.

- £1.583m for the Authority's statutory home tuition and education in hospital alternative provision for children and young people not able to access school for medical reasons.

- £0.917m for the DSG's contribution to the Affordability Gap for Building Schools for the Future for special schools.

- £0.506m of smaller budgets, including copyright licences for special schools and PRUs, speech and language therapy services and specialist equipment.

**(£000)**

5.3 **Early Years Block non-delegated budgets** **£1,268**

A total of £1.268m is recommended to be held centrally within the Early Years Block for the following purposes:

- £0.582m for the Early Years Block's contribution to early years high needs support services, including the Area SENCOs function that is managed by the Local Authority in respect of Private, Voluntary and Independent early years providers.

- £0.530m to support the cost of the Local Authority's capacity that is available to support the delivery of the Authority's early years function and entitlement arrangements, focusing, in particular, on communication, provider sustainability, quality, compliance and on the processes that are required for the effective delivery of the Early Years Single Funding Formula, in support of parents and providers.

- £0.119m to continue maintained nursery school access to relevant agreed 'de-delegated' funds.

- £0.037m continuing charge for copyright licences.

96.7% of our 2023/24 3&4 year old entitlement funding will be passed-through to providers in 2023/24, based on current estimates of entitlement delivery.

5.4 **Central Schools Services Block** **£3,559**

The £3.559m is recommended to be allocated as follows:

- £0.012m Schools Forum costs.

- £0.987m Pupil Admissions.

- £1.506m Statutory Duties delivered by the Authority on behalf of all state funded schools, including academies.

- £0.406m Copyright Licences Schools Block, on behalf of primary and secondary maintained schools and academies.
- £0.500m Education Access Officers.

- £0.148m to support the Local Authority's statutory education services planning (places planning) and consultation function.

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

**Total allocated on a one off basis in 2023/24** **£6,998**

The £6.998m is made up of the following 4 recommended allocations:

- High Needs Block: £4.200m, which is to be allocated into the 2023/24 High Needs Block planned budget in order to fully afford the expenditure that we estimate we will incur in supporting high needs children and young people, including the cost of our proposed delegated funding models, placements and the creation of new specialist places. £0.920m of balance is allocated specifically to the Authority's 'inclusion investment plan', which was discussed with the Schools Forum in July 2022 and the impact of which will be reviewed in summer 2023, prior to further commitments being made.

- Schools Block: £1.787m, which is to be allocated into the 2023/24 Schools Block planned budget in order to afford our proposed mainstream primary and secondary funding formula, as set out in Appendix 2.

- Early Years Block: £0.957m, which is earmarked to support the estimated cost of our Early Years Single Funding Formula (EYSFF) in 2023/24, as set out in Appendix 4.

- Central Schools Services Block (CSSB): £0.054m, which is allocated to support the full cost of CSSB expenditure, including retaining the allocation to the Local Authority, in support of the statutory duties that the Authority delivers on behalf of all state funded schools, at the 2022/23 value of £1.559m.

**7. AMOUNT NOT ALLOCATED IN 2023/24 (£000)**

**Total amount not allocated in 2023/24** **£28,667**

The £28.667m of balance forecasted to be retained at the planned budget stage / carried forward into 2023/24 is made up of the following sums.

Schools Block £3.556m:

- £1.320m of Growth Fund balance, which is ring-fenced to support additional costs of pupil numbers growth in 2023/24 and on-going. The Authority also recognises that new flexibilities (for the management of growth, falling rolls and 'surplus places') are expected to be brought into Schools Block arrangements in 2024/25, following the most recent DfE National Funding Formula consultation. Retaining a surplus balance into 2024/25 will help therefore, given that there are uncertainties currently about how growth will be funded. Falling rolls is also a significant issue for the primary phase, in particular, and we take the view that we would wish to see how the expected new flexibilities could be used before committing the Growth Fund balance (as well as the Falling Rolls Fund Balance – see below) elsewhere to more general formula spending.

- £0.500m retained as the ring-fenced balance for the primary-phase Falling Rolls Fund. Whilst a report on the position of this fund (on allocations to schools and academies in 2022/23) will be presented to the Schools Forum in March 2023, we anticipate that there won't be any allocations. The £0.500m balance therefore, is expected to be held in support of the cost of potential allocations to be agreed in 2023/24, as no new budget for this fund has been taken from the 2023/24 Schools Block.

- £0.797m of balance ring-fenced to de-delegated funds for maintained schools. An amount of this balance (estimated £0.100m) is earmarked to be released in 2023/24 to support the cost of contribution to the maternity / paternity insurance scheme. A further £0.122m is earmarked to support the cost of the school improvement fund. On this basis, it is estimated that the balance of de-delegated funds held within the Schools Block at the end of the 2023/24 financial will reduce to £0.575m.

- £0.939m resilience reserve. This sum is effectively the remaining unallocated balance within the Schools Block.

Early Years Block £3.254m:

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

- £0.621m retained and earmarked for the Disability Access Fund (DAF). The Authority proposes to continue to enhance the value of the DAF allocation paid per child in 2023/24, paid at £1,200, which is above the £828 minimum that is set by the DfE. A proportion of the balance will be used in support of the cost of this enhancement, if this is required.

- £2.561m 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 2023/24 and going forward.

High Needs Block £21.630m:

- Our updated DSG Management Plan, which was presented to the Schools Forum on 11 January (in Document PP – please see background documents), included a future year estimate of the High Needs Block. This estimate currently clearly indicates the continuation (and acceleration) of a substantial overspending in our High Needs Block, which will require significant mitigating actions, discussion on which will need to form part of our 2024/25 DSG budget setting cycle. We are moving into a period where the risk of cumulative deficit in our DSG account is high. In this context, the Authority at this time does not plan any other significant use of the High Needs Block surplus.

- A first call on the £21.630m will be meeting in year the cost of change, as well as supporting any unexpected costs that may arise across 2022 and 2023 after the planned budget for 2023/24 has been agreed.

- The second, perhaps more important, call on the £21.630m balance will be supporting the avoidance of cumulative deficit in the High Needs Block over the medium term. We are also conscious of three significant uncertainties, that are likely to have financial implications for our High Needs Block going forward, a) the outcomes of the DfE's national reviews on SEND, EHCP and Alternative Provision systems and funding - it is likely that changes that come from these reviews will alter the cost base that our High Needs Block will need to manage, b) whether we are successful in our bid for a new special school free school, and c) whether the annual increase in High Needs Block funding allocated by the DfE keeps pace with increasing costs, linked with the rate of continued growth in our costs, especially from the continued growth in the number of EHCPs and the number of specialist places created, which is uncertain. On current information, we would assume that funding will not keep pace with costs growth, and so reserves will be essential in this context.

Central Schools Services Block £0.227m:

- £0.227m is retained in support of Central Schools Services Block expenditure in future years.

## 8. FINANCIAL & RESOURCE APPRAISAL

This appraisal is given throughout this report. The table provided in paragraph 2.10 demonstrates that a balanced Schools Budget for 2023/24, with the strategic use of DSG reserves, 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

The School Standards and Framework Act 1998 deals with the financing of maintained schools. 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 Forums 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 School and Early Years Finance (England) Regulations 2023 are made under Chapter 4 of Part 2 of the School Standards and Framework Act 1998. These Regulations provide instruction on how local authorities are to set their education budgets in the 2023/24 financial year. They set the parameters that local authorities must abide by in determining schools' budgets, and the budgets, which are allowed to be retained centrally. They also set out how local authorities are to allocate funding to maintained schools and private, voluntary and independent providers of free early years provision through locally determined funding formulae. The Department for Education makes these Regulations annually; the 2023 Regulations will apply only to budgets for the 2023/24 financial year.

The Accounts and Audit (England) Regulations 2015 incorporate a requirement for a note to the statement of accounts confirming the deployment of the Dedicated Schools Grant in support of the schools budget..

The National Funding Formulae ("NFF") determine local authority Dedicated Schools Grant (DSG) allocations. These were introduced in 2018/19 for schools, high needs and central school services; and in 2017/18 for early years. The schools NFF calculates notional school-level allocations, which are aggregated to form local authorities' school funding within the DSG. The introduction of the NFF is in line with reforms by the Department for Education to make the funding system simpler, fairer and more transparent.

The core basic structure of the schools national funding formula has not changed for 2023/2024. The National Funding Formula for schools and high needs 2023/24 contains some formula and technical changes, which are highlighted in the body of the Report. The Government has announced the intention to implement a direct schools NFF in the future (by the 2027/28 financial year at the latest), whereby mainstream primary and secondary schools will receive what they attract through the national formula, rather than through different local authority funding formulae. Local authorities will be required to bring their own formulae closer to schools NFF from 2023 to 2024 . However, for 2023/24, local authorities will continue to determine schools' budget share allocations at a local level through a local funding formula.

## 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 CHILDREN AND YOUNG PEOPLE**

This appraisal is given in the equalities impact assessment at Appendix 1 and throughout the report.

**11.8 ISSUES ARISING FROM PRIVACY IMPACT ASSESEMENT**

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 2023/24 Dedicated Schools Grant, as set out in this report.**

**b) Approve the total amount of £708.868m 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 2023/24.**

## 15. APPENDICES

- Appendix 1 – Equalities Impact Assessment.
- Appendix 2 – Local Authority Funding Reform Pro-Forma 2023/24 (Schools Block).
- Appendix 3 – Banded Model for EHCP Top-Up Funding (High Needs Block).
- Appendix 4 – Early Years Single Funding Formula 2023/24 (Early Years Block).

## 16. BACKGROUND DOCUMENTS

- Decisions List of the Schools Forum meeting 11 January 2023 (link to webpage)
- Consultation on the High Needs Funding Model 2023/24 (link to webpage)
- Consultation on the Early Years Single Funding Formula 2023/24 (link to webpage)
- Consultation on Schools Block Funding Arrangements 2023/24 (link to webpage)
- SEND Places Sufficiency Report (Document PH within 7 December Schools Forum reports)
- High Needs Block DSG Management Plan (Document PP within the 11 January Schools Forum reports)
- Section 151 Officer's Report – Executive 21 February 2023

**Appendix 1 – Equalities Impact Assessment**

In addition to this summarised equalities impact assessment, a fuller assessment of our formula funding proposals was included in each of the consultation documents that were published in the autumn (please see the links to these in the background documents section of this report).

Schools Block

We assess that our proposals for 2023/24 will have a positive impact on equalities. The arrangements proposed for 2023/24 financial year retain a significant amount of continuity on current practice, Dedicated Schools Grant distribution and formula funding policy and methodology. At its centre, the Local Authority has previously determined, and continues to propose, to exactly mirror the DfE's National Funding Formula (NFF) for the calculation of mainstream primary and secondary maintained school and academy delegated allocations in Bradford. As such, our equalities impact assessment of our guiding Schools Block formula funding policy for 2023/24 is neutral (representing no change on current positive practice) and continues to align with the DfE's in respect of its National Formula Funding policy and its already identified positive impact on the funding of children and young people that share protected characteristics. Behind the guiding NFF mirroring policy, the values of all formula funding factors are proposed to be uplifted in 2023/24. These uplifts are assessed to have a positive impact on the funding of all pupils. These uplifts will have a positive impact on the funding of children and young people that share protected characteristics related to disability (SEND) and race (ethnicity), for which schools and academies receive additional funding through the Additional Educational Needs (AEN) formula factors that use measures that correlate with these protected characteristics. Funding allocated through the AEN formula factors, based on the October 2022 data, is increased. This includes an additional £0.62m allocated through the Free School Meals (FSM) factors as a result of the increase in FSM numbers compared with the numbers recorded at October 2021.

In setting the School's Budget for 2023/24, Council is asked to approve that the Minimum Funding Guarantee (MFG) for primary and secondary maintained schools and academies is set at positive 0.5%, which is the maximum permitted by the Regulations. The purpose and consequence of this proposal is to uplift the funding of maintained schools and academies that remain on the MFG. 25% of schools / academies are on this in 2023/24. 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. 75% of schools / academies remain funded above the MFG.

The Minimum Levels of Per Pupil Funding (MFLs) are also increasing by 0.5%. This is a mandatory uplift, not for local determination. The DfE has assessed that this uplift will have a positive impact on equalities.

We assess that incrementally amending our definition of Notional SEND budgets within mainstream primary and secondary formula funding allocations, as encouraged by the DfE and to bring us more in line with the common national picture in the lead up to the hard National Funding Formula, continues to support schools and academies to make effective provision for pupils with additional educational needs and with Special Educational Needs and Disabilities. It is important to stress however, that the adjustment of the Notional SEND definition does not materially change the value of formula funding that an individual school or academy receives.

High Needs Block

We assess that our high needs funding proposals for 2023/24 will have a positive impact on equalities. The arrangements proposed for the 2023/24 financial year retain a significant amount of continuity on current practice, Dedicated Schools Grant High Needs Block distribution and formula funding policy and methodology. As such, our equalities impact assessment of our guiding High Needs Block formula funding policy for 2023/24 is neutral (representing no change on current positive practice).

Council is asked to approve the continued application of the EHCP Banded Model, which was first introduced at April 2020. The impact of this model, on the funding of schools, academies and on other 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 our change in funding model at April 2020 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 further uplift in 2023/24 of the values of top-up funding allocated by the EHCP Banded Model, as well as by the Day Rate Model for PRUs / Alternative Provision Academies. This means that the funding of all high needs children and young people, who are supported by these models, will increase on current values. A minimum 1% increase in all top-up funding rates (when place-element / Element 2 funding is included) is higher than the floor increase of 0.5% that the DfE has funded for mainstream schools and academies through the Schools Block settlement. Under our proposals, the funding received by special schools and special school academies will exceed (by 2.25%) the requirements of the DfE's 3% Minimum Funding Guarantee. The proposed uplifts in 2023/24 should be viewed in the context of the very significant increases that have been applied to these models in 2020/21, 2021/22 and in 2022/23. The uplifts should also be viewed in the context of the Authority's prioritisation of the increase in High Needs Block funding in 2023/24, towards the further expansion of specialist places capacity (securing appropriate provision for high needs pupils) and of meeting the cost of the growth in the numbers of children and young people in Bradford with EHCPs via the allocation of additional top-up funding.

Council is asked to approve the continuation of the SEND Funding Floor, which was first introduced for 2021/22. As well as continuing to support provision for pupils with EHCPs, this approach will continue to protect the funding used by mainstream schools and academies to support their wider Additional Educational Needs (AEN), SEND and Alternative Provision (AP) activities. The Floor financially supports mainstream schools and academies that have higher proportions of pupils with EHCPs, in support of inclusion, combining also to support schools and academies that may have lower levels of AEN formula funding and that may be smaller in size. It supports schools and academies that may have some turbulence in formula funding as a result of in year pupil numbers changes. The impact of the Floor is assessed to continue to be entirely positive. Whilst we are proposing an amendment to the Floor in 2023/24, to increase the thresholds, the level of funding that the Floor will allocate in 2023/24 will continue to be substantially higher than was allocated prior to the amendment of our Floor at April 2021. It will still represent a substantial SEND funding support mechanism for the mainstream sector.

Early Years Block

We assess that our proposals for 2023/24 will have a neutral to positive impact on equalities. This is because the arrangements proposed for the 2023/24 financial year retain a significant amount of continuity on current positive practice.

We propose to fully pass through to providers delivering the 2, 3&4-year-old entitlements, via the respective Universal Base Rates, the 1% uplift in Early Years Block funding that the Authority has been allocated by the DfE for 2023/24. These uplifts continue to support all providers in their delivery of the entitlements. Maximising the uplifts of the Universal Base Rates annually for all providers supports universal good quality provision for all children.

We propose, via a Teacher Pensions Employers' Contribution Supplement, to replicate the substantial Teacher Pensions Grant monies that have been allocated to maintained primary schools and academies with nursery classes, following the DfE's transfer of this Grant into the Early Years Block. This will help ensure that funding for schools and academies remains stable, in support of their provisions, whilst also enabling other providers, who may already (or may choose) to employ a qualified teacher in their direct delivery of the 3&4-year-old early years entitlement, to access additional funding to support this cost.

We propose to continue the protection of maintained nursery schools, with this protection being funded using the specific supplement within the Early Years Block. We propose to add to this protection in 2023/24 the former Teacher Pay and Pensions Grant funding streams for maintained nursery schools, via a new fixed lump sum approach within the Maintained Nursery School Lump Sum Sustainability Factor. As the numbers of children with SEND and from more deprived backgrounds is typically higher in the maintained nursery schools sector, this protection continues to support provision for these children.

The Early Years Pupil Premium (EYPP), as well as the Disability Access Fund (DAF) and Early Years Inclusion Funds (EYIF), 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 2022/23. The proposal to increase Disability Access Funding, from £1,000 to £1,200 for eligible children, is put forward with the aim of continuing to support providers in Bradford to meet the needs of eligible children with SEND.

We do now propose to take the previously identified and planned 'second step' (of three steps in total) to reduce our spending on our Deprivation & SEND Supplement down to the average spending level of our statistical neighbours. The first step was taken in 2020/21, reducing our spending from 9.50% to 8.00%. The proposed second step in 2023/24 will reduce spending from 8.00% to 7.00%. This 'second step' was initially proposed in outline to be enacted in 2021/22, but was postponed over the COVID-19 pandemic period. Our current spending position is 'out of line', when we look at benchmarking, and we assess that we are not able to sustain this position within the finite resources of the Early Years Block. In this context, the primary purpose of the proposed reduction in % spending is to enable us to sustain Universal Base Rate (UBR) funding for all providers. If we do not reduce Deprivation & SEND Supplement spending, to come more in line with the average of spending in other authorities, we will not be able to afford the UBRs (for both the 2-year-old and the 3&4-year-old entitlements) that we propose in 2023/24. This would impact on the funding that all providers receive, including those in receipt of the Deprivation & SEND Supplement. This proposal does not affect the funding of maintained nursery schools. These schools will continue to have their 'historic' Deprivation & SEND Supplement rates protected (and uplifted), as expected by the DfE and using the specific Maintained Nursery School Supplement.

**Local Authority Funding Reform Proforma** **Appendix 2**

| | |
|---|---|
| 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 | Disapplication number where alternative MPPF values are used |
|---|---|---|---|---|
| £4,405.00 | £5,503.00 | £6,033.00 | £5,715.00 | |

**Pupil Led Factors**

| | Reception uplift | No | Pupil Units | 0.00 | | | |
|---|---|---|---|---|---|---|---|
| 1) Basic Entitlement Age Weighted Pupil Unit (AWPU) | **Description** | **Amount per pupil** | **Pupil Units** | **Sub Total** | **Total** | **Proportion of total pre MFG funding (%)** | **Notional SEN (%)** |
| | Primary (Years R-6) | £3,394.54 | 53,215.00 | £180,640,608 | £360,564,492 | 35.51% | 6.50% |
| | Key Stage 3 (Years 7-9) | £4,785.77 | 21,771.00 | £104,190,903 | | 20.48% | 4.00% |
| | Key Stage 4 (Years 10-11) | £5,393.86 | 14,040.58 | £75,732,981 | | 14.89% | 4.00% |

| | 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 | £480.08 | £480.08 | 15,130.00 | 11,074.89 | £12,580,359 | £64,934,715 | 12.77% | 25.00% | 25.00% |
| | FSM6 | £705.11 | £1,030.16 | 15,646.00 | 12,607.74 | £24,020,246 | | | 25.00% | 25.00% |
| | IDACI Band F | £230.04 | £335.05 | 7,094.54 | 5,104.16 | £3,342,175 | | | 25.00% | 25.00% |
| | IDACI Band E | £280.04 | £445.07 | 9,593.05 | 6,786.60 | £5,707,005 | | | 25.00% | 25.00% |
| | IDACI Band D | £440.07 | £620.10 | 5,869.22 | 4,149.69 | £5,156,090 | | | 25.00% | 25.00% |
| | IDACI Band C | £480.08 | £680.11 | 6,002.73 | 4,035.52 | £5,626,368 | | | 25.00% | 25.00% |
| | IDACI Band B | £510.08 | £730.12 | 5,618.00 | 3,806.92 | £5,645,133 | | | 25.00% | 25.00% |
| | IDACI Band A | £670.11 | £930.15 | 2,232.95 | 1,463.23 | £2,857,339 | | | 25.00% | 25.00% |

| | 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 (%) |
|---|---|---|---|---|---|---|---|---|---|---|
| 4) English as an Additional Language (EAL) | EAL 3 Primary | £580.09 | | 10,141.74 | | £5,883,151 | £7,906,644 | 1.45% | | |
| | EAL 3 Secondary | | £1,565.25 | | 939.93 | £1,471,222 | | | | |
| 5) Mobility | Pupils starting school outside of normal entry dates | £945.15 | £1,360.22 | 494.48 | 62.42 | £552,271 | | 0.11% | | |

| | 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 | | £1,155.18 | 32.97% | 17,547.31 | £20,270,383 | £35,813,299 | 7.04% | 100.00% | |
| | Secondary low prior attainment (year 7) | 54.47% | £1,750.28 | 24.53% | 8,880.25 | £15,542,916 | | | | 100.00% |
| | Secondary low prior attainment (year 8) | 64.53% | | 24.62% | | | | | | |
| | Secondary low prior attainment (year 9) | 64.53% | | 24.56% | | | | | | |
| | Secondary low prior attainment (year 10) | 64.53% | | 24.64% | | | | | | |
| | Secondary low prior attainment (year 11) | 63.59% | | 25.67% | | | | | | |

**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 | £128,020.48 | £128,020.48 | | | £24,451,912 | 4.81% | | |
| 8) Sparsity factor | £56,309.01 | £81,913.10 | | | £0 | 0.00% | | |

Rows 45 to 48 are populated with the NFF methodology, please leave this as is if you wish to follow the NFF. As per the Operational Guidance, the distance thresholds can be increased or the year group size thresholds decreased and the distance threshold taper is optional. An alternative method of allocation to the NFF's average year group size taper can be chosen: the continuous taper (Tapered) or fixed sum (Fixed). Examples of each are provided in the Operational Guidance.

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| Primary distance threshold (miles) | 2.00 | Primary pupil number average year group threshold | 21.40 | Apply primary distance taper | Yes | NFF, tapered or fixed sparsity primary lump sum? | NFF |
| Secondary distance threshold (miles) | 3.00 | Secondary pupil number average year group threshold | 120.00 | Apply secondary distance taper | Yes | NFF, tapered or fixed sparsity secondary lump sum? | NFF |
| Middle schools distance threshold (miles) | 2.00 | Middle school pupil number average year group threshold | 69.20 | Apply middle school distance taper | Yes | NFF, tapered or fixed sparsity middle school lump sum? | NFF |
| All-through schools distance threshold (miles) | 2.00 | All-through pupil number average year group threshold | 62.50 | Apply all-through distance taper | Yes | NFF, tapered or fixed sparsity all-through lump sum? | NFF |

| Factor | Total (£) | Proportion of total pre MFG funding (%) | Notional SEN (%) |
|---|---|---|---|
| 9) Fringe Payments | £0 | 0.00% | |
| 10) Split Sites | £439,760 | 0.09% | |
| 11) Rates | £4,135,811 | 0.81% | |
| 12) PFI funding | £8,002,943 | 1.57% | |

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 FY22-23 | £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)** | **£506,249,575** | **99.53%** | |

| | | | |
|---|---|---|---|
| 14) Additional funding to meet minimum per pupil funding level | **£2,386,741** | 0.47% | 48.00% |
| **Total Funding for Schools Block Formula (excluding MFG Funding Total)** | **£508,636,317** | **100.00%** | |

| | | | | |
|---|---|---|---|---|
| 15) Minimum Funding Guarantee | 0.50% | **£1,733,007** | | |
| Where a value less than 0% or greater than 0.5% 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) | | £1,733,007 | 0.34% | |
| **Total Funding for Schools Block Formula** | | **£510,369,324** | | **£72,131,209** |

| | |
|---|---|
| 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 | £2,650,000.00 |
| Growth fund (if applicable) | £796,883.50 |
| Falling rolls fund (if applicable) | £0.00 |

| | | |
|---|---|---|
| Other Adjustment to 22-23 Budget Shares | **£10,517** | |
| **Total Funding For Schools Block Formula (including growth and falling rolls funding)** | **£511,176,725** | |
| **% Distributed through Basic Entitlement** | **70.89%** | |
| **% Pupil Led Funding** | **92.25%** | |
| **Primary: Secondary Ratio** | **1 :** | **1.37** |

| | |
|---|---|
| 23-24 NFF NNDR allocation | **£3,738,985** |
| **Total Funding For Schools Block Formula (including growth and falling rolls funding) after deduction of 23-24 NFF NNDR allocation** | **£507,437,740** |

City of BRADFORD METROPOLITAN DISTRICT COUNCIL

**Appendix 3 - The EHCP Banded Model for Funding Pupil-Led Need Top-up 2023/24**

## 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 model. This model is used to assign Education Health and Care Plans (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 At April 2020, for the 2020/21 financial year, we introduced a new Banded Model. This model replaced our previous 'Ranges Model' and quite significantly uplifted the funding of EHCPs in all settings. 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. We substantially uplifted the values allocated by the Banded Model in 2021/22, and again in 2022/23.

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 2023/24, 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.

1.6 There are no technical changes to our Banded Model in 2023/24. However, the rates of top-up funding that this model allocates have been uplifted.

## The Banded Model 2023/24

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 2023 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 2023 | Element 2 Value FTE the school / provider adds | Total Value of Funding to support the EHCP |
|---|---:|---:|---:|
| **Band 3 Low (3L)** | **£2,318** | £6,000 | **£8,318** |
| **Band 3 Medium (3M)** | **£4,136** | £6,000 | **£10,136** |
| **Band 3 High (3H)** | **£5,900** | £6,000 | **£11,900** |
| **Band 4 Low (4L)** | **£9,411** | £6,000 | **£15,411** |
| **Band 4 Medium (4M)** | **£13,524** | £6,000 | **£19,524** |
| **Band 4 High (4H)** | **£17,678** | £6,000 | **£23,678** |
| **Protected 7** | **£29,048** | £6,000 | **£35,048** |

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 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 2023/24 financial year model, on a term time only basis and incorporating assumptions about on-costs, is £16.95. This represents a 1.00% increase on the £16.78 that was used in the 2022/23 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 2023/24 financial year model is £16.95 as in Band 3. The cost per hour assumption for teacher time in the model is £49.42. This represents a 1.8% increase on the £48.56 that was used in the 2022/23 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 our current Banded Model and our 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 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 between 2020 and 2023; a) refreshing the assumptions about the salaries of support assistants and teachers; b) allowing the top-up model to compensate for the fixed £6,000 Element 2.

- 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 in 2023/24, adjusted for funding, as appropriate, for the delivery of the additional 40 post-16 study hours, which is part of the 2022/23 post-16 financial settlement and part of the Government's COVID-19 pandemic support response.

- 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 more permanently fund 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 and what protections continue to be in place. 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 |

3.2 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.

3.3 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 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).

3.4 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.

## High level 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).<br><br>Element 2 - the first £6,000 of additional support cost – is also already delegated with the school's formula funding allocation.<br><br>Notional SEND defines the value of funding already allocated. | Agreed per-pupil top-up paid by the commissioning local authority.<br><br>Allocated in 'real time' during the year. Changes for starters and leavers.<br><br>Uses the Banded Model.<br><br>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.<br><br>Allocated in 'real time' during the year. Changes for starters and leavers.<br><br>Uses the Banded Model.<br><br>The top-up funding is allocated to and retained by the school. | None. | SEND Funding Floor supports 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.<br><br>Early Years SEND Inclusion Grant allocates Element 2 (£6,000) for eligible low level emerging | Agreed per-pupil top-up paid by the commissioning local authority.<br><br>Allocated in 'real time' during the year. Changes for starters and leavers. | n/a | n/a | None. | Early Years SEND Inclusion Grant (EYIF).<br><br>DAF Grant. |

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|---|---|---|---|---|---|---|
| | SEND (non-EHCP) as agreed by Panel.<br><br>Element 2 is allocated to early years EHCPs in addition to top-up. | Uses the Banded Model.<br><br>The top-up funding is allocated to and retained by the school or provider. | | | | |
| **School-led Resourced Provisions** (mainstream primary & secondary) | 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.<br><br>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.<br><br>Allocated in 'real time' during the year. Changes for starters and leavers.<br><br>Uses the Banded Model.<br><br>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.<br><br>Both Elements 1 and 2 are retained by the school. | Agreed per-pupil top-up paid by the commissioning local authority.<br><br>Allocated in 'real time' during the year. Changes for starters and leavers.<br><br>Uses the Banded Model.<br><br>The top-up funding is allocated to and retained by the school. | Small Setting Protection.<br><br>3% Cash Budget Protection. | Former Teacher Pay and Teacher Pensions Grants |

| | | | | | | |
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| | Both Elements 1 and 2 are retained by the school.<br><br>Element 1 is set at a minimum of £4,000 per agreed place. | | | | | |
| **Local Authority-led Sensory Need Resourced Provisions** (mainstream primary & secondary).<br><br>. | 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.<br><br>The host school retains Element 1, set at a minimum of £4,000 per agreed place.<br><br>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.<br><br>Allocated in 'real time' during the year. Changes for starters and leavers.<br><br>Uses the Banded Model.<br><br>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.<br><br>The host school retains Element 1.<br><br>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.<br><br>Allocated in 'real time' during the year. Changes for starters and leavers.<br><br>Uses the Banded Model.<br><br>The top-up funding is retained by Bradford Council. | Small Setting Protection.<br><br>New Services Delegation. | Former Teacher Pay and Teacher Pensions Grants |

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| | 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. | | | | | |
| **Local Authority-led Resourced Provisions** (mainstream primary & secondary). | Element 1 is allocated through a combination of per-pupil funding allocated through the local school's funding formula plus £4,000 (or the higher MFL value) for places agreed to be commissioned but not occupied by pupils on roll in October in the previous year.<br><br>The host school retains Element 1, set at a minimum of £4,000 (or the higher MFL value) per agreed place. | Agreed per-pupil top-up paid by the commissioning local authority.<br><br>Allocated in 'real time' during the year. Changes for starters and leavers.<br><br>Uses the Banded Model.<br><br>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.<br><br>The host school retains Element 1.<br><br>Element 2 funding is retained by Bradford Council. | Agreed per-pupil top-up paid by the commissioning local authority.<br><br>Allocated in 'real time' during the year. Changes for starters and leavers.<br><br>Uses the Banded Model.<br><br>The top-up funding is retained by Bradford Council. | Small Setting Protection.<br><br>New Services Delegation. | Former Teacher Pay and Teacher Pensions Grants |

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| | Element 2 funding is calculated at £6,000 per commissioned place and is retained by Bradford Council. | | | | | |
| **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.<br><br>Both Elements 1 and 2 are retained by the school.<br><br>Additional Element 1 funding is paid using EYSFF rates for any FTE places not occupied in the EYSFF termly censuses.<br><br>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 | Agreed per-pupil top-up paid by the commissioning local authority.<br><br>Allocated in 'real time' during the year. Changes for starters and leavers.<br><br>Uses the Banded Model. All EYESP places funded at a minimum Band 4L (assessment places).<br><br>The top-up funding is allocated to and retained by the school. | n/a | n/a | Small Setting Protection. | Former Teacher Pay and Teacher Pensions Grants |

| | | | | | | |
|---|---|---|---|---|---|---|
| | composite occupancy across the year. | | | | | |
| **Maintained Special Schools & Special School Academies** | Elements 1 and 2 are combined in a 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.<br><br>Retained by the school. | Agreed per-pupil top-up paid by the commissioning local authority.<br><br>Allocated in 'real time' during the year. Changes for starters and leavers.<br><br>Uses the Banded Model.<br><br>The top-up funding is allocated to and retained by the school. | £10,000 per place based on an agreed number of places.<br><br>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.<br><br>Retained by the school. | Uses the Banded Model. | Split Sites.<br><br>Post 16 Element 1 enhancement.<br><br>New Services Delegation.<br><br>Small Setting Protection.<br><br>3% Cash Budget Protection. | Former Teacher Pay and Teacher Pensions Grants.<br><br>Additional Grant Funding required by DfE (December 2022 Settlement Conditions). |
| **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.<br><br>Retained by the PRU / AP Academy. | Agreed per-pupil top-up paid by the commissioning local authority.<br><br>Allocated in 'real time' during the year. Changes for starters and leavers. | n/a | n/a | No specific additional factors – setting-led need costs are to be covered within the calculation of the Day Rate. | Former Teacher Pay and Teacher Pensions Grants.<br><br>Additional Grant Funding required by DfE (December 2022 Settlement Conditions). |

| | | | | | | |
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| | 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. | Uses the Day Rate Model.<br><br>The top-up funding is allocated to and retained by the PRU / AP Academy. | | | | |
| **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. | Former 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 | Agreed per-pupil top-up paid by the commissioning local authority. | None. | None. |

| | | | | | | |
|---|---|---|---|---|---|---|
| | | | of places to be funded.<br><br>Additional place-funding (element 2 only) can be allocated in year where occupancy exceeds agreed places, with an end of year reconciliation to ensure no overall overpayment.<br><br>Both Elements 1 and 2 are retained by the institution. | Allocated in 'real time' during the year. Changes for starters and leavers.<br><br>Uses the Banded Model.<br><br>Typically, values are funded at 60% for most placements (adjusted for the additional 40 hours). 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. | Former Teacher Pensions Grant (for EHCPs) |

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|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| % budget pass-through 3&4 year old EYSFF (excluding one off monies); Must be greater than 95%: | | | | | | | | | | | | | | | | 96.7% |
| % spend 3&4 year old EYSFF on supplements - Cannot exceed 12%: | | | | | | | | | | | | | | | | 8.8% |
| | | Description | Unit Value (£) | | | Unit Applied | Number of Units (Universal) | | | Number of Units (Extended) | | | Anticipated Budget (£) | | | |
| 1. EYSFF (3 & 4 year olds): Base rate | | Universal Base Rate Applicable to all Providers | 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 |
| | | | £4.46 | £4.46 | £4.46 | per hour | 3,842,234 | 351,777 | 904,508 | 1,330,305 | 75,607 | 217,449 | £23,069,521 | £1,906,135 | £5,003,928 | £29,979,584 |
| 2. EYSFF (3 & 4 year olds): Other formula factors | | Description | Unit Value (£) | | | | Number of Units (Universal & Additional 15 hours) | | | | | | Anticipated Budget (£) | | | |
| 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 |
| | | | £0.67 | £0.67 | £0.67 | per hour | | 1,873,022 | | 191,269 | | 414,201 | £1,257,606 | £128,424 | £278,107 | £1,664,137 |
| | 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 |
| | | | £0.15 | £0.15 | £0.15 | per hour | | 2,520,484 | | 293,971 | | 571,762 | £387,311 | £45,173 | £87,860 | £520,344 |
| | Quality (if applicable) | Description | PVI | Nursery School | Primary Nursery Class | Unit Applied | | PVI | | Nursery School | | Primary Nursery Class | PVI | Nursery School | Primary Nursery Class | TOTAL |
| | | For eligible providers, to support the cost of the employer's contribution to Teacher Pensions, following the mainstreaming of the TPG and TPENG. Providers are eligible for this Supplement in 2023/24 if they received Teacher Pension Grant funding in 2022/23, or if they evidence to the Authority that they are an employer, that pays the employer's contribution to national Teacher Pensions (which is currently 23.6%), that employs a qualified teacher, who directly delivers the 3&4-year-old early years entitlement (the Early Years Foundation Stage). | £0.23 | £0.00 | £0.23 | per hour | | 1,944,380 | | 428,852 | | 1,128,779 | £447,207 | £0 | £259,619 | £706,827 |
| | | | | | | | | | | | | | Funding provided through supplements: | | | % |
| 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 (including TPG and TPENG). 2) Additional lump sums allocate the MNS Supplement to ensure that the base per hour rate of funding for each nursery school is £6.08 & the deprivation rate is the same as that used in 2022/23 + 1.60%. | | Variable | | lump sums | | | | 7 | | | | £1,472,064 | | £1,472,064 |
| TOTAL FUNDING FOR EARLY YEARS SINGLE FUNDING FORMULA (3 & 4 YEAR OLDS): | | | | | | | | | | | | | | | | £34,342,956 |
| EYSFF (2 year olds) | | Description | Unit Value (£) | | | | Number of Units | | | | | | Anticipated Budget (£) | | | |
| 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 |
| | | | £5.61 | £5.61 | £5.61 | per hour | 1,147,863 | 118,928 | 71,951 | | | | £6,439,512 | £667,188 | £403,646 | £7,510,346 |

| | |
|---|---|
| TOTAL FUNDING FOR EARLY YEARS SINGLE FUNDING FORMULA (2 YEAR OLDS): | £7,510,346 |

| 5. SEN Inclusion Fund (funded directly to providers) | | 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 | £251,695 | £75,000 | £223,305 | £550,000 |
| | (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): | | | | | | £650,000 |

| 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 PN Appendix 1 for a breakdown of funds (MNS de-delegated funds acccess; LA Early Years and EYSFF capacity) | £649,330 |
| 2 Year Olds | no central funds for 2 year olds are held | £0 |
| TOTAL FUNDING FOR EARLY YEARS CENTRAL EXPENDITURE: | | £649,330 |

| 8. Early years pupil premium | | Anticipated total budget (£) |
|---|---|---|
| 3 & 4 Year Olds | | £437,089 |
| TOTAL FUNDING FOR EARLY YEARS PUPIL PREMIUM: | | £437,089 |

| 9. Disability access fund | | Anticipated total budget (£) |
|---|---|---|
| 3 & 4 Year Olds | | £120,000 |
| TOTAL FUNDING FOR EARLY YEARS DISABILITY ACCESS FUND: | | £120,000 |

City of BRADFORD
METROPOLITAN DISTRICT COUNCIL

# Report of the Director of Finance to the meeting of Executive to be held on 21 February 2023 and Council to be held on 23 February 2023

**AW**

## Subject:

**Capital Investment Plan 2023-24 to 2026-27**

## Summary statement:

Section A of this report presents the Council's Capital Investment Plan 2023-24 to 2026-27.

Section B presents an updated Capital Strategy for 2023-24. This strategy underpins the spending proposals within the Capital Investment Plan.

Section C presents the Investment Strategy for 2023-24.

**Equality & Diversity:**
The budget proposals set out clearly the need for equality to be considered as part of the Budget Strategy. As in previous years full Equality Impact Assessments have been produced for all budget proposals and full consultation with relevant groups has been undertaken. The outcome of consultation will be considered and reported upon before the 2023-24 budget is approved.

The Capital Investment Plan supports the delivery of Council priorities.

Christopher Kinsella
Director of Finance

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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 2023-24 to 2026-27. The report also includes for 2023-24: The Capital Strategy (Section B) and the Investment Strategy (Section C).

1.2 This report is part of the overall 2023-24 budget proposal for the Council which also includes:

- The Council's Revenue Estimates for 2023-24 (Document AU)
- Allocation of the Schools Budget 2023-24 Financial Year (Document AV)
- Housing Revenue Account (Document AX)
- Section 151 Officer's Assessment of the proposed budgets (Document AY)

## 2. OVERVIEW

2.1 **SECTION A** of this report outlines the 2023-24 to 2026-27 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 2023-24 Capital Strategy. This includes:

- Guiding Principles
- Governance Framework for Capital Decisions
- Capital Resources to support Capital Expenditure
- Flexible Use of Capital Receipts
- 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 2023-24 Investment Strategy.

# SECTION A: CAPITAL INVESTMENT PLAN 2023-24

## 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 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.

- Updates to the Prudential and Treasury Management Codes were published by CIPFA in December 2021. The Department for Levelling Up Housing and Communities (DLUHC) had tightened up regulations around local authorities financing capital expenditure on investments in commercial projects for yield and closed access to all PWLB borrowing if such schemes are included in a council's capital programme. The new CIPFA codes have also adopted a similar set of restrictions to discourage further capital expenditure on commercial investments for yield.

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 2023-24 CIP is the quarter 3 monitoring position for the 2022-23 CIP. This is shown in Table 1 below:

**Table 1: Quarter 3 Capital Investment Plan 2022-23**

| Scheme Description | Q2 Re-profiled Budget 2022-23 | Changes | Re profile Budget 2022-23 | Spend 31 Dec 2021 | Budget 23-24 | Budget 24-25 | Budget 25-26 onwards | Total |
|---|---|---|---|---|---|---|---|---|
| | £m | £m | £m | £m | £m | £m | £m | £m |
| Health and Wellbeing | 3.0 | 0.3 | 3.3 | 1.0 | 2.5 | 3.3 | 4.8 | 13.9 |
| Children's Services | 13.6 | 0 | 13.6 | 6.6 | 11.6 | 3.3 | 1.2 | 29.7 |
| Place - Economy & Development Services | 51.1 | 0 | 51.1 | 18.4 | 46.6 | 27.3 | 10.4 | 135.4 |
| Place - Planning, Transport & Highways | 40.9 | 16.6 | 57.5 | 35.5 | 72.1 | 38.0 | 120.2 | 287.8 |
| Place - Other | 18.8 | 0.1 | 18.9 | 9.6 | 26.7 | 23.1 | 14.8 | 83.5 |
| Corp Service – Estates & Property Services | 39.9 | 4.5 | 44.4 | 31.4 | 13.1 | 10.4 | 4.8 | 72.7 |
| **TOTAL - Services** | **167.3** | **21.5** | **188.8** | **102.5** | **172.6** | **105.4** | **156.2** | **623.0** |
| Reserve Schemes & Contingencies | 3.1 | -0.5 | 2.6 | 0 | 72.7 | 108.1 | 79.3 | 262.7 |
| **TOTAL** | **170.4** | **21.0** | **191.4** | **102.5** | **245.3** | **213.5** | **235.5** | **885.7** |

4.2 In order to draw up the 2023-24 CIP proposed changes are:

- Ongoing schemes continued for the additional 2026-27 year added to the CIP.
- New schemes for CIP.
- Removal / reduction of budget for a number of schemes.

4.3 The first change is the ongoing schemes continued into 2026-27. These are detailed below:

- Replacement of Vehicles - £3m
- Property Programme - £4m
- General contingency for unforeseen capital expenditure - £1m
- IT - £2m

4.5 The new schemes proposed for the CIP are set out and described in Table 2 below.

Table 2: New proposed schemes for the 2023-24 CIP

| Proposed Scheme | Total Budget £000 | Description / Benefit |
|---|---|---|
| **Children's Services** | | |
| PCS1 Children's Residential Care | 5,200 | The investment would cover 'small group' homes, staying close provision for 17+ year olds, and emergency provision. The capital cost is expected to be c£5.2m and would be funded by savings that will result from the freeing up of capacity and reduced need for costly external residential provision. It would replace a current reserve scheme with a budget of £3.149m. |
| PCS2 Area office | 800 | New area office accommodation funded by corporate borrowing. |
| **Place** | | |
| PCS3 Bereavement Strategy – Stage 2 | 6,000 | This is continuation of the delivery of the Bereavement Strategy. It will be funded by corporate borrowing. |
| **Corporate Resources** | | |
| PCS4 City Centre Regeneration | 18,000 | Additional funding for regeneration purposes. The additional costs will be funded through corporate borrowing. |
| PCS5 Inflation Contingency | 10,000 | The existing capital programme has been impacted by inflationary price increase with some substantial increases in construction related activity. BCIS indicate an 8% annual increase in costs as at Quarter 3 2022. The anticipated trend at the moment is for the increase to continue, with an easing of price increases only anticipated to show around the end of 2024.<br><br>The Inflation Contingency is proposed to be allocated to schemes where value engineering or other options are not able to mitigate cost pressures and retain the scheme viability and secure desired outcomes. It is proposed the utilisation of the Inflation Contingency be delegated to the Strategic Director, Corporate Resources as the senior director responsible for Estates, Finance; Legal and Procurement services. The additional costs will be funded through corporate borrowing. |
| PCS6 IT Software | 965 | Three schemes to implement new technologies to reduce the associated cyber security risks and to increase the level of protection for Council networks, systems and data. |
| TOTAL | **40,965** | |

4.6 In addition to the schemes above there are other possible schemes that are at a very early stage of development. The budget position means only invest to save schemes should be considered for further capital investment. Further work and investigations will be completed during 2023-24 and they will be brought to Executive for approval.

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 2023-24 Property Programme and IT software schemes have already been subject to a business case and reviewed by the Project Advisory Group.

- The utilisation of the Inflation Contingency is proposed to be delegated to the Strategic Director, Corporate Resources.

- The remaining schemes are subject to further work and a detailed, costed business case. These new schemes are held in a Reserves & Contingencies section of the CIP and as such cannot be released to budget managers until the presentation of full project appraisals to the Project Appraisal Group and approval from Executive.

4.8 Due to the challenging financial situation, and the need to ensure the revenue impact of the capital programme is reduced, the Council has reviewed the level of capital investment needed and has been able to identify reductions in some areas of the existing capital budget. There is the potential to free up resources in the CIP by either deleting or delaying some of these projects.

4.9 The proposals include the removal / reduction of budget for a number of schemes. A description of these schemes is provided in the table below.

**Table 3: Proposed Budget reductions**

| Scheme | Proposed Budget reductions £'000 | Current Position |
|---|---|---|
| **Children's Service** | | |
| Lap tops | 1,800 | Originally included to invest capital funding in Digital Inclusion for Disadvantaged Children & Young People by investing in an infrastructure to support the programme. It is proposed to reduce the budget to £0.4m over two years. |
| Digital strategy | 400 | Original budget of £1.2m was approved in 2020 to provide electronic devices to disadvantaged children. Part of the budget has been used but where possible, alternative funding sources were used. |

| | | |
|---|---|---|
| | | It is proposed to reduce the budget to £0.3m over the next three years. |
| **Place** | | |
| Alternative fuel centre & Vehicles | 6,030 | Remove in full from the CIP the Alternative Fuel Centre scheme costed at £6.0m, following an alternate private sector led proposal. |
| Blight Sites | 675 | £0.465 m of the £1.14m Budget for Blight Sites will be used on the former Manor House site, Manningham and Cragg Street schemes. The remaining budget will be removed and any future schemes will be developed as separate capital bids. |
| King George V Playing Fields | 1,020 | Currently no plans are in place for this scheme so it is proposed that it is removed completely from the CIP. It will be revisited once plans are developed. |
| **Corporate Resources** | | |
| District Heat | 12,815 | Plans for a district heat network in Bradford City Centre are now being implemented by a private developer. A scheme completed by the Council is no longer required, however some amounts the capital programme to enable the conversion of council buildings to receive heat from the district heat network. |
| Strategic Acquisitions | 23,460 | Changes to the Prudential Code mean that it is no longer possible to invest in schemes, that are solely income generating ones. CIP Reserve Schemes currently include £43.5m for Strategic Acquisitions and it is proposed that this is reduced to £20m. Any new approved schemes for the remaining budget will need to meet the new Code requirements. Also any new scheme would still need to be invest to save on the funding. |
| Keighley One Public Estate | 17,000 | Now included as part of another scheme. A reduced budget of £1m will remain for potential Council works. |
| Museum Store | 500 | A new proposal linked to the City of Culture is to be developed and a replacement for the Museum Store will be considered as part of this. |
| City Hall | 4,500 | A budget reduction of £4.5m is proposed due to the original scheme no longer going ahead. A revised scheme is being developed and the budget will be |

| | | |
|---|---|---|
| | | revisited once plans are further developed |
| **Total** | **68,200** | |

4.10 The proposed 2023-24 to 2026-27 Capital Investment Plan is a rolling programme including the quarter 3 2022-23 capital budget, with the addition of the new schemes detailed in Table 2 and removal of budgets in Table 3. This is set out in Appendix 1, along with a funding analysis.

4.11 Currently in reserve schemes there is £6m additional budget above current Basic Needs and SEND Capital Grants for additional required SEND provision across the district. It is funded by corporate borrowing and will be used to complete a number of SEND expansions across both the mainstream school sector and SEND schools. The budget is required to allow for the development of up to three proposed schemes. Once the initial design and development works have been completed, the necessary statutory processes will commence, including approval from Executive and an update will be provided to the Project Appraisal Group.

4.12 The Executive, at its meeting of November 1 2022, approved the opening of a Housing Revenue Account (HRA) in the financial year 2023-24. The HRA is a ring-fenced account which ensures that council housing does not subsidise, or is itself subsidised, by other local services paid for from the general fund. HRA capital expenditure is therefore recorded separately. The HRA business plan is being developed and there will be further updates to the Housing Capital Plan once this has been approved.

4.13 The proposed CIP includes £865m of capital investment in the District (£836m General Fund and £29m Housing Revenue Account). The profile of capital expenditure will continue to be updated as projects develop through the stages and/or if the resourcing position changes.

## 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 or revenue contributions, do not cause any future funding pressures on the Revenue Estimates.

5.3 The Council is required to determine a level of MRP it considers to be prudent, whilst having regard to the current MRP Guidance issued in 2018. The overriding requirement of the Guidance is to set a prudent provision which ensures that debt is repaid over a period that is reasonably commensurate with that over which the capital expenditure provides benefits.

5.4 An external review of the Council's MRP policy was recently undertaken. The objective of the review was to provide the Council with an independent check that the MRP Strategy and Policy are fit for both the current and future spending plans. It also provides the necessary challenge to ensure that any potential options are not missed when considering the capital financing decisions for new capital expenditure ensuring that the provision remains prudent and compliant with statutory guidance.

5.5 Regulations require Full Council to approve an MRP statement in advance of each year. The Policy may be revised during the year by full Council or the appropriate body of Members where required.

5.6 Regulations allow the Council to review its policy every year and set a policy that it considers prudent at that time. The impact of a revised MRP policy will be kept under regular review in order to ensure that the annual provision is prudent.

5.7 Full Council is recommended to approve the following MRP statement amendment for the 2022-23 financial year:

- Change the calculation of MRP for supported borrowing from a straight line method to an annuity basis over 36 years (the remaining average life of the overall asset base).

- Change the calculation of MRP for unsupported borrowing from an asset life straight line basis to an asset life annuity basis using an annual weighted average calculation. Estimated asset life periods will be determined under delegated powers.

- Change the calculation of MRP for PFI contracts from an asset life straight line basis to an asset life annuity basis.

5.8 Full Council is recommended to approve the following MRP statement for the 2023-24 financial year:

- For supported borrowing MRP will be calculated using an Asset Life annuity basis on the remaining average life of the overall asset base.

- For all unsupported borrowing MRP will be calculated using an Asset Life annuity basis. Estimated asset life periods will be determined under delegated powers.

- MRP in respect of PFI contracts will be calculated by the amount that writes down the balance sheet liability unless the asset life is considerably longer than the PFI contract, where MRP will be calculated on an asset life annuity basis.

- MRP in respect of finance leases will equal the repayment amount for the year.

- There is no requirement on the HRA to make a minimum revenue provision but there is a requirement for a charge for depreciation to be made.

5.9 The proposed policy is set out in Appendix 2. There are changes for the 2022-23 and 2023-24 years.

5.10 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, was being repaid over 50 years on an equal instalment basis. This has been amended from 2022-23 to an asset life annuity basis.

- All other debt and PFI liabilities is amended to be repaid on an annuity asset 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.

5.11 The guidance provides several options for calculating a prudent MRP. Straight line and annuity methods over the asset's useful life are the most commonly used methods. By changing to annuity asset life the Council is in line with legislation and other local authorities. The annuity asset life method seeks to ensure the revenue account bears an equal annual charge (for principal and interest) over the life of the asset by taking account of the time value of money. Since MRP relates only to 'principal', the amount of provision made annually gradually increases during the life of the asset.

## 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.

6.2 The 2003 Capital Regulations authorise Councils to borrow for a capital purpose only. This is subject to tests of sustainability and affordability, using the Prudential Indicators. CIPFA published the revised Prudential and Treasury Codes in December 2021 and formal adoption is required in the 2023-24 financial year.

6.3 One key Prudential Indicator, 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 4a over.

Table 4a: Capital Financing Requirement (CFR)

| | 2021-22 Actual £m | 2022-23 Estimate £m | 2023-24 Estimate £m | 2024-25 Estimate £m | 2025-26 Estimate £m | 2026-27 Estimate £m |
|---|---|---|---|---|---|---|
| **Opening Capital Financing Requirement** | **699** | **709** | **773** | **854** | **920** | **930** |
| General Fund - Increase in borrowing | 35 | 83 | 104 | 92 | 38 | 60 |
| General Fund - Less MRP and other financing movements | -25 | -19 | -23 | -26 | -28 | -29 |
| **Closing Capital Financing Requirement** | **709** | **773** | **854** | **920** | **930** | **961** |

6.4 Table 4a shows:

- The actual CFR at 31 March 2022 was £709m. This figure is also shown in the Council's draft statement of accounts and is being externally audited.

- The CFR is projected to increase, peaking at £961m at 31 March 2026-27. 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 31/03/2022) based on the proposed 2023-24 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 (PWLB). 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 4b: External Debt Projection

| | 31/03/22 Actual £m | 31/03/23 Estimate £m | 31/03/24 Estimate £m | 31/03/25 Estimate £m | 31/03/26 Estimate £m | 31/03/27 Estimate £m |
|---|---|---|---|---|---|---|
| **Capital Financing Requirement** | **709** | **773** | **854** | **920** | **930** | **961** |
| General Fund - Private Finance Initiative | -147 | -139 | -130 | -121 | -111 | -101 |
| **External Borrowing** | **-373** | **-455** | **-546** | **-641** | **-663** | **-714** |
| *Under-borrowing* | 189 | 179 | 178 | 158 | 156 | 146 |
| | | | | | | |
| Available for Investment (inc earmarked reserves) | 329 | 200 | 170 | 170 | 170 | 170 |
| External Investments | -208 | -50 | -40 | -40 | -40 | -40 |
| Working Capital | 68 | 29 | 48 | 28 | 26 | 16 |

| | | | | | | |
|---|---|---|---|---|---|---|
| | 189 | 179 | 178 | 158 | 156 | 146 |

6.6 Regarding Table 4b over:

- External borrowing increases generally when the CFR increases but remains lower than the CFR.

- The amount by which External debt is lower than the CFR is called under-borrowing. For example, under-borrowing is estimated to be £179m at 31 March 2023.

- The reasons for the under-borrowing are reconciled in table 4b. 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. As Council usable reserves are forecast to reduce over future years in line with planned commitments, the internal borrowing will also reduce resulting in external borrowing that will need to be required to fund the CFR.

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 4c: Analysis of Capital Spend Requiring Borrowing

| | **31/03/22 Actual £m** | **31/03/23 Estimate £m** | **31/03/24 Estimate £m** | **31/03/25 Estimate £m** | **31/03/26 Estimate £m** | **31/03/27 Estimate £m** |
|---|---|---|---|---|---|---|
| General Fund | - | - | 232 | 203 | 76 | 134 |
| Housing Revenue Account* | - | - | 5 | 10 | 10 | 4 |
| **Total Capital Spend** | **105** | **191** | **237** | **213** | **86** | **138** |
| General Fund - Capital Spend not funded from borrowing | 70 | 108 | 133 | 121 | 48 | 78 |
| **Capital spend funded from borrowing** | **35** | **83** | **104** | **92** | **38** | **60** |

*Separate HRA only from 01-04-2023

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 2023-24 Revenue Estimates (Document AU).

6.9 This Indicator is called the ratio of capital financing costs to the Net Revenue Stream. The indicator is shown in Table 5 over, together with a separate analysis for Invest to Save schemes:

Table 5: Ratio of Capital Financing costs to the Net Revenue Stream

| | 2022-23 Estimate £m | 2023-24 Estimate £m | 2024-25 Estimate £m | 2025-26 Estimate £m | 2026-27 Estimate £m |
|---|---|---|---|---|---|
| **Total Capital Financing Costs** | **51.6** | **56.8** | **63.8** | **66.1** | **67.2** |
| Projected Net Revenue Stream | 388 | 441 | 441 | 441 | 441 |
| **Ratio: Capital Financing costs to Net Revenue Stream** | **13.3%** | **12.9%** | **14.5%** | **15.0%** | **15.2%** |
| *Invest to Save element of Total Capital Financing Costs* | 6.3 | 6.5 | 7.7 | 7.9 | 8.4 |
| *Invest to Save contribution to Ratio to Net revenue Stream* | 1.6% | 1.5% | 1.6% | 1.8% | 1.9% |

6.10 Key points about the above Prudential Indicator are:

- The estimated ratio of capital financing costs to the Net Expenditure Requirement increases between 2023-24 and 2026-27.

- 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 of assumptions including: that interest rates are 3.5% in 2022-23, 4.1% in 2023-24, 3.9% in 2024-25, 3.2% in 2025-26 and 3.2% in 2026-27. 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 6: Capital Financing Costs in the Revenue Estimates Budget

| | 2021-22 Actual £m | 2022-23 Estimate £m | 2023-24 Estimate £m | 2024-25 Estimate £m | 2025-26 Estimate £m | 2026-27 Estimate £m |
|---|---|---|---|---|---|---|
| **Total Capital Financing Costs** | **57.3** | **51.6** | **56.8** | **63.8** | **66.1** | **67.2** |
| Direct Funding Schemes | 3.5 | 0 | 0 | 1.0 | 1.0 | 1.0 |
| PFI interest virement | -16.5 | -15.9 | -15.2 | -14.6 | -13.9 | -13.1 |
| PFI virement | -7.9 | -8.6 | -8.8 | -9.0 | -10.1 | -10.7 |
| Prudential borrowing virement | -6.2 | -6.3 | -6.9 | -10.2 | -14.1 | -15.3 |
| **Corporate Capital Financing Costs within Revenue Estimates** | **30.2** | **20.8** | **25.9** | **31.0** | **29.1** | **29.1** |

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 in 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 6 above.

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

6.14 An increase in capital spend funded by borrowing generates a requirement to take out new loans and increases the corporate revenue capital financing costs (Table 6). For any new schemes the additional increase in debt cost should be met from schemes that generate savings, or avoid revenue costs or provide income streams. The Council will continue to pursue external funding through capital grant opportunities.

6.15 Additional corporate borrowing will impact on Revenue budgets and any additional costs for schemes already in the plan will also have to be considered. The proposed CIP means that the Council Prudential Indicators are increasing and uncertainty over costs means there will need to be a continued review considering the affordability and deliverability of the CIP. The overall capital programme position will be kept under review and any new information regarding funding allocations will be presented to Members in future reports.

## 7 FINANCIAL & RESOURCE APPRAISAL

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

## 8 RISK MANAGEMENT AND GOVERNANCE ISSUES

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

## 9 LEGAL APPRAISAL

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

## 10 OTHER IMPLICATIONS

### 10.1 SUSTAINABILITY IMPLICATIONS

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

### 10.2 GREENHOUSE GAS EMISSIONS IMPACTS

There are no direct impacts arising from this report

### 10.3 COMMUNITY SAFETY IMPLICATIONS

There are no direct impacts arising from this report

**10.4 HUMAN RIGHTS ACT**

None

**10.5 TRADE UNION**

None

**10.6 WARD IMPLICATIONS**

None.

**10.7 IMPLICATIONS FOR CHILDREN AND YOUNG PEOPLE**

None

**10.8 ISSUES ARISING FROM PRIVACY IMPACT ASSESEMENT**

None

**10.9 NOT FOR PUBLICATION DOCUMENTS**

None

**11 RECOMMENDATIONS**

11.1 That the 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 Capital Investment Plan for 2023-24.

11.2 That the updated Capital Plan for 2023-27, be approved; (Appendix A). Commitments against reserve schemes and contingencies can only be made after a business case has been assessed by the Project Appraisal Group and approved by Executive.

11.3 That Specific approval be given for the following schemes to commence following a detailed review by the Project Appraisal Group:

- The 2023-24 Property Programme has a proposed total cost of £4m and this will be funded by corporate borrowing.
- IT software – three schemes are planned to improve IT security. The cost of the capital spend is £0.965m and it will be funded by corporate borrowing.

In addition:

- £6m from Reserve schemes for SEND provision across the district funded by corporate borrowing. It will be used to complete a number of SEND expansions across both the mainstream school sector and SEND schools. The budget is required to allow for the development of up to three proposed schemes. Once the initial design and development works have been completed, the necessary statutory processes will commence, including approval from Executive and an update will be provided to the Project Appraisal Group.

- The utilisation of the Inflation Contingency as set out in this report be delegated to the Strategic Director of Corporate Resources. The additional costs will be funded through corporate borrowing.

11.4 That the amendment to the 2022-23 Minimum Revenue Provision Policy and the proposed 2023-24 MRP policy set out in Appendix 2 is approved.

11.5 That 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.

11.6 That the Capital Strategy (including Prudential Indicators), set out at Appendix 3, be approved.

11.7 That the Flexible Use of Capital Receipts Strategy as presented at Appendix 4 - is recommended to the Executive to:

- Approve the Flexible use of Capital Receipts policy for 2022-23 and 2023-24 as outlined in Appendix 4 section 2.2.

- Delegate powers to the Section 151 office in consultation with the Leader to vary the values outlined in Appendix 4 section 2.2 subject to the value of Capital receipts achieved in 2023-24, whilst ensuring compliance with the Direction from DHLUC outlined in section 2.1.

## 12 APPENDICES

Appendix 1: The 2023-24 to 2026-27 Capital Investment Plan
Appendix 2: Proposed change to the Minimum Revenue Policy
Appendix 3: Supporting Tables for the Capital Strategy
Appendix 4: Flexible Use of Capital Receipts

SECTION B: CAPITAL STRATEGY 2023-2024

# Capital Strategy 2023-24

## 1 CAPITAL STRATEGY (BACKGROUND)

1.1 The Council's Capital Strategy is a policy framework for the development; management and monitoring of its capital investment plan.

1.2 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.

1.3 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. 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.

1.4 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.

1.5 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.

1.6 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.

1.7 CIPFA published the revised Prudential and Treasury Codes in 2021. The changes look to strengthen the requirements regarding borrowing for commercial projects to ensure Local Authorities are not borrowing in advance of need, with a view to primarily making a profit / financial return.

1.8 The Council does not currently have any capital investments which fall within this commercial category and the current CIP does not have any commercial schemes. The new Code does not introduce restrictions on councils borrowing for purposes essential to their core aims, such as for housing and regeneration projects, or for treasury management purposes.

1.9 Other changes are to ensure Local Authorities' capital investment remains sustainable and to facilitate these two new prudential indicators together with the replacement of an existing indicator have been proposed as set out below:

- New prudential indicator: external debt to net revenue stream ratio
- New prudential indicator: income from commercial and service investments to net revenue stream
- Replacing "Gross debt and the CFR" with the liability benchmark as a graphical prudential indicator.

1.10 These changes will be reflected in the Treasury Management Strategy and be reflected as appropriate when developing future capital programmes.

## 2 GUIDING PRINCIPLES

2.1 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.

2.2 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 2023-24 to 2026-27).

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

## 3 LINKS TO COUNCIL POLICIES, STRATEGIES AND OBJECTIVES

3.1 The Council's **Capital Plan** covers a four-year period: the latest proposed in this report will cover 2023-2027. 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

## 4 Housing Revenue Account (HRA)

4.1 The (HRA) is a ring-fenced account which ensures that council housing does not subsidise, or is itself subsidised, by other local services. HRA capital expenditure is therefore recorded separately within the accounts. The Executive, at its meeting of November 1 2022, approved the opening of a Housing Revenue Account (HRA) in the financial year 2023-24. This was in response to a direction issued by the Department for Levelling Up Housing and Communities (DLUHC) in relation to council's owning more than 200 units of housing. Bradford District presently owns just 406 units out of approximately 34000 social housing units in the Bradford district.

4.2 In order to open an HRA, the Council will also need to develop a HRA Business Plan. The Business Plan is being developed with assistance from external consultants and sets out the strategic plan for managing and maintaining the council's housing stock.

It also details the short to medium term plans and priorities for housing and asset management services and provides a long term (30 year) forecast on stock investment and financial planning. Furthermore, it gives an economically sustainable strategy with which to go forwards, meeting the statutory health and safety requirements, improving the decency of homes, providing more homes and starting the journey towards carbon neutrality. Officers, together with suitably qualified and experienced housing consultants, are presently developing the Business Plan which will be presented for approval by Executive during March 2023.

## 5 GOVERNANCE FRAMEWORK FOR CAPITAL DECISIONS

5.1 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 the Director of Finance. 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.

## 6 CAPITAL RESOURCES TO SUPPORT CAPITAL EXPENDITURE

6.1 Proposed future schemes are set out in the **Capital Investment Plan 2023-24**, due to be considered by Full Council on 23 February 2023.

6.2 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 AU for 2023-24). 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.

6.3 **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.

6.4 **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.

6.5 **Capital Receipts** are usually restricted to use for:

i) Financing new capital investment.

ii) Reducing borrowing under the Prudential Framework.

iii) Paying a premium charged in relation to any amounts borrowed.

iv) Meeting any liability in respect of credit arrangements.

v) Meeting disposal costs (not exceeding 4% of the receipt).

6.5.1 In general, capital receipts arising from the disposal of housing assets and for which account is made within the Housing Revenue Account (HRA), are governed by the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003. In summary the regulations require that receipts arising from:

i) Right to Buy (and similar) sales may be retained to cover the cost of transacting the sales and to cover the debt on the properties sold, but a proportion of the remainder must be surrendered to Central Government; and
ii) All other disposals may be retained in full provided they are spent on affordable housing, regeneration or the paying of housing debt.

6.6 **Flexible Use of Capital Receipts**

6.6.1 As part of the Local Government Finance Settlement (LGFS) in March 2016, the Secretary of State for Housing, Communities and Local Government provided Local Authorities with the opportunity to use capital receipts to fund the revenue costs of transformation. This flexibility was then extended to 2021-22 as part of the 2018-19 LGFS. Alongside the Final LGFS in February 2021, this flexibility was extended for a further three-year period (2022-23 to 2024-5). The Council intends to utilise £3.0m of capital receipts to fund elements of transformational agenda in line with the Directive guidance. Therefore, in 2022-23 the first £3.00m of unfettered receipts will be used to support the revenue budget via the financing of transformational projects.

6.6.2 The Flexible Use of Capital Receipts is designed to offset the revenue cost of transformational projects which are expected to deliver future ongoing revenue savings for either the Council or other public sector delivery partners.

6.6.3 In order to take advantage of this freedom and flexibility, the Council must act in accordance with the statutory guidance issued by the Secretary of State. This guidance requires the Council to prepare, publish and maintain a Flexible Use of Capital Receipts Strategy. The Council's Flexible Use of Capital Receipts Strategy is included in Appendix 4.

## 7 COMMERCIAL ACTIVITY AND PROPERTY INVESTMENTS

7.1 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.

7.2 Since 2017, the former Ministry of Housing, Communities and Local Government (MHCLG) 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 2023-24 to 2026-27)

- 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. Compliance is monitored by reviewing capital plans; in Bradford's case, the Capital Investment Programme 2023-24 to 2026-27.

7.3 As a result, Bradford can no longer invest in commercial property solely to create income generation. The prior criteria for investment in strategic acquisitions (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, e.g. retail or warehouses

viii. The detailed business case for investment

## 8 LOANS TO EXTERNAL ORGANISATIONS

8.1 The Council may make loans to local enterprises, local charities, wholly owned companies and joint ventures as part of a 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.

8.2 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.

8.3 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.

8.4 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.

8.5 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.

## 9 ASSET MANAGEMENT PLANNING

9.1 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 currently being 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 2023-24 onwards. The Council has increased its funding in the Property Programme by an additional £2million per annum for the next five years which would improve the Council's estate and reduce its backlog maintenance.

9.2 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 2022-23.

9.3 The Council's Estates Strategy, is close to being finalised and will be implemented in 2023-24, in the short term, to mitigate rising energy costs, some buildings are being mothballed whilst a permanent strategy is finalised for the Council's city centre office estate.

## 10 RISKS

10.1 In considering the Capital Investment Programme 2023-24 to 2026-27 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.

10.2 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.

## 11. PRUDENCE, AFFORDABILITY, SUSTAINABILITY

11.1 As noted, the updated Prudential Code for Capital Finance in Local Authorities issued in December 2021 requires the Council to consider the key judgement criteria of Prudence, Affordability and Sustainability when considering the Capital Programme.

11.2 Some considerations around this are:

- At 1 April 2022, the Council had £1,016m of long-term assets, when valued according to their potential to provide service provision to the Council. Outstanding debt on these assets is £709m (CFR balance).
- The CIP 2022-23 to 2026-27 proposes £865m of new capital expenditure: funded by £488m of capital grants and miscellaneous items; £160m of Invest to Save borrowing; and £217m of corporate borrowing. Individual schemes are detailed in Appendix 1 by department and analysed according their individual funding requirements.
- Interest rates have risen in the last year and further increases are forecast.
- Other potential risks are outlined in the Risk section above (see Section 10 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 12.9% to 15.2% between 2023-24 to 2026-27.
- 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 also impact on the profile of the repayments of debt for the Public Finance Initiative.

11.3 Overall the Capital Financing Requirement (CFR) of £709m will be paid for from Capital Financing Costs charged to future revenue estimates. The proposed CIP 2023-24 to 2026-27 requires substantial new borrowing, increasing the CFR and the amount of funding set aside from future revenue estimates.

11.4 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.

11.5 Most of the Council's long-term borrowing is from the PWLB; which was £292.3m at 1 April 2022. Also Salix Finance Limited provides interest free Government funding to the public sector to improve their energy efficiency, reduce carbon emissions and lower energy bills. The Council to date has taken the opportunity to secure £19.1 million interest free loans to fund the £45 million approved street lighting replacement scheme in the Council's capital plan. At 1 April 2022 the Council has received £5.2m from Salix loans.

11.6 A further £146.1m of borrowing relates to the private finance initiative with a private company and will be repaid from future contracted lease payments.

11.7 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 than the interest the Council received on its investments. The relationship between the CFR, earmarked reserves and other assets and liabilities is summarised in Table 6, Appendix 3.

## 12 SKILLS AND KNOWLEDGE

12.1 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 across the Council as and when required.

12.2 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.

12.3 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.

## 13. CAPITAL STRATEGY ACTIONS

13.1 These are intended to align the Council's operations with the CFR, and are listed in Table 10 of the Capital Strategy Appendix 3. 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 2023-24

## INVESTMENT STRATEGY

## 1. 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 2022-23 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 former 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.

CIPFA published the revised Prudential and Treasury Codes in December 2021 and formal adoption is required for the 2023-24 financial year.

## 2. 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 investment acquisitions in recent times and none in 2021-22. At 1 April 2022, this investment property portfolio was valued at £51.9m (2021-22 unaudited statement of accounts), a small proportion of overall long-term assets of £1,016m.

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.

## 3. 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

### 3.1 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.

### 3.2 Contribution to Council's overall purposes:

Investments made by local authorities can currently 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 Council are 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, e.g. 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 property 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.

**3.3 Investment indicators:**
The Council proposes to adopt a system of quantitative indicators to guide and inform investment decisions relating to Other Investments. The Council initially adopted the indicators proposed within the Guidance. These indicators will be reported upon and reviewed.

The Council's proposed range of indicators (Section 7) 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.

**3.4 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.

**3.5 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 £20 million has been included in the capital programme, phased across the programme and funded by prudential borrowing. Any new approved schemes for this budget will need to meet the new Prudential Code requirements. A small £0.7m budget is also included, as part of the Leeds City Region Revolving Investment Fund.

**4. 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.

**5. 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. 20 of the Council's Contract 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.

## 6. 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.

## 7. PRUDENTIAL INDICATORS

As noted above, the Council has a historic portfolio of investment property. This has been expanded with two investments in property, with the intention of making a profit that will be spent on local public services. These assets fall under the definition of Investment Properties in the CIPFA Accounting Code and are valued at fair value in the accounts in accordance with IFRS13. Fair value is when an asset is valued at its highest and best use.

**Overall Return**

| | **2021-22**<br>**£m** |
|---|---:|
| Rental income | -2.0 |
| Service charges | -0.2 |
| Repairs and Maintenance | 0.26 |
| Capital Financing costs & other | 0.4 |
| **Total return** | **-1.54** |
| *Source 2021-22 Draft Statement of Accounts* | |

The value of the Council's investment property as at 31 March 2022 was £51.9m, making a return of 3.0%. 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.

No new acquisitions were completed in 2021-22 and one of the recent investment acquisitions is no longer in this category due to a change in operational use. This asset is not included in current prudential indicators.

**Debt to Net Service Expenditure (NSE) Ratio**

This indicator measures the gross debt associated with the recent 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.

| | 2021/22 Actual £000 | 2022/23 Estimate £000 | 2023/24 Estimate £000 |
|---|---|---|---|
| Gross Debt | 6,219 | 6,111 | 6,000 |
| Net Service Expenditure | 432,935 | 388,000 | 441,000 |
| Debt to NSE Ratio | 1.4% | 1.6% | 1.4% |

The indicator shows the proposed debt level for the Council's recent investment. It shows that the debt ratio from investment in a property portfolio will be approximately less than 2% of the Council's net revenue budget if the investment in this 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 DLUCH guidance.

**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 all 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.

| | 2021/22 Actual £000 | 2022/23 Estimate £000 | 2023/24 Estimate £000 |
|---|---|---|---|
| Commercial Income | 2,200 | 2,500 | 2,500 |
| Net Service Expenditure | 432,935 | 388,000 | 441,000 |
| Commercial Income to NSE Ratio | 0.5% | 0.6% | 0.6% |

**Investment Cover Ratio**

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

| | 2021/22 Actual | 2022/23 Estimate | 2023/24 Estimate |
|---|---|---|---|
| Investment Cover Ratio | 0.6 | 1.8 | 1.8 |

The indicator shows that net income is expected to be higher than the interest expense in future years.

**Loan to Value Ratio**

This indicator measures 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.

| | 2021/22 Actual | 2022/23 Estimate | 2023/24 Estimate |
|---|---|---|---|
| Loan to value Ratio | 1.7 | 1.6 | 1.6 |

**Target Income Returns**

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

| | 2021/22 Actual | 2022/23 Estimate | 2023/24 Estimate |
|---|---|---|---|
| Target Income Returns | 1.5% | 4.1% | 4.2% |

**Gross and Net Income**

The net income targets are included in the Council's 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 further investments being made. The indicator shows the proposed income for the Council's recent investment.

| | 2021/22 Actual £000 | 2022/23 Estimate £000 | 2023/24 Estimate £000 |
|---|---|---|---|
| Gross Income | 255 | 355 | 355 |
| Net Income | 89 | 246 | 244 |

**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 if further investments are made.

| | 2022/23 Estimate £000 | 2023/24 Estimate £000 | 2024/25 Estimate £000 |
|---|---|---|---|
| Operating Costs | 400 | 400 | 400 |

**Vacancy Levels and Tenant Exposures**

| | 2022/23 Estimate £000 | 2023/24 Estimate £000 | 2024/25 Estimate £000 |
|---|---|---|---|
| Void periods | 0% | 0% | 0% |

The target of 0% reflects the strong tenant covenant strengths that will be required under the 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

| CS Ref | Scheme Description | Revised 22-23 Budget | 2023-24 Budget | 2024-25 Budget | 2025-26 Budget | 2026 Onwards | Specific Grants, cap receipts, reserves | Invest to Save Funding | Corporate Borrowing | Budget Total |
|---|---|---|---|---|---|---|---|---|---|---|
| | | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| **Health and Wellbeing** | | | | | | | | | | |
| CS0237a | Great Places to Grow Old | 1,080 | 1,500 | 2,500 | 2,961 | 1,124 | 0 | 0 | 9,165 | 9,165 |
| CS0237c | Keighley Rd Residential Care Valley View | 295 | 0 | 0 | 0 | 0 | 0 | 295 | 0 | 295 |
| CS0373 | BACES | 818 | 750 | 750 | 750 | 0 | 0 | 0 | 3,068 | 3,068 |
| CS0239 | Community Capacity Grant | 558 | 0 | 0 | 0 | 0 | 558 | 0 | 0 | 558 |
| CS0311 | Autism Innovation Capital Grant | 19 | 0 | 0 | 0 | 0 | 19 | 0 | 0 | 19 |
| CS0312 | Integrated IT system | 44 | 0 | 0 | 0 | 0 | 44 | 0 | 0 | 44 |
| CS0523 | Electrical work at residential homes | 31 | 0 | 0 | 0 | 0 | 31 | 0 | 0 | 31 |
| CS0532 | Changing Places Toilets P1 & P2 | 145 | 230 | 0 | 0 | 0 | 255 | 0 | 120 | 375 |
| CS0535 | Beckfield Resource Centre | 213 | 0 | 0 | 0 | 0 | 0 | 0 | 213 | 213 |
| CS0536 | Medication and Care Records System | 85 | 0 | 0 | 0 | 0 | 0 | 0 | 85 | 85 |
| **Total - Health and Wellbeing** | | **3,288** | **2,480** | **3,250** | **3,711** | **1,124** | **907** | **295** | **12,651** | **13,853** |
| **Children's Services** | | | | | | | | | | |
| CS0022 | Devolved Formula Capital | 643 | 0 | 0 | 0 | 0 | 643 | 0 | 0 | 643 |
| CS0030 | Capital Improvement Work | 105 | 100 | 100 | 100 | 0 | 405 | 0 | 0 | 405 |
| CS0240 | Capital Maintenance Grant | 6,479 | 3,194 | 0 | 0 | 0 | 9,673 | 0 | 0 | 9,673 |
| CS0244a | Primary Schools Expansion Programme | 842 | 1,000 | 0 | 0 | 0 | 1,842 | 0 | 0 | 1,842 |
| CS0244b | Silsden School | 651 | 600 | 0 | 0 | 0 | 1,251 | 0 | 0 | 1,251 |
| CS0244c | SEN School Expansions | 2,102 | 3,000 | 1,684 | 0 | 0 | 6,786 | 0 | 0 | 6,786 |
| CS0362 | Secondary School Expansion | 669 | 0 | 0 | 0 | 0 | 669 | 0 | 0 | 669 |
| CS0364 | Capital Items | 21 | 0 | 0 | 0 | 0 | 0 | 0 | 21 | 21 |
| CS0421 | Healthy Pupil Capital Grant | 44 | 0 | 0 | 0 | 0 | 44 | 0 | 0 | 44 |
| CS0436 | Children's Homes | 400 | 0 | 0 | 0 | 0 | 0 | 0 | 400 | 400 |
| CS0488 | Digital Strategy | 100 | 100 | 100 | 0 | 0 | 0 | 0 | 300 | 300 |

| CS Ref | Scheme Description | Revised 22-23 Budget | 2023-24 Budget | 2024-25 Budget | 2025-26 Budget | 2026 Onwards | Specific Grants, cap receipts, reserves | Invest to Save Funding | Corporate Borrowing | Budget Total |
|---|---|---|---|---|---|---|---|---|---|---|
| | | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| CS0500 | TFD | 724 | 500 | 0 | 0 | 0 | 0 | 0 | 1,224 | 1,224 |
| CS0531 | Bingley Grammar Expansion | 500 | 3,000 | 1,500 | 1,100 | 0 | 6,100 | 0 | 0 | 6,100 |
| **Total - Children's Services** | | **13,280** | **11,494** | **3,384** | **1,200** | **0** | **27,412** | **0** | **1,945** | **29,358** |
| **Place - Economy & Development Services** | | | | | | | | | | |
| CS0136 | Disabled Housing Facilities Grant | 5,686 | 3,000 | 4,058 | 4,058 | 4,058 | 20,860 | 0 | 0 | 20,860 |
| CS0137 | Development of Equity Loans | 706 | 700 | 700 | 700 | 0 | 0 | 0 | 2,806 | 2,806 |
| CS0144 | Empty Private Sector Homes Strat | 1,000 | 0 | 0 | 0 | 0 | 1,000 | 0 | 0 | 1,000 |
| CS0250 | Goitside | 0 | 0 | 178 | 0 | 0 | 0 | 0 | 178 | 178 |
| CS0496 | Towns Fund Keighley & Shipley | 139 | 0 | 0 | 0 | 0 | 139 | 0 | 0 | 139 |
| CS0527 | Towns Fund Keighley P2 | 6,646 | 13,946 | 10,100 | 1,500 | 0 | 32,192 | 0 | 0 | 32,192 |
| CS0526 | Towns Fund Shipley P2 | 7,061 | 7,763 | 9,065 | 44 | 0 | 23,933 | 0 | 0 | 23,933 |
| CS0084 | City Park | 192 | 0 | 0 | 0 | 0 | 0 | 0 | 192 | 192 |
| CS0085 | City Centre Growth Zone | 1,322 | 0 | 0 | 0 | 0 | 0 | 0 | 1,322 | 1,322 |
| CS0291 | One City Park | 14,080 | 16,000 | 2,902 | 0 | 0 | 6,990 | 15,134 | 10,858 | 32,982 |
| CS0228 | Canal Road | 0 | 100 | 0 | 0 | 0 | 0 | 0 | 100 | 100 |
| CS0266 | Super connected Cities | 829 | 0 | 0 | 0 | 0 | 0 | 0 | 829 | 829 |
| CS0265 | LCR Revolving Econ Invest Fund | 0 | 658 | 0 | 0 | 0 | 0 | 0 | 658 | 658 |
| CS0107 | Markets | 0 | 21 | 0 | 0 | 0 | 0 | 0 | 21 | 21 |
| CS0363 | Markets - City Centre | 13,080 | 4,458 | 325 | 0 | 0 | 3,800 | 0 | 14,063 | 17,863 |
| CS0411 | Parry Lane | 122 | 0 | 0 | 0 | 0 | 0 | 0 | 122 | 122 |
| **Total - Place - Economy & Development Services** | | **50,863** | **46,646** | **27,328** | **6,302** | **4,058** | **88,914** | **15,134** | **31,149** | **135,197** |
| **Place - Planning, Transportation & Highways** | | | | | | | | | | |
| CS0178 | Ilkley Moor | 14 | 0 | 0 | 0 | 0 | 14 | 0 | 0 | 14 |
| CS0285 | Blight Sites | 290 | 175 | 0 | 0 | 0 | 0 | 0 | 465 | 465 |
| CS0071 | Highways S106 Projects | 441 | 0 | 0 | 0 | 0 | 441 | 0 | 0 | 441 |
| CS0372 | Countryside S106 Projects | 150 | 200 | 0 | 0 | 0 | 350 | 0 | 0 | 350 |
| CS0095 | Bridges | 3 | 0 | 0 | 0 | 0 | 3 | 0 | 0 | 3 |
| CS0099 | Integrated Transport | 69 | 0 | 0 | 0 | 0 | 69 | 0 | 0 | 69 |
| CS0168 | Connecting the City (Westfield) | 4 | 0 | 0 | 0 | 0 | 4 | 0 | 0 | 4 |
| CS0172 | Saltaire R/bout Cong& Safety Works | 15 | 0 | 0 | 0 | 0 | 15 | 0 | 0 | 15 |
| CS0282 | Highways Strategic Acquisitions | 176 | 0 | 0 | 0 | 0 | 176 | 0 | 0 | 176 |

| CS Ref | Scheme Description | Revised 22-23 Budget | 2023-24 Budget | 2024-25 Budget | 2025-26 Budget | 2026 Onwards | Specific Grants, cap receipts, reserves | Invest to Save Funding | Corporate Borrowing | Budget Total |
|---|---|---|---|---|---|---|---|---|---|---|
| | | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| CS0293 | West Yorks & York Transport Fund | 8,396 | 11,322 | 12,937 | 0 | 89,897 | 122,552 | 0 | 0 | 122,552 |
| CS0396 | WYTF Corr Imp Projects | 293 | 4,331 | 2,100 | 2,000 | 943 | 9,667 | 0 | 0 | 9,667 |
| CS0512 | Bradford Beck | 1,571 | 1,000 | 450 | 0 | 0 | 1,511 | | 1,510 | 3,021 |
| CS0296 | Pothole Funds | 1,979 | 0 | 0 | 0 | 0 | 1,979 | 0 | 0 | 1,979 |
| CS0306a | Strategic Transport Infrastructure Priorities | 0 | 965 | 0 | 0 | 0 | | 0 | 965 | 965 |
| CS0302 | Highways Prop Liab Redn Strat | 47 | 0 | 0 | 0 | 0 | 47 | 0 | 0 | 47 |
| CS0319 | Challenge Fund | 404 | 0 | 0 | 0 | 0 | 404 | 0 | 0 | 404 |
| CS0323 | Flood Risk Mgmt | 532 | 0 | 0 | 0 | 0 | 532 | 0 | 0 | 532 |
| CS0370 | LTP IP3 Safer Roads | 23 | 0 | 0 | 0 | 0 | 23 | 0 | 0 | 23 |
| CS0386 | Cycling & Walking Schemes LTP3 | 17 | 0 | 0 | 0 | 0 | 17 | 0 | 0 | 17 |
| CS0398 | Bfd City Ctre Townscape Heritage | 1,397 | 1,000 | 0 | 0 | 0 | 2,224 | 0 | 173 | 2,397 |
| CS0430 | Hwys Maint Fund Oct18 | 214 | 0 | 0 | 0 | 0 | 214 | 0 | 0 | 214 |
| CS0432 | Steeton/Silsden Crossing | 21 | 0 | 0 | 0 | 0 | 21 | 0 | 0 | 21 |
| CS0450 | CILS payments | 106 | 0 | 0 | 0 | 0 | 106 | 0 | 0 | 106 |
| CS0453 | IP3 Safer Roads 19-20 | 4 | 0 | 0 | 0 | 0 | 4 | 0 | 0 | 4 |
| CS0454 | Area Comm ITS 19-20 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| CS0434 | Smart Street Lighting | 4,972 | 29,573 | 5,261 | 0 | 0 | 0 | 39,806 | 0 | 39,806 |
| CS0455 | IP4 projects | 1,135 | 0 | 0 | 0 | 0 | 1,135 | 0 | 0 | 1,135 |
| CS0456 | WY Integrated UTMC Centre | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| CS0464 | Ben Rhydding Railway Station Car Park | 0 | 0 | 1,042 | 750 | 259 | 2,051 | 0 | 0 | 2,051 |
| CS0467 | Transforming Cities Fund (TCF) | 8,267 | 0 | 0 | 0 | 0 | 8,267 | 0 | 0 | 8,267 |
| CS0469 | IP4 Safer Roads 20-21 | 143 | 0 | 0 | 0 | 0 | 143 | 0 | 0 | 143 |
| CS0470 | IP4 Safer Roads 21-22 | 635 | 0 | 0 | 0 | 0 | 635 | 0 | 0 | 635 |
| CS0529 | Safer Rds 22-23 | 1,165 | 1,164 | 1,164 | 1,164 | 1,164 | 5,821 | 0 | 0 | 5,821 |
| CS0483 | Motorcycle Parking | 40 | 0 | 0 | 0 | 0 | 40 | 0 | 0 | 40 |
| CS0486 | Active Travel Fund Programme | 1,329 | 0 | 0 | 0 | 0 | 1,329 | 0 | 0 | 1,329 |
| CS0494 | City Centre Bollards | 5 | 0 | 0 | 0 | 0 | 0 | 0 | 5 | 5 |
| CS0502 | Corridor Improvement Prog (CIP2) | 252 | 0 | 0 | 0 | 0 | 252 | 0 | 0 | 252 |
| CS0477 | CCTV Infrastructure | 698 | 0 | 0 | 0 | 0 | 0 | 0 | 698 | 698 |
| CS0533 | UTMC – CRSTS Traffic Mgmt System | 1,150 | 1,150 | 1,150 | 1,150 | 1,150 | 5,750 | 0 | 0 | 5,750 |
| CS0539 | Traffic Management | 230 | 0 | 0 | 0 | 0 | 0 | 230 | 0 | 230 |
| CS0542 | UTMC – CRSTS Traffic Mgmt System22-23 | 10,657 | 10,657 | 10,657 | 10,657 | 10,657 | 53,285 | 0 | 0 | 53,285 |
| **Total Place - Planning, Transportation & Highways** | | **46,844** | **61,537** | **34,761** | **15,721** | **104,070** | **219,081** | **40,036** | **3,816** | **262,933** |
| **Dept of Place - Clean Air Zone** | | | | | | | | | | |

| CS Ref | Scheme Description | Revised 22-23 Budget | 2023-24 Budget | 2024-25 Budget | 2025-26 Budget | 2026 Onwards | Specific Grants, cap receipts, reserves | Invest to Save Funding | Corporate Borrowing | Budget Total |
|---|---|---|---|---|---|---|---|---|---|---|
| | | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| CS0471 | Clean Air Zone | 10,847 | 10,335 | 3,000 | 0 | 0 | 24,182 | 0 | 0 | 24,182 |
| **Total Place - Clean Air Zone** | | **10,847** | **10,335** | **3,000** | **0** | **0** | **24,182** | **0** | **0** | **24,182** |
| **Dept of Place - Waste, Fleet & Transport** | | | | | | | | | | |
| CS0060 | Replacement of Vehicles | 3,000 | 0 | 0 | 0 | 0 | 0 | 3,000 | 0 | 3,000 |
| CS0517 | Electric vehicles | 200 | 608 | 355 | 18 | 0 | 0 | 300 | 881 | 1,181 |
| CS0435 | Sugden End Landfill Site | 42 | 0 | 0 | 0 | 0 | 0 | 0 | 42 | 42 |
| CS0415 | Shearbridge Depot Security | 66 | 0 | 0 | 0 | 0 | 0 | 0 | 66 | 66 |
| CS0359 | Community Resilience Grant | 3 | 0 | 0 | 0 | 0 | 3 | 0 | 0 | 3 |
| CS0497 | Climate Change Initiatives – Vehicles | 105 | 0 | 0 | 0 | 0 | 105 | 0 | 0 | 105 |
| CS0503 | Environmental Delivery Works | 183 | 0 | 0 | 0 | 0 | 0 | 0 | 183 | 183 |
| **Total Place - Waste, Fleet & Transport** | | **3,599** | **608** | **355** | **18** | **0** | **108** | **3,300** | **1,172** | **4,580** |
| **Dept of Place - Neighbourhoods & Customer Services** | | | | | | | | | | |
| CS0378 | Customer Services Strategy | 30 | 20 | 0 | 0 | 0 | 0 | 0 | 50 | 50 |
| CS0506 | Ilkley Parking | 26 | 0 | 0 | 0 | 0 | 0 | 26 | 0 | 26 |
| CS0510 | Ilkley Footbridge | 35 | 0 | 0 | 0 | 0 | 0 | 0 | 35 | 35 |
| CS0151 | Building Safer Communities | 17 | 0 | 0 | 0 | 0 | 17 | 0 | 0 | 17 |
| **Total Place - Neighbourhoods & Customer Services** | | **108** | **20** | **0** | **0** | **0** | **17** | **26** | **85** | **128** |
| **Dept of Place - Sports & Culture** | | | | | | | | | | |
| CS0487 | Alhambra Theatre Lift | 2 | 0 | 0 | 0 | 0 | 0 | 0 | 2 | 2 |
| CS0162 | Capital Projects - Recreation | 73 | 15 | 0 | 0 | 0 | 13 | 0 | 75 | 88 |
| CS0530 | LDP (Active Bradford) | 247 | 400 | 50 | 0 | 0 | 697 | 0 | 0 | 697 |
| CS0229 | Cliffe Castle Restoration | 8 | 0 | 0 | 0 | 0 | 8 | 0 | 0 | 8 |
| CS0004 | S106 Recreation | 7 | 0 | 0 | 0 | 0 | 7 | 0 | 0 | 7 |
| CS0501 | Parks Development Fund | 471 | 0 | 0 | 0 | 0 | 471 | 0 | 0 | 471 |
| CS0504 | Cricket Nets | 172 | 0 | 0 | 0 | 0 | 172 | 0 | 0 | 172 |
| CS0404 | Sports Pitches | 160 | 28 | 0 | 0 | 0 | 71 | 0 | 117 | 188 |
| CS0537 | Silsden Park Section 106 Projects | 224 | 0 | 0 | 0 | 0 | 224 | 0 | 0 | 224 |
| CS0489 | Playable Spaces | 1,365 | 500 | 0 | 0 | 0 | 350 | 0 | 1,515 | 1,865 |
| CS0403 | Bereavement Strategy | 9,228 | 10,025 | 4,200 | 1,000 | 0 | 0 | 7,000 | 17,453 | 24,453 |

| CS Ref | Scheme Description | Revised 22-23 Budget | 2023-24 Budget | 2024-25 Budget | 2025-26 Budget | 2026 Onwards | Specific Grants, cap receipts, reserves | Invest to Save Funding | Corporate Borrowing | Budget Total |
|---|---|---|---|---|---|---|---|---|---|---|
| | | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| CS0277 | Wyke Community Sport Hub | 1,170 | 0 | 0 | 0 | 0 | 0 | 0 | 1,170 | 1,170 |
| CS0508 | Theatres Website | 45 | 0 | 0 | 0 | 0 | 45 | 0 | 0 | 45 |
| CS0245 | Doe Park | 68 | 0 | 0 | 0 | 0 | 68 | 0 | 0 | 68 |
| CS0461 | Shipley Gym extension & equipment | 51 | 0 | 0 | 0 | 0 | 0 | 0 | 51 | 51 |
| CS0356 | Sedbergh SFIP | 118 | 0 | 0 | 0 | 0 | 0 | 0 | 118 | 118 |
| CS0354 | Squire Lane | 1,228 | 15,000 | 18,510 | 10,000 | 3,700 | 20,000 | 19,410 | 9,028 | 48,438 |
| CS0482 | Marley Replacement Pitch | 5 | 0 | 0 | 0 | 0 | 5 | 0 | 0 | 5 |
| CS0458 | Doe Park Drainage | 40 | 0 | 0 | 0 | 0 | 0 | 0 | 40 | 40 |
| CS0395 | Ilkley Fencing - West Holme Fields | 26 | 0 | 0 | 0 | 0 | 0 | 0 | 26 | 26 |
| CS0498 | Libraries IT Infrastructure | 165 | 0 | 0 | 0 | 0 | 0 | 60 | 105 | 165 |
| CS0509 | Libraries (Equipment/Shelving) | 172 | 0 | 0 | 0 | 0 | 172 | 0 | 0 | 172 |
| CS0534 | Libraries Locality Hubs (LIF) | 100 | 100 | 0 | 0 | 0 | 200 | 0 | 0 | 200 |
| **Total Place - Sports & Culture** | | **15,145** | **26,068** | **22,760** | **11,000** | **3,700** | **22,503** | **26,470** | **29,700** | **78,673** |
| **Corp Resources - Estates & Property Services** | | | | | | | | | | |
| CS0094 | Museum Store | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| CS0333 | Argus Chambers / Britannia Hse | 151 | 0 | 0 | 0 | 0 | 0 | 0 | 151 | 151 |
| CS0511 | Property Programme 21-22 | 1,191 | 0 | 0 | 0 | 0 | 0 | 0 | 1,191 | 1,191 |
| CS0528 | Property Programme 22-23 | 2,003 | 2,000 | 0 | 0 | 0 | 0 | 0 | 4,003 | 4,003 |
| CS0540 | ISG Door Router | 17 | 0 | 0 | 0 | 0 | 17 | 0 | 0 | 17 |
| CS0460 | Mitre Court CPU Property & Equip | 30 | 0 | 0 | 0 | 0 | 0 | 0 | 30 | 30 |
| CS0230 | Beechgrove Allotments | 0 | 0 | 0 | 148 | 0 | 148 | 0 | 0 | 148 |
| CS0050 | Carbon Management | 209 | 0 | 0 | 0 | 0 | 0 | 0 | 209 | 209 |
| CS0476 | Carbon and Other Mngmt Efficiencies P2 | 450 | 800 | 500 | 750 | 0 | 0 | 0 | 2,500 | 2,500 |
| CS0420 | Electric vehicle charging Infr (Taxi Scheme) | 659 | 0 | 0 | 0 | 0 | 659 | 0 | 0 | 659 |
| CS0495 | Bradford LAD Scheme | 5,379 | 0 | 0 | 0 | 0 | 5,379 | 0 | 0 | 5,379 |
| CS2000 | DDA | 40 | 50 | 81 | 0 | 0 | 0 | 0 | 171 | 171 |
| CS0381 | Godwin St | 12,312 | 3,000 | 2,000 | 0 | 0 | 570 | 15,242 | 1,500 | 17,312 |
| CS0409 | Coroner's Court and Accommodation | 1,015 | 0 | 0 | 0 | 0 | 0 | 0 | 1,015 | 1,015 |
| CS0445 | Core IT Infrastructure | 2,400 | 4,000 | 2,360 | 0 | 0 | 0 | 0 | 8,760 | 8,760 |
| CS0515 | IT – End to End | 330 | 0 | 0 | 0 | 0 | 0 | 0 | 330 | 330 |
| CS0514 | Birksland - Mail & Print Machine | 72 | 0 | 0 | 0 | 0 | 0 | 0 | 72 | 72 |
| CS0520 | Regeneration Opportunity | 16,500 | 2,500 | 5,500 | 4,000 | 0 | 4,000 | 0 | 24,500 | 28,500 |
| CS0521 | Buttershaw Youth Centre | 30 | 0 | 0 | 0 | 0 | 0 | 0 | 30 | 30 |

| CS Ref | Scheme Description | Revised 22-23 Budget | 2023-24 Budget | 2024-25 Budget | 2025-26 Budget | 2026 Onwards | Specific Grants, cap receipts, reserves | Invest to Save Funding | Corporate Borrowing | Budget Total |
|---|---|---|---|---|---|---|---|---|---|---|
| | | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| CS0522 | Children's Homes Capital Works | 294 | 0 | 0 | 0 | 0 | 0 | 0 | 294 | 294 |
| CS0525 | Baildon Library | 945 | 500 | 0 | 0 | 0 | 1,000 | 0 | 445 | 1,445 |
| **Total Corp Resources – Estates & Property Services** | | **44,027** | **12,850** | **10,441** | **4,898** | **0** | **11,773** | **15,242** | **45,201** | **72,216** |
| **Reserve Schemes & Contingencies** | | | | | | | | | | |
| CS0395z | General Contingency | 439 | 1,000 | 1,000 | 1,000 | 0 | 0 | 0 | 3,439 | 3,439 |
| CS0397z | Property Programme | 0 | 2,000 | 2,000 | 4,000 | 4,000 | 0 | 0 | 12,000 | 12,000 |
| CS0399z | Strategic Acquisition | 0 | 5,000 | 5,000 | 5,000 | 5,000 | 0 | 20,000 | 0 | 20,000 |
| CS0400z | Keighley One Public Sector Est | 0 | 200 | 400 | 400 | 0 | 0 | 1,000 | 0 | 1,000 |
| CS0402z | Canal Road Land Assembly | 0 | 450 | 0 | 0 | 0 | 0 | 0 | 450 | 450 |
| CS0401z | Depots | 0 | 0 | 2,000 | 1,000 | 0 | 0 | 0 | 3,000 | 3,000 |
| CS0404z | Sports Pitches | 286 | 2,500 | 4,250 | 1,748 | 0 | 2,383 | 0 | 6,401 | 8,784 |
| CS0489z | Playgrounds | 587 | 2,750 | 500 | 0 | 0 | 1,035 | 0 | 2,802 | 3,837 |
| CS0405z | City Hall | 0 | 500 | 3,000 | 3,500 | 500 | 2,000 | 3,000 | 2,500 | 7,500 |
| CS0408z | City Village - Top of town | 0 | 0 | 2,675 | 0 | 0 | 0 | 0 | 2,675 | 2,675 |
| CS0060z | Vehicles | 0 | 3,000 | 3,000 | 0 | 0 | 0 | 6,000 | 0 | 6,000 |
| CS0060zb | Electric vehicles/ New street cleansing | 0 | 623 | 0 | 0 | 0 | 0 | 623 | 0 | 623 |
| CS0472z | District Heating | 0 | 0 | 750 | 750 | 0 | 0 | 0 | 1,500 | 1,500 |
| CS0473z | Renewable Energy (Solar Farm) | 0 | 1,000 | 3,000 | 1,000 | 0 | 2,000 | 3,000 | 0 | 5,000 |
| CS0474z | Transforming cities fund | 0 | 13,737 | 44,090 | 9,444 | 0 | 67,271 | 0 | 0 | 67,271 |
| CS0480z | Flood Alleviation | 0 | 200 | 0 | 0 | 0 | 0 | 0 | 200 | 200 |
| CS0484z | New Reserve | 0 | 2,000 | 0 | 0 | 0 | 0 | 0 | 2,000 | 2,000 |
| | **2021-22 Schemes** | | | | | | | | | |
| CS0488z | Lap tops for Children | 0 | 200 | 200 | 0 | 0 | 0 | 0 | 400 | 400 |
| CS0244z | SEND | 500 | 3,000 | 2,000 | 500 | 0 | 0 | 0 | 6,000 | 6,000 |
| CS0482z | Marley Playing Field | 500 | 0 | 0 | 0 | 0 | 0 | 0 | 500 | 500 |
| | **2022-23 Schemes** | | | | | | | | | |
| CS0060w | Vehicles | 0 | 0 | 0 | 3,000 | 0 | 0 | 3,000 | 0 | 3,000 |
| CS0395w | Contingency | 0 | 0 | 2,500 | 0 | 0 | 0 | 0 | 2,500 | 2,500 |
| CS0538w | Energy efficiency | 250 | 500 | 500 | 500 | 250 | 0 | 0 | 2,000 | 2,000 |
| CS0144w | Empty Private Sector Homes Strategy | 0 | 1,000 | 1,000 | 1,000 | 1,000 | 4,000 | 0 | 0 | 4,000 |
| CS0408 | Top of Town | 74 | 0 | 0 | 0 | 0 | 0 | 0 | 74 | 74 |
| | **2023-24 Schemes** | | | | | | | | | |
| CS0395f | Children's Homes | 0 | 3,000 | 1,400 | 800 | 0 | 0 | 5,200 | 0 | 5,200 |

| CS Ref | Scheme Description | Revised 22-23 Budget | 2023-24 Budget | 2024-25 Budget | 2025-26 Budget | 2026 Onwards | Specific Grants, cap receipts, reserves | Invest to Save Funding | Corporate Borrowing | Budget Total |
|---|---|---|---|---|---|---|---|---|---|---|
| | | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| CS0395i | Inflation Contingency | 0 | 5,000 | 5,000 | 0 | 0 | 0 | 0 | 10,000 | 10,000 |
| CS0395e | City Centre Regeneration | 0 | 8,000 | 10,000 | 0 | 0 | 0 | 0 | 18,000 | 18,000 |
| CS0395j | Area office accommodation | 0 | 800 | 0 | 0 | 0 | 0 | 0 | 800 | 800 |
| CS0395l | IT software | 0 | 500 | 465 | 0 | 0 | 0 | 0 | 965 | 965 |
| CS0395m | Bereavement Strategy | 0 | 3,000 | 3,000 | 0 | 0 | 0 | 0 | 6,000 | 6,000 |
| CS0445f | IT Programme | 0 | 0 | 0 | 0 | 2,000 | 0 | 0 | 2,000 | 2,000 |
| CS0060f | Vehicles | 0 | 0 | 0 | 0 | 3,000 | 0 | 3,000 | | 3,000 |
| CS0397f | Property Programme | 0 | 0 | 0 | 0 | 4,000 | 0 | 0 | 4,000 | 4,000 |
| CS0395g | Contingency | 0 | 0 | 0 | 0 | 1,000 | 0 | 0 | 1,000 | 1,000 |
| **Total - Reserve Schemes & Contingencies** | | 2,636 | 59,960 | 97,730 | 33,642 | 20,750 | 78,789 | 44,823 | 91,106 | 214,718 |
| **TOTAL - General Fund** | | **190,637** | **231,998** | **203,009** | **76,492** | **133,702** | **473,686** | **145,326** | **216,825** | **835,837** |

| | Scheme Description | Revised 22-23 Budget | 2023-24 Budget | 2024-25 Budget | 2025-26 Budget | 2026 Onwards | Specific Grants, cap receipts, reserves | Invest to Save Funding | Corporate Borrowing | Budget Total |
|---|---|---|---|---|---|---|---|---|---|---|
| **HRA** | | | | | | | | | | |
| CS0237b | Keighley Rd Extra Care Fletcher Court | 62 | 0 | 0 | 0 | 0 | 0 | 0 | 62 | 62 |
| CS0308 | Afford Housing Programme 15 -18 | 176 | 0 | 0 | 0 | 0 | 176 | 0 | 0 | 176 |
| **Total - Housing** | | **238** | **0** | **0** | **0** | **0** | **176** | **0** | **62** | **238** |
| **Reserve Schemes & Contingencies** | | | | | | | | | | |
| CS0407z | Affordable Housing | 0 | 5,000 | 10,000 | 10,000 | 4,224 | 14,430 | 14,794 | 0 | 29,224 |
| **Total - Reserve Schemes & Contingencies** | | 0 | 5,000 | 10,000 | 10,000 | 4,224 | 14,430 | 14,794 | 0 | 29,224 |
| **TOTAL - HRA** | | **238** | **5,000** | **10,000** | **10,000** | **4,224** | **14,606** | **14,794** | **62** | **29,462** |

## Appendix 2: Proposed change to the Minimum Revenue Policy

1.1 The Local Government Act 2003 requires the Council to make a provision for the repayment of borrowing used to finance its capital expenditure, known as the Minimum Revenue Provision (MRP).

1.2 The MRP is the amount of principal capital repayment that is set aside each year in order to repay the Capital Financing Requirement (CFR) based on the requirement of statutory regulation and the Council's own accounting policies.

1.3 The Council is required to state as part of its budget process the policy for determining its MRP. The method for calculating the MRP on each category of debt is outlined below:

a) From 1 April 2022 the policy for charging MRP on historic supported borrowing is on the annuity asset life method calculated over the remaining 36 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. From 1 April 2022 the MRP is calculated on the annuity basis.

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. As per the main borrowing from the 1 April 2022 this is on an annuity asset life basis.

d) Finance lease MRP is equal to the principal repayment.

e) 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.

f) 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 the average for Treasury Investments and this is expected to continue into the future.

g) Where capital expenditure involves repayable loans or grants to third parties no MRP is required where the loan or grant is repayable. By exception, on the basis of a business case and risk assessment, this approach may be amended at the discretion of the Director of Finance.

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. IFRS 16 is due to be implemented from the 1 April 2024 and as a result, more of the Council's leases will be treated as finance leases. Therefore, more of the costs of these leases will be included in capital financing costs for the purposes of calculating the Prudential Indicator.

1.7 The CIP will need to be reviewed through the planning cycle to ensure it remains affordable within revenue resources and to take account of the actual implementation of capital schemes.

1.8 Loans to third parties for a capital purpose can be repaid with the repayments providing the following conditions are met: the capital scheme is self-financing; that there is overall confidence that the loan will be repaid; that the third party adheres to the agreed repayment schedule.

## APPENDIX 3: CAPITAL STRATEGY TABLES

### Table (i)

**Asset Balance Sheet values as at 31 March 2022**

| **Category** | **Value as at 31 March 2022 £'000** |
|---|---|
| Council Dwellings | 36,465 |
| Land & Buildings | 519,320 |
| Vehicles, Plant, Furniture & Equipment | 25,797 |
| Infrastructure | 254,063 |
| Community Assets | 54,146 |
| Surplus Assets | 16,162 |
| Assets Under Construction | 20,045 |
| Heritage Assets | 37,648 |
| Investment Property | 51,959 |
| Intangible Assets | 221 |
| Assets held for sale | 269 |
| **Total** | |
| *Source: Draft Statement of Accounts 2021-22* | **1,016,095** |

### Table (ii)

**Capital Investment Plan 2023-24**

| | **2022-2023** | **2023-2024** | **2024-25** | **2025-26** | **2026-27 onwards** | **Total** |
|---|---|---|---|---|---|---|
| **Funding:** | £m | £m | £m | £m | £m | £m |
| Grants | 103 | 127 | 116 | 46 | 74 | 466 |
| Miscellaneous | 5 | 6 | 5 | 2 | 4 | 22 |
| Borrowing | 83 | 104 | 92 | 38 | 60 | 377 |
| **Total Spend:** | **191** | **237** | **213** | **86** | **138** | **865** |

### Table (iii)

**Split of Invest to Save Borrowing**

| | **2022-2023** | **2023-2024** | **2024-25** | **2025-26** | **2026-27 onwards** | **Total** |
|---|---|---|---|---|---|---|
| **Funding:** | £m | £m | £m | £m | £m | £m |
| Borrowing: Invest to Save | 34 | 44 | 40 | 16 | 26 | 160 |
| Borrowing: Other | 49 | 60 | 52 | 22 | 34 | 217 |
| **Total borrowing estimate** | **83** | **104** | **92** | **38** | **60** | **377** |

### Table (iv)

**Capital financing costs**

| | **2022-23 £m** | **2023-24 £m** | **2024-25 £m** | **2025-26 £m** | **2026-27 £m** |
|---|---|---|---|---|---|
| MRP, excluding PFI | 16.1 | 19.8 | 22.7 | 24.4 | 25.7 |
| MRP PFI, finance lease | 3.4 | 3.4 | 3.5 | 3.6 | 3.6 |
| Old West Yorkshire Waste debt | 0.2 | 0.2 | 0.2 | 0.2 | 0.2 |
| Interest on external borrowing | 16.5 | 18.3 | 23.0 | 24.1 | 24.7 |
| Interest on PFI | 15.9 | 15.3 | 14.6 | 14.0 | 13.2 |
| Premium on debt repayment | 0.3 | 0.3 | 0.3 | 0.3 | 0.3 |
| Investment income | -0.8 | -0.5 | -0.5 | -0.5 | -0.5 |
| **Total Capital Financing Costs** | **51.6** | **56.8** | **63.8** | **66.1** | **67.2** |
| Projected Net Revenue Stream | 388.0 | 441.0 | 441.0 | 441.0 | 441.0 |
| **Ratio to Net Revenue Stream** | **13.3%** | **12.9%** | **14.5%** | **15.0%** | **15.2%** |
| Invest to Save element of Total Capital Financing Costs | 6.3 | 6.5 | 7.7 | 7.9 | 8.4 |
| Invest to Save contribution to Ratio to Net Revenue Stream | **1.6%** | **1.5 %** | **1.6%** | **1.8%** | **1.9%** |

## Table (v)

**Backlog maintenance**

| Backlog maintenance | 2009-10 | 2017-18 | 2019-20 | 2022-23 |
|---|---|---|---|---|
| Operational Estate £ms | 83 | 46 | 44 | 56 |
| Non-Operational £ms | 13 | 8 | 8 | 10.8 |
| Total Backlog maintenance £ms | **96** | **54** | **52** | **66.8** |
| Operational Estate size GIAm2 000s | 319 | 228 | 231 | 231 |
| Non-Operational Estate size GIAm2 000s | 27 | 37 | 33 | 22 |
| **Total** | **346** | **265** | **264** | **253** |

## Table (vi):

**Capital Financing Requirement 31 March 2022**

| **Balance Sheet** | 31/03/2022<br>£m |
|---|---|
| **Capital financing Requirement** | **709** |
| Private finance Initiative & Leasing | -147 |
| External Borrowing | -373 |
| **Underlying Borrowing Requirement** | **189** |
| Investments Held | -208 |
| Earmarked Reserves | 209 |
| General Fund Balance | 66 |
| Capital Grants Unapplied | 60 |
| Provisions/Collection Fund | -6 |
| Working capital (deficit) / surplus | 68 |
| **Under-Borrowing** | **189** |
| *Source 2021-22 Draft Statement of Accounts* | |

**Table vii:**

**Projected increased in Capital Financing Requirement**

| | 2021-22 Actual £m | 2022-23 Estimate £m | 2023-24 Estimate £m | 2024-25 Estimate £m | 2025-26 Estimate £m | 2026-27 Estimate £m |
|---|---|---|---|---|---|---|
| **Opening Capital Financing Requirement** | **699** | **709** | **773** | **854** | **920** | **930** |
| Increase in borrowing | 35 | 83 | 104 | 92 | 38 | 60 |
| Less MRP and other financing movements | -25 | -19 | -23 | -26 | -28 | -29 |
| **Closing Capital Financing Requirement** | **709** | **773** | **854** | **920** | **930** | **961** |

**Table viii:**

**External debt indicators**

**Operational boundary**

| | 2022-23 Estimate £m | 2023-24 Estimate £m | 2024-25 Estimate £m | 2025-26 Estimate £m | 2026-27 Estimate £m |
|---|---|---|---|---|---|
| Total | **840** | **860** | **930** | **940** | **970** |

**Authorised limit**

| | 2022-23 Estimate £m | 2023-24 Estimate £m | 2024-25 Estimate £m | 2025-26 Estimate £m | 2026-27 Estimate £m |
|---|---|---|---|---|---|
| Total | **860** | **880** | **950** | **960** | **990** |

**Table ix**

**Capital Strategy Actions**

| **Measure** | **Current Position** | **Potential Position** |
|---|---|---|
| Total Borrowing related to long term assets | As at 31-03-2022 £373m total borrowing is 36.7% of long terms assets of £1,016m. | CIP2023-24 to 2026-27 has £217m of Corporate Borrowing and £160m of Invest to Save (self-financing borrowing), totalling an assumed increase of £377m in borrowing to £750m. |

| | | |
|---|---|---|
| | | Assuming this increases long term assets also by £377m to £1,393m, this is 53.8% of long term assets. |
| Total Borrowing costs as a percentage of net budget | For 2021-22 borrowing costs of £51.5m plus Invest to Save borrowing costs of £5.8m, totalling £57.3m are 14.9% of net budget. | At 2023-24 borrowing costs of £50.3m plus invest to save of £6.5m total £56.8m. 12.9% of the net revenue budget. |

**Table x**

**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.<br>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.<br>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.<br><br>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 2023-24 Capital Investment Plan. As part of this to develop the Council's shared understanding of the critical paths of the capital schemes.<br><br>ii. The Treasury Management Officer will monitor current interest rates and expectations of future rate increases on a daily basis.<br><br>iii. The Treasury Management Officer will develop options to contractually borrow in the future at current interest rates.<br><br>iv. A responsible officer will calculate the sensitivity of Invest to Save schemes to interest rate increases.<br><br>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.<br><br>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.<br><br>ii. The Treasury Management Officer and Business Advisor Capital also consider whether equal instalment of principal loans would be appropriate.<br><br>iii. The purpose is to take out borrowing in a way which minimises the Council's costs. Repayment at maturity loans require 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.<br><br>iv. Equal instalments of principal loans require that an equal amount of the principal is 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 lease 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.<br><br>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.<br><br>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 2023.<br><br>iii. 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 2023-24 by the Business Advisor Capital.<br><br>iv. Project Appraisal Group will determine whether there are opportunities to share expertise in accessing capital grants across the Council.<br><br>v. The schemes in the 2023-24 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.<br><br>vi. 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.<br><br>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.<br><br>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.<br><br>iv. Inflation risk will be managed through close contract management. Further the Capital Investment Plan includes £1m annual contingency, plus an additional £10m for 2023-24. There is an additional risk contingency for the capital financing costs in the revenue estimates.<br><br>v. The purpose is to ensure that risks are monitored and escalated appropriately. |

## APPENDIX 4: Flexible Use of Capital Receipts.

### 1.0 INTRODUCTION

1.1 Capital receipts can only be used for specific purposes and these are set out in Regulation 23 of the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 made under Section 11 of the Local Government Act 2003. The main permitted purpose is to fund capital expenditure, and the use of capital receipts to support revenue expenditure is not permitted by the regulations.

1.2 The Secretary of State is empowered to issue directions allowing expenditure incurred by local authorities to be treated as capital expenditure. Where such a direction is made, the specified expenditure can then be funded from capital receipts under the Regulations.

1.3 The Secretary of State for Communities and Local Government issued guidance in March 2016, giving local authorities greater freedoms with how capital receipts could be utilised. This Direction allows for the following expenditure to be treated as capital; "*expenditure on any project that is designed to generate ongoing revenue savings in the delivery of public services and/or transform service delivery to reduce costs and/or transform service delivery in a way that reduces costs or demand for services in future years for any of the public sector delivery partners.*"

1.4 In order to take advantage of this freedom, the Council must act in accordance with the Statutory Guidance issued by the Secretary of State. This Guidance requires the Council to prepare, publish and maintain a Flexible Use of Capital Receipts Strategy, with the strategies included within future Annual Budget documents with Full Council approval. The Local Government Finance Settlement for 2022-23 extended these capital receipts flexibilities for a further three year years which will cover the period up to and including 2024-25.

1.5 There is no prescribed format for the Strategy, but the underlying principle is to support the delivery of more efficient and sustainable services by extending the use of capital receipts to finance costs of efficiency initiatives that deliver significant savings. A list of each project should be incorporated in the strategy along with the expected savings each project is expected to realise.

1.6 The Strategy should also include the impact of this flexibility on the affordability of borrowing by including updated Prudential Indicators. The Council's current capital programme assumes the use of £2m corporate capital receipts as a source of funding. For the 2023-24 CIP this has been removed from the Prudential Indicators with an annual revenue impact of £0.4m.

### 2.0 FLEXIBLE USE OF CAPITAL RECEIPTS

2.1 Government has provided a definition of expenditure which qualifies to be funded from capital receipts. This is: "*Qualifying expenditure is expenditure on any project that is designed to generate ongoing revenue savings in the delivery of public services and/or transform service delivery to reduce costs and/or transform service delivery in a way that reduces costs or demand for services in future years for any of the public sector delivery partners. Within this definition, it is for individual local authorities to decide whether or not a project qualifies for the flexibility.*"

2.2 In total £3.00m of expenditure will be funded through capital receipt flexibilities in 2022/23 and this will contribute towards the delivery of c£36m in savings next year. The schedule below in Table 1 presents the projects to transform services that will be funded through flexible use of capital receipts, and associated revenue savings or future cost avoidance. In some cases, there is a direct link between a project and the realisable financial benefit. In others, the project contributes to enabling the savings in other business cases or provide a wider benefit, which would not otherwise be realised. Some of the expenditure incurred in 2022-23 will significantly contribute towards the realisation of c£36m of budgeted savings in future years through the transforming the way that the Council delivers some if its services.

Table 1 Projects to be funded from capital receipts

| Project Description | 2022/23 £m | Savings 2022/23 £m | 2023/24 £m | Savings 2023/24 £m |
|---|---|---|---|---|
| Restructure costs associated with staff leaving | 1.00 | | 0.55 | |
| Fraud & Corruption targeting | 0.10 | | 0.10 | |
| ICT Service Updates | 0.55 | | 1.00 | |
| Transformation Team & Finance Team costs | 1.10 | | 1.10 | |
| Cash and banking Automation | 0.05 | | 0.05 | |
| CMT staff time spent on Transformational projects | 0.20 | | 0.20 | |
| Total: | 3.00 | | 3.00 | |

2.3 Capital receipt flexibilities (£1.00m) will be used to contribute towards the severance/redundancy costs associated with the transformation of the Council.

2.4 Fraud and corruption will be targeted with £0.10m of receipts invested in training staff within the investigations team.

2.5 ICT service updates (£0.55m), predominantly the development of a targeted digital approach in relation to feasibility work on service reforms. Further, there are plans to move systems into the cloud to improve system performance & reliability. This will also reduce the need for Council run data centres resulting in much reduced need for capital upgrades to maintain system support; reductions in energy usage/costs, and reduced building space requirements enabling Estates related savings. c£1m of capital receipts would be used to fund this type of transformation subject to final business case.

2.6 Transformation Team and Finance Team costs (£1.1m) will be paid through capital receipts. The Transformation Team and Finance Team have been central to the identification and coordination of budget savings for 2023-24, and will also be a key enabler in delivering those and other efficiencies in 2023-24 and beyond.

2.7 Cash and banking automation – Some currently manual upload postings from the Capita receipting system to the SAP general ledger are being automated to improve process efficiency. This will free Revenues and Benefits and Finance staff time to work on further automation leading to a virtuous improvement cycle.

2.8 Capital Receipt flexibilities (£0.2m) will be used to resource Senior Management time within CMT which is spent on driving forward the transformational change within the council. This has been key to identifying c£36m of budget savings for 2023-24, and will also be central to ongoing monitoring and delivery.

2.9 It should however be noted that although the Council usually generates a minimum of c£3m of capital receipts each year, capital receipts for 2023-24 have not yet been realised. Consequently, it is recommended that powers are delegated to the Sections 151 Officer in consultation with the Leader to vary amounts outlined in section 2.1 subject to a maximum of capital receipts generated in 2022-23 and 2023-24, and continued compliance with the DHLUC direction.

# Report of the Director of Finance to the meeting of Executive to be held on 21 February 2023 and Council 23 February 2023

**AX**

**Subject:**

Housing Revenue Account (HRA) 2023-24

## Summary Statement:

The report provides Members with details of the HRA Estimates for 2023/24

**EQUALITY & DIVERSITY:**

The budget proposals set out clearly the need for equality to be considered as part of the Budget Strategy. As in previous years full Equality Impact Assessments have been produced for all budget proposals and full consultation with relevant groups has been undertaken. The outcome of consultation will be considered and reported upon before the 2023-24 budget is approved

The HRA plan supports the delivery of Council priorities.

Christopher Kinsella
Director of Finance

**Portfolio:**

**Corporate**

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**Overview & Scrutiny Area:**

**Corporate**

## 1 SUMMARY

1.1 This report proposes the HRA estimates of net revenue expenditure be recommended to Council for approval as the Council's HRA balanced revenue budget for 2023/24.

1.2 The Council will be introducing a HRA account from 1st April 2023, this is a separate ring-fenced account in which the Council carries out a landlord function. It is funded from rents and service charges from council tenants and leaseholders. There can be no cross subsidy between the HRA and General Fund Revenue Budget. It pays for the costs of managing the Council's housing stock.

1.3 A HRA Business Plan is currently being worked on and is expected to be completed by March 2023.

## 2 Background

2.1 The level of inflation has increased significantly and higher inflation will persist into 2023/24. Figures published on 17th August showed CPI (Consumer Prices Inflation) at 10.1% and RPI (Retail Prices Inflation) at 12.3% and figures published on 14th September shows CPI at 9.9% and RPI unchanged. The latest update from the Bank of England (22 September 2022) expects inflation to peak at 11% in October and then remain above 10% for a few months before starting to reduce.

2.2 In response to the significant increase in inflation the Bank of England have implemented a series of increases in interest rates which have seen the rate increase from 1% in May 2022 to 2.25% from 22nd September, to 3% in November. There is an expectation further increases will be made over the next few months. These increases have impacted on Public Works Loans Board (PWLB) long term borrowing rates, which have also increased.

2.3 Inflation and increasing interest rates clearly have an adverse impact on the HRA as the sole source of funding is rental income. Additionally, there is no scope to cut services if the Council is to maintain services to tenants and ensure the housing stock remains in good condition and is sustainable.

2.4 The HRA investment plans are also adversely impacted by inflation and increasing interest rates, this will be assessed Business Plans due to be completed in March 2023.

## 3 OTHER CONSIDERATIONS

3.1 The Local Government and Housing Act 1989 section 76 requires that Councils must ensure that the HRA budget does not allow for the HRA Reserve to become 'overdrawn'.

3.2 To ensure this position does not arise a robust approach is taken to assess forecast HRA income and costs. On this basis the recommended 7% rent increase provides a robust and sustainable basis for the HRA and the continued delivery of the Council's housing objectives and this was approved by the Executive on 31 January 2023.

3.3 As rent limits are set on an annual basis 'use it or lose it basis' the HRA cannot recover income with higher rent increases in future years. For 2023/24 this is a more critical issue than in previous years owing to the current level of inflation. e. The recommended increase of 7% approved by the Executive on 31 January 2023 is designed to ensure the HRA remains financially sustainable.

3.4 If rents are not increased the HRA will become unsustainable and the Council will be unable to achieve the planned expansion in the numbers of homes provided through the HRA.

3.5 The HRA Reserve proposed on 1st April 2023 needs to be maintained to manage financial risk relating to inflation and the planned growth of the HRA over the next few years.

## 4 FINANCIAL & RESOURCE APPRAISAL

4.1 As highlighted below, the operating costs of the HRA consist of two broad categories and the impact of inflation will be different for these areas.

4.2 Repairs and maintenance, supervision, management, major repairs allowance and other operating costs - £2.007m.

4.3 Inflation will be a significant issue for these costs and whilst the impact should not be as high as CPI, in most cases the HRA will not face direct energy inflation, it will be impacted by other inflation. These areas will be more impacted by the level inflation peaks at and the ongoing level in 2023/24.

4.4 The interest rate which will be used on debt transferred from the Council is 1.63%. This has been determined by using 01/04/22 PWLB minus 1%. The interest charge will be £537k per annum. For 2023/24 the interest budget will not be impacted by inflation or increasing interest rates. Beyond 2023/24 higher inflation and interest rates will impact on the cost of further capital investment. Transfer of Housing reserve of £503k will be required to support the HRA.

4.5 It is recognised that the recommended 2023/24 rent increase will impact on households at a time of increasing inflation and other costs. The rent increase will generate £160k and result in an average weekly increase between £7.51 - £8.10.

4.6 In previous years the Government have provided additional funding for those tenants receiving housing benefit and Universal Credit. The Government has not yet confirmed if benefits will be uplifted for inflation, which would provide a 10% increase. It seems extremely unlikely that the benefit increase will not be at least 5%.

4.7 The Councils required rent increase to cover inflation and maintain a balanced HRA. On the basis that the government set a 7% rent cap this would leave a breakeven.

4.8 The table below illustrates a high-level summary of the HRA Financial Model for 23/24

| | **£'000** |
|---|---:|
| Total income | 2,544 |
| Total costs | 2,007 |
| Net income from services | 537 |
| Interest payable | -537 |
| Net income/expenditure before appropriations | 0 |
| Net HRA Surplus/Deficit | 0 |

| | |
|---|---:|
| HRA Balance brought forward | 503 |
| HRA surplus/(deficit) | 0 |
| HRA Balance carried forward | -503 |

4.9 Tenant service charges are specific charges for services that some tenants receive and others do not. The list of charges which are identified separately are set out below.

4.10 Landlords may not charge more than the actual cost of the service, plus a reasonable management fee. Not all tenants pay service charges. Around 155 pay service charges for housing and 69 for Extra Care Housing.

4.11 The charges per week are set out below:

| **Service** | **Proposed charges for 23/24 Extra Care** |
|---|---|
| Extra Care | £51.39 |

The Executive approved the service charges to apply from 1 April 2023 on the 31 January 2023**.**

## 5 RISK MANAGEMENT AND GOVERNANCE ISSUES

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

## 6 LEGAL APPRAISAL

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

## 7 OTHER IMPLICATIONS

### 7.1 SUSTAINABILITY IMPLICATIONS

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

### 7.2 GREENHOUSE GAS EMISSIONS IMPACTS

There are no direct impacts arising from this report

### 7.3 COMMUNITY SAFETY IMPLICATIONS

There are no direct impacts arising from this report

### 7.4 HUMAN RIGHTS ACT

None

### 7.5 TRADE UNION

None

### 7.6 WARD IMPLICATIONS

None.

### 7.7 IMPLICATIONS FOR CHILDREN AND YOUNG PEOPLE

None

### 7.8 ISSUES ARISING FROM PRIVACY IMPACT ASSESEMENT

None

### 7.9 NOT FOR PUBLICATION DOCUMENTS

None

## 8. NOT FOR PUBLICATION DOCUMENTS

None

## 9 OPTIONS

None

## 10 RECOMMENDATIONS

**That the Executive is asked to approve the following recommendations to Council:**

**10.1 That Rent increase of 7% be applied from 1st April 2023 as set out in section 4.7.**

**10.2 That Transfer of housing reserves of £503k from General Fund to the Housing Revenue Account as set out in section 4.4 be approved.**

**10.3 That Service charges to apply from April 1 2023 as set out in section 4.11.**

## 11. APPENDICES

None

## 12. BACKGROUND DOCUMENTS

None

City of BRADFORD METROPOLITAN DISTRICT COUNCIL

# Report of the Director of Finance to the meeting of Executive to be held on 21 February 2023 and Council to be held on 23 February 2023

**AY**

## Subject:

2023/24 Budget Proposals and Forecast Reserves – Section 151 Officer Assessment.

## Summary statement:

This report assesses the robustness of the proposed budget for 2023/24, the adequacy of forecast levels of reserves and associated risks.

It concludes that the estimates are sufficiently robust for the Council to set a balanced budget for 2023/24.

The report also provides commentary on the financial resilience of the Council over the medium term.

**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 31 January 2023 and 21 February 2023. 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.

Christopher Kinsella
Director of Finance

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**Portfolio:**

**Leader of Council and Corporate**

**Overview & Scrutiny Area:**

**Corporate**

## 1. SUMMARY

This report assesses the robustness of the proposed budget for 2023/24, 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 2023/24, which includes proposed revenue savings and some proposed investment in service delivery predominantly to provide for cost-of-living inflationary increases, and also the demand pressures and improvement activity within Children's Social Care. The budget also assumes that prior approved investments and savings that impact in 2023/24 will require implementation action to be undertaken during 2023/24.

It should be noted that this proposal is a single year budget, pending clarity about fair funding, business rates and other outstanding national reviews of local government finances and reforms of both adults and children's social care. A single year budget also enables an assessment of the longer-term impact of cost-of-living increases and potential changes to service demands and requirements which may need to be reflected in future year budget allocations. As these issues evolve, the Council's Medium Term Financial Strategy (MTFS) will be updated, and resources will continue to be aligned to achieve the outcomes in the Council Plan.

For 2022/23 the Council's then S151 Officer concluded that the General Fund reserve should be increased from £15.0m to £19.5m in line with External Audit guidance to represent 5% of the Council's Net Revenue Budget. Accordingly, as a result of an increase in the Net Revenue budget in 2023-24 to a level of £453.3m, the General Fund reserve will need to be increased to £22.7m.

In line with assumptions in the Governments Autumn Statement the proposals include an increase to the Council Tax and Adult Social Care precept by 4.99% that will raise c£11m.

The Council's budget is proposed to be balanced by the use of reserves which is also in line with Central Government expectations. The use of these reserves results in reduced future financial resilience than was previously the case, and the extent of reserve use is not sustainable in the longer term, and will require careful management and monitoring.

This report concludes that the estimates are sufficiently robust for the Council to set a balanced budget for 2023/24. However, it should be noted that there are risks and pressures to the Council's financial position beyond 2023/24 that require mitigating actions to continue to be implemented and monitored during the 2023/24 financial year to achieve a sustainable on-going position.

Delivery of the Council's transformation programme will be an essential element in the approach to mitigating these pressures, however it is unlikely that the programme alone will deliver a sustainable position over the medium term without a shift in national funding policy based on local needs and resources, and a resolution to national issues around demand and funding for Social Care. The Council must therefore continue to work with the LGA and relevant professional bodies to make the case to Government for a sustainable funding settlement.

Independent analysis indicates that the reviews and reforms of local government finance such as the Fair Funding Review, and Business Rates reset, would benefit the Council by £32m a year. Much of this gap is due to the unequal distribution of Council tax across the country, and that the growth nationally in Business Rates has not been redistributed by Government as previously intended. Continued deferral of reforms has a significant adverse impact to the Council and the District, and the implementation has been delayed again by Government to 2025 at the earliest.

## 2. BACKGROUND

Under Section 25 of the Local Government Act 2003, when the Council sets the budget, the Council's Section 151 Officer (Finance Director) 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 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.

### 2023/24 Budget Appraisal

<u>Context</u>

In setting the 2023-24 budget it is important to recognise the context and consequence of austerity measures implemented since 2011/12; the impact of Covid 19, the cost of living crisis and inflation on Council resources and demand for services; and the current uncertainties of national local government funding arrangements.

In the period from 2011/12 to 2022/23 the Council has already had to take measures to reduce costs and increase income amounting to over £310m.

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In the current financial year, the Council is forecast to overspend by £37.6m. This is driven by significant national issues including the cost-of-living crisis, and demand and cost pressures in Children's and Adults Social Care. Additional core budget allocation has been invested in Children's Services over the past 3-years and the proposed budget includes further investment to manage demand pressures and support the improvement programme. The council has delivered a number of mitigating actions and the expectation is that the forecast overspend in 2022-23 will reduce by the year end.

**Formulating the 2023-24 budget**

Due to the uncertainties over future local government financing, a one-year budget has been proposed for 2023/24.

**Governance**

The Council's financial management, reporting and governance processes continue to ensure that senior Leadership has the financial data and analysis to enable effective management decisions. Monthly budget monitoring reports include mitigation actions to address underlying budget variances and balance budgets.

The Corporate Management Team,  Executive members, and senior officers have been heavily involved in the development of the budget proposals.

This demonstrates that the Council has deployed appropriate arrangements to mitigate identified risks, and ensure effective monitoring and governance processes are in place to identify, manage and address budget challenges promptly and effectively.

**Investments**

One of the Council's key functions in terms of managing its finances is securing value for money from its activities, as measured on an annual basis by our external auditors.  The Budget proposals for 2023/24 propose investment in critical areas of activity including significant additional resources for Children's (£57m) and Adults Social Care (£5m). The proposals also sustain services to communities and investment in the regeneration of the district for example the delivery of City of Culture 2025, Keighley and Shipley Towns Funds, Darley Street Market; One City Park; Bradford Live and other regeneration programmes.

**Inflation and Demographic Growth Pressures**

The proposed 2023/24 budget includes £58.4m to cover the estimated costs of inflation, this total is equivalent to approximately 13% of the Council's Net Revenue Budget. This is inclusive of an estimated 4% pay award for 2023-24 and a catch up for a higher than budgeted pay award in 2022-23. There are also inflationary increases on contracts linked mainly to CPI, amounts to cover the increase in national living Wage for Social Care and other workers (a 9.7% increase from £9.50, £10.42 per hour for over 23s), increases in the Energy budget for Council buildings and street lighting, transport fuel costs, and inflation on Fees and Charges. The amount required for inflationary pressures is extraordinarily high

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given the current economic climate, and price volatility.

If the pay award is settled at a higher rate than the 4% included within the budget this will create a structural cost pressure for the Council given each 1% in pay equates to c.£2.6m.

Should general inflation pressures be higher than budgeted this will create a structural cost pressure for the Council given each 1% in prices equates to c.£2.3m.

£2.7m has also been budgeted to pay for the cost of demographic growth on Council services, primarily in Adults and Children's Social Care.

**Funding Changes**

The proposed budget also takes account of funding changes announced by the Government in the Final Local Government Settlement that will see increases in funding for Social Care, and compensation from Government for their decision to support businesses by freezing the Business Rates multiplier.

**Savings**

The revenue estimates propose a further £36m of savings for 2023-24 including significant savings to be made through the management of vacant posts which will inevitably impact on Council capacity.

A number of financial adjustments are proposed, and are in process; ostensibly these do not impact directly on frontline service delivery however some of them may have an effect on long term financial resilience and organisational capacity.

## Resources

**Council Tax**
Council Tax remains our most stable and reliable revenue stream and will account for 52% of our net expenditure requirement in 2023/24, up from 35% in 2010/11. This budget proposes the maximum allowable increase in Council Tax without recourse to a local referendum including the Social Care precept of 4.99%. This equates to a weekly rise of £1.48p for a Band D property. The proposed budget for Council Tax will be £233.291m in 2023-24 including a £0.138m deficit from 2022-23 that will have to be repaid in 2023-24.

**Business Rates**

The Business Rates budget has been set based on information at the end of December 2022, and submitted to Government in line with statutory guidelines. The Council will pay itself £58.249m from the Collection Fund in 2023-24, and will also have to repay a deficit of £2.067m from 2022-23.

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**Government Grant**

The Council will receive £40.3m of Revenue Support Grant, and £74.971m of Business Rates Top up grant, as outlined in the Final Local Government settlement.

Having taken into account the investments, pressures and resources outlined above, a financial gap of £44.299 remains in 2023-24 and it is proposed that the gap is bridged through the one-off use of reserves.

**Use of Reserves**

The Council's financial strategy over recent years 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.

A number of earmarked reserves have been used in 2022/23 for their identified purposes. Further reserves have been reviewed against current budget priorities with some being released to support the 2023-24 budget position.

The reserves held within the balance sheet include:

- Reserves not available to the Council; for example, schools reserves
- Grant Reserves held for specific purposes.
- Statutory reserves held and ring-fenced for particular identified requirements
- Earmarked reserves, which are set aside for designated purposes and for specific liabilities and risks
- The General Fund Reserve; which is essentially the Council's backstop for unforeseen risks and pressures. The reserve is held at 5% of the Council net revenue budget.

The proposed use of £44.3m of reserves in 2023/24 represents a short term response to unprecedented levels of inflation and other cost pressures.

**Other Considerations**

The Council continues to proactively transform its approach to service delivery including continuously reviewing its service provision levels and priorities.

The Council is working towards establishing the Bradford Children and Families Trust as a wholly owned local authority company. The Trust will have operational responsibility for children's social care. The budget proposals provide significant additional resourcing for Children's Social Care.

The Council is opening a Housing Revenue Account (HRA) from 1 April 2023 in line with the s74 direction from DLUHC ceasing. The direct impact upon the general fund has been

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assessed and reflected in budget proposals. The HRA will provide options for the Council to lead housing development and directly influence the market. The HRA is a ring fenced account but there may be options to maximise funding opportunities within those constraints.

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 some provision for additional investment in capital schemes. The increase in the Capital Investment Programme will incur some additional borrowing with a consequential increase in our capital financing budget. Further capital challenge sessions will ensure the programme is affordable and debt repayments remain within MTFS budget levels. The Council increased its capital investment programme in the past three financial years whilst PWLB rates were at historic low levels.

Regarding Capital Financing, it is recommended that the Council changes its Minimum Revenue Provision from a straight line method to an annuity method. This will bring cost savings in the early years, but will increase the costs in the longer term.

Further, for the first time, the Council will also make use of capital receipt flexibilities that allow for qualifying revenue expenditure to be funded from capital receipts. This is a deviation from the previous policy of using capital receipts to support only the capital investment plan and consequently reduce the borrowing requirement.

Continuing developments in the integration of health and social care may bring cost consequences for our longer term financial planning. 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.

**<u>Section 151 Officer's assessment</u>**

Given the approaches to the use of resources and related issues set out in this paper, it is concluded that the estimates are sufficiently robust for Council to set a deliverable and balanced budget for 2023/24.

Members can be assured that a number of risks have been mitigated. For example, focused budget mitigation actions have been identified, many have been delivered already, and others are being reviewed on a  regular basis by CMT. Revenue and capital budgets have been reviewed and subjected to challenge, reserves have been reviewed and, where appropriate, maintained or released to support the budget process. Investment in Children's and Adults Social Care has been made to meet rising costs and demands, and additional budget has been made available to meet inflationary pressures.

The budget proposal for 2023/24 includes £22.4m of funding changes, reduced contingencies, changes to capital financing, and £36m of cost savings including £10m from managing vacancies with some posts remaining unfilled for longer.

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The 2023/24 proposed reserve use of c£44.3mis historically high, however the projected levels for 2023/24 remain adequate assuming

- The 2023/24 budget is delivered to plan
- Savings identified in previous years are delivered
- Response to demographic pressures are managed as planned
- Prevention and early help and locality models are successful in addressing costs and demands whilst continuing to deliver effective service models
- Potential liabilities are managed within the balance sheet's provisions and reserves
- Local sources of taxation and other income continue as planned.
- Identified budget mitigation and the transformation programme are delivered on time in order to protect future years MTFS.

It is therefore concluded that:

The reserves are adequate for the 2023/24 proposed budget, however given the level of reserves likely to be required to balance the 2022/23 revenue budget, this will leave limited unallocated reserves to support significant budget overspends and budgets beyond 2023-24 should the Council continue to face financial pressures on a similar scale.

Given the unprecedented levels of uncertainty and volatility in which the proposed budget is set, it is inevitable that there will be a number of risks to its delivery. These risks along with mitigating actions are identified in Appendix 1 to this report.

The financial challenges in future years beyond 2023/24 call for continued action, and the investment in the transformation programme will prove to be a vital contribution to this endeavour. The longer-term financial resilience depends on successfully implementing the cost improvement plans and potential future Government funding and reforms.

## 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

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## 7.1 SUSTAINABILITY IMPLICATIONS

Sustainability implications are identified in the budget reports as presented to Executive on 14 December 2022, 31 January 2023 and 21 February 2023.

## 7.2 GREENHOUSE GAS EMISSIONS IMPACTS

No direct implications arising from this report.

## 7.3 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.

## 7.4 HUMAN RIGHTS ACT

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

## 7.5 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 2023/24 as these new proposals do not lead to the potential for 20 or more redundancies.

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 2023/24 budget that would give rise to TUPE. The proposed establishment of the Bradford Childrens and Families Trust. Which is not a budget proposal in itself, will involve TUPE transfer and consultation has taken place regarding this transfer arrangement.

The financial position and the proposals were explained at a recent Trade Union briefing and the formal commencement of the budget consultation on 6 December 2022. Further Consultation was held via service based level 2 and level 3 OJC meetings. Trade Union feedback relating to these budget proposals for 2023/24 will be collated and will be reported at Executive in February 2023 as an addendum to the budget report.

A briefing for all employees on the budget proposals has been issued through Chief Executive briefing, a letter to staff, line management and key communications/Bradnet and will be cascaded accordingly.

## 7.6 WARD IMPLICATIONS

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In general terms, where the proposed savings directly affect services to the public, the impact will typically be felt across all wards.

## 7.7 IMPLICATIONS FOR CHILDREN AND YOUNG PEOPLE

The budget proposals include investment in Children Services.
The budget proposal is built within the context that Children's Services will transfer to the Bradford Children's and Families Trust with effect from 1 April 2023 as part of the continued improvement planning for the service.

## 7.8 ISSUES ARISING FROM PRIVACY IMPACT ASSESMENT

N/A

## 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 to set a balanced and deliverable budget in 2023-24.

- the reserves are adequate for the 2023/24 proposed budget. The level of reserves has reduced substantially to support the Council budget and in line with Central Government expectation that Councils should use their reserves

- the projected corporate reserves, on current estimates, are adequate in the short term, subject to the implementation of the rest of the proposed financial plan, however they do not represent a sustainable solution to addressing budget pressures beyond 2023-24.

- the Medium Term Financial Strategy will be updated and reported to Executive as clarity on future local government funding, reforms of adult and social care and other relevant issues are 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 have to be amended if a decision was proposed that leads to the Council's reserves reducing below their recommended General Fund balance 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.

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## 10. APPENDICES

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

## 11. BACKGROUND DOCUMENTS

Executive reports and supporting information / working papers

- 21st February 2023 Revenue Estimates Report for 2023-24
- 21th February 2023: Capital Investment Plan 2023-24 to 2026-27
- 21th February 2023: Allocation of the Schools Budget for 2023/24 Financial year
- 31st January 2023: 2023-24 Budget Update Report and Addendum
- 3rd January 2023: Calculation of Bradford's Council Tax Base and Business Rates Base for 2023-24
- 14th December 2022: Proposed Financial Plan and Budget Proposals for 2023-24
- 1st November 2022: Quarter 2 Finance Position Statement for 2022-23
- 6th September 2022: Medium Term Financial Strategy Update 2023/24 to 2025/26
- 5th July 2022: Finance Position Statement for 2022-22
- 5th July 2022: Quarter 1 Finance Position Statement for 2022-23
- 5th April 2022: Quarter 4 Finance Position Statement for 2022-23
- 15th February 2022: The Council's Revenue Estimates for 2022/23
- 15th February 2022: Capital Investment Plan 2022-23 to 2025-26
- 15th February 2022: Allocation of the Schools Budget for 2022/23 Financial year
- 15th February 2022: 2022/23 Budget Proposals and Forecast Reserves – s151 Officer Assessment and Addendum
- 1st February 2022: Quarter 3 Finance Position Statement 2021/22
- 1st February 2022: 2022/23 Budget Update Report

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**APPENDIX 1**

**Risk-Based Assessment of Potential Events Affecting the Proposed 2023/24 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%<br>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.<br>However, the expectation would be for funding to additionally recognise the impact of deprivation, local tax bases and other factors upon Councils and address prior funding streams which have seen Met/ Unitary Councils adversely impacted more than others.<br>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.<br>The Council holds additional but limited reserves that could be drawn upon in the short term to enable a short-medium term approach to any future funding reductions if they occur. | Low / Medium<br><br>Indications are that funding revisions would be beneficial.<br><br>The MTFS has prudent assumptions, whilst the level or reserves, including earmarked reserves, enables impacts to be managed over a short term if other activities take place as planned. |
| Demand for services increase placing pressure on budgets | Demand for services may increase both in terms of general service demands, especially in Children's Services, and specific post Covid and recently cost of living related demand pressures.<br><br>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, for example Children Services and SEND. | Medium / High<br><br>MTFS includes allocation of budget to reflect key demographics and spend pressures. |

| **Risk Event** | **Description and Mitigation in Place** | **Residual Risk Rating (Likelihood/Impact) and Contingency** |
| --- | --- | --- |
| | | Likelihood: Low <20% <Medium < 50%< High<70%<br>Impact: Low <£2m< Medium < £3m < High < £5m |
| | | |
| Taxation streams are unstable | Additional uncertainty caused post Covid and with ongoing cost of living impacts impacting businesses and citizens; eg potential significant business restructuring, such as impact of pandemic on office space & retail, Brexit impact 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.<br>Business Rates performance continues to be more volatile than Council Tax, with the outcome of appeals significantly reducing the tax yield. In year losses and gains can be handled through the Collection Fund, while variances can be dealt with in future year's plans. | Medium/Medium<br><br>Contingency provided through adjustment of plans for subsequent years. |
| Other income streams unstable | Non-taxation income streams remain impacted by confidence post Covid and further impacted by cost of living with Leisure, Theatre and Parking revenue being impacted. NHS funding streams may be at risk in the wake of current financial difficulties. Past performance suggests that unplanned income may materialise, offsetting generally some of the risks against the aggregate net revenue budget. Fees and Charges reviews take account of potential impact on customer resistance / revenue streams | Medium / Medium<br><br>Contingency provided through in-year budget control.<br><br>Continuous dialogue with NHS partners over funding flows<br><br>More active bidding for external funds<br><br>Close monitoring of trading and general fees and charges revenues |
| 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.<br>Existing mitigation is through existing debt management | Low / Low<br><br>Contingency provided through bad debt provision. |

| Risk Event | Description and Mitigation in Place | Residual Risk Rating (Likelihood/Impact) and Contingency |
|---|---|---|
| | | Likelihood: Low <20% <Medium < 50%< High<70%<br>Impact: Low <£2m< Medium < £3m < High < £5m |
| | processes and recovery action.<br>Debt management review is seeking where possible for services to be paid at point of service/order. Where not possible, charges will be raised through debtor invoice processes enabling effective monitoring and tracking of debt to enable recovery | 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<br><br>Bad debt provision already reduced by £1.6m as part of existing 2022/23 budget mitigation plans |
| Plans for implementation of savings are not delivered. | Each savings proposal is required to be accompanied by a project plan setting out the implementation path. This process has been strengthened further through monitoring at CMT and the inclusion of a savings tracker in monthly DMT/CMT finance reports. The impact of the plans has been tested in consultation, with non-delivered savings being predominantly as a result of Covid or over ambitious levels being proposed previously.<br>Implementation requires a dedicated project management resource and the Corporate Transformation team have driven weekly highlight reporting through CMT for the current budget mitigation plan | Medium / Medium<br><br>Mitigation provided through continuous improvement of plans and regular monitoring reports through CMT.<br>Risk reduced as no additional savings proposed for 2021/22 and 2022/23.<br><br>2023/24 proposals include c£10m of vacancy review/ abatement factor savings. This will require close monitoring throughout 2023-24. |
| Plans for implementation of transformation and change projects do not deliver expected outcomes | Transformational activity within Adults, Children's, Early Help and Prevention and localities are progressing and a strong pipeline of change projects has been identified.<br>Identified CMT Budget Mitigation plans developed initially through workshops in April and May 2022 led to weekly highlight reporting through CMT and significant reduction in forecast budget gap for 2022/23 and into MTFS period | Low / Low<br><br>Transformational plans developed and transformation programme re-established building upon the effective CMT Budget Mitigation plans and weekly highlight reports into some detail. |

| Risk Event | Description and Mitigation in Place | Residual Risk Rating (Likelihood/Impact) and Contingency |
|---|---|---|
| | | Likelihood: Low <20% <Medium < 50%< High<70%<br>Impact: Low <£2m< Medium < £3m < High < £5m |
| | | Budget does not include a ‘targeted’ saving from transformation and therefore is not predicated upon achieving an outcome.<br>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<br><br>Evidenced through high extensive period of need to be flexible to effectively manage Covid related events and recent CMT budget mitigation plan |
| 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 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. Director of Health & Wellbeing role as part of ICS will support system and council budget planning across systems. Negotiations continue over the distribution of the Better Care Fund. | Medium / Low<br><br>Dialogue and collaboration on joint funding with health partners is in progress.<br>Impact judged as low as budget is not predicated on integration |

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| Risk Event | Description and Mitigation in Place | Residual Risk Rating (Likelihood/Impact) and Contingency |
|---|---|---|
| | | Likelihood: Low <20% <Medium < 50%< High<70%<br>Impact: Low <£2m< Medium < £3m < High < £5m |
| Changes related to staff cannot be implemented to plan | 2023/24 budget proposals includes £10m to derive from a vacancy review/ abatement factor that will require both existing vacancies to be held for longer, and staff not being replaced when they leave. Any implementation of current planned savings will focus on avoiding compulsory redundancy. | Low/Medium<br><br>Use of voluntary redundancy and vacancy management to mitigate impacts. |
| The establishment of the children's trust places additional financial pressures | The budget proposals provides for substantial increase in the Children's Services budget with a £57m proposed uplift, demographic funding and inflation funding.<br>Demand management data has been produced that evidences the budget position, based on the assumptions included<br>Planned and in place recruitment will reduce agency numbers providing a direct saving<br>There will be additional cost of the trust management team and potentially in retained council functions eg Intelligent Client Function over and above MTFS assumptions<br>Contract price negotiations in train and dialogue planned with DFE/DLUHC over the level of additional funding they may be prepared to contribute to facilitate an effective trust mobilisation and into delivery | Medium/Medium<br><br>The position reflects the current circumstances.<br>Effective dialogue / negotiation with the Trust and productive funding discussions with DFE/DLUHC would reduce the risk. |
| The HRA business plan may be financially unviable | The Council is opening a HRA from 1 April 2023 in line with the s74 direction status.<br>The Council has engaged advisors and developed a business plan for the HRA.<br>A report to Council Executive in November set out the current position and advised the financial risk around the rent cap level which was currently out to consultation. This | Low/Low<br><br>The establishment of the HRA will be financially viable following the rent cap outcome.<br><br>The Council has option to increase |

| Risk Event | Description and Mitigation in Place | Residual Risk Rating (Likelihood/Impact) and Contingency |
|---|---|---|
| | | Likelihood: Low <20% <Medium < 50%< High<70%<br>Impact: Low <£2m< Medium < £3m < High < £5m |
| | has now concluded with a rent cap level that will enable a financially viable business plan for the HRA.<br>The Council has identified options to increase stock, improving future viability and also in securing stock that may be suitable for vulnerable adults and children's | future viability and these need progressing from 1 April 2023 |
| The Council may have insufficient reserves to manage future uncertainties and volatilities | A number of earmarked reserves have been drawn down in 2022/23 as part of approved budget plans. Further reserves have been withdrawn and re-prioritised to mitigate in year and MTFS budget gaps.<br>The MRP reserve will be called upon to balance the 2023/24 budget and if overall costs and funding remain as per the MTFS assumptions the reserve will be fully utilised to fund 2024/25 budget proposals.<br>A number of budget mitigation and transformation plans have been identified and these must be delivered to retain some short term reserve flexibility. | Medium/High<br><br>Current MTFS projections show the reserve position is adequate for 2023/24 but the current rate of drawdown will not be sufficient beyond that.<br><br>Identified mitigations need delivering<br><br>Services need to manage within approved budget |
| Insufficient inflation allowance is provided in the plan | Expenditure budgets have been selectively inflated at indices appropriate for the relevant line with £58.4m inflation added to core budgets. The total being equivalent to 13% of net revenue budget. This is inclusive of an estimated 4% pay award for 2023-24 and a catch up for a higher than budgeted pay award in 2022-23. There are also inflationary increases on contracts linked mainly to CPI, amounts to cover the increase in national living Wage increases for Social Care and other workers (a 9.7% increase from £9.50, £10.42 per hour for over 23s), 118% increases in the Energy budget for Council buildings and street lighting; increases in transport fuel costs, and inflation on Fees and Charges based on CPI. The amount required for inflationary pressures is | Medium/Medium<br><br>Compensating action to reduce net costs<br><br>Energy Price Volatility Reserve |

| Risk Event | Description and Mitigation in Place | Residual Risk Rating (Likelihood/Impact) and Contingency |
|---|---|---|
| | | Likelihood: Low <20% <Medium < 50%< High<70%<br>Impact: Low <£2m< Medium < £3m < High < £5m |
| | extraordinarily high given the current economic climate, and price volatility.<br>Where appropriate, budget managers will need to absorb unfunded inflation through reducing consumption of goods and services.<br>The impact of potential greater inflationary pressures in the economy on the MTFS will need to be managed. | |
| Capital budgets are insufficient to meet rising costs, including inflationary pressures | Capital budgets are approved with some contingency.<br>Recent experience has evidenced a significant inflationary increase on cost of core materials and capital works.<br>As a result a number of capital budgets have had to be increased.<br>Should this trend continue and prices not revert to prior levels there may be a pressure on budgets across the capital programme.<br>As external funding is generally finite these pressures will result in additional borrowing with a consequential pressure on capital financing budgets. | High/Medium<br><br>Contingency in budgets<br><br>Balancing risk with suppliers, eg by asking to price at current prices<br><br>Value engineering upon tender response<br><br>£10m Capital Inflation provision included in 2023/24 budget proposals |
| Capital investment is poorly controlled | Experience from prior years suggests capital projects take longer to implement than planned with a significant degree of slippage.<br>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.<br>Capital challenge sessions provide for further Executive member led scrutiny and challenge | Low/Low<br><br>Close monitoring is required to ensure that schemes do not overspend and deliver to plan.<br><br>Contingency provided through adjustment of plans for subsequent years |
| Sources of funds | In addition, to the capital receipts expected to be released as | Low/Low |

| Risk Event | Description and Mitigation in Place | Residual Risk Rating (Likelihood/Impact) and Contingency |
|---|---|---|
| | | Likelihood: Low <20% <Medium < 50%< High<70%<br>Impact: Low <£2m< Medium < £3m < High < £5m |
| for capital investment do not materialise | 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 materialise, the plan (or individual projects within it which are dependent on receipts) will need to be reviewed.<br>A specific Capital Disposal plan is developed annually with specific receipts identified to achieve capital receipt targets | Contingency provided through adjustment of plans for subsequent 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.<br>A number of prior projects specifically in sports and leisure have been impacted by Covid as income levels have been impacted. These have been offset by Covid grants but may be impacted further from 2022/23 onwards<br>Cost of living impacts upon capital costs will impact invest to save return. | Low / Medium<br><br>Business plan approval subject to service sign off and PAG approval, before being approved by Executive.<br><br>Capital and revenue 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 and also the timing of when new loans are taken to fund the capital programme including advance borrowing against the programme forecast | Medium/Medium<br><br>Compensating action to reduce net costs<br><br>Re-profiling and reprioritisation of the capital plan<br><br>Strong link between capital forecast, Treasury Management and MTFS<br><br>Appropriate levels of advance borrowing |

| Risk Event | Description and Mitigation in Place | Residual Risk Rating (Likelihood/Impact) and Contingency |
|---|---|---|
| | | Likelihood: Low <20% <Medium < 50%< High<70%<br>Impact: Low <£2m< Medium < £3m < High < £5m |
| | | taken where opportunities exist |
| The baseline budget is structurally compromised | The proposed budget is set using the 2022/23 baseline as amended for specific changes. The 2022/23 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, or within budget proposals, for example the proposed further increased base budget for Children's Services and the additional funding for Adults within the 2023/24 budget proposals. | Medium / Medium<br><br>Strategic Directors can use their delegated budgets flexibly<br><br>Structural budget issues are identified and tracked, and if appropriate reflected in MTFS and budget plans.<br><br>General Fund Reserve |
| Changes in school funding and in school structures created unforeseen and unfunded liabilities | Three factors could lead to financial stress in schools, which, under some circumstances, could create liabilities for the Council's budget: the increasing gap between funding and inflation-driven costs; the impact of the National Funding Formula on individual schools; conversions to academies. No additional provision has been made in the budget for these risks. | Medium/Medium<br><br>Support for/intervention in individual schools<br>On-going dialogue with Regional Schools Commissioner<br>Engagement with Bradford Schools Forum<br>Position regarding known conversions and deficits has been provisioned where material and appropriate |
| 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 | Low/low |

| Risk Event | Description and Mitigation in Place | Residual Risk Rating (Likelihood/Impact) and Contingency |
|---|---|---|
| | | Likelihood: Low <20% <Medium < 50%< High<70%<br>Impact: Low <£2m< Medium < £3m < High < £5m |
| | management also reduces the risk of departmental silo mentality. | |



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City of BRADFORD METROPOLITAN DISTRICT COUNCIL

# Report of the Director of Legal and Governance to the meeting of the Executive Committee to be held on 21 February 2023.

**Subject:** **AZ**

Appointment of officers to serve as directors on boards of companies.

## Summary statement:

The former Director of Finance and IT left the Council's service on 31 of December 2022, was a Council appointed director of a number of companies and new director appointments are required to replace him. This report deals with the appointment of replacement directors to those companies as well as an opportunity to review new director officer appointments on boards of companies.

The Council's Constitution states that the Executive is responsible for the appointments to outside bodies. This report presents the nominations for the appointment of officers as directors to the companies referred to in Appendix 1.

This report has not been included on the published forward plan as an issue for consideration, as the departure of the previous Section 151 Officer, who also held a number of the roles identified in this report, presented itself after publication of the plan, and it is impractical to defer the decision until it has been included in the published Forward Plan, therefore the report is submitted in accordance with paragraph 10 of the Executive Procedure Rules set out in the Council's Constitution.'

**EQUALITY & DIVERSITY:**

There are no equality and diversity implications directly arising from this report which negates the need for an Equality Impact Assessment.

Asif Ibrahim
Director Legal and Governance
Legal Services
Corporate Resources

Report Contact: Christine Meakins
Interim Team Leader Property
Commercial & Development
Phone: 07855177224
E-mail: Christine,meakins@bradford.gov.uk

**Portfolio:**

Leader of Council and Corporate

**Overview & Scrutiny Area:**

Corporate

## 1. SUMMARY

This report deals with the appointment of officers to serve as directors to a number of companies. Under the Council's Constitution - Part 2 Article 7.11 appointments of any individual to another body requires Executive approval.

## 2. BACKGROUND

The former Director of Finance and IT left the Council's service on 31 of December 2022, was a Council appointed director of a number of companies and new director appointments are required to replace him. This report deals with the appointment of replacement directors to those companies as well as an opportunity to review new director officer appointments on boards of companies.

The Council has a number of directors' appointments to make to boards of companies to provide management and strategic oversight. Each company is a separate legal entity and has their own separate governance structures.

Under Part 2 Article 7.11 of the Constitution, the Executive is responsible for:

The appointment of any individual:

(a) To any office other than an office in which s/he is employed by the Council.

(b) To any body other than:

(i) The Council.

(ii) A joint committee of two or more authorities.

(c) To any committee or sub-committee of such a body, and the revocation of any such appointment.

## 3. OTHER CONSIDERATIONS

There are different types of companies listed in Appendix 1, some companies are wholly owned by the Council or the Council may have some proprietary interest including one as a minority shareholder or as a member of the outside body (company limited by guarantee, for example).

With other companies the Council may have no proprietary interest but nevertheless has been invited to nominate a Council representative as a director. Appointments to outside bodies can be an important mechanism for community leadership, partnership and joint working as well as being a forum for knowledge and information sharing.

There is some urgency to approve the directors' appointments in this report to ensure ongoing Council representation on boards of companies.

This report also recommends delegation of authority to the Director of Legal and Governance in consultation with the Leader of the Council to make new director officer appointments for the Council. This will enable appointments to be made in a timely way when officer directors leave or retire from Council's service to ensure ongoing Council representation on the boards of companies (which will then be reported to the members of Executive).

## 4. FINANCIAL & RESOURCE APPRAISAL

There are no financial implications directly arising from this report, officers appointed by the Council as directors do not receive any separate remuneration.

## 5. RISK MANAGEMENT AND GOVERNANCE ISSUES

There are implications for the director appointees to companies as they need to perform their duties as directors in the best interests of the company. There is also a need in their working relations to be mindful as to the possibility of any conflict of interest. In the case of any conflict of interest officers should seek advice from the Director of Legal and Governance.

It will be a requirement that all Council appointees resign as directors should they leave the employment of the Council.

## 6. LEGAL APPRAISAL

Should the directors' appointments be approved, then the officers will be formally appointed at the next Board meeting of the relevant company and the appointment registered at Companies House.

It is important for individual officers appointed to companies to be clear about the nature of their appointment and understand their duties as directors to the outside bodies. Officers should also bear in mind that they have duties to the Council which may result in conflicts of interest. In the case of any conflict of interest officers should seek advice from the Director of Legal and Governance.

This report also contains a recommendation to delegate authority for new director officer appointments to the Director of Legal and Governance. Executive functions can be delegated, and the report recommendation ensures that appropriate Executive involvement remains in place with 'in consultation with Leader of the Council' provision.

## 7. OTHER IMPLICATIONS

### 7.1 SUSTAINABILITY IMPLICATIONS

None directly arising from this report

### 7.2 GREENHOUSE GAS EMISSIONS IMPACTS

None directly arising from this report

### 7.3 COMMUNITY SAFETY IMPLICATIONS

There are no Community Safety implications directly arising from this report.

### 7.4 HUMAN RIGHTS ACT

There are no Human Rights Act implications directly arising from this report.

### 7.5 TRADE UNION

There are no Trade Union implications.

### 7.6 WARD IMPLICATIONS

There are no direct Ward or area implications.

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

There are no Area Committee's Action Plan implications.

### 7.8 IMPLICATIONS FOR CHILDREN AND YOUNG PEOPLE

The director appointments include appointments to
Bradford Children and Families Trust Ltd

### 7.9 ISSUES ARISING FROM PRIVACY IMPACT ASSESEMENT

N/A

## 8. NOT FOR PUBLICATION DOCUMENTS

None

## 9. OPTIONS

(i) It is a legal requirement for companies to have directors, how many directors are required to be appointed will be dictated by the company's articles of association. The Council requires directors to be appointed to wholly owned companies for the day to day management of those companies; for companies in which the Council has a proprietary interest the Council will require representation on the board of directors to ensure oversight and it may also be a contractual requirement for the Council to do so.

(ii) Regarding the appointment of directors to companies in which the Council has no proprietary interest, these appointments are at the discretion of the Executive, however, appointments to such companies can be an important mechanism for community leadership, partnership and joint working as well as being a forum for knowledge and information sharing

## 10. RECOMMENDATIONS

1. That the officers' appointments to serve as directors to the boards of companies as detailed in Appendix 1 be approved.

2. That Authority be given to the Director of Legal and Governance in consultation with the Leader of the Council to make new director officer appointments to ensure ongoing Council representation on the boards of companies and to advise Executive members of any such appointments thereafter.

## 11. APPENDICES

Appendix 1 – List of Officer Directors' Appointments

## 12. BACKGROUND DOCUMENTS

None

# Appendix 1 – List of Council Officers' Directors' Appointments

**Companies Owned/Controlled/Managed by Bradford Council**

| Company Name | Number | Directors | | | | |
|---|---|---|---|---|---|---|
| Bradford Children and Families Trust Ltd | 14060995 | Eileen Milner | Julie Crellin | Charlotte Ramsden | Sarah Muckle | Fazeela Hafejee |
| New Choices (Bradford & District) Ltd | 13774027 | Iain MacBeath | Christopher Kinsella | Antony Pilkington | | |
| The Moors Management Company Ltd | 02532581 | Ben Middleton | Christopher Kinsella | | | |
| CBMDC Building Schools For the Future Ltd | 06015434 | Ian Smart | | | | |

**Companies that the Council has involvement with**

| Company Name | Number | Directors | |
|---|---|---|---|
| Integrated Bradford LEP Ltd | 05797774 | Dr Marium Haque | Christopher Kinsella |
| Integrated Bradford LEP Fin Co One Ltd | 05797779 | Dr Marium Haque | Christopher Kinsella |
| Bradford Live | 09083952 | Ben Middleton | Christopher Kinsella |
| Active Bradford Ltd | 11178024 | Philip Barker | |
| Bradford Culture Company Ltd | 12330027 | Kersten England | |
| Bradford City of Film Ltd | 06903208 | Nicola Greenan | |

**Companies that WYPF officers have involvement with**

| Company Name | Number | Directors |
|---|---|---|
| Northern Pool GP (No 1) Ltd | 11360203 | Euan Miller |
| Aurum WYPF Managed Portfolio Ltd | 00046329 | Simon Edwards |

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# Report of the Strategic Director, Health & Wellbeing to the meeting of Executive to be held on 21 February 2023

**BA**

**Subject:** Consultation feedback and recommendations following the consultation on proposed changes to Adult Social Care Non-residential Charges.

## Summary statement:

This report provides feedback following the consultation on the proposed changes to Adult Social Care Non-residential charges and makes recommendations based on the consultation feedback.

## EQUALITY & DIVERSITY:

The Equality Act 2010 sets out the duty for public authorities to ensure that while exercising their function they are not discriminating directly or indirectly against any group or individual.

We have undertaken a detailed Equality Impact Assessment, which is attached to this report as Appendix A Our assessment suggests that these proposals will have no detrimental impact on equality and diversity, however there is a group who may be impacted on financially, and we have put in place mitigations, which are set out in the Equalities Impact Assessment at Appendix A. Bradford Adult Social Care services, will continue to support the needs of all groups who are currently in receipt of support, and those who may need support in the future.

Iain Macbeath

Strategic Director Health and Wellbeing

**Portfolio:** Healthy People and Places

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**Overview & Scrutiny Area:**

Health and Social Care Overview and Scrutiny

# 1. SUMMARY

1.1 This paper provides feedback on the consultation on proposed changes to Adult Social Care non-residential charges with effect from 1 April 2023, which ended on 3 February 2023. These changes are in addition to the annual inflation uplift applied to charges from April each year.

1.2 This paper is seeking approval to the recommendation to proceed with the changes to Adult Social Care non-residential charges with effect from 1 April 2023.

1.3 A targeted consultation with people identified as being directly impacted was undertaken between 15th December 2022 and 3rd of February 2023. The data was refreshed on 30 November 2022. There were 483 people who use social care services who have been financially assessed as having the means to pay for the full cost of their care. An additional 25, were contacted during the consultation as people identified by our operational social work teams as likely to be entering the service in the coming months.

1.4 These changes are part of the preparatory work for the Government's adult social care charging reforms. They will aide with metering towards the proposed £86,000 'Cap on Care' for service users.

# 2. BACKGROUND

2.1 The Care Act 2014 is the primary legislation providing the single legal framework for charging for care and support, with the Care and Support Regulations governing the scope of 'local authorities' power to charge for meeting eligible needs and for financial assessments under the primary legislation.

2.2 Bradford's Non Residential Care Services Policy sets out the Councils approach to delivery of the requirements set out in the Care Act 2014.

2.3 Service users who have been financially assessed as having the means to pay, were consulted on changes to being charged the actual cost to the Council for their social care services, as opposed to a subsidised rate as at present. In the financial assessment any disability related costs are taken into account, these are the extra costs incurred by a service user to meet a specific need due to a medical condition or disability.

2.4 These proposed changes consulted on will impact directly on two cohorts of Adult Social Care service users:

i. those termed 'full-cost-payers' who have assets and savings above the current capital threshold of £23,250, there were 353 in this cohort as identified at 30 November 2022.

ii. those who are not currently charged at the maximum level of their financially assessed contribution there were 130 in this cohort as identified at 30 November 2022.

iii. a further 25 were identified as meeting the criteria set out in i (18) or ii (7) above during the course of the consultation and were consulted on the proposed changes.

2.5 The proposed changes to charging consulted on were:

2.5.1 **Charge all 'Full-Cost Payers' (those with eligible needs and assets above the current capital limit of £23,250) the actual cost of their services.**

- The legislation is clear when choosing to charge for care and support services an authority must **not** charge more than the cost it incurs in meeting the assessed needs of the service user.

- The Council had 353 services users classed as 'full-cost payers' as at 30 November 2022 who had asked the Council to commission their care, although as 'full-cost payers' or 'self-funders' the Council currently has no legal obligation to commission care on their behalf. A further 18 new services users were identified were identified as meeting the criteria set out in i above during the course of the consultation and were consulted on the proposed changes.

- These service users have asked the Council to commission their care, although as 'full-cost payers' or 'self-funders' the Council currently has no current legal obligation to commission care on their behalf unless they lack capacity.

- The Government has in principle stated that they will legislate to ensure we will have a duty to commission care on behalf of 'full-cost payers' and 'self – funders'.
- The actual cost is more than the nominal cost, by 36.8% for the majority of services based on the current level of charges and costs i.e. those for the 2022/23 financial year. The Council is effectively subsidising the cost of these services.

2.5.2 **Charge all service users the actual cost of their services – this will impact on those not currently paying up to the assessed maximum contribution.**

- The Council could not have differential charges for full-cost payers and service users who make a partial contribution to the cost of their care. It would therefore be necessary if considering the introduction of charges based on actual costs to apply this increase to all service users.

- The Council currently had 130 services users who make a contribution to the cost of their care but do not pay the 'full-cost', as at 30 November 2022. For 39 service users the increase would be capped at their maximum assessed contribution, for 91 it would be the full 36.81% increase.

- A further 7 new services users were identified were identified as meeting the criteria set out in ii above during the course of the consultation and were consulted on the proposed changes

2.6 The consultation focused on the Council's proposals to charge the actual cost of these services from April 2023. While the Council has the powers to charge at the 'actual' cost given the percentage increase, it consulted with those directly impacted.

2.7 Table 1 sets out the consultation actions and timelines.

**Table 1**

| | Activity | Description | Timescale |
|---|---|---|---|
| 1 | **Formal consultation begins** | | 13th Dec 2022 |
| 2 | Communication and information sharing with service users | • Letters sent out to the cohort of service users as at 30 November providing an explanation of the proposed changes and description of the impact on them as individuals.<br>• The letter provided a contact email and phone for the service user or their carer/advocate to follow up for additional information. | 13th Dec 2022 |
| 3 | Communication and information sharing with community groups | • Information related to the changes was shared with community organisations who provide welfare advice support at the same letters were sent out.<br>• This summarised the changes, and the implications for individuals and what support is available for them.<br>• A briefing session was offered but not of organisations asked for a separate briefing session. | 13th Dec 2022 |
| 4 | Calls with service users | • HWB Financial Service staff took inbound calls, working through a set of questions with the service user or their representative.<br>• HWB Financial Service staff made outbound calls to those service users who did not contact us directly, working through a set of questions with the service user or their representative.<br>• Initial priority for outbound calls was those service users where the proposed change would be in excess of £50 per week.<br>• For some service users due to the nature of their care need HWB Financial Service staff visited them in person to take them through the letter and the set of questions.<br>• HWB Financial Service followed up those service users who did not responded to the | 19th Dec to 3rd Feb 2023 |

| | Activity | Description | Timescale |
|---|---|---|---|
| | | letter or voice messages.<br>• For any service user where it had not been possible to speak to them as they had not responded to the initial letter, calls or voicemails a follow up letter was sent on 30th January asking them to contact us.<br>• The calls confirmed the service user details including contact and service details, explained the proposed changes and asked them for their views. They were asked if they understood why they were classed as a self-funder, given the opportunity to provided update financial information as to their assets and capital, the offered financial assessment reviews, offered a review of any disability related expenditure, and offered benefit advice for them and their families, including completion and submission of any claims for benefits where relevant – the main one was Attendance Allowance.<br>• Checks were also made to ensure service users were in receipt of all of the cost of living support, universal and where appropriate the targeted support.<br>• Where the service user said they may need to reduce their hours if costs increased a workflow referral was made to the social work operational team for a care review.<br>• All responses as well as outcomes of financial, welfare benefit and care reviews were recorded in a detailed spreadsheet, which was reviewed daily. | |
| 5. | **Formal consultation ends** | | 3rd Feb 23 |
| 6. | Consultation feedback | • Report for Executive, summarising the findings from the consultation exercise and recommending change to the council's charging policy and procedure.<br>• Report received for decision at the Council's Executive on 21 February 2023 for implementation from April 2023. | 10th Feb 23 |

2.8 Table 2 sets out the response rate from those service users or their representatives included in the consultation. There are 34 'full-cost payers' and 26 service users who max a contribution but have not reached their maximum contribution where no response to the various forms of contact has been received.

**Table 2**

| Contact With Service User Or Their Representative | Service Users | Contact Made And Responses Recorded |
|---|---|---|
| Total Number of Service Users sent initial letter | 483 | 423 |
| Additional Service Users included in the consultation | 25 | 25 |
| **Total Service User Numbers** | **508** | **448** |
| **Percentage** | **100%** | **81.20%** |

2.9 Responses to the consultation and questions while varied were focussed around the following themes, political, acceptance, timing in relation to the cost of living crisis and a couple of suggestions received so far saying that this should be phased.

Table 3 provides a representation of responses from service users or their families and Table 4 provides a representation of the reasons why this cohort of service users asked the Council to arrange their care.

**Table 3**

| Service Area | Service | Summary of Comments |
|---|---|---|
| Older People | Homecare | Understands the reasons why and the mess with the government. Comment: "If you do have to increase charge please try and keep it as low as possible" |
| Older People | Homecare | Understood. "Will wait for a figure and see what I'm going to do in April" Believes charges too high as not doctors and nurses only provide a shower and help dress. |
| Older People | Homecare | "In our case no impact as such, will just be paying more" |
| Older People | Homecare | Doesn't feel it is fair but service user has dementia and needs the care will have to pay for it. |
| Older People | Homecare | Feeling strongly that it has gone from getting support with the cost of care to proposing no financial support whatsoever, cost of living is high for all and this is just another increase. The stress of caring and trying to manage finances is enormous to elderly people and client's families. Feels the Council is being cold in sending a letter out is poor way of communicating such a big change to financial situation. There is more to this than financial implications it's a very emotional highly stressful situation for a family when a loved one requires much needed care. |
| Older People | Homecare | Understood and commented "Sounds pretty fair but nobody likes to have increases. Yes I agree" |

| Service Area | Service | Summary of Comments |
|---|---|---|
| Older People | Homecare | Happy to make the increase in cost and no need to explain anything further. |
| Older People | Homecare | Feels unfair it is a big increase but care is essential and service user does need the care. If the proposal goes through may consider going privately but doesn't want to at this stage |
| Older People | Homecare | Son didn't feel he wanted to comment in full, but wanted to say: "it is unfortunate that help and care is needed in later life. Care enables people to stay in their home and his father wouldn't have been able to prepare a meal if he hadn't had his care package. The care package wasn't always brilliant but it worked and kept the client in family home longer at a cheaper cost. Care is an essential need for some people." |
| Older People | Homecare | Note the client did not have a financial assessment as chose to self-fund. The council should have taken a stepped approach in advance of this to get people used to the increases - done gradually over 2-3 year period. The increase is a ridiculous amount. The rise in service would be a 36% increase - yet attendance allowance and state pension are not increasing at this same level. This is awful for those on a fixed income where would they get the extra money from? |
| Older People | Homecare | Understands the argument in terms of allocative efficiency. Don't believe in the social cost of this. |
| Older People | Homecare | "BMDC are doing everything they can, The carers are alright - nice people" |
| Older People | Homecare | "Will we receive another letter about the outcome or just an invoice?" |
| Older People | Homecare | Just to comment that "we saved, made sensible choices but are penalised for it against those who squandered their money." |
| Older People | Homecare | "One could always be awkward, but the care we receive does help and we do not want to cancel it" |
| Older People | Homecare | Will have to take the increase in cost on the chin although feels it is a little disappointing |
| Physical Disability | Homecare | Cancelling, feels don't need the services anymore. Said had decided before consultation letter as service doesn't |

| Service Area | Service | Summary of Comments |
|---|---|---|
| | | benefit them. **A referral has been made for a care review**. |
| Mental Health | Homecare | Service user feels care should be provided without being charged for. Service user is concerned as she has OCD she may need to cut back on things and is concerned she may need to cut back on the clothes she wears. She has also advised she interpreted the letter as though the increase was her current charge and the council charge. |
| Older People | Homecare | Understands the rationale why and couldn't afford privately provided services. |

**Table 4**

| **Why did this cohort of users ask the Council to arrange their Care** |
|---|
| The main driver was it was *arranged as part of discharge from hospital"* |
| Many said *"I can remember it was quite a while ago"* |
| Previously arranged privately and private, wanted assistance with costings |
| Cheaper and via reablement through hospital |
| "Dad really struggled to find private affordable care and went through the Council from coming out of hospital" |
| Had care for some time now – client directly contacted Bradford (Council) for help with their Care |
| "recommended by someone i know" |
| Went through LA thinking that she would be a contribution payer but client has second property and is a full cost payer |
| "was arranged via the carer's resource, they helped me following a hospital stay – very helpful" |
| Easier at the time, when mum was in hospital, council provided |
| "Was in crisis situation at the time with Dad and Mum, went through BEST who were very good" |
| "Mainly after doing comparisons I was concerned that if Mum's capital money were to drop down, if we went through private channels we wouldn't have known how we would have dealt with that, so we continued through the Enablement Team" |

| Why did this cohort of users ask the Council to arrange their Care |
|---|
| “! had council for 6 weeks I went private but they were not turning up so decided to go back to the Council” |
| “it just seemed to be an easier move than sourcing outside care – we tried to do it private but it didn’t work out as my father needed emergency care twice. Very happy with the Enablement team and found it was a seamless transition and more control! |
| Arranged during Covid through Social Care |
| Client commented she Didn’t know how it worked at the time. And I got the impression from Social Worker that by arrange care through BMDC has some form of comeback. I’m on my own and feel that I need that security. |
| Because it was cheaper and felt it would be easier – didn’t know where to start in getting a care company on board. Control as relationships in place between the providers and the Council. Not having to shop around for a provider, in a desperation situation that needed a quick response – they came through Enablement Service. |
| “Saved time in having to contact provers, it has taken some pressure off. |
| “We were guided by social services, they know which organisations have a certain reputation. We preferred to continue with providers known by the Council. |
| “Reduced rates was a consideration and ensuring a certain standard”. |
| “I didn’t know I could arrange it privately -  a neighbour helped sort it out for me”. |
| “was told by Social Worker it would be cheaper after going through the Enablement team” |

## 3. OTHER CONSIDERATIONS

3.1 A financial review and a welfare benefits check was offered to all of those directly affected 41 welfare benefit reviews were requested and the process commenced for 30 financial assessment reviews.  The majority of those deemed full-cost payers who had not previously shared the detail of their finances refused to do so this time merely stating that they have in excess of £23,250 in savings.

A Table 5 summaries the outcome of the Welfare Benefit Referrals made as at 3 February 2023.  Where these were in progress at the end of consultation they will be completed asap.

**Table 5**

| Welfare Benefit Referrals | Number | Comments |
|---|---|---|
| Receiving Maximum Benefit Entitlement | 9 | |
| Advised to Claim Attendance Allowance | 9 | Offered to support claim when forms arrive either via phone or visits |
| Still to be contacted following referral 2 & 3/02/2023 | 5 | |
| Voicemail left | 2 | |
| Family member to call back | 1 | |
| Package of Care Transferred to another authority | 1 | |
| Advice on pension credit, carers allowance, council tax reductions | 14 | Offered to support claim when forms arrive either via phone or visits |
| **TOTAL** | **41** | |

3.2 Social care package review was requested for any service user who stated they would be reducing their service as a consequence of the proposed change to increase in charges. The review focussed on whether their care needs had changed and what arrangements they would be putting in place to meet any needs not being met by a commissioned service. 31 referrals were made as at 3 February 2023, table 6 summaries the outcomes from those referrals.

**Table 6**

| Actions |
|---|
| Ending Service - no unmet needs. |
| No longer a self-funder |
| Package of care being reduced no unmet needs |
| Reducing package of care no unmet needs & support being provided to apply for benefits. |
| Continuing with service. |
| Applying for Attendance Allowance |
| Entered Residential Care |
| Reassessment of needs being undertaken. |
| Home visit & Continuing Healthcare checklist completed. |
| Passed Away |

3.3 Since the commencement of the consultation process there have been a changes within the cohort being consulted with these are set out in paragraph 3.4. This is to be expected as packages of care change for a variety of reasons care because the e.g. type of care changes due to a move to residential care, the requirement e.g. type of care and/or number of hours' changes or the care ceases.

- 17 service users have died
- 24 service users have ended their service or moved into long term care (residential or nursing)– there are a variety of reasons which are NOT related to the consultation.

- 25 new service users referred to in paragraph 2.4.

3.4 Although the consultation process ended on 3 February 2023 any outstanding actions will continue to be progressed e.g. re social work reviews, reassessments both financial and social care and welfare benefit support. The dedicated phone number and email number will remain live until the end of March in case there is further contact following the additional letter sent on 30 January 2023 to those who have not contacted the Council.

## 4. FINANCIAL & RESOURCE APPRAISAL

4.1 If the recommendation to implement the proposed changes to Adult Social Care Non-residential charges is accepted, these proposals could generate additional income of up to £1.250m per annum. This figure was based on the number of service users and their packages of care and support as at mid-August 2022. Packages can change for a variety of reasons; service user is no longer receiving a service or following a care review and/or a financial assessment review the number of hours and their financial assessed contribution could change. The latest income position will offset the latest revenue expenditure position and therefore will be similar to that reported to the Executive in December.

4.2 The budget proposals for 2023-24 included a proposed saving of £1.250m for ‘Charging Adult Social Care Self Funders full cost (HW7), pending the recommendations following the consultation.

## 5. LEGAL APPRAISAL

5.1 The changes are designed to comply with the Council's obligations under the Care Act 2014 and the Care and Support Statutory Guidance.

## 6. OTHER IMPLICATIONS

### 6.1 SUSTAINABILITY IMPLICATIONS

6.1.1 There are no sustainability implications.

### 6.2 GREENHOUSE GAS EMISSIONS IMPACTS

6.2.1 There are no Greenhouse gas emission implications.

### 6.3 COMMUNITY SAFETY IMPLICATIONS

**6.3.1** There are no Community Safety Implications

**6.4 HUMAN RIGHTS ACT**

6.4.1 This decision could be considered to engage Article 8 (Right to Family and Private Life) and Article 14 (Protection from discrimination) and all steps available are being taken to ensure that the process has been compliant.

**6.5 TRADE UNION**

**6.5.1** There are no implications.

**6.6 WARD IMPLICATIONS**

6.6.1 This proposed changes to Adult Social Care non –residential charges and consequential recommendations to accept these changes applies to all wards.

**6.7 AREA COMMITTEE ACTION PLAN IMPLICATIONS**

**6.5.2** Not applicable to this report.

**6.8 IMPLICATIONS FOR CHILDREN AND YOUNG PEOPLE**

6.8.1 There are no direct implications for children and young people.

**6.9 ISSUES ARISING FROM PRIVACY IMPACT ASSESSMENT**

6.9.1 There are no direct implications arising from a privacy impact assessment.

## 7. NOT FOR PUBLICATION DOCUMENTS

**None**

## 8. OPTIONS

8.1 The Care Act 2014 sets out that individuals are expected to meet the full cost of their care unless their financial assessment sets out they need to make a lesser or a nil contribution towards their care. Under the Care Act 2014 legislation the Council has discretion to:

- Set a minimum income guarantee above the statutory rate.
- Set charges as a percentage of service users maximum disposable income.
- Apply a weekly maximum cap on charges.

8.2 All of these options would reduce income to the Council from Adult Social Care charges which would have an adverse impact on spending. Non-statutory preventative services may need to be reduced which would be detrimental to those who rely on such services to remain healthy in their own homes and communities.

8.3 The option consulted means that people who have been financially assessed as having the ability to pay for their care do so in full, until such a time as their assets fall below the Government threshold. This will also maximise their contribution toward the social care cap proposed as a new reform by the Government.

## 9. RECOMMENDATIONS

9.1 That the Executive, following consideration of the issues raised within this report and the equality impact assessment set out in Appendix 1, authorises the Strategic Director for Health and Wellbeing to implement charges based on actual costs of the service for adult social care non–residential services to apply from 1 April 2023.

## 10. APPENDICES

Appendix A Equality Impact Assessment

## 11. BACKGROUND DOCUMENTS

- Care Act 2014.
- Care Act Care and Support Statutory Guidance.
- Regulations 2.3. Care and Support (Charging and Assessment of Resources) Regulations 2014 (SI 2014/2672) (“2014 Regulations”).
- CBMDC Community Care Contribution Policy
- DHSC Draft Operational Guidance to Implement a Life time cap on care
- Full Costers/Not At Max Data spreadsheet

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# Equality Impact Assessment Form

**APPENDIX 1**

| | | | |
|---|---|---|---|
| **Department** | Adult & Community Services | **Version no** | 4.0 |
| **Assessed by** | Bev Winter | **Date created** | 4.02.23 |
| **Approved by** | Iain Macbeath | **Date approved** | |
| **Updated by** | Bev Winter | **Date** | 08.02.23 |
| **Approved by** | Iain Macbeath | **Date** | |

## Section 1: What is being assessed?

### 1.1 Name of proposal to be assessed:

**Changes to Adult Social Care Non Residential Charges prompted by the Government's Adult Care Reform agenda.**

### 1.2 Describe the proposal under assessment and what change it would result in if implemented.

1.2.1 **BACKGROUND**

The Care Act 2014 is the primary legislation providing the single legal framework for charging for care and support, with the Care and Support Regulations governing the scope of 'local authorities' power to charge for meeting eligible needs and for financial assessments under the primary legislation.

1.2.2 **PROPOSAL**

a) We have undertaken a refresh of the Council's Adults Social Care Non Residential Care Services Charging Policy, which sets out the Councils approach to how we charge for services in accordance with the duties set out in the Care Act 2014.

b) The refresh of the policy includes a proposal to charge service users the actual cost to the Council for their services. Currently service users pay a reduced amount, and the difference is topped up by the Council through a subsidy.

   The Council is having to make these changes due to the significant increase in the cost of everything from food, electricity, fuel, which has put a major pressure on the Council's budget.

c) The Council is legally obliged to consult with those that will be affected by the changes we are proposing, which includes the following cohorts:

   I. those termed ‘full-costers’ and have assets above the current capital threshold of £23,250.

   II. those who are not currently charged at the maximum level of their financially assessed contribution.

### 1.2.3 SCALE OF IMPACT

d) The Council’s Department of Health and Wellbeing is responsible for the provision of care and support under the Care Act 2104, and its strategic and assistant directors have delegated powers to formulate and implement the financial assessment and charging arrangements that are required under the Assessment Regulations. These arrangements will be formulated in a refreshed policy document **entitled the Charging Policy for Non-Residential Care Services for Adults.**

e) The Council recognises that the implementation of the refreshed policy will result in changes to the financial assessment arrangements for all affected service users and in the charges that they pay for non-residential care services provided either by the Council or by a third party.

f) The table outlined below provides a summary for both of the cohorts identified in paragraph 1.2.2.c above. It needs to be noted that the number of service users impacted and the cost of their packages of care and support are based on data at August 2022. (this will be updated just before the consultation commences).

g) It also should be noted that as packages can change for a variety of reasons: a service user is no longer receiving a service or following a care review and/or a financial assessment review, the number of hours and their financial assessed contribution could change this data will be refreshed at the end of November to ensure any changes are picked up.

| Charge all ‘Full-Cost Payers’ (those with eligible needs and assets above the current capital limit of £23,250) the actual cost of their services. |
|---|
| • The legislation is clear when choosing to charge for care and support services an authority must **not** charge more than the cost it incurs in meeting the assessed needs of the service user.<br>• The Council currently had as at 30/11/2022 353 services users classed as ‘full-cost payers’ who have asked the council to commission non-residential care and support services on their behalf.<br>• These service users have no ‘maximum assessed contribution’ as they are above the current capital limit of £23,250 and so have to contribute fully to the cost of their care and support.<br>• These service users have asked the Council to commission their care, although as ‘full-cost payers’ or ‘self-funders’ the Council currently has no legal obligation |

to commission care on their behalf.

- The Council currently charges all service users at a historical nominal cost for services which has not been uplifted each year with inflation. This is not the ‘actual’ cost of the services to the Council. The actual cost is more than the nominal cost, by 36.8% for the majority of services based on the current level of charges and costs i.e. those for the 2022/23 financial year. The Council is effectively subsidising the cost of these services.
- This will impact 353 service users currently receiving a total of 3,6333.81 hours of care and support per week, with increases ranging from less than £10 per week up to in excess of £300 per week for 5 service users. An additional 17 new service users have been identified as full cost service users identified during the consultation process as part of the business as usual financial assessment process.
- Further detail is provided in tables outlined below, along with a summary of the number of hours received per week e.g. 97 of these service users receive less than 5 hours of care per week, 7 receive between 20 and 50 hours per week and 1 receives more than 50 hours of care per week.

**Table 1: Summary of Full-Costers Impacted**

| Type of Service | No of Service Users | Number of Hours weekly (includes Day Care and Timeout sessions) |
|---|---|---|
| **Double Handed Home Care** | 56 | 644.25 |
| **Home Care** | 277 | 2,318.25 |
| **Timeout** | 1 | 6.00 |
| **Day Care** | 12 | 25.00 |
| **Supported Living** | 7 | 340.31 |
| **Full Cost Payers** | **353** | **3,333.81** |

**Table 2: Number of Full Cost Service Impacted by band of weekly cost increases**

| Weekly Rate Increase £ | Service Users/Packages Impacted |
|---|---|
| < 10 | 11 |
| 10 -19 | 60 |
| 20 - 49 | 120 |
| 50 - 99 | 103 |
| 100 - 199 | 50 |
| 200 - 299 | 4 |
| > 300 | 5 |
| **Total** | **353** |

**Charge all services users the actual cost of their services – this will impact on those not currently paying up to the assessed maximum contribution.**

- The Council could not have differential charges for full-cost payers and service users who make a partial contribution to the cost of their care. It would therefore be necessary if considering the introduction of charges based on actual costs to apply this increase to all service users.
- The Council currently has 130 services users who make a contribution to the cost of their care but do not pay the ‘full-cost’ receiving 566.50 hours of care and support per week (this is predominantly Home Care).
- An additional 7 new service users have been identified as service users who will have to make a financial contribution but will not be required to pay the ‘full-cost’ of their care during the consultation process as part of the business as usual financial assessment process.
- For 39 service users the increase would be capped at their maximum assessed contribution, for 91 it would be the full 36.81% increase. The table below provides a more detail breakdown.

**Table: 3 Summary of service users not at their financially assessed maximum contribution.**

| Type of Service | Number | Number of Hours weekly incl Day Care and Timeout Sessions | | Number of Service Users Impacted | |
|---|---|---|---|---|---|
| **Double Handed Home Care** | 1 | 5.25 | | Increase capped at Maximum Assessed Contribution | 39 |
| **Day Care Sessions** | 5 | 6.00 | | Does not reach Maximum Assessed Contribution | 91 |
| **Home Care** | 124 | 553.50 | | | |
| **Total** | **130** | **566.50** | | | **130** |

**Table 4: Number of Service Users Impacted by band of weekly increase**

| Weekly Rate Increase £ | Service User/Packages Impacted |
|---|---|
| < 10 | 25 |
| 10 -19 | 68 |
| 20 - 49 | 33 |
| 50 - 99 | 4 |
| 100 - 199 | 0 |
| 200 - 299 | 0 |
| > 300 | 0 |
| **Total** | **130** |

1.2.5 **IMPACT BY PROTECTED CHARACTERISTIC**

a) The Council also has a legal obligation to undertake an objective assessment of the impact of these changes upon existing and future service users in order to identify whether that impact will have a significant adverse effect upon them, and whether that effect may directly or indirectly be due to, relate to or be on the grounds of their (or another person) possessing a protected characteristic as defined within the Equality Act 2010.

b) Our initial assessment of the service users that are likely to be affected by the New Charging Policy fall into the following range:

- All over 18 years old.
- Some of them are over 60 years old.
- All of them require care and support to meet their assessed needs under the Care Act 2014.
- They all possess various degrees of vulnerability and may be disabled under the Equality legislation, or lack mental capacity for a variety of purposes as defined by the Mental Capacity Act 2006 or the Mental Health Act 1983.
- Their gender, sexual orientation ethnicity and religion is varied but has not been specifically identified within the cadre of service users that has been assessed under the policy for the purposes of this report.

c) The protected characteristics of the effected cohort are outlined in the tables below:

| Full Costers | Male | Female | TOTAL |
|---|---|---|---|
| **Sex** | 134 | 219 | 353 |
| **Age** | | | |
| Under 25 | 0 | 0 | 0 |
| Working Age | 14 | 10 | 24 |
| Older Person | 121 | 208 | 329 |
| **TOTAL** | **135** | **218** | **353** |
| **Race Working Age** | | | |
| Asian/Asian Bristish | 2 | 4 | 6 |
| Black/African/Carribean/Black British | 0 | 0 | 0 |
| Mixed/Multiple | 2 | 2 | 4 |
| Other Ethnic Group | 0 | 0 | 0 |
| Undeclared/Not Known | 0 | 1 | 1 |
| White | 10 | 3 | 13 |
| **TOTAL Working Age** | **14** | **10** | **24** |
| **Race Older Person** | | | |
| Asian/Asian Bristish | 11 | 1 | 12 |
| Black/African/Carribean/Black British | 1 | 4 | 5 |
| Mixed/Multiple | 12 | 34 | 46 |
| Other Ethnic Group | 2 | 5 | 7 |
| Undeclared/Not Known | 0 | 6 | 6 |
| White | 95 | 158 | 253 |
| **TOTAL Older Person** | **121** | **208** | **329** |
| **TOTAL All Ages** | **135** | **218** | **353** |

| Service Users Not At Maximum Assessed Financial Contribution | Male | Female | TOTAL |
|---|---|---|---|
| **Sex** | | | |
| **Age** | | | |
| Under 25 | 0 | 0 | 0 |
| Working Age | 24 | 10 | 34 |
| Older Person | 45 | 51 | 96 |
| **TOTAL** | **69** | **61** | **130** |
| **Race Working Age** | | | |
| Asian/Asian Bristish | 1 | 1 | 2 |
| Black/African/Carribean/Black British | 1 | 0 | 1 |
| Mixed/Multiple | 2 | 2 | 4 |
| Other Ethnic Group | 0 | 0 | 0 |
| Undeclared/Not Known | 2 | 1 | 3 |
| White | 18 | 6 | 24 |
| **TOTAL Working Age** | **24** | **10** | **34** |
| **Race Older Person** | | | |
| Asian/Asian Bristish | 4 | 2 | 6 |
| Black/African/Carribean/Black British | 0 | 2 | 2 |
| Mixed/Multiple | 5 | 7 | 12 |
| Other Ethnic Group | 0 | 0 | 0 |
| Undeclared/Not Known | 1 | 3 | 4 |
| White | 35 | 37 | 72 |
| **TOTAL Older Person** | **45** | **51** | **96** |
| **TOTAL All Ages** | **69** | **61** | **130** |

| | Full Costers | | Service Users Not At Maximum Assessed Financial | | |
|---|---|---|---|---|---|
| **New Service Users** | **Male** | **Female** | **Male** | **Female** | **TOTAL** |
| **Sex** | | | | | |
| **Age** | | | | | |
| Under 25 | 0 | 0 | 0 | 0 | 0 |
| Working Age | 1 | 0 | 2 | 0 | 3 |
| Older Person | 8 | 9 | 5 | 0 | 22 |
| **TOTAL** | **9** | **9** | **7** | **0** | **25** |
| **Race Working Age** | | | | | |
| Asian/Asian Bristish | 0 | 0 | 1 | 0 | 1 |
| Black/African/Carribean/Black Briti | 0 | 0 | 0 | 0 | 0 |
| Mixed/Multiple | 1 | 0 | 0 | 0 | 1 |
| Other Ethnic Group | 0 | 0 | 0 | 0 | 0 |
| Undeclared/Not Known | 0 | 0 | 0 | 0 | 0 |
| White | 0 | 0 | 1 | 0 | 1 |
| **TOTAL Working Age** | **1** | **0** | **2** | **0** | **3** |
| **Race Older Person** | | | | | |
| Asian/Asian Bristish | 0 | 0 | 1 | 0 | 1 |
| Black/African/Carribean/Black Briti | 0 | 0 | 0 | 0 | 0 |
| Mixed/Multiple | 1 | 4 | 1 | 0 | 6 |
| Other Ethnic Group | 1 | 0 | 0 | 0 | 1 |
| Undeclared/Not Known | 3 | 1 | 1 | 0 | 5 |
| White | 3 | 4 | 2 | 0 | 9 |
| **TOTAL Older Person** | **8** | **9** | **5** | **0** | **22** |
| **TOTAL All Ages** | **9** | **9** | **7** | **0** | **25** |

The changes to this policy are not expected to significantly impact on the following groups:

| Protected Characteristics | | Charge all 'Full-Cost Payers' (those with eligible needs and assets above the current capital limit of £23,250) the actual cost of their services. | Charge all services users the actual cost of their services – this will impact on those not currently paying up to the assessed maximum contribution. |
|---|---|---|---|
| Age | Under 25 | **0** | **0** |
| | Working Age | **25** | **36** |
| | Older People | **346** | **101** |
| Disability | | | |
| Gender reassignment | | | |
| Race | | **As set out in the above tables** | **As set out in the above tables** |
| Religion/Belief | | | |
| Pregnancy and maternity | | | |
| Sexual Orientation | | | |
| Sex | | **As set out in the above tables** | **As set out in the above tables** |
| Marriage and civil partnership | | | |
| **Low income / low wage** | | | |

1.2.6 **OUTCOME OF CONSULTATION AND APPROVAL**

a) Following the consultation period as agreed by on 6th December 2022 Bradford Council's Executive, the Executive will be considering the outcome of consultation and the recommendation to agree to the changes to the non-residential charges with effect from April 2023 and this Equality Impact Assessment and based on these deliberations will consider whether to approve (or not) ensuring that due regard is made to the Council's public sector duty as set out in the Equality Act 2010.

b) As part of the consultation process HWB Financial Service staff took inbound calls, working through a set of questions with the service user or their representative:

- For some service users due to the nature of their care need HWB Financial Service staff visited them in person to take them through the letter and the set of questions.
- The calls confirmed the service user details including contact and service details, explained the proposed changes and asked them for their views. They were asked if they understood why they were classed as a self-funder, given the opportunity to provided update financial information as to their assets and capital, the offered financial assessment reviews, offered a review of any disability related expenditure, and offered benefit advice for them and their families (41 took up the offer), including completion and submission of any claims for benefits where relevant – the main one was Attendance Allowance. The table below sets out the actions arising from the Welfare Benefit Referrals.

| Welfare Benefit Referrals | Number | Comments |
|---|---|---|
| Receiving Maximum Benefit Entitlement | 9 | |
| Advised to Claim Attendance Allowance | 9 | Offered to support claim when forms arrive either via phone or visits |
| Still to be contacted following referral 2 & 3/02/2023 | 5 | |
| Voicemail left | 2 | |
| Family member to call back | 1 | |
| Package of Care Transferred to another authority | 1 | |
| Advice on pension credit, carers allowance, council tax reductions | 14 | Offered to support claim when forms arrive either via phone or visits |
| **TOTAL** | **41** | |

- Checks were also made to ensure service users were in receipt of all of the cost of living support, universal and where appropriate the targeted support.
- Where the service user said they may need to reduce their hours if costs increased a workflow referral was made to the social work operational team for a care review. 31 such referrals were made, the outcome of the reviews completed to date are summarised below.

| Actions |
| --- |
| Ending Service - no unmet needs. |
| No longer a self-funder |
| Package of care being reduced no unmet needs |
| Reducing package of care no unmet needs & support being provided to apply for benefits. |
| Continuing with service. |
| Applying for Attendance Allowance |
| Entered Residential Care |
| Reassessment of needs being undertaken. |
| Home visit & Continuing Healthcare checklist completed. |
| Passed Away |

- All responses as well as outcomes of financial, welfare benefit and care reviews were recorded in a detailed spreadsheet, which was reviewed daily.

- The consultation process has now ceased, however, the dedicated phone number and email address will remain open until at the end of February for anyone seeking guidance in relation to the changes proposed in the consultation.

c) Subject to approval the changes to charges will commence from April 2023.

## Section 2: What the impact of the proposal is likely to be

The Equality Act 2010 requires the Council to have due regard to the need to-

- eliminate unlawful discrimination, harassment and victimisation;
- advance equality of opportunity between different groups; and
- foster good relations between different groups

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

Yes. The provision of more cost effective and sustainable non-residential care services will facilitate the integration of persons with disabilities into the community and will enable older persons to gain greater access to community services and resources.

It will enable them to participate in the broader social milieu outside their homes and so improve their opportunities to access services (including services that may lead to employment) and foster good relations between different groups of service users by ensuring equality and transparency of service access and with the local community.

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

Yes, see section 2.1.

Discrimination and harassment may include unintended exclusion from opportunities or isolation from family, friends and the community. By securing on-going equal access to non-residential services the policy will reduce the potential for such exclusion and isolation.

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

Yes, our initial assessment outlined in section 1.2.5 above shows that the proposed changes to charging for the two cohorts set out in paragraph 1.2.2. have a disproportionate adverse impact on a total of 483 service users receiving a total of 3900.31 hours per week and a further 25 new services users who are having their packages of care finalised.

We have assumed that there is a high probability that people receiving a social care service will have a disability under the Equality Act 2010, and that there is an unquantifiable negative correlation between possessing severe and life limiting disabilities and the ability to earn or acquire savings.

- Older people

- Working age adults that have more income and
- Young people under the age of 25.

**Analysis of impact:**

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

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

| **Protected Characteristics:** | **Impact** |
|---|---|
| Age | H |
| Disability | H |
| Gender reassignment | N |
| Race | L |
| Religion/Belief | N |
| Pregnancy and maternity | N |
| Sexual Orientation | N |
| Sex | M |
| Marriage and civil partnership | N |
| **Additional consideration:** | |
| Low income/low wage | M |

**2.5 How could the disproportionate negative impacts upon the affected groups of service users be mitigated or eliminated?**

2.5.1 The current charging policy ensures that individual service users, including those with limited income, are not required to contribute more than they can reasonably afford. That principle will not change under the refreshed charging policy and all existing service users will have a new needs assessment / review, financial assessment with help to maximise benefits, review of Disability Related Expenditure and affordability of any contribution. There is also an appeals process if the service user cannot afford any newly assessed contribution.

2.5.2 Where the assessment process under the refreshed policy identifies a change in service provision we will work with the service user and their family members, carers and advocates to support the implementation of the new charges.

## Section 3: What evidence you have used?

### 3.1 What evidence do you hold to back up this assessment?

See section 2.3

### 3.2 Do you need further evidence?

A new financial assessment would be needed for all existing service users to ensure that we are using the most up to date financial information to determine the new charging costs. As part of the consultation process we have discussed financial reviews with the cohort of service users, these have or are being undertaken for those service users where there has been a change in their financial circumstances.

## Section 4: Consultation Feedback

### 4.1 Results from any previous consultations

The main message from the consultation undertaken in 2016 was around the potential disproportionate impact on low income groups and the need for robust mitigation actions to be put in place.

### 4.2 Your departmental feedback

When people are financially assessed their outgoings including home maintenance are taken into account. People can also appeal against a decision if they feel they cannot afford to pay.

The basis of the proposal is that people are assessed in line with most other local authorities and based on people's assessed ability to pay. The current policy has a system of appeal in place and this will also continue to be the case.

The intention and practice continues to be the equitable application of all Council policies

### 4.3 Feedback from current consultation

The table below provides the response rate from those service users or their representatives included in the consultation. There are 34 'full-cost payers' and 26 service users who max a contribution but have not reached their maximum contribution where no response to the various forms of contact has been received.

| Contact With Service User Or Their Representative | Service Users | Contact Made And Responses Recorded |
|---|---|---|
| Total Number of Service Users sent initial letter | 483 | 423 |
| Additional Service Users included in the consultation | 25 | 25 |
| **Total Service User Numbers** | **508** | **448** |
| **Percentage** | **100%** | **81.20%** |

Responses to the consultation and questions while varied were focussed around the following themes, political, acceptance, timing in relation to the cost of living crisis and a couple of suggestions received so far saying that this should be phased.

The table below provides a representation of responses from service users or their families

| Service Area | Service | Summary of Comments |
|---|---|---|
| Older People | Homecare | Understands the reasons why and the mess with the government. Comment: "If you do have to increase charge please try and keep it as low as possible" |
| Older People | Homecare | Understood. "Will wait for a figure and see what I'm going to do in April" Believes charges too high as not doctors and nurses only provide a shower and help dress. |
| Older People | Homecare | "In our case no impact as such, will just be paying more" |
| Older People | Homecare | Doesn't feel it is fair but service user has dementia and needs the care will have to pay for it. |
| Older People | Homecare | Feeling strongly that it has gone from getting support with the cost of care to proposing no financial support whatsoever, cost of living is high for all and this is just another increase. The stress of caring and trying to manage finances is enormous to elderly people and client's families. Feels the Council is being cold in sending a letter out is poor way of communicating such a big change to financial situation. There is more to this than financial implications it's a very emotional highly stressful situation for a family when a loved one requires much needed care. |
| Older People | Homecare | Understood and commented "Sounds pretty fair but nobody likes to have increases. Yes I agree" |
| Older People | Homecare | Happy to make the increase in cost and no need to explain anything further. |
| Older People | Homecare | Feels unfair it is a big increase but care is essential and service user does need the care. If the proposal goes through may consider going privately but doesn't want to at this stage |

| Service Area | Service | Summary of Comments |
|---|---|---|
| Older People | Homecare | Son didn't feel he wanted to comment in full, but wanted to say: "it is unfortunate that help and care is needed in later life. Care enables people to stay in their home and his father wouldn't have been able to prepare a meal if he hadn't had his care package. The care package wasn't always brilliant but it worked and kept the client in family home longer at a cheaper cost. Care is an essential need for some people." |
| Older People | Homecare | Note the client did not have a financial assessment as chose to self-fund. The council should have taken a stepped approach in advance of this to get people used to the increases - done gradually over 2-3 year period. The increase is a ridiculous amount. The rise in service would be a 36% increase - yet attendance allowance and state pension are not increasing at this same level. This is awful for those on a fixed income where would they get the extra money from? |
| Older People | Homecare | Understands the argument in terms of allocative efficiency. Don't believe in the social cost of this. |
| Older People | Homecare | "BMDC are doing everything they can, The carers are alright - nice people" |
| Older People | Homecare | "Will we receive another letter about the outcome or just an invoice?" |
| Older People | Homecare | Just to comment that "we saved, made sensible choices but are penalised for it against those who squandered their money." |
| Older People | Homecare | "One could always be awkward, but the care we receive does help and we do not want to cancel it" |
| Older People | Homecare | Will have to take the increase in cost on the chin although feels it is a little disappointing |
| Physical Disability | Homecare | Cancelling, feels don't need the services anymore. Said had decided before consultation letter as service doesn't benefit them. **A referral has been made for a care review**. |
| Mental Health | Homecare | Service user feels care should be provided without being charged for. Service user is concerned as she has OCD she may need to cut back on things and is concerned she may need to cut back on the clothes she wears. She has also advised she interpreted the letter as though the increase was her current charge and the council charge. |
| Older People | Homecare | Understands the rationale why and couldn't afford privately provided services. |

### 4.4 Your departmental response to this feedback – include any changes made to the proposal as a result of the feedback

No changes are proposed to those consulted on as a result of the consultation based on the feedback received. There may be changes for individuals following welfare benefit reviews, financial assessment reviews, social care reviews and joint finance and social visits as requested or were deemed appropriate during the consultation process. This level of support will continue, the phone line and email address remaining in operation and similar support will be offered when the proposed changes are implemented.

When people are financially assessed their outgoings including home maintenance are taken into account. People can also appeal against a decision if they feel they cannot afford to pay.

The basis of the proposal is that people are assessed in line with most other local authorities and based on people's assessed ability to pay. The current policy has a system of appeal in place and this will also continue to be the case.

The intention and practice continues to be the equitable application of all Council policies.

City of
BRADFORD
METROPOLITAN DISTRICT COUNCIL

# Report of the Strategic Director, Place to the meeting of Executive to be held on 21st February 2023

**BB**

**Subject:**

**Squire Lane Leisure, Community, Health, and Wellbeing Centre**

**Summary statement:**

**This report updates on progress with the delivery of the Squire Lane Leisure, Community, Health and Well Being Centre and seeks approval from the Executive to proceed with the delivery of the project.**

‘This report has not been included on the published forward plan as an issue for consideration, as the contractual time line to progress to the next stage of the project requires executive approval, and is currently under pressure in terms of utilising the grant funding within defined timelines which would be jeopardised if not presented to this Executive, these presented themselves after publication of the forward plan, and it is impractical to defer the decision until it has been included in the published Forward Plan for the reasons described, therefore the report is submitted in accordance with paragraph 10 of the Executive Procedure Rules set out in the Council’s Constitution.’

David Shepherd
Strategic Director, Place

Portfolio:
Regeneration, Planning and Transport

Report Contact: Ian Smart,
Head of Client Services
Phone: (01274) 431735
E-mail: ian.smart@bradford.gov.uk

Overview & Scrutiny Area:

Regeneration & Environment

## 1. SUMMARY

1.1 This report updates on progress with the delivery of the Squire Lane Leisure, Community, Health and Well Being Centre and seeks approval from the Executive to proceed with the delivery of the project.

## 2. BACKGROUND

2.1 Executive approved the principle of developing a Leisure, Wellbeing and Enterprise facility at Squire Lane, with an available budget of £48.9m on 6th July 2021. This was subject to the award of £20m of Levelling Up Fund (LUF) grant from HM Government. Due to the uncertainty around funding, the report stated that the design of the proposed centre was not at that stage well defined and would be enhanced over the months ahead.

2.2 Similarly, as the development of the project was 'at risk', due to the subsequent decision on £20m LUF funding, Faithful and Gould (F&G) were appointed to develop the scheme to the end of RIBA2 stage (concept design), in order to mitigate the risk of abortive expenditure. In normal circumstances, a design team would be appointed for the full extent of the project (subject to acceptable performance).

2.3 Subsequently, the award of the £20m LUF grant was confirmed. The deadline for defraying this grant in totality is March 2025. At present, the project remains on course to achieve this and the estimated cost remains within the funding envelope of £48.9m. However, construction related inflation remains high and it remains possible that the scheme will be subject to the need for some level of 'value engineering' to maintain the project within budget. The RIBA2 stage was completed during January 2022.

2.4 The next stage, RIBA3, is the stage when the detailed design is developed and it is proposed that at this stage, a contractor be procured to engage with the design team in design issues that may affect construction and associated cost, as well as being appointed to undertake the construction and deliver the building.

## 3. OTHER CONSIDERATIONS

### 3.1 Scope of Project

#### 3.1.1 Leisure

The leisure and fitness element of the scheme is well scoped and will form the majority part of the development (2,720m$^2$ plus ancillary spaces).

This will include:

- 2 swimming pools consisting of a 6 lane 25metres pool and 1 depth adjustable learner pool;
- 1 fitness gym (100 pieces of equipment);
- 1 spin class studio;
- 2 gym areas.
- and associated changing facilities

3.1.2 **Health**

The project has further evolved as discussions with Health and other external partners has continued during the last 12 months. Not all the Health partners that were envisaged at bidding stage have been able to commit to the timescales the Council is working to.

The Council is currently working with Bradford District Care Trust as well as the Council's Health and Well Being Team who will occupy part of the proposed new facility.

The new facility will include a range of flexible space which could be allocated to external health partners should they be able to commit to the project once they have been through their capital finance approval processes.

The spatial allocation towards the health sector currently amount to 2,100m$^2$ plus ancillary spaces.

3.1.3 **Enterprise**

The enterprise part of the scheme will now be delivered in-house with various Council services making use of the community spaces to deliver a range of services to support local businesses. This is a move away from the procurement of a third-party operator as envisaged in the original bid.

3.1.4 **Community Facilities**

The new centre will include new community facilities which will be available to anyone wishing to use it on a booking basis.

A wide range of partners have indicated that they would be willing to use these as and when necessary. The changes to the project require ratification by DHLUC who are providing £20m of the funding for the project. Positive discussions have been held with the Department to date about the current format of the project and these changes will be submitted through the formal DHLUC change approval process

3.2 **Design Team**

The Council has appointed a Design Team to deliver on the RIBA Stage 1 and Stage 2 parts of the project which are now complete.

This report recommends that now the LUF grant is secured and risk diminished, the Design Team is engaged to deliver RIBA 3 and it is proposed that they will continue delivering the subsequent RIBA stages subject to meeting affordability and value for money criteria under procurement rules.

3.3 **Planning and Consultation**

It is proposed that as RIBA3 progresses and designs are concluded, a consultation event is held with the local community at a suitable venue to show the proposed design of the facility and answer any questions members of the local community may have. Following the consultation exercise, a planning application will be submitted, reflecting the feedback received from the community consultation.

3.4 **Procurement Route**

The Council is due to start the process to procure the contractor who will ultimately deliver the scheme.

It is proposed that the contractor will be appointed earlier than when construction is due to start so that they can work with the design team and input in to the design to help identify any "buildability" issues. The contractor will initially be appointed on preliminaries and overhead & profit costs and will then submit a tender price for the scheme when the design has reached a certain point.

The Design and Build Procurement route to allow for appropriate risk transfer. In addition, the NEC form of contract will be used which is a best practice partnering contract

3.5 **Programme**

The key dates the project is currently working to are below:

| Key Milestones | Current Start & End Dates |
|---|---|
| RIBA 1 and Engagement with partners and stakeholders | August to October 2021 |
| Site Clearance & Ground investigations | Complete |
| Concept Design (RIBA 2) | Oct 2022 - Feb 2023 |
| Design Development (RIBA 3) | Feb/March 2023 – Aug 2023 |
| Community engagement exercise | May 2023 |
| Planning Application Submission | June/July 2023 |
| Contractor Procurement 1st and 2nd stage* | Feb/March 2023 - Nov 2023 |
| Technical Design (RIBA 4) | Jun 2023 - Dec 2023 |
| Construction (RIBA 5) | Jan 2024 - Jan 2026 |
| Handover (RIBA 6) | End of Feb 2026 |

## 4. FINANCIAL & RESOURCE APPRAISAL

4.1 The current project budget is summarised as follows:

| | |
|---|---|
| LUF grant | £20.0m |
| Capital and borrowing | £28.9m |
| Total | £48.9m |

The funding allocated for the project is a mixture of prudential borrowing, Council capital and government allocated LUF funding. The project currently remains deliverable within the allocated budget and no additional financial contribution is required.

4.2 This project will have an impact on the Local Authority's Partial Exemption position as only leisure activities are exempt in relation to VAT. This risk is being mitigated by factoring in project spend in the forecasts and monitoring/restricting exempt capital spend against the 5% exempt threshold.

## 5. RISK MANAGEMENT AND GOVERNANCE ISSUES

5.1 Governance arrangements on the project are well established with a project board and a strategic board which is chaired by the Council's Chief Executive. There are regular reporting arrangements in place to the Department of Levelling up and Communities.

5.2 Appropriate discussions have been held with the Council's Procurement Team to ensure that the forms of contracts used will mitigate commercial and contractual risks to the Council, as far as possible and also embrace modern procurement methodologies. Regular risk workshops are undertaken with the Design Team so that the Council can identify and manage all key risks.

## 6. LEGAL APPRAISAL

6.1 Under various statutory provisions extending from the Public Health Act 1875 to Section 19 of the Local Government (Miscellaneous Provisions) Act 1976 a local authority has discretionary power to provide recreational facilities. An authority is designated under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which it exercise its functions, having regard to a combination of factors, including economy, efficiency and effectiveness. The duty of best value is important because it makes clear that councils should consider overall value – including social value.

6.2 Previous decision of this executive in July 2021 approved the principle of developing a Leisure, Wellbeing and Enterprise facility at Squire Lane is which includes work on the project, initial design of the enabling and main works packages. Faithful+Gould were appointed via Pagabo Professional Services Framework (Lot 1) to undertake the design of enabling and main works to the end of RIBA 2. The LUF application was successful Faithful+Gould have drawn up more substantial drawings and costings have been undertaken.

6.3 When going out to tender the Public Contracts Regulations 2015 (PCR), and Council's Contract Standing Orders procedures will need to be followed. Officers have taken a procurement strategy to Overview and Scrutiny committee and now seek approval to go out to procurement, award and enter into a design and build contractor to design and build the project.

6.4 On-going legal support and advice will be required to mitigate any risks that might arise throughout the duration of this project, including the use of specialist external advisers where appropriate. In particular, the Subsidy Control Act 2022 must be assessed at a later date when the health and well-being component of the project is finalised. This 2022 Act defines financial assistance as a wide concept and includes any kind of support or market transaction that is considered to have a financial value for the recipient. To be considered a subsidy, there must be financial assistance which:

- is given, directly or indirectly from public resources by a public authority,
- confers an economic advantage on one or more enterprises,

- is specific, such that it benefits one or more enterprises over one or more enterprises with respect to the production of goods or services, and
- has, or is capable of having, an effect on competition or investment within the UK, or trade or investment between the UK and another country or territory.

## 7. OTHER IMPLICATIONS

### 7.1 EQUALITIES IMPLICATIONS

A full Equalities and Social Inclusion Impact Assessment (ESIIA) will be completed as part of the project plan to ensure that the impact of any change is understood and mitigated where appropriate

### 7.2 SUSTAINABILITY IMPLICATIONS

The proposed development will be constructed to meet at a minimum Building Regulation Part L requirement, which specifies the benchmarks to be met on energy efficiency.

Discussions are ongoing with the Council's Energy Team to ensure that the most suitable alternative technologies are considered within the current budget envelope.

### 7.3 GREENHOUSE GAS EMISSIONS IMPACTS

The plans for the proposed development include modern energy and cost-saving measures in the design and build. Working as close to the net zero carbon policy as is achievable.

### 7.4 COMMUNITY SAFETY IMPLICATIONS

The building will be designed to meet the most modern standards in safety and will provide the users with a day time and evening facility that can provide proactive services to encourage greater community pride and activity in positive activities related to health, education and employment and physical activity.

### 7.5 HUMAN RIGHTS ACT

There are no implications for the Human Rights Act.

### 7.6 TRADE UNION

There are no direct Trade Union implications arising from this report at present.

### 7.7 WARD IMPLICATIONS

The development will take place in the Toller Ward. However, the facility is also likely to draw users from other adjacent wards. The development is accessible to residents living in the Manningham, Heaton, Bingley Rural and Bingley, Thornton and Allerton Wards. Therefore the completed scheme will provide access to vitally important services to a significant proportion of communities in the central and southern areas of the District, beyond the boundaries of Toller Ward.

### 7.8 AREA COMMITTEE ACTION PLAN IMPLICATIONS (For reports to Area Committees only)

Not applicable.

### 7.9 IMPLICATIONS FOR CHILDREN AND YOUNG PEOPLE

Not applicable.

7.10 **ISSUES ARISING FROM PRIVACY IMPACT ASSESMENT**
Not applicable.

**8. NOT FOR PUBLICATION DOCUMENTS**
None

**9. OPTIONS**

(i) Halt the project – this would result in not being able to draw down the £20m LUF grant

(ii) Consider the previous options, comprising of a ‘Leisure only’ facility and a ‘Leisure and Health’ facility. However, the National LUF team may conclude that these schemes do not deliver the expected outcomes of the project and reduce / withdraw the offer of grant funding.

(iii) Approve the next steps in the project so it can continue on the design development process and proceed through to both planning and award of contract within the budget envelope previously agreed by Executive.

**10. RECOMMENDATIONS**

The Executive is asked to:

(i) Approve the appointment of the current Design Team for RIBA Stage 3 and subsequent development stages subject to meeting value for money and affordability criteria.

(ii) Approve the appointment of a contractor to engage in the design process and also for the subsequent construction contract within the funding envelope previously approved by the Executive

(iii) Delegate Authority to the Strategic Director Place, in consultation with the Executive Members for Regeneration, Planning and Transport and Healthy People and Places, the Director of Finance and Monitoring Officer, to make such further decisions as are required to deliver the project, within the funding available including;
   a. The undertaking of a community consultation exercise and
   b. The subsequent submission of a Planning Application having regard to the outcome of the community consultation process.

(iv) Delegate authority to the Director of Legal and Governance to enter into all legal agreements to enable implementation of the above recommendations subject to prior satisfaction that the requirements of the best value duty and Subsidy Control Act 2022 are met.

**11. APPENDICES**
None

## 12. BACKGROUND DOCUMENTS

Executive Report 6th July 2021

City of BRADFORD
METROPOLITAN DISTRICT COUNCIL

# Report of the Strategic Director Children's Services to the meeting of Executive to be held on 21st February 2023

**BC**

**Subject:** **Full Ofsted Inspection (ILACS)**
**21st November to 2nd December 2022**

## Summary statement:


Bradford have been subject to a number of Monitoring Visits and a Focused Visit since the outcome of the full Inspection of Local Authority Children's Services (ILACS) in 2018, where services were judged to be Inadequate overall.

Ofsted notified the Local Authority of a subsequent full ILACS on Monday 14h November 2022 and the inspection took place between 21st November and 2nd December 2022.

The outcome of the ILACS is the judgement of Inadequate in all areas and overall.

The report was published on the Ofsted website on 31st January 2023.

This report has not been included on the published forward plan as an issue for consideration because the Ofsted report was only published on 31st January 2023 and the Council were not in charge of the publication date.
As it is impractical to defer the decision until it has been included in the published Forward Plan the report is submitted in accordance with paragraph 10 of the Executive Procedure Rules set out in the Council's Constitution.


**EQUALITY & DIVERSITY:**

An Equality Impact Assessment is not applicable. However, this report will provide an update on the Monitoring Visit concerned with care leavers who are amongst the most in need young people in the district with regard to consideration of equality and diversity.


Marium Haque
Strategic Director Children's Services

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**Portfolio:**

**Children & Families**

**Overview & Scrutiny Area:**

**Children's Services**

## 1. SUMMARY

1.1 The purpose of this report is to update the Executive of the details of the Ofsted full inspection of Local Authority Children's Services (ILACS) which took place in November 2022. The Council has been subject to a number of Monitoring Visits and a Focused Visit since the outcome of the full Inspection of Local Authority Children's Services (ILACS) in 2018, where services were judged to be Inadequate. Inspectors have provided feedback at subsequent Visits that whilst there have been improvements within the service, that overall more improvements were necessary.

1.2 Ofsted notified the Council of a subsequent full ILACS on Monday 14th November 2022 and the inspection took place between 21st November and 2nd December 2022 and the report was published on the Ofsted website on 31st January 2023.

1.3 The outcome of the ILACS is the judgement of Inadequate in all areas and overall.

## 2. BACKGROUND

2.1 Full inspections are part of the Inspection of Local Authority Children's Services (ILACS) framework of inspection activities carried out by Ofsted.

2.2 In September 2021, Steve Walker was appointed by the Secretary of State for Education as Children's Services Commissioner for Bradford, and was asked to bring together evidence to assess the Council's capacity and capability to improve itself in a reasonable time frame and recommend whether or not this evidence is sufficiently strong to suggest that long term sustainable improvement to children's social care functions can be achieved, should operational service control remain within the Council. He was also asked to advise on alternative delivery and governance arrangements for children's social care functions. The Commissioner recommended for the creation of an Executive Commissioner role who would oversee the delivery of children's services as he was concerned about the pace of improvement being inhibited during the establishment of the Trust. The Department for Education was not supportive of this recommendation and concluded that Children's Services in Bradford should be provided through a Children's Trust arrangement. The Council voluntarily agreed to enter into the Trust arrangement with the DfE. The planned go live date is in April 2023.

2.3 Preparations for the ILACS were robust and organised. Colleagues formed a highly effective virtual inspection team who supported the leadership to make all necessary arrangements for the inspection. Additionally, through support from the Leeds Relational Practice Centre, a highly experienced practice improvement and Ofsted readiness improvement consultant provided leadership and a framework for preparations and also the development of the self-assessment document with the Directorate Management Team and the social care leadership. This document is the one which sets out the evaluation of effectiveness of services and Inspectors seek to understand if their inspection findings are in sync with the self-assessment.

2.4 During the three weeks of the ILACS, which took place between 21st November and 2nd December 2022, Inspectors met with the Chief Executive, the Children's Social Care Portfolio Holder, Interim Director of Children's Services, the Bradford

Commissioner, children and young people, foster carers, foster carer support, Social Workers, Personal Advisers, the local judiciary, CAFCASS, One Adoption West Yorkshire, Adoptive parents, schools, Education safeguarding and the Virtual School. They looked in-depth at work carried out with young people in online case files, sought the views of young people, analysed data, reviewed a wide range of documents including the self-assessment (SEF), and considered the outcomes of audits to judge if they felt the overall judgements were in line with the findings.

2.5 Areas for improvement for The Council were identified by Ofsted which should be considered by the Executive and the wider Children's Partnership, and these are:

- Council and corporate senior leaders should ensure that they fully and effectively discharge their role as corporate parents and ensure that children's social care is provided with the resources and support required in a timely way to expedite sustainable improvements.
- The sufficiency and stability of the workforce, including senior leaders and managers.
- The quality and timeliness of assessments of risk and need in all its forms, including the response to domestic violence.
- The timely completion of statutory safeguarding checks and compliance with regulation regarding private fostering and connected carers.
- The timeliness and quality of decisions in respect of section 47 enquiries.
- The currency and accuracy of children's records.
- The effectiveness of all multi-agency meetings and their influence in driving children's plans.
- The timely escalation to public law outline (PLO) and timely progression of permanence in all its forms.
- The effectiveness and impact of independent reviewing officers.
- Foster carer morale, training, recruitment and retention, including the support offered to special guardians.
- The quality and safety of in-house residential provision, including safer recruitment.
- The offer of safe, appropriate and sustainable homes for care leavers and their preparation for leaving care.
- Clarity regarding the process of completing personal education plans so they are consistently completed by all relevant professionals.
- The quality and effectiveness of supervision to staff at all levels by managers and leaders

2.6 **Self-Assessment and Improvement Plan and Next Steps**

- We have already adapted our improvement plan to highlight any areas for improvement stated by Ofsted in the report. The majority of these areas were included in our existing plans.
- A number of programme, project and work stream teams are established to take forward our improvement agenda.
- We continue to report on progress to the Improvement Board on a quarterly basis.
- We will monitor progress on the stated areas for improvement to Ofsted.
- We are preparing for our first Monitoring Visit following the full ILACS. this will

include an updated self-assessment.
- We are preparing a monthly and a quarterly monitoring report on key areas of performance from the Children and Families Trust to the Council.

**3. OTHER CONSIDERATIONS**

3.1 Not applicable.

**4. FINANCIAL & RESOURCE APPRAISAL**

4.1 The current 2023-24 budget proposal includes additional funding for Childrens Social Care to address demographic growth, demand and improvement activities. These amounts will be part of the financial envelope for the emerging Children and Families Trust.

**5. RISK MANAGEMENT AND GOVERNANCE ISSUES**

5.1 Risk regarding the outcome of the Ofsted Inspection (ILACS) relate to the areas for improvement highlighted in the report, set out in section 2:10 of this report. Most of these areas are practice related and were identified already through the self-assessment document (SEF) and the Improvement Plan.

5.2 One of the areas was concerned with the Council and corporate senior leaders fully and effectively discharging their role as corporate parents, and ensuring that children's social care is provided with the resources and support required in a timely way to expedite sustainable improvements.

5.3 This constitutes a reputational risk to Bradford, the Council and the ongoing success of the emerging Children and Families Trust.

**6. LEGAL APPRAISAL**

6.1 The Education and Inspections Act 2006 (inspection of Local Authorities) Regulations 2007 sets out the requirement on the Local Authority following an inspection report. The Local Authority is required to prepare a written statement of the action which they propose to take in the light of the report, and the period within which they propose to take that action. The authority must publish the report, and the statement within such period, and in such manner, as may be prescribed by regulations made by the Secretary of State, normally 70 days.

The main actions being undertaken in the circumstances of this Ofsted report is the establishment of the Childrens Trust and amendments to the Improvement Plan both of which it is understood are well underway.

**7. OTHER IMPLICATIONS**

**7.1 SUSTAINABILITY IMPLICATIONS**

Not applicable.

**7.2 GREENHOUSE GAS EMISSIONS IMPACTS**

Not applicable.

**7.3 COMMUNITY SAFETY IMPLICATIONS**

Not applicable.

**7.4 HUMAN RIGHTS ACT**

Not applicable.

**7.5 TRADE UNION**

Not applicable.

**7.6 WARD IMPLICATIONS**

There are no specific ward implications as this report relates to all wards in the District.

**7.7 IMPLICATIONS FOR CHILDREN AND YOUNG PEOPLE**

All the implications in this report are concerned with children, young people and their families and related to Corporate Parenting. The Local Authority and its officers should make themselves aware of the issues raised in the report.

**7.8 ISSUES ARISING FROM PRIVACY IMPACT ASSESEMENT**

Not applicable.

## 8. NOT FOR PUBLICATION DOCUMENTS

None.

## 9. OPTIONS

9.1 Not applicable. The purpose of this report is to provide a summary of the Full Ofsted Inspection (ILACS) held between 21st November and 2nd December 2022.

## 10. RECOMMENDATIONS

10.1 Executive ask Officers to work quickly towards the establishment of the Trust and that we support the Improvement Plan which has been endorsed by the Commissioner.

## 11. APPENDICES

11.1 Appendix 1 – Improvement Plan.

## 12. BACKGROUND DOCUMENTS

12.1 Not applicable. However, the published letter for the full inspection (ILACS) is available on the Ofsted website from 31st January 2023.

# Bradford Children's Services Improvement Plan

## 2022 – 2024

Improving the lives of children and young people and creating the conditions for success

children at the heart of all we do

City of BRADFORD METROPOLITAN DISTRICT COUNCIL

## Introduction and context

In 2018, Bradford's Children's Services were judged to be 'inadequate'. Since then Children's Services, the wider council and partners have been on a journey of improvement. A number of subsequent Ofsted monitoring visits have identified whilst there have been improvements within the service, overall more improvements are necessary. In September 2021, the Secretary of State for Education appointed a Children's Services Commissioner to assess the Council's capacity and capability to improve itself in a reasonable time frame and recommend whether or long term sustainable improvement to children's social care functions could be achieved, whether operational service control should remain within the Council and to advise on alternative delivery and governance arrangements for children's social care functions. The outcome was that Department for Education concluded that Children's Services in Bradford would be provided through a Children's Trust arrangement. The planned go live date is in April 2023.

A refreshed and refocused improvement board has been established and is chaired by the Bradford Commissioner. The board have commissioned a dynamic and iterative improvement plan, the Bradford Children's Services Improvement Plan, to provide a focused approach to making the improvements necessary to improve the lives of children and young people and to establish the conditions for success. There is not a dedicated strand for equality and diversity consideration – this should be considered and addressed throughout the strands, objectives and the success measures.

The inspection of services for children and young people with special educational needs and/or disabilities (SEND) resulted in a number of areas in which we must improve, and partners have resolved to make these improvements and more. The Bradford Children's Services Improvement Plan should be read alongside the Bradford Local Area SEND Action plan where partners across the District will provide the drive and ownership to improve the areas Ofsted have identified as requiring a Written Statement of Action (WSOA) for driving forward the requirements we need to make.

## Foreword

On behalf of the Bradford Children's Services Improvement Board we are delighted to present this improvement plan. This is a great opportunity for Bradford and District to make the crucial changes we need to ensure services for children, young people and their families in Bradford are fit for purpose and subject to continuous improvement so that children and young people are safe, healthy, learning and achieving.

As a board we have committed to making sure that improvements are delivered across all agencies across the district that support and deliver services for families to achieve our aim that all children and young people have the opportunity to reach their potential and enjoy good outcomes.

Our improvement plan is underpinned by restorative, strength-based and family-led approaches which seek to address the impacts of poverty, and promote equality and diversity, and the voice and influence of children, young people, and their families. We will continue to work in partnership at both strategic and operational levels to realise our aims and objectives.

Eileen Milner
Chair of the Children and Families Trust

Marium Haque
Strategic Director Children's Services

# Governance and ensuring success

## Governance - 'Working with'

Governance of the improvement plan has strong leadership and assurance mechanisms in place. Support from the chief executive, elected members, partners and senior leaders ensures focus, drive and pace. The programme also has strong cross-party support, with clear commitment from all group leaders to support the improvement process.

*Bradford Children's Improvement Board*

The Bradford Children's Improvement Board is the key partnership body with ownership of the Improvement Plan and responsibility for its delivery. It is made up of strategic representation from partner agencies, working to agreed terms of reference. The Improvement Board is chaired by the Bradford Commissioner.

*Bradford Safeguarding Partnership*

The Improvement Board will ensure that decisions and activities dovetail with those of the Bradford Safeguarding Partnership which co-ordinates safeguarding across different agencies and promotes the welfare of children in Bradford

## Monitoring Performance and Quality – how much we do and how we do it

Using data and intelligence to monitor and improve performance and quality of practice will be key to the success of our improvement journey, and is a vital part of new ways of working across the council in the future. Progress against the Improvement Plan will be reported to the Children's Improvement Board. Reporting will include but not be limited to:

- A performance report including progress against key indicators linked to the Improvement Plan
- Discrete scorecards linked to the various strands

## Making a difference to children, young people and families

Our approach is firmly focused on improving outcomes for children, young people and families. In addition to data and intelligence which shows how we are performing against key indicators, we are using Outcome Based Accountability to demonstrate the difference our improvements make to the lives of children and their families. Our updates to the Improvement Board, will show through case studies and feedback from children, their families and partners the positive impact of changes.

## Glossary of terms

Below is a list which provides short explanations of acronyms and professional terms in this plan.

- Integrated Front Door (IFD) is a team of professionals including Children's Services social workers, police, early help, health and education which responds to initial enquiries regarding children and young people in Bradford.
- Assessed and Supported Year in Employment (ASYE) - a programme that gives newly qualified social workers extra support during their first year of employment. The programme aims to help them develop their skills, knowledge and professional confidence. The ASYE programme for social workers who work with children and families is based on the statement of knowledge and skills for child and family social work.
- Corporate Parenting Panel - co-ordinates and oversees the work undertaken with children in care in Bradford to make sure that they are in appropriate placements and receive the same opportunities as their peers.
- LCS (Liquid Logic Children's Services) Children's Social Care System has been specifically developed by and for practitioners to allow case management and record keeping for children in need, looked after children, adoption and child protection cases, as quickly and simply as possible.

## About our Improvement Plan

In two halves, the plan enables a relentless focus on improving outcomes for children and young people and ensuring that those supporting them and their families have the right conditions in place to provide quality services.

*A - Improving the lives of children and young people*
*B - Creating the conditions for success*

***A - Improving the lives of children and young people:***

1. Who are referred to our Front Door
2. Who need early help
3. Who are in need of help and protection
4. Who are on the edge of care (to include a Turning the Curve plan to safely reduce the number of children needing to be looked after)
5. Who are in care and who have left care

***B – Creating the conditions for success***

6. Ensuring children, young people and families have voice and influence
7. Strategic leadership ensuring the conditions for success are created
8. A sufficient and stable workforce
9. A constant focus on practice improvement and an agreed practice model
10. A strong and collaborative partnership
11. Buildings, IT, finance, admin. HR support and equipment that support quality practice
12. Data and Insight (Learning and improving through performance management and quality assurance)

# 1 - Improving the lives of children and young people - who are referred to our Integrated Front Door

The ‘Front Door’ for social work services plays a crucial role in the safeguarding system in Bradford – as the place where local people and services can access robust and well-informed advice, support and decision-making from social work professionals. Getting this right is vital for ensuring that every child gets the right support and protection at the right time, and getting this wrong can lead to both delayed help for children and unsustainable pressures for local agencies and the social work service, leading to a cycle of growing pressure and weakening practice. An effective Front Door benefits from key partners working closely and collaboratively together to achieve improved outcomes.

In Bradford, too many contacts are being made to the front door that do not require a social work response and the proportion that result in No Further Action (NFA) is too high. This places an unnecessary burden on the front door and means many families are not helped early enough and face avoidable contact, referral, and social work assessment.

**What we are aiming for:**

- Greater collective ownership, consistency and accountability of the Front Door; strengthening and embedding partnership working, processes and governance.
- An environment that encourages a culture of challenge across the partnership, where appropriate, and healthy dialogue is welcomed.
- Response to risk is appropriate and consistent at all times.
- Partner agencies consistently make appropriate contacts.
- Rebalance of the proportion of referrals and assessments leading to no further action.
- Children and young people safeguarded out of hours by children’s specialist emergency duty team (EDT).
- Joint, shared decisions about the right service, right time for children and families.

**How we will do this:**

- Introducing and embedding an approach based for the IFD based on conversation-based contacts and referrals – based on Professor David Thorpe research.
- As part of new approach, establishing a weekly partnership review of decision-making.
- Establishing a dedicated Emergency Duty Team (EDT) for children and young people.

**How we will know we are succeeding:**

- Families receive the right support and the right time.
- Partners are confident in shared decision-making.
- Children’s EDT is operational.
- We will monitor the number and outcomes of contacts and referrals on a quarterly basis.

# 2 - Improving the lives of children and young people - who need early help

Early Help for children and families is more effective and less expensive than intervening when problems become entrenched. Families should be enabled and supported to have the right conversations, with the right people and at the right time about their needs or concerns, so that statutory interventions can be avoided where this is appropriate. Intervening as early as possible, regardless of the age of the child or young person, can positively improve their outcomes. Being helped earlier is better for children and families and also ensures that the local safeguarding system is sustainable. In Bradford, historic disinvestment in early help and prevention has resulted in children, young people and their families not being helped early enough and as such there is a need for an improved offer across the district.

**What we are aiming for:**

- Families being helped by those that know them best, as early as possible in the life of the problem, in the communities in which they live, and for access to help made simpler
- A rebalancing and strengthening of the safeguarding system through developing better Early Help and preventative services
- A reduction of the pressures on statutory social work services through improved early help and community support
- An effective partnership approach to early help across the district based on shared: ownership, understanding, principles and values

**How we will do this:**

- Implementing the Start for Life the programme across the district and enhancing support to children in their first 1,001 days.
- Making early help 'Simpler, Nearer and Earlier' – by further developing our Family Hubs arrangements and ensuring they are well known, welcoming and accessible; and building area based Family Hubs networks involving family members and Third Sector and Education partners.
- Implementing robust arrangements for evaluation and co-production and expanding work with peer supporters and volunteers building on supporting the District to be a safe, green and active place to live, work and play.
- Harnessing opportunities from the City of Culture to create an inclusive, creative environment for babies, children and young people which celebrates the vibrant diversity of our district.

**How we will know we are succeeding:**

- Feedback from families about if they feel they have been helped
- Number of multi-agency early help assessments (tier 2 and tier 3).
- % of repeat referrals to the Front Door
- % of early help audits carried out where the outcome is 'Good or Outstanding Practice'
- Number of multi-agency practitioners trained in early help related workforce opportunities who become lead practitioners
- Proportion of local partners reporting high levels of confidence and satisfaction with locality early help services
- We will monitor data on a quarterly basis

## 3a - Improving the lives of children and young people - who are in need of help and protection

For those children and young people whose needs cannot be met by universal or early help approaches, they may become subject to child in need or child protection plans depending on the presenting issues and circumstances. Children and young people should be protected through effective multi-agency arrangements with key participants attending multi-agency meetings (for example, child in need meetings, strategy meetings, core groups, initial or review child protection conferences, child exploitation risk management meetings). These meetings need to be effective forums for timely information-sharing, planning, decision-making and monitoring and actions should happen within agreed timescales and the help and protection provided reduce risk and meet need.

Bradford is continuing to improve despite the challenges faced by the national shortage of qualified social workers and an over-reliance on agency workers. This instability of workforce continues to impact on the quality of practice and is highlighted in a number of Ofsted Monitoring visit letters. There is also much work to do to improve multi-agency relationships at all levels to ensure that the needs of vulnerable children and young people are met:

*'The need for improved partnership working is recognised by the senior leaders of all agencies and partners are committed to working together to improve relationships, services and outcomes for children and families in* Bradford (Commissioners Report 2022).

**What we are aiming for:**

- Partnership approach to compliance for strategy discussions in line with national good practice guidelines.
- Social work teams focusing on the right children, at the right support at the right time.
- Timeliness and quality of all Child in Need and Child Protection statutory processes.
- Increased attendance for children and young people in their education settings.

**How we will do this:**

- Partnership commitment to ensure resources are deployed in a timely manner to enable strategy meetings take place in time with full statutory attendance.
- Using a focused improvement approach to improving key areas of safeguarding practice.
- District wide approach to improving educational attendance including those not on a school roll.
- Promoting the identification of Privately Fostered children and notifications made to the Local Authority.

**How we will know we are succeeding:**

- Review and audit show strong and improving decision-making practice.
- Compliance data on strategy discussions – timeliness and attendance.
- Attendance data of key partners at ICPCs and RCPCs.
- Educational attendance data
- Proportion of initial Child Protection Conferences within 15 working days
- All relevant agencies have processes in place to support identification of Privately Fostered children

## 3b - Improving the lives of children and young people with disabilities

This strand was initiated in January 2023 and is in development

For those children and young people with disabilities…….

Text needed – sets out the background to this strand, and explains why children with disabilities need the help they need and where, how and why we need to improve

**What we are aiming for:**

-

**How we will do this:**

- Streamlined pathway, eligibility criteria in line with good and outstanding authorities, smooth but robust assessment process and multi-disciplinary Team to deliver support to families with children whom have a disability and/or complex needs.
- Improved access and understanding to accurate information and advice for families.
- Increase the sufficiency for children with complex needs.
- Skilled workforce to deliver a good and outstanding service to families and children with a disability and/or complex needs.
- Communications, engagement and co-produced outputs with families and children with a disability and/or complex needs.

**How we will know we are succeeding:**

- Success measure to be identified in February 2023

## 4 - Improving the lives of children and young people - who are on the edge of care – including a Turning the Curve plan

Many children and young people are considered to be on the 'Edge of Care' in that they are at risk of becoming looked after. There are many reasons for this including parental capacity and parent's needs and / or the child's needs including non-engagement with education or anti-social behaviour, and may include that the child has been subject to a child in need or a child protection plan. Without the right support to the child and the family, the situation may worsen and the outcome may be that the child becomes looked after. Edge of care interventions are essential in supporting children to be able to remain with their families. In addition, in Bradford, there are too many children in care and this can often result in them experiencing poorer outcomes than their peers, and there is considerable expenditure on external placements. A turning the curve plan for the district will aim to: reduce the number of children who need to become looked after; where it is in the best interests of children, carry out targeted work with the family so children can go home; and reduce expenditure on costly external placements.

**What we are aiming for:**

- Improve long term outcomes for children and young people
- Effective support to families so that children are able to live with their families
- Safe reduction in the numbers of children who need to be looked after
- Reduction in expenditure on external placements

**How we will do this:**

- Development of an Edge of Care service to safely support children to avoid coming into care and for children to go home where it is safe to do so - – a new model and approach.
- Introduction of evidence based approaches to support children to return home (reunification).
- Identification of actions from a Turning the Curve Event focusing on the factors why large % of children have statutory interventions such as being in care.
- TtC - Collaboration with Born in Bradford to research and analyse key issues why Bradford children need statutory interventions such as being in care
- TtC - Agreeing and trialling / piloting new approaches that bridge Early Help and Social Work
- TtC - Reviewing existing approaches and services to safely reduce the number of children in care that work and expand as per findings
- TtC – Develop and implement evidence based approach to reunification
- Identification of those children whose care orders can be discharged, e.g. those who are placed with parents, those who can live under Special Guardianship with family and friends and whose adoption orders can be more swiftly progressed.
- Enhancement of family decision making approaches (e.g. Family Group Conference) to identify and harness the utility of the child's whole family and network so that care can be avoided.
- Establishment of a Placements Review Panel to ensure placements are meeting the children's needs whilst ensuring best value for money.

**How we will know we are succeeding:**

- Number and RPTT of children in care and number and RPTT new entrants to care.
- Number of those who have left care due to adoption and Special Guardianship Orders.
- Number of children who have benefitted from evidence based approach and have avoided care or have gone home.
- Number of children and young people in external residential placements.
- Outreach edge of care service - % who did not enter care after being supported.
- Residential edge of care service - % who did not enter care after being supported.

## 5 - Improving the lives of children and young people in care and who have left care

As ‘Corporate Parents’ we need to make sure that children and young people who are looked after and who have left care benefit from the highest quality support possible to ensure they have healthy, happy, purposeful lives and achieve their full potential. Most young people are supported by their parents well into their twenties, so we need to consider how together as a partnership we can provide the same or better support for Care Leavers who face more challenges than many young people in their transition to adulthood. In addition, we need to make sure there is better help in place for those who need extra support with their mental health, and to support all care leavers into learning and work and housing that meet their needs.

**What we are aiming for:**

- Corporate Parenting Strategy governed by an effective Corporate Parenting Panel aiming for the highest standards of care, support and outcomes for children in care and care leavers
- The right type of placements and housing, in the right places to meet the needs of children and young people in care and care leavers
- Improved outcomes for children in care and care leavers though a dedicated single service
- Bradford district recognises and celebrates the achievements of children in care and care leavers
- Smooth transition to adult services where they are required
- Wellbeing and mental health needs are recognised and support to access services is improved
- All Care Leavers (except those with exceptional circumstances) are in learning or work, or have a clear, well-resourced plan to help them into learning or employment
- Life stories can ‘travel’ with children and young people and can be accessed digitally

**How we will do this:**

- Corporate Parenting Strategy, setting strategic direction for Children in Care and Care Leavers
- Corporate Parenting Panel provides robust governance for the Corporate Parenting Strategy
- Agreement and implementation of Sufficiency Strategy ensuring the right type of placements available locally at the right time for the right children and young people
- Establishing dedicated Children in Care and Care Leaver service
- Ensuring transition work to adult services for those who need them is timely and managed jointly by adults and children’s services
- Putting the Joint Housing Protocol for care leavers into operation
- District approach to increasing work related opportunities for Care Leavers to ensure they are engaged in meaningful work in their community and are in education, employment or training
- Improving access to mental health support
- Digital approach to Life Story work is established and operational
- Children in care and care leavers’ achievements are celebrated by the district

**How we will know we are succeeding:**

- Data: on % placement stability, % Strengths and Difficulties Questionnaires (SDQs) where scores indicate need; % care leavers in suitable accommodation; % care leavers who are in Education, employment and training; and % Children in care and care leavers who have a digital life story.
- Corporate Parenting Panel includes elected members, and key partners.
- Children in Care and Care Leavers service is established.
- % Transition plans at age 17.
- Housing protocol is agreed, approved and operational.
- Number of employment experience opportunities by agency and employer.
- Establishment of celebration events; feedback from children and young people.

## 6 - Improving the lives of children and young people – by ensuring they have voice and influence

Children and young people have a right to be involved in decisions that affect their lives. Having a voice and influence means they feel that their voices are listened to, valued and can influence decisions and actions. The term 'voice and influence' encompasses consultation, feedback, participation, empowerment; and active engagement. There is strong evidence that working with children and young people wherever possible, instead of doing things to them or for them produces better outcomes and helps to build confidence and resilience. Giving voice and influence to children and young people in decision making demonstrates our commitment to them and acknowledges their right to shape their own future. It increases trust and can enable positive change even in complex situations. Agencies need to feel confident that decisions are informed by what children and young people say they want and need, which should lead to better quality services, saving money and using resources more effectively. In this improvement plan, Bradford Children's Services are focusing primarily on voice and influence for children in care and for care leavers. Future developments would include all children open to social care and working with parents.

**What we are aiming for:**

- Children in care and care leavers are routinely able to have voice and influence using a variety of approaches
- Care leavers routinely have access to exit interviews to understand their experience
- Learning from voice and influence activity is triangulated, analysed, shared, and changes made are communicated back to children and young people and staff

**How we will do this:**

- Strengthening and consolidating the three established voice and influence forums – younger children in care, older children in care and care leavers
- Establishing a consistent approach to exit interviews with those who are leaving care
- Introducing a digital mechanism for providing information, seeking feedback and providing a feedback loop to all children in care and care leavers
- Analysing a range of sources of feedback from children in care and care leavers to inform service development and improvement
- Identification of opportunities to collaborate with the work for Bradford to become a Child Friendly City
- Developing quarterly report on triangulated feedback from a range of sources to provide thematic findings and recommendations for improvement and service development

**How we will know we are succeeding:**

- Number of children and young people participating in each of the three groups (younger children in care (CiC), older children CiC and care leavers)
- Number of children and young people attending Corporate Parenting Panel
- Establishment of digital mechanism and number of children and young people being informed, consulted and providing feedback
- Number and proportion of Exit Interviews carried out with care leavers
- Number of children and young people taking part in Chat Back sessions
- Number of children and young people involved in recruitment interviews
- Quarterly report is implemented

## 7 – Strategic leadership ensuring the conditions for success are created

Research and inspection in Children's Services has shown the importance and impact of high quality leadership. Ofsted (2016) highlight the key role of leadership in driving change and improvement 'Ofsted has seen effective leadership transform the quality of work with children: leaders with a firm grip on practice at every level, who make sure vulnerable children don't have to wait for help and that frontline professionals have enough time to work with every family on their caseload'.

Strategic partnership leaders across the district need to focus on 'creating the conditions for success' – ensuring there is a strong culture of child focus, line of sight on practice, learning and improvement, clear direction and support for staff with strong visibility and access, and the right partnerships and resources in place to support services.

Bradford has had too many changes in leadership and Ofsted continue to focus on this. The approach to leadership used in authorities like Leeds, West Berkshire and Stockport – a focus on relationships and whole system change - has been shown to have a big impact leading to rapid improvement. This approach will be adopted in Bradford leading up to and beyond the introduction of the new children's trust arrangements.

**What we are aiming for:**

- Improved outcomes for children, young people and families in line with the Children and Young People's Strategic Plan priorities
- Working *with* families to enable positive change and approach to co-production
- Workforce who feel supported
- Stability, visibility and accessibility of leadership
- Positive external validation from Ofsted
- Effective line of sight on practice with children, young people and families across agencies
- Delivering financial sustainability

**How we will do this:**

- Establishing the Children and Families Trust, and senior leadership team
- Training and development programme for Elected Members to bolster strategic support and challenge role incorporating Corporate Parenting (Total Respect)
- Developing an improvement team to ensure inspection readiness and relentless focus on improvement
- Developing a district wide and multi-agency approach to co-production voice and influence for children, young people and parent carers
- Maximising staff engagement through a range of approaches including: continue programme of staff briefings and consultation; Staff Reference Group and Pulse surveys
- Agreeing and implementing a financial sustainability strategy

**How we will know we are succeeding:**

- External validation from Ofsted (Monitoring Visits, JTAI, Focused Visits, Annual Conversation)
- Feedback from staff e.g. through staff briefings and consultation, Staff Reference group, Pulse Surveys, and Social Work Health Check Survey
- Feedback from children, young people and families
- Vital Signs reports
- Financial Reports
- Improvement plan strands progress and achieve objectives in timescales

## 8 – A sufficient and stable workforce

When working to improve outcomes for all children and young people, success depends in large part on the capacity and quality of those people who plan, manage and deliver social care services at the front line. We need a skilled and more stable workforce, in sufficient numbers, led and deployed effectively around the needs of children and young people in Bradford. Currently there is an over-reliance on the use of agency workers and a number of vacancies. This leads to instability of service, inconsistency of support to children and their families and an unstainable budgetary pressure.

**What we are aiming for:**

- A clear understanding of what a sufficient workforce looks like
- A stable workforce which provides good quality, consistent care to children, young people and their families
- Reduced overspend on agency so that budgets come back in line with plans
- Bradford to become a 'destination employer' for social workers at all levels
- Clear career pathways linked to succession plans that mitigate the risk of under resource and skills gaps

**How we will do this:**

- Completing a modelling exercise to understand the optimum structure required to meet demand whilst maintaining a healthy case load; and implement optimum service structure and maintain budget stability
- Increasing the proportion of permanent staff by:
    - An ongoing high quality recruitment campaign that builds on the Bring Heart brand
    - Targeting agency staff to move to permanent recruitment
    - Implement overseas recruitment
    - Attract more newly qualified social workers (NQSW) from out of the district to take their Assessed and Supported Year of Employment (ASYE) in Bradford
    - Develop proposals to improve staff engagement and retention
    - Partnership with local universities to provide additional social work student places for Bradford

**How we will know we are succeeding:**

- Increase in number of permanent staff and reduction in turnover
- Decrease in the number of agency staff
- Evidence of strong staff engagement
- Impact on budgetary pressures
- Positive external validation e.g. Ofsted

# 9 - A constant focus on practice improvement and an agreed practice model

The quality of front line practice is key to improving the lives of children and families in Bradford district. It is the way that our staff work with children, young people and families that will, in the end, make the difference and build the relationships, skills and confidence to make change. Effective practice needs shared values, a good theoretical practice model, good skills and knowledge from staff and the right training, support and supervision from managers. We are implementing our Restorative Based Practice Model which focuses on empowering our children, young people and families to find solutions to their problems, and recognises them as experts of their own lives.

**What we are aiming for:**

- Shared values and restorative based model of practice in place across Bradford Children's Services.
- Shared understanding of good practice across the district.
- Highlighted and shared good or outstanding practice.
- High quality, comprehensive, and responsive Continuous Professional Development offer to social work staff with voice of young people
- Social work students better prepared for post qualification
- Systematic approach to ensuring workforce development opportunities offered and taken up as a learning outcome for audit and external validation

**How we will do this:**

- Implementing Restorative Practice training and development programme and capacity to embed restorative practices such as maximising family decision making opportunities; restorative approach to complaints; restorative leadership sets. Working with neighbouring local authorities to support implementation.
- Increased multi-agency and multi-disciplinary joint workforce development opportunities
- Carrying out Appreciative Enquiries through the Safeguarding Partnership.
- Developing additional ASYE Academy Faculties for specific social care roles.
- Continued focus on intelligence to design required workforce development programmes
- Increased presence of social work specialists on social work courses and young people in workforce development opportunities
- Implementing an approach to ensuring workforce development opportunities taken up where required and identified

**How we will know we are succeeding:**

- Proportion of (a) Bradford staff and (b) partner staff trained in Restorative Based Practice Model.
- Proportion of those who have received training who report high quality and impact of training on improved practice.
- Audit shows increasing quality of practice.
- Analysis of workforce development opportunities offered, taken up and followed up when not attended.
- Number of young people involved in workforce development opportunities.
- Number of Appreciative Enquiries carried out.

## 10. A strong and collaborative partnership

Success and change in Children's Services relies on strong and effective partnership working – children, young people and families need joined up working between all local services and these services need to be shaped and funded collectively if they are to succeed. Many of the issues raised by Ofsted and the problems identified in Bradford have related to the effectiveness of partnership working in recent years. There is a strong commitment by partners and a key aim of the Improvement Plan must be to make best use of this to improve outcomes for children and young people and their families. Quotes from the Bradford Commissioner's Report, 2021

*'Whilst there is evidence that the Bradford Safeguarding Partnership is working well, overall partnership working in Bradford is not strong. There is no clear vision for children that is shared and owned by agencies working with children and young people in Bradford.'*

*'Relationships between the local authority and some partners have been strained. There is a desire and commitment to reset these relationships and this needs to be a priority going forward.'*

**What we are aiming for:**

- Robust Improvement Plan and high functioning Improvement Board with a relentless focus on improving outcomes for children and young people across the Bradford District
- Governance arrangement to lead development and implementation of high quality, refreshed Children and Young People's Plan (CYPP) and programme ensuring district wide focus and effort on improving outcomes for children and young people.
- Good progress for strengthening the role of Bradford Children's Safeguarding Partnership and district wide response to National Panel Recommendations.
- Collective investment across services in shared priorities, commissioning and plans.
- Collective efforts across Bradford towards realising a Child Friendly City.
- Collective connection to the children and young people's voice and experience

**How we will do this:**

- Establishing Bradford Children's Improvement Board and develop a quality Improvement Plan.
- Holding a series of Turning the Curve events through the Improvement Board to identify shared actions to make improvements in key areas of work with children and young people.
- Holding conversations to explore the establishment of a Children's Partnership.
- Developing a refreshed Children and Young People's Plan and identify who will implement it.
- Working jointly with the Safeguarding Children's Partnership to review and refresh if appropriate the BDSCP Business Plan, ensuring correlation with the Improvement Plan and the CYPP.
- Addressing the local recommendations from the National Panel review report into the death of Star Hobson and Arthur Labinjo-Hughes.
- Utilising Strategic Joint Commissioning and refreshing approach to funding for high cost placements, children and young people with Continuing Health Care Needs and CAMHs.
- Identify opportunities to Child Friendly City – business and community partnership
- Ensuring that the work of the board is informed by the voice and experience of children and young people in line with the terms of reference agreed by the Improvement Board.

**How we will know we are succeeding:**

- Partners report improved satisfaction and confidence in partnership arrangements and joint working.
- Partners report improved confidence and knowledge of key local safeguarding policies and services including 'thresholds' and local hubs.
- Audit and data show improvements to practice in key areas of joint working including CP processes, and domestic violence.
- Feedback from children, young people and families.

## 11 – Buildings, IT, HR, Finance, Business Support and equipment that support quality practice

The physical and support function aspects of the conditions for success are critical in ensuring that services working directly with children, young people and their families can focus the majority of their efforts on improving lives and outcomes. These aspects include the places where people work and the IT kit they use that help remove barriers and support high quality practice. Equally, enabling Human Resources (HR), Finance, Information Governance (IG), Commissioning, and Business Support services play an essential role in improving services, lives and outcomes – and improving the daily worked lives of frontline managers and their teams.

**What we are aiming for:**

- Greater integration of services where possibilities exist
- High quality office accommodation in locations that promote multi-agency and multi-disciplinary working and are family friendly
- Social work teams feel they have the conditions in place to do a good job including HR, IG, Commissioning, Finance and Business Support
- IT and digital solutions that reduce bureaucracy and time spent in front of computers and allow more time spent with families
- Staff wellbeing is promoted

**How we will do this:**

- Agreeing and implementing refreshed and tailored support arrangements for HR, IT, Finance, Business Support, IG, and Commissioning for Children's Services.
- Implementing a workforce development approach for managers for HR, IT, Finance, Information Governance etc.
- Identifying opportunities for co-location of multi-agency services for families e.g. early help with social work and other partners where possible.
- Ensuring that Children's social care office bases are child and family friendly and in locations that promote multi-disciplinary working; longer term plan for co-location around family hubs and schools.
- Securing suitable Business Support capacity to ensure key processes are met, particularly those that are statutory.
- Engaging staff in reviewing and reducing bureaucratic burdens that get in the way of social work with families.
- Promoting staff wellbeing and emotional support, drawing on the offer available through the council, for example, Mindfulness training, staff networks and using regular bulletins for updated information; and encouraging engagement with regular Pulse Surveys for additional insight.

**How we will know we are succeeding:**

- Staff satisfaction survey
- Feedback from managers on time spent on HR, IG and finance activities
- Number of co-located services
- Impact on statutory timescales
- Number of staff engaged in wellbeing offers
- Reduction in time spent on recruitment and other HR activities by social work managers

## 12 – Insight - learning and improving through performance management and quality assurance

When providing services to children, young people and their families, and focusing on how to improve, we need to be able to ask ourselves some key questions:

- What did we do?
- How much did we do and did we do it in the right timeframe?
- How well did we do it?
- Did we do the things we should be doing or set out to do to achieve overall outcomes for children, young people and families?
- Is anyone any better off?

To be able to answer these questions, our performance management (PM) and quality assurance (QA) arrangements need to be robust and allow us to move from data to insight. There are strong arrangements in Bradford but we are continuously improving what we do.

**What we are aiming for:**

- Using insight from PM and QA for greater focus on essential improvement activities that promote improved outcomes
- Strengthened PM and QA arrangements
- Strengthened leadership role, understanding, engagement and expertise in QA, improvement and learning
- Identification of opportunities for further collaboration and partnerships across the district for insight and learning
- Improved data sharing at the Improvement Board

**How we will do this:**

- Embedding a dispersed leadership approach to performance management and quality assurance, with local areas collaboratively reviewing performance with staff, and performance management/ quality assurance reflected in individual service plans.
- Ensuring the quality of audits through consistent follow up on recommendations and sharing learning in teams.
- Developing a Performance Framework including review of existing suite of performance reports.
- Developing a Quality Assurance report which analyses all QA activity (audits, external validation, inspection, feedback from children and families etc.) and identifies areas and actions for improvement
- Reviewing and developing the QA role of IRO and CP service
- Reviewing and developing the QA role of the Safeguarding Partnership
- Developing partnerships with Born in Bradford and Data Accelerator – initial projects to support Turning the Curve (see strand 4 - Edge of Care)
- Agreeing development programme for middle managers and Team Managers to strengthen their role, understanding, engagement and expertise in PM, QA, improvement, and learning
- Identifying and sharing partner data sets at the Improvement Board

**How we will know we are succeeding:**

- New PM and QA framework is implemented
- Quality Assurance report is implemented
- Partners share relevant data reports at the Improvement Board
- % of audits recommendations are followed up

# Improvement Plan on a Page – Key Priority Milestones – *subject to further population as work streams progress*

## Improving the lives of children and young people

| Strand of the plan | Nov 22 | Dec 22 | Jan 23 | Feb 23 | Mar 23 | Apr 23 | May 23 | Jun 23 | Jul 23 | Aug 23 | Sept 23 | Oct 23 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **1 – Front door** | Phase 1 + launch of practitioner line | Weekly referral review meeting | Phase 2 + Launch of public line; DT review | | Discrete CYP EDT; DT review | | | DT review | | | DT review | |
| **2 – Early Help** | Start for Life programme leads in post; Co-production workshop | Simpler, Nearer, Earlier (SNE) & Family Help (FH) Theories of Change; | Early Help Strategy published; SNE Plan; Start for life (SfL) delivery plan; FH impl. plan | New processes for simpler access to early help; Impl. SNE; SfL delivery begins | SfL + FH delivery plans will inform future key mile-stones | | | | | | | |
| **3 – Help & Protection** | | Private fostering plan | | | | | | | | | | |
| **4 – Edge of Care & Turning the Curve to safely reduce no.s of children in care** | All IT equipment upgraded; DfE Funding decision on new home purchases | Increase in SGO and adoption; Born in Bradford collab-oration | Children's Homes Procedures Manual update; Induction & training programme | | Homes Regu-latory Compl-iance review | Statements of Purpose & Function Review; Refurbishment of the Willows and purchase off The Birches | Staffing structure for the Birches and Ofsted registration | | | | Homes Regulatory Compliance review | Statements of Purpose & Function Review |
| **5 – Children in Care & Care Leavers** | Joint Housing Protocol | Children in care + Care Leavers service | | Corporate Parenting Strategy | Plan for celebrat-ion events | | | | | | Digital life stories implement-ted | |

## Creating the conditions for success

| Strand of the plan | Nov 22 | Dec 22 | Jan 23 | Feb 23 | Mar 23 | Apr 23 | May 23 | Jun 23 | Jul 23 | Aug 23 | Sept 23 | Oct 23 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **6 – Voice & Influence** | Corporate Parenting training; Young voice forum is operational | Checkpoint review of Exit Interviews for care leavers | Quarterly report initiated | | | | | | | | | |
| **7 – Strategic Leadership** | | | | | | | | | | | | |
| **8 – Workforce** | Optimum structure & budget agreed; On-boarding starts of international recruits | New DfE funded Practice Educators commence | 40 international recruits started;<br><br>15 NQSW in ASYE | New Bradford sponsored MA SW course commences | 2nd Staff retention payment | | | | | | | |
| **9 – Practice Improvement & Practice Model** | | | | | | | | | | | | |
| **10 – Partnership** | | | | | | | | | | | | |
| **11 – Buildings, IT, HR, Finance etc.** | Business Support capacity review completed | Identifying opportunities for area teams & co-location | Agreeing & implementing refreshed & tailored support arrangements for staff as they move into the Trust | | Remaining area teams to move into their perspective localities | | | | | | | |
| **12 – Data & Insight** | | | | | | | | | | | | |

## Summary of Ofsted areas for improvement – ILACS Report Published 31st January 2023

| # | Area for Improvement – to be aligned to existing strand of the plan following consultation | Suggested Strand |
|---|---|---|
| 1 | Council and corporate senior leaders should ensure that they fully and effectively discharge their role as corporate parents, and ensure that children's social care is provided with the resources and support required in a timely way to expedite sustainable improvements. | 7 – Strategic leadership ensuring the conditions for success |
| 2 | The sufficiency and stability of the workforce, including senior leaders and managers. | 8 – A sufficient and stable workforce |
| 3 | The quality and timeliness of assessments of risk and need in all their forms, including the response to domestic violence. | 3 – Improving the lives of children and young people who are in need of help and protection |
| 4 | The timely completion of statutory safeguarding checks and compliance with regulation regarding private fostering and connected carers. | 3 – Improving the lives of children and young people who are in need of help and protection |
| 5 | The timeliness and quality of decisions in respect of section 47 enquiries. | 3 – Improving the lives of children and young people who are in need of help and protection |
| 6 | The currency and accuracy of children's records. | 9 – A constant focus on practice improvement and an agreed practice model |
| 7 | The effectiveness of all multi-agency meetings and their influence in driving children's plans. | 3 – Improving the lives of children and young people who are in need of help and protection |
| 8 | The timely escalation to public law outline (PLO) and timely progression of permanence in all its forms. | 4 – Improving the lives of children and young people who are on the edge of care – including a Turning the Curve plan |
| 9 | The effectiveness and impact of independent reviewing officers (IROs). | 5 – Improving the lives of children and young people in care and who have left care |
| 10 | Foster carer morale, training, recruitment and retention, including the support offered to special guardians. | 5 – Improving the lives of children and young people in care and who have left care |
| 11 | The quality and safety of in-house residential provision, including safer recruitment. | 5 – Improving the lives of children and young people in care and who have left care |
| 12 | The offer of safe, appropriate and sustainable homes for care leavers and their preparation for leaving care. | 5 – Improving the lives of children and young people in care and who have left care |
| 13 | Clarity regarding the process of completing personal education plans (PEPs) so that they are consistently completed by all relevant professionals. | 5 – Improving the lives of children and young people in care and who have left care |
| 14 | The quality and effectiveness of supervision to staff at all levels by managers and leaders. | 9 – A constant focus on practice improvement and an agreed practice model |

City of
BRADFORD
METROPOLITAN DISTRICT COUNCIL

# Report of the Chief Executive to the meeting of Executive to be held on Tuesday 21 February 2023

**BD**

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## Subject: Update on the establishment the Children's Trust

**Summary statement: The report provides an update on the progress to date of establishing the Bradford Children and Families Trust, including an update on progress towards agreeing commercial arrangements and sets out the proposed draft governance arrangements. The report also outlines the critical next steps and makes a number of recommendations to the Executive.**

**EQUALITY & DIVERSITY:**

**Equality assessments** – There is no direct equality impact assessment from this report additional to the prior report to Executive in June 2022. Equality of access to services will be an essential component of these new children's social care arrangements and a condition of the Service Contract.

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E-mail: joanne.hyde@bradford.gov.uk

Portfolio: Children & Families

Overview & Scrutiny Area:

Corporate & Children's Services

## 1. SUMMARY

**1.1** This report sets out the background to the establishment by the Council of a children's services company (which is referred to in this report for purposes of convenience as a "Children's Trust") in accordance with the terms of the statutory Direction issued by the Secretary of State for Education. It provides an update on progress made to date, and summarises the proposed draft contractual governance arrangements. Governance arrangements within the current Council process, such as Scrutiny committee, are not covered within this report, the governance arrangements referred to in this report are in relation to the management of the contracts. The paper also outlines progress in relation to agreeing commercial arrangements and the critical next steps for the programme, and makes a number of recommendations in order to complete the set up arrangements for the Trust at go-live date.

## 2. BACKGROUND

2.1 Following agreement by the Council to voluntarily enter into the development of a Trust the Department for Education (DfE) issued a revised Statutory Direction to the Council on 9 February 2022, which set out, pursuant to his powers under section 497A(4B) of the Education Act 1996 Act, that the Secretary of State directs the Council:

'*to work with the Children's Services Commissioner in establishing the children's services trust and transferring operational control in relation to children's services from the Council to the trust to deliver high quality children's social care functions. This should be completed within a reasonable timeframe'.*

2.2 An updated Direction will be issued by the DfE immediately prior to the establishment of the Children's Trust to take into account the implementation of the contractual arrangement between the Council and the Children's Trust. In this report (unless it is stated to the contrary) references to "Direction" mean the Direction of 9th February 2022.

2.3 The Department for Education and the Council agreed a Memorandum of Understanding (MoU) which set out the anticipated implementation of the Direction. The MoU provided a blueprint for how the Council will implement the Direction arrangements, and formed an initial basis for the development of the Service Delivery Contract (SDC). The MoU provisions have been set out in a previous report to the Executive dated 7 June 2022.

2.4 The Children's Trust has been established as a wholly owned company Limited by guarantee and registered with Companies House. The Children's Trust will discharge the Council's children's social care operational functions on its behalf and in line with terms that will be set out in a Service Delivery Contract to be entered into with the Council, statutory responsibility for Children's Services remains with the Council. The resultant model is that of a collaborative council-owned trust.

**3.0 LEGAL ARRANGEMENTS**

3.1 The statutory framework for the establishment of the Children's Trust is set out in the Children and Young Persons Act 2008, which provided legal authority for the issue by the Secretary of State for Education of the February 2022 Revised Statutory Direction.

3.2 The establishment of the Children's Trust as a company limited by guarantee will require the Council to make formal arrangements within the company's constitution to enable it to operate with operational autonomy from the Council, with strategic and financial governance arrangements remaining as a collaborative working partnership.

3.3 The Council remains the lawful accountable body for the effective delivery of services for children, for promoting their welfare and wellbeing, and for improving outcomes. The Council is progressing the establishment of the Children's Trust, and contractual commissioning and service support arrangements which will facilitate the discharge by the Children's Trust of a wide range of children's social care functions including key functions under the Children Act 1989 in line with the Direction.

3.4 The Bradford Safeguarding Partnership retains its role in ensuring the effectiveness of co-operation between agencies in safeguarding and promoting the welfare of children and young people.

3.5 The proposed governance arrangements relating to the Council and Trust interaction for the Service Delivery Contract (SDC) are set out in draft in Appendix 1 and have been developed in line with the principles set out in the MoU. As the MoU is not a legally binding document, on the establishment of the Children's Trust the MoU will 'fall away'.

3.6 The continuing relationship between the Council and the Secretary of State in the delivery of Children's social care services will be described in a

Governance Side Agreement (GSA) between the DfE and the Council. The GSA will automatically terminate on the expiry of the Intervention Period.

3.7 The GSA sets out how the reserved matters will be operated during the intervention period, both with regard to the service contract for the delivery of the social care services, and how the Council and Secretary of State will approach the corporate governance of the Children's Trust company.

Reserved powers continue during the intervention period and will include rights that will relate to the appointments of the Chair and the Chief Executive, the Council's "reserved matters" under the Articles of Association and also to specific reserved matters arising under the Service Delivery Contract between the Children's Trust and the Council. Discussions on the GSA have started and continue with no major points of difference.

**4.0 PROGRESS MADE TO DATE**

4.1 A robust programme was set up to deliver the Children's Trust, with activities arranged into 11 work streams, each with a Council and Trust lead and a work stream plan. The focus of the plans are on project deliverables that have been identified as critical to the success of establishing the Children's Trust by the 1st April 2023 and co-ordinated by a series of work stream meetings. An operational programme board, supported by PricewaterhouseCoopers LLP (PWC) who are providing programme management support and the provision of Subject Matter Experts with experience of establishing Children's Trust and in relation to ERP systems, their support has been agreed and financed by the DfE. A monthly steering group is chaired by the Associate Commissioner and attended by senior officers from the Council, the Children's Trust and the DfE.

Overall progress to date is on track and in line with the programme plan and a programme rhythm has been established which allows critical oversight from key stakeholders, this is proving effective in monitoring progress and mitigating key risks and issues. The programme is now moving into the mobilisation stage and is finalising the remaining legal and commercial issues.

4.2 The Children's Trust has been established with Companies House as a wholly owned company limited by guarantee and it is proposed that the Company will then be registered post 1st April 2023 as a Community Interest Company (CIC).

The Children's Trust is now formally named and registered as "The Bradford Children and Families Trust" (BCTF) with the relevant domain name secured. Branding and logo work has been completed.

4.3 The Children's Trust Board is now fully established and its committee structure is in place. The Trust Board members are:

- Eileen Milner – Chair of the Board
- Nigel Richardson – Non - Executive Director
- Tracey Dennison – Non - Executive Director
- Anne Longfield – Non - Executive Director
- Stuart Proud – Non - Executive Director
- Darra Singh – Non - Executive Director
- Sarah Muckle – Director of Public Health (Council nominated Non - Executive Director)
- Fazeela Hafejee – AD Adults with disabilities (Council nominated Non - Executive Director)
- Chief Executive: Sally Hodges (interim) Charlotte Ramsden (Perm 20 February 23)

Other Executive officer appointments will be made as the Trust appoints to other key roles.

Key officer permanent appointments have also now been made in the Trust:

- Charlotte Ramsden – Chief Executive
- Julie Crellin – Finance & Resource Director.

4.4 The Children's Trust Scheme of Delegation is in development and work is ongoing between the Children's Trust and Council in relation to contract procedure rules and financial regulations.

4.5 Work continues to progress in relation to Ofsted registration for children' homes, fostering and adoption.

4.6 Good progress is being made in respect of contractual arrangements and legal documentation, with the majority of commercial terms now agreed between the Council and the Children's Trust. It is anticipated that the final outstanding matters will be agreed by the end of February 2023.

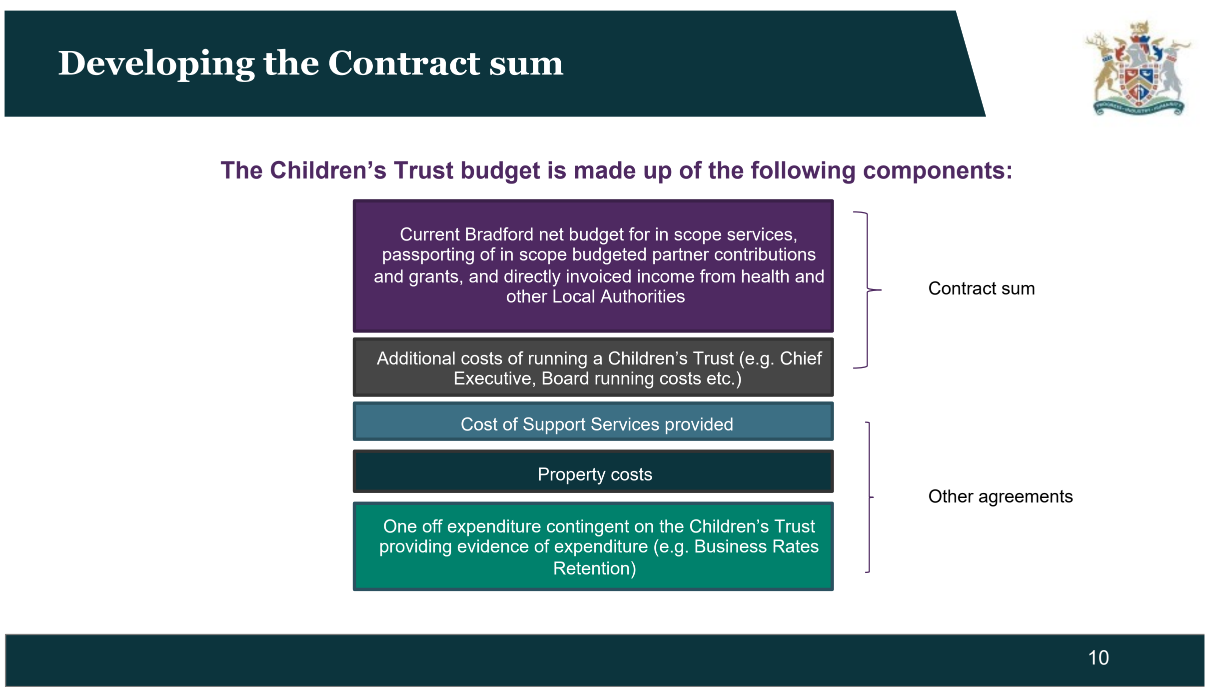
4.7 Work continues in relation to staff TUPE and this is on track to be completed in the required timescales. Discussions with staff groups and trade unions are constructive.

4.8 The Trust HQ has been agreed as Sir Henry Mitchell House and work is taking place to ensure occupation in the lead up to the 1st April 2023.

**5.0 Finance and Commercial agreement**

5.1 Finance and commercial arrangements have been identified as a high risk area within the programme of work. It should be noted that this is a common situation when compared with other Children's Trust programmes at a similar timescale.

5.2 All practical financial arrangements (bank account, registrations, insurances, pensions etc.) are at a good state of progress and the principles of how the contract sum will be calculated have been agreed, as set out in the diagram below:



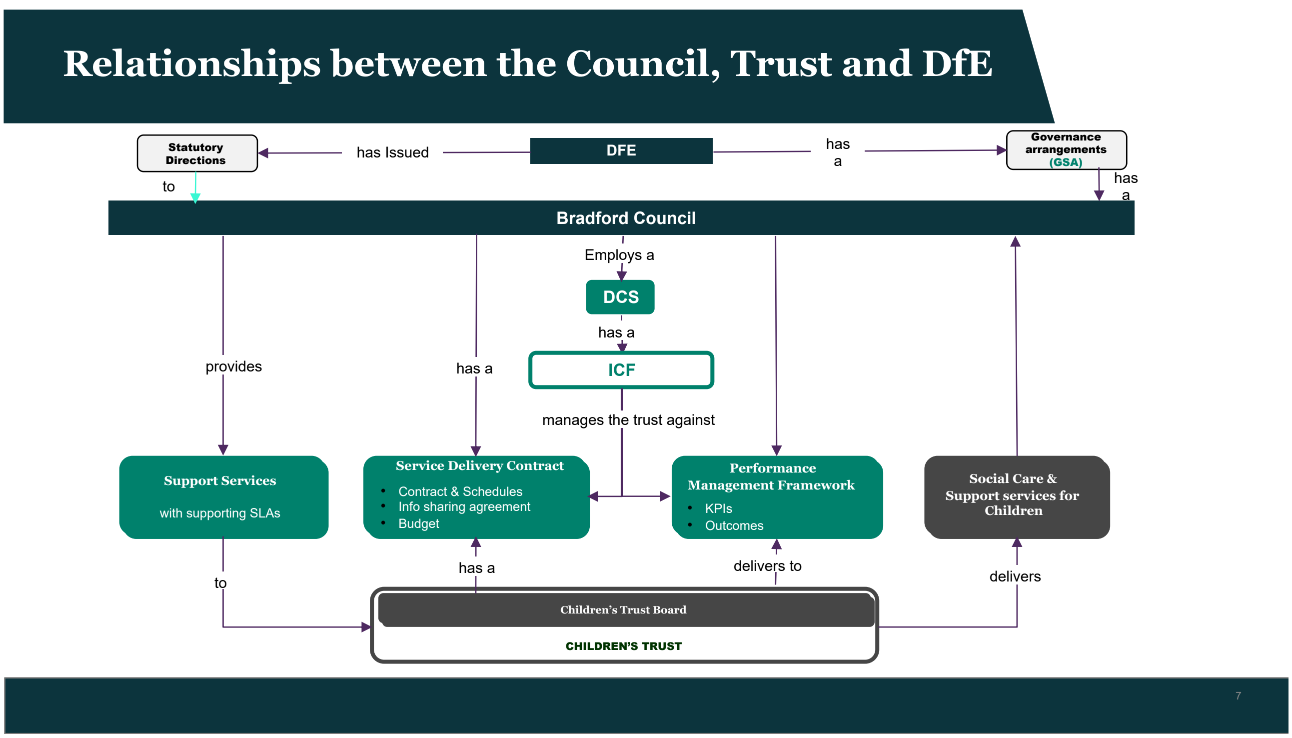

5.3 There is on-going concern in relation to the cost of establishing the Trust and appropriate commercial arrangements (contract sum) given the rising pressures on Council funding in respect of the cost of living crisis, rising energy and other costs and continuing demand pressures in both Children's and Adult social care which has to be carefully balanced to ensure other services can continue to be delivered effectively to residents across the district. Therefore, commercial negotiations continue with the Trust and DfE and supported by colleagues from DLUHC.

5.4 These negotiations will continue and will be considered as part of the Councils on-going budget proposals for 23/24.

## 6 Children's Trust proposed future governance arrangements

6.1 The Children's Trust will be a wholly-owned subsidiary company of the Council, with operational independence from the Council in respect of the day-to-day management and performance. The Trust will be overseen, managed and regulated by the Council in line with the contract that is being developed and that will be entered into between the Council and the Trust. The Council will remain the statutory body responsible for children's services and will be the accountable body in relation to Ofsted inspections.

6.2 The following diagram sets out the relationships between the Children's Trust, Council and the DfE:



6.3 Under the Service Delivery Contract (SDC), the Trust will act as the operational provider and will primarily deliver specified children's social care services for which the Council remains statutorily responsible (the scope of which will be set out in the SDC and related DfE Statutory Directions). The SDC consists of a set of core legal terms and conditions setting out how the provision of the Services will be managed and monitored during the term of the SDC.

6.4 There are four fundamental schedules, namely the:

- Services Specification, which details the services to be delivered by the Trust.
- Governance Arrangements, including joint meetings and other reporting requirements.
- Performance Framework, which specifies performance measures and associated targets, their reporting frequency and escalation process for when performance issues occur; and,
- Financial Mechanism, which set out the management of financial arrangements.

6.5 These primary schedules are fundamental to governing the relationship between the Council and the Trust, monitoring the activities of the Trust, the management of the financial arrangements and facilitating the Trust 's role in the Council's democratic process. The proposed Governance Schedule is set out in draft at Appendix 1, and are subject to final agreement between the Council and the Trust.

## 7.0 ACTIONS FOR THE NEXT PHASE

The final phase of the Children's Trust development programme has commenced and an update is set out below.

## 8.0 Planning for mobilisation of the new arrangements

Mobilisation planning needs to include core activities both in the Children's Trust and the Council. For the Council this will include putting in place Intelligent Client / commissioning arrangements to oversee the SDC and to coordinate Trust related activities. The Council will also need to undertake some mobilisation activity for a number of support services, where these are being provided by the Council to the Trust through SLAs. Mobilisation activities for the Trust will include parallel payroll runs, preparation for staff TUPE and oversight of the required changes to the ERP systems.

Mobilisation planning and oversight is being coordinated through the current programme governance arrangements.

**9.0 Finalisation of the remaining commercial and legal issues**

There are a number of remaining commercial issues relating to the contract arrangements which will continue to be subject to negotiations over the coming weeks.

**10.0 Establishment of the commissioning (intelligent client function) in the Council**

The establishment of the Children's Trust requires a set of new arrangements, including governance and reporting within the Council. The intelligent client function (ICF) or commissioning function, is responsible for ensuring effective governance in line with agreed governance arrangements, reviewing capacity and demand in the system and strategic alignment. The aims of the ICF is to ensure the delivery of required outcomes as well as providing an understanding of the service areas and subject matter expertise to the Council. Work is currently taking place to assess best options and approaches to fulfil these functions

**11.0 FINANCIAL & RESOURCE APPRAISAL**

The Council budget for 2023/24 includes £170m for the provision of Children's Services. Discussions continue with the Trust and the DfE to agree the level of and the funding for the contract sum.

**12.0 RISK MANAGEMENT AND GOVERNANCE ISSUES**

12.1 The main risk management and governance issues, and their current mitigations are identified below at paragraphs 12.2 to 12.6.

12.2 **Slippage**: PWC will play a critical role in managing the overall programme and applying their specific skills, knowledge and expertise in managing complex programmes and establishing trusts/company arrangements

12.3 **Appointments to Critical roles in the Children's Trust**: the appointment of the right people to both critical roles within the Trust and as specialist advisors to it, will be essential for the success of the Trust in delivering

Children's Services improvement. Recruitment processes have been established in order to attract and appoint the right candidate.

12.4 **Workforce stability**: over the past 3-years there has been significant volatility and turnover of employees and agency workers within the service. Targeted recruitment campaigns are planned which will emphasise the opportunities within a new Children's Trust, these have already been established and progressed with success within the Council.

12.5 **Slippage in improvement programme**: the establishment of the Children's Trust may potentially divert attention and resource away from delivery of the improvement programme. Separate roles and responsibilities have been established to focus upon business as usual; the improvement plan and establishing the Trust to mitigate this risk.

12.6 **Interim leadership in service**: the current leadership team has a number of interims, although recruitment has already commenced to secure permanent resource.

**13.0 LEGAL APPRAISAL**

13.1 This report summarises the legal arrangements for the Children's Trust and outlines progress for the delivery of the relevant Council's child-centred statutory functions. The legal arrangements include:

- Creation of the new Children's Trust as a company limited by guarantee that will be wholly owned by the Council;
- Provision of an effective corporate governance structure to ensure governance of its activities by both the Council and DfE;
- Provision of a contractual commissioning framework enabling delivery by the Children's Trust of their responsible services and the necessary corporate support from the Council's resources to enable the Trust to effectively undertake this role.
- The transfer to the Trust of the employment contracts of appropriate Council staff under the provisions of TUPE
- Virement of the Council's current relevant supplier contracts to the Children's Trust
- The grant of any leases and tenancies of properties required to enable delivery of the transferred services.

13.2 The proposed governance arrangements for the Trust in respect of the contractual arrangements are set out in draft at Appendix 1 of this report and comply with relevant local government statutory requirements constitution and general administrative law principle's such as transparency.

13.3 Additionally, this report requests delegations to officers to approve the adoption of the new Articles of Association, which are near agreement, and sign any required written resolution which will enable adoption of the Articles of Association for the Children's Trust.

## 14.0 OTHER IMPLICATIONS

## 15.0 SUSTAINABILITY IMPLICATIONS

There are no direct implications from this report.

## 16.0 GREENHOUSE GAS EMISSIONS IMPACTS

There are no direct implications from this report.

## 17.0 COMMUNITY SAFETY IMPLICATIONS

There are no direct implications from this report.

## 18.0 HUMAN RIGHTS ACT

There are no direct implications at this time. The Convention rights of the children, their parents and their carers in relation to the services to be provided to them by the Children's Trust will be protected in all the arrangements described in this report. Compliance with the United Nations Convention on the Rights of the Child (as a reference document for assessment of compliance with the Human Rights Convention) will be kept under review by the Council during the development process, and consideration will also be given to the need for any formal assessment such as the Child Rights Impact Assessment proposed by UNICEF.

**19.0 TRADE UNION**

The Trade Unions have been consulted as part of considerations regarding the potential scope of services to be transferred to the Children's Trust. A series of regular meetings have taken place and formal consultation is due to complete.

**20.0 WARD IMPLICATIONS**

There are no direct implications from this report.

**21.0 IMPLICATIONS FOR CORPORATE PARENTING**

There are no direct implications from this report. Corporate Parenting issues will be subject of specific arrangements between the Council and the Children's Company.

**22.0 ISSUES ARISING FROM PRIVACY IMPACT ASSESEMENT**

There are no direct implications from this report. A privacy impact statement will be undertaken as part of the arrangements to establish the Children's Trust

**23.0 NOT FOR PUBLICATION DOCUMENTS**

None

**24.0 OPTIONS**

24.1 This report is an update further to that agreed by the Executive on 7 June 2022 where the options were considered.

**25.0 RECOMMENDATIONS**

Executive are requested to:

- Note the update report and note the progress undertaken to date.

- Delegate to the Chief Executive in consultation with the Leader and the Portfolio Holder for Children and Families authority to take all steps to enable the Council to enter into the Service Delivery Contract and the Support Services Agreements, leases and all necessary associated agreements to enable the establishment of the Bradford Children and Families Trust and commence of the delivery of services.

- Delegate to the Chief Executive in consultation with the Leader and the Portfolio Holder for Children and Families authority to approve the adoption of the new Articles of Association and sign any required written resolution.

**26.0 APPENDICES**

Appendix 1: Draft proposed Trust Governance arrangements

**27.0 BACKGROUND DOCUMENTS**

7 June 2022 Executive report – Bradford Childrens Trust

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**Appendix 1: Proposed Draft Governance Arrangements:**

The previous executive paper provides summaries of the legal structure and the legal agreements that establish the Trust.

**Trust – Articles of Association**

The Trust has been established as a company limited by guarantee, (which will also be registered as a Community Interest Company in due course), wholly owned by the Council as a not-for-profit organisation, established with a board of directors. The Trust will operate on the basis of its Articles of Association, which is its main governing instrument and covers amongst other matters the following: constitution of the board; appointment and removal of Directors; Director remuneration; Business Plan development process; Conflicts of Interest; Member/Sole Owner decisions (such as reserved matters); and other company law matters.

The Trust is subject to the Council's strategic, governance and financial control through an annual business planning process and certain decisions which require the Council agreement (as sole member/owner to facilitate the Council being able to exercise a sufficient degree of control to satisfy the Teckal compliance requirements (under Regulation 12 of the Public Contracts Regulations 2015).

**Council – Corporate and commissioning contract governance**

There are two key aspects of the Trust and Council's governance and oversight of the relationship with the Trust including:

1. **Corporate governance** – to maintain the Council's oversight and fulfil its obligations as sole owner of the Trust. The Council's exercise of its rights as a member of the company is an executive function and one of the key points for consideration is where this function will be exercised. Set out below is reference to the establishment of a sub group for the Executive to review and consider the exercise of the Council's functions as a sole member of the Trust Board.

   In addition to having certain consent rights under the Articles of Association such as over the appointment of Trust Board Members and the exercise of certain reserved matter rights, the Council will have two Council nominated representatives (appointed as Non-Executive Directors) to the Trust Board.

2. **Commissioning contract governance** – through the intelligent client function, the Council is to operationally manage its commissioning relationship for the provision of children's social care by the Trust. Intelligent client – the means by which the Council engages with the Trust, including how it supports the nominees and directors appointed to them, as "client", is an important factor and has a bearing on where roles and responsibilities are best allocated. The Intelligent Client function is responsible for monitoring the KPI's and key strategic visions of the Improvement Plan and determining where and how improvements will operationally occur

The commissioning contract governance arrangements are facilitated by the provisions in the Service Delivery Contract including key schedules such as the Annual Review; Service Specification; Performance Management Framework; Change Control Procedure; Dispute Resolution Procedure and Governance Arrangements schedule itself.

The key forums between the Trust and Council for oversight of the Service Delivery Contract are the Strategic Joint Working Group and the Operational Joint Working Group, which are joint officer groups of the Trust and the Council as described in further detail below. This Schedule also incorporates reference to Trust's attendance at Council Democratic Meetings, Statutory Boards and Partnership Meetings.

Alongside the development of structures and processes to discharge the above governance functions, the Council will continue to engage with the development and delivery of the Improvement Plan.

**Proposed governance structure to support the Trust and Council**

In addition to the detailed governance arrangements set out within the contract documentation, there are three key aspects to the structure that is being proposed:

i. Commissioning Contract Governance - operational arrangements in respect of the Trust through the establishment of a monthly joint officer group;
ii. Commissioning Contract Governance - the establishment of a strategic group to meet on a quarterly basis between the Council and the Trust;
iii. Corporate Governance: A Member Steering Board or Executive Sub Group to act as a member forum for more general Council strategic oversight, co-ordination and reporting.

**Operational Joint Working Group – monthly group.** The purpose of the Operational Joint Working Group is to provide oversight of the contract management and monitoring arrangements. The meeting provides an operational forum for both Trust and Council to discuss their respective performance and any associated issues holding each other to account in respect of such performance. Therefore, it is proposed that the operational group holds the key intelligent client functions and meets on a monthly basis.

This working group will consist of key operational officers responsible for the operation of the Trust services, the Council's officers engaged with the intelligent client function and able to consider matters which include the following:

(a) the Trust's performance of the Services in accordance with the Performance Framework, review and consider the Monthly and Quarterly Reports, and the Trust's performance against the Key Performance Indicators including discussions around reasons, mitigation and exacerbating factors;

(b) agreeing remedial actions pursuant to the Performance Framework that need to be taken by the Trust (including any applicable Action Plans) in order to address a particular issue;

(c) escalate matters to the Strategic Joint Working Group (where applicable) and matters referred to by that group;

(d) review and agree the draft Annual Report prepared by the Trust pursuant to the Annual Review and provide information held by the Council as required by the Trust to produce the Annual Report;

(e) provide a forum for mutual dependencies and cross-service issues to be discussed and resolved (including the Dependencies such as the SLAs), and agreeing remedial action plans around resolving performance concerns;

(f) discuss the finances of the Trust as appropriate and receive financial information pursuant to Schedule 5 (Financial Mechanism);

(g) provide a forum for the Parties to consider any central government policy objectives or other relevant regulatory guidance that may impact upon the Services; and

(h) review the actions arising from the previous Strategic Joint Working Group to the extent that Strategic Joint Working Group has made decisions on matters for Operational Joint Working Group implementation.

Membership is being confirmed and current proposals include:

- ICF Lead;
- Council Finance Lead;
- Council Representative (authorised representative under the Service Delivery Contract);
- Council's SLA lead;
- Trust's Director of Social Care;
- Trust Director of Resources
- Trust Representative/Chief of Staff

The Chair will be the Council's ICF Lead and the Deputy Chair will be the Trust's Director of Social Care. Decisions will be taken by majority voting with the Chair having the casting vote and terms of reference will include a process for escalation of disputes.

**Strategic Joint Working Group – quarterly group.** The purpose of the Strategic Joint Working Group is to provide strategic, political and executive oversight and scrutiny of the Trust's delivery of the Council's statutory functions, through regular periodic monitoring of performance (including financial), Change Control and Annual Review. The Strategic Joint Working Group will also provide a forum for any concerns with the Council's performance of its obligations under the delivery agreements, including the dependencies and also its performance of any retained statutory functions and/or services. The Strategic Joint Working Group is also a point of escalation for issues arising from the Operational Joint Working Group.

The officers who sit on the Strategic Working Group will not be the same officers who sit on the Operational Joint Working Group or the Trust Board. Membership is under discussion and may include: Lead Member for Children's Services; Director of Children's Services; Director of Resources Section 151 Officer / Monitoring Officer; Council's ICFLead; Trust Chair/Deputy Chair; Trust Chief Executive; Trust Director of Resources; Trust Director of Social Care and Trust Representative/Chief of Staff.

Matters to be considered by the Strategic Working Group are set out in the Service Delivery Contract terms of reference and include the following:

- consider any matters that are escalated to it from the Operational Joint Working Group;

- review the overall commissioning arrangements between the Parties;
- horizon scanning, including consideration of any national policy changes and associated consequences;
- ensure that the Services are being delivered in accordance with the Service Delivery Contract;
- ensure that performance is aligned with the Trust's Business Plan;
- review all relevant plans and notices issued pursuant to the legal agreements and where relevant discussing any changes to the Key Performance Indicators;
- agree and/or amend/modify the draft Annual Report and Business Continuity plan and convene conduct annual reviews, and consider whether any changes are required to the legal agreements and business plan;
- monitor the Trust's financial position against the Contract Sum;
- carry out the Contract Sum negotiations and any proposed In-Year Business Cases;
- review the performance of the Council Dependencies and any property arrangement with the Trust in which the Council is the landlord or licensor etc.;
- review relationships, partnerships and interdependencies;
- review appointments or other changes in personnel of the senior operational staff of the Council, any policies to be implemented which will affect the majority of Council staff, and staffing issues which have the potential to cause interruption of the Services; and
- monitor Teckal Compliance for the purposes of compliance with Regulation 12 of the Public Contracts Regulations 2015; make a determination of a Party's liability under the Service Delivery Contract in respect of a Loss not covered by the insurances.

**Steering Board/Executive Sub Group**

A Steering Board is proposed to consist of elected members of the Council. The Board will meet not less than quarterly and receive updates from the Strategic Board on progress across the improvement programme. The Steering Board will not have decision making powers and will be made up of members of the Executive.

There are two key functions of the Steering Board the first of which will be to act as a forum for consideration of matters which may require a Council / Executive decision or approval in its capacity as sole Member as referred to above as part of the Council's corporate governance arrangements (such as exercise of reserved matters and other decisions under the Articles of Association which require the Council approval as sole Member), as well as any matters relating to the Service Delivery Contract and SLA Agreement, which require Council agreement or review.

The second key function is to act as a forum in which the Council is able to consider and give direction to Council representatives on the Strategic Joint Working Group and officers on the overlap between the activities with the Council, and other projects being undertaken. This will help to ensure that the various strategic workstreams, such as housing, employment and skills, education, transport, health, and other social value synergies are being fully taken into account in how the Trust operates.

In relation to the making of actual decisions, the Steering Board will act in advisory and decision making capacity. Key matters will generally be referred to Executive for decision, such as the annual business and improvement plan, together with any other such strategic decisions that may be required. In due course, it may be desirable to identify and approve a more detailed terms of reference and delegation scheme for how matters referred to the Council are to be dealt with. This can be done after the Trust is established and early operational experience has been gained.

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