

Report of the Strategic Director - Place to the meeting of the Regeneration & Economy Overview and Scrutiny Committee to be held on 23 January 2018

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Subject:

PROPOSED FINANCIAL PLAN UPDATED 2018/19 TO 2020/21

Summary statement:

This report presents budget proposals pertaining to the Regeneration & Economy Overview and Scrutiny Committee which were approved for consultation by the Executive on 5 December 2017

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Place

Portfolio:

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1. SUMMARY

This report presents budget proposals pertaining to the Regeneration & Economy Overview and Scrutiny Committee which were approved for consultation by the Executive on 5 December 2017

2. BACKGROUND

During 2016, the Council embarked on an exercise to develop a financial plan to show how the forecast revenue budget deficit over four years would be closed. The plan was borne out of an extensive process of outcome-led planning, which focussed on the level of investment the Council intends to make in the activities and services which are most effective in delivering the Council's priorities.

As stated in the Medium Term Financial Strategy (MTFS) local government continues to face various challenges amidst a backdrop of uncertainty. As such, the four year plan needs to be monitored and action taken to reflect changes to the forecast position. The MTFS forecast a financial gap of £12.4m in 2018/19 rising to £20.1m in 2019/20 and a potential gap of £45.8m by 2023/24.

This report makes detailed proposals for refreshing the 2018/19 position and sets out the detailed plans for 2019/20.

For 2020/21 it indicates the level of affordable spending on Council priorities, and signals the need for continuing engagement with stakeholders in developing plans and proposals for those years.

3. MAIN MESSAGES

Since 2010, the Council has approved £255.8m of budget savings, and has invested £48.0m into priority areas largely to help cover the impact of demographic growth.

This report is the refresh of the financial component of the Council Plan 2016 to 2020 and aligns resources with priorities.

Social care in both adults and children's experience continuing pressure which has necessitated adjustments to the financial plan set in February 2017. The key message is spend on social care must be contained within the financial envelopes set otherwise there will need to be a severe curtailment of other services. The Chancellor's Autumn Budget 2017 was silent on the pressures facing social care.

In addition, there are savings for 2019/20 that are a continuation of 2018/19 proposals approved by Budget Council in February 2017 totalling £14.8m.

Due to new emerging pressures and changes to funding assumptions necessitating targeted investment, an emerging gap has required further new savings proposals totalling £2.8m over the two years (2018/19 £1.6m, 2019/20 £1.2m). New proposals pertaining to this Committee are set out in Appendix C.

The report also shows the forecast position for 2020/21 where there are indicative savings

required of £37.5m. The Council signed up to a four year settlement that guaranteed the level of Revenue Support Grant up to and including 2019/20 but the Council desperately needs some certainty on the future of local government funding in order to make considered decisions on the allocation of future resources to the Council Plan priority outcomes.

The budget savings requirement outlined are after an assumed increase in Council Tax of 4.99%¹ in 2018/19 (equivalent to £62.76 on a Band D property) with 1.99% of further increases for 2019/20 and 2020/21, and after the assumed implementation of a Council Tax Reduction scheme raising a net £3.4m on a recurring basis. (see section 5.11 for further details)

In total this financial plan incorporates savings of £30.7m over the two years 2018/19 (£7.1m) and 2019/20 (£23.6m).

4. NATIONAL CONTEXT AND IMPACT ON BRADFORD

4.1 Autumn Budget

The Council submitted a response to HM Treasury on the Autumn Budget. The Chancellor's Autumn Budget published on 22nd November has set out the fiscal policy direction of central government which aims to continue lowering public debt against a lowering of the forecast productivity growth and GDP growth. There was very little in respect of local government finance in the budget and no indication of the future of local government finance once the current four year funding agreements end in March 2020.

The reductions in future GDP growth impacts on future public sector debt levels and the level of public sector expenditure. The current Spending Review runs up to and includes 2019/20.

The key message is that there were no further cuts announced to local government funding but neither were there any new funds to tackle the growing demands and pressures.

4.2 Business Rate Reform

As reported previously the government was undertaking work on reforming business rates. This work consisted of three streams:

- Fundamental Review of Relative Need
- Reset of the Business Rates Baseline
- 100% rates retention

The Local Government Finance Bill fell on the dissolution of Parliament before the general election and did not feature in the June 2017 Queen's Speech. There are now strong indications that the Fundamental Review of Relative Need (or Fair Funding Formula) is being worked on with a possible implementation date from

¹ The 4.99% increase in Council Tax in 2018/19 is inclusive of a 3% Adult Social Care precept. It is currently unclear if local authorities with Adult Social Care responsibilities will be able to raise income through a Social Care precept from 2019/20 onwards.

April 2021.

Similarly, there are suggestions that whilst the move to 100% business rate retention is unlikely during this parliament there could be a move to say 75% rates retention without the need for primary legislation.

Given the inherent uncertainty about the final outcome and timing of these reforms this financial plan has made no assumptions on the impact of any business rates reforms on the Council.

4.3 Four year settlement

The Council agreed with DCLG a four year settlement that covers the years 2018/19 and 2019/20 in relation to the amount of Revenue Support Grant (RSG) the Council will receive. This agreement was always subject to change if exceptional circumstances arose and also there is no certainty yet on local government funding beyond April 2020. Notwithstanding the four year settlement, RSG only covers a portion of the income from central government and the local government settlement that follows the Autumn Budget may necessitate a revision to this financial plan.

4.4 New Homes Bonus

The actual baseline for 2018-19 will not be announced until the provisional settlement, and there is no indication of the level at which it will be set. The government consulted on further changes to the New Homes Bonus scheme (NHB) that may result in councils being penalised for successful planning appeals or not having an adequate Local Development Plan in place. The New Homes Bonus contained in this financial plan is based on a dead-weight of 0.4% and forecast growth in Band D equivalent properties.

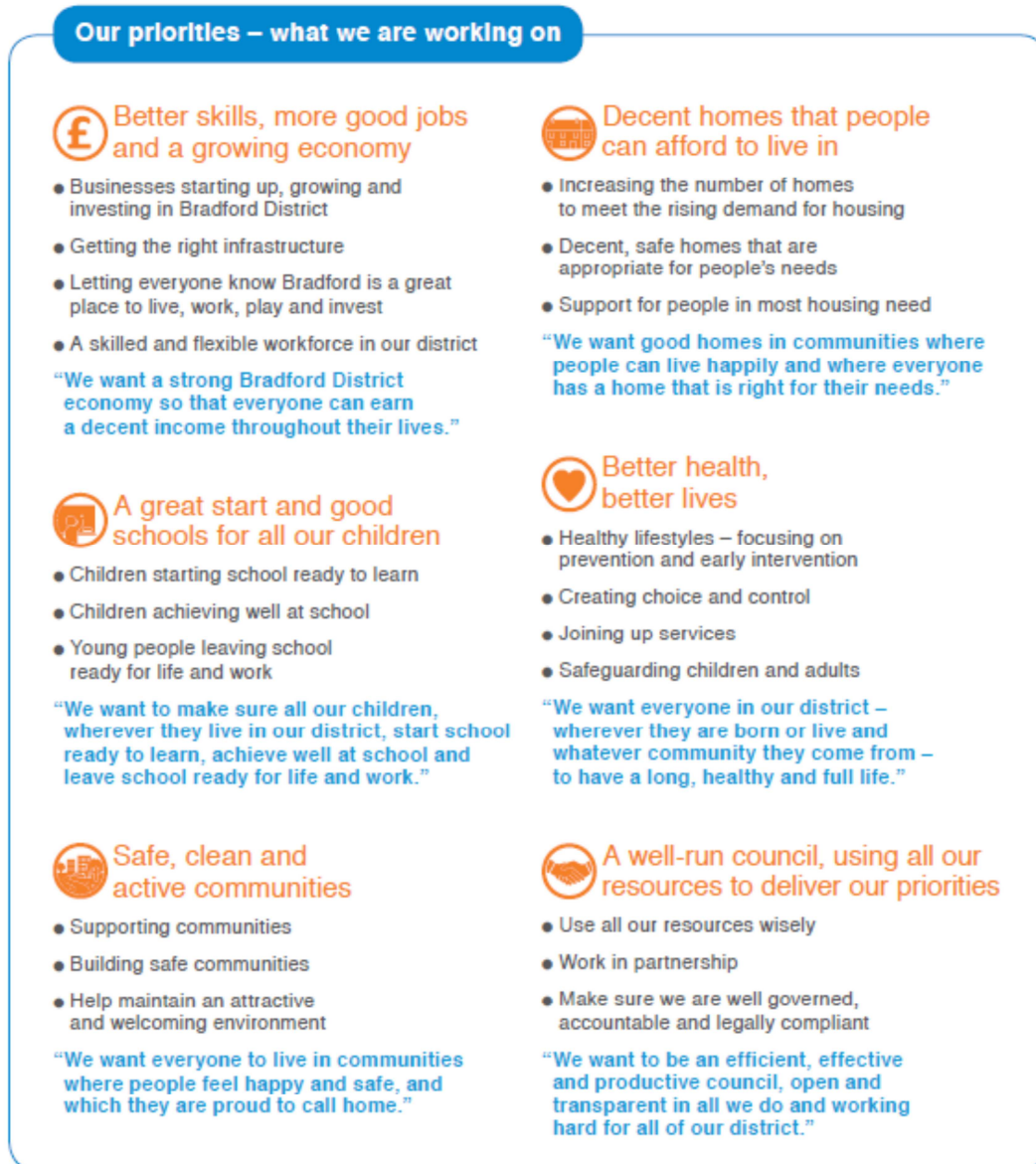
5. LOCAL CONTEXT

5.1 Local Context: Aligning Resources to Priorities & Performance

As the Council has repeatedly signalled over preceding years, the financial pressures arising from reducing budgets, increasing demand and rising costs mean that some areas of activity will no longer be viable in their current form. Some will have to be scaled back or cease entirely. Even priority activities will see budget reductions and will have to be run differently.

Under these circumstances, resources must be targeted increasingly on the activities, areas and people where investment will make the biggest difference to the District's future well being and prosperity. The Financial Plan is therefore aligned to the priority outcomes and activities identified in the Bradford District and Council Plans which are summarised in Fig. 1. This approach is consistent with previous years and progress across priority outcomes is summarised below.

Figure 1: Bradford Council Plan on a Page 2016 -2020



Extract from Council Plan on a Page 2016 - 2020

In relation to the performance on these outcomes the broad direction of travel for outcomes most relevant to this Committee is outlined below.

5.2 Better Skills, More Good Jobs and a Growing Economy

A growing and inclusive economy offering opportunities to all is the key to the District’s future prosperity and well being and to sustaining our ability to pay for good public services.

Our local economy is big and growing, worth £9.5 billion, with over 17,000 businesses and an expanding visitor economy worth £615m. The numbers of highly qualified people are increasing and employment rates are rising. However we need more jobs, higher productivity, higher levels of skills and improved infrastructure.

The Council is playing its part in supporting the delivery of new jobs and is on track to meet its current targets. Connecting more people to opportunity and employment

is central to our approach. For example, our five year programme to build capacity in anchor organisations in our most deprived communities is delivering innovative projects that further engage women in the labour market.

The Council has made significant investments in recent years in improved public realm, city centre regeneration, support for advanced manufacturing and with partners in delivering state of the art digital industries. Working with regional partners, we have secured new rail stations at Apperley Bridge and Low Moor and resources for vital road improvements in Keighley.

Our ability to compete with other cities and regions not just nationally but across the world, will be critical to our success. We are working hard to attract new jobs and investment by positioning and marketing Bradford District as a place to live, work, visit and invest in and by collaborating with partners across the region and with Government to secure the resources needed to improve economic infrastructure and an investment pipeline of projects for example, a high speed rail stop in Bradford.

This financial plan proposes the allocation of resources to help to realise our ambitions for economic growth, secure inward investment and sustain the Council's revenue base. Key components of the plan for growth are support for housing delivery, site development and business rates growth, promotion of the District's offer to investors and a fund to invest in income-generating assets.

These investments will support the expansion of the Council's revenue base enabling it to sustain valued services and improve outcomes in a way that is aligned with the economic strategy and that delivers social value.

A vibrant and attractive cultural offer is critical to our plans for growth and the proposed plan creates capacity for additional capital financing to support cultural and economic infrastructure.

5.3 Decent Homes That People Can Afford to Live In

The District requires significant numbers of new homes in order to meet demand. While overall housing stock has been increasing and Bradford is a high performer in terms of bringing empty homes back into use – although rates remain above average – a rapid acceleration in supply is needed. With the Local Plan now agreed, priority areas for investment and growth include the canal road corridor and the city centre.

Increasing the delivery of new homes not only helps to meet housing need and stimulate economic growth but can also increase Council revenue by increasing the numbers of households paying Council tax. Support for housing delivery is therefore a key component in the targeted plan to deliver growth as outlined in section 5.4.

Alongside building new homes to meet the needs of a growing population we need to ensure existing stock (mainly private sector stock) is safe and of good standard and the Council teams within Housing Standards, Private Sector Lettings and Empty Homes work closely with landlords to try and drive up standards. Bradford's legacy of a high proportion pre-1919 stock makes the task challenging.

Council resources are used to best effect to prevent and tackle homelessness. This continues to pose serious challenges to the Council but new ways of addressing this are being explored.

5.4 Safe Clean and Active Communities.

Bradford District is home to around 1,500 community groups and 100,000 active citizens who collectively represent one of our most significant assets. The Council has long worked closely in partnership with our communities to deliver good outcomes across the District and this continues to be the case for example, through the People Can initiative. Working collaboratively with communities is becoming an increasingly important part of the approach to dealing with diminishing financial resources. We are for example, seeing more and more people helping out to deliver services in their neighbourhoods and to take control of local assets through our Community Asset Transfer programme.

Waste and recycling are among the most highly valued universal services that the Council provides. Kerb side recycling rates have been improving and look set to increase further following the successful introduction of alternate weekly collections. In order to maintain the quality and coverage of services the Financial Plan proposes investment of £3m to deal with increasing disposal costs and pay for improvements to the waste collection fleet of vehicles.

5.5 New Investments

Detail of recurring and non-recurring investment/cost pressures are set out in Appendices A and B.

Key on-going investments include a further £3m is being invested into the universal service of waste collection and disposal to deal with increasing costs in this area.

Over the next three years money is being invested to set up a team to deliver a targeted plan to grow the Council's income, aligned with the economic strategy and to deliver social value.

6. ON-GOING BUDGET ENGAGEMENT AND CONSULTATION

The Council has duties to consult on the new and amended budget proposals for 2018/19 and 2019/20. The consultation is to understand people's views, which can be conscientiously taken into account in finalising the budget in February 2018. It is also an opportunity to increase public understanding of the scale of the financial challenge and why difficult decisions need to be made.

The consultation commences on publication of this report. Pro-active consultation activity will commence following this Executive meeting on 5th December 2017. This activity will then continue until 28th January 2018, to enable the feedback to be reflected in the papers that are published for the Executive meeting on 20th February 2018.

7. RISK MANAGEMENT AND GOVERNANCE ISSUES

The main risks to the financial plan are:

2017/18 financial performance is already indicating that some savings proposals are no longer achievable or behind plan. For savings that are deemed no longer practicable to achieve due to a change in external circumstances then this refreshed plan deals with those areas with new proposals that are being consulted on.

The net effect of these adjustments is a reduction in proposals of £6.0m.

The financial plan assumes that remaining savings that are currently behind plan will be fully back on track by 2019/20.

The Autumn Budget was published on 22nd November 2017 and will be followed by the Local Government Provisional Financial settlement (expected late December) this could have an effect on the current assumptions underpinning this financial plan. There could be changes to the actual forecast flow of specific grants or a revision to the assumptions. The Council has an agreed four year deal with DCLG on the level of RSG and 2018/19 and 2019/20 are the final two years

Economic forecasts suggest that inflation may rise further and/or interest rates may rise.

There has also been speculation about lifting the public sector pay cap but based on the Autumn Budget 2017 this financial plan assumes that this does not extend to local government. If the pay cap were to be lifted each 1% increase in the pay bill would add an additional £2.2m costs to the Council's pay bill (excluding schools).

Consultation outcomes may mean that specific proposals cannot be delivered or need adjusting.

8. LEGAL APPRAISAL

8.1 The Council must comply with all the legal requirements and local agreements to consult on proposals to change or withdraw services before the Council is asked to make any final decisions.

8.2 The legal requirements for a proper consultation exercise are as follows:

- consultation must be at a time when proposals are at a formative stage;
- sufficient reasons for the proposals must be given to allow intelligent consideration and response;
- adequate time must be given for a response; and
- the product of the consultation must be conscientiously taken into account before the decision is made.

8.3 Section 149 of the Equality Act 2010 (the public sector equality duty) provides that:

(1) A public authority must, in the exercise of its functions, have due regard to the need to—

- (a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;
- (b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;

- (c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.
- (2) A person who is not a public authority but who exercises public functions must, in the exercise of those functions, have due regard to the matters mentioned in subsection (1).
- (3) Having due regard to the need to advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it involves having due regard, in particular, to the need to—
- (a) remove or minimise disadvantages suffered by persons who share a relevant protected characteristic that are connected to that characteristic;
 - (b) take steps to meet the needs of persons who share a relevant protected characteristic that are different from the needs of persons who do not share it;
- (c) encourage persons who share a relevant protected characteristic to participate in public life or in any other activity in which participation by such persons is disproportionately low.
- (4) The steps involved in meeting the needs of disabled persons that are different from the needs of persons who are not disabled include, in particular, steps to take account of disabled persons' disabilities.
- (5) Having due regard to the need to foster good relations between persons who share a relevant protected characteristic and persons who do not share it involves having due regard, in particular, to the need to—
- (a) tackle prejudice, and
 - (b) promote understanding.
- (6) Compliance with the duties in this section may involve treating some persons more favourably than others; but that is not to be taken as permitting conduct that would otherwise be prohibited by or under this Act.
- (7) The relevant protected characteristics are—
- age;
 - disability;
 - gender reassignment;
 - pregnancy and maternity;
 - race;
 - religion or belief;
 - sex;
 - sexual orientation.

Officers have prepared equality impact assessments on the proposals to assist elected members in having regard to this duty.

These are accessible via this link: <https://www.bradford.gov.uk/your-council/council-budgets-and-spending/equality-impact-assessments/>

- 8.4 Section 3(1) Local Government Act 1999 imposes a duty on local authorities to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness. Section 3(2) requires local authorities to consult representatives of
- persons liable to pay any tax in respect of the authority
 - persons liable to pay non-domestic rates
 - persons who use or who are likely to use services provided by the authority,
 - persons appearing to the authority to have an interest in any area within which the authority carries out functions

for the purpose of deciding how to fulfil the duty imposed by Section 3(1).

- 8.5 Pursuant to Section 188 Trade Union and Labour Relations (Consolidation) Act 1992 (TULRCA 1992) the Council as employer is required to consult the recognised Trade Unions where there is a proposal to dismiss by reason of redundancy (which includes voluntary redundancy) 20 or more employees at an establishment within a period of 90 days or less. If 100 or more employees are at risk of dismissal by reason of redundancy at any one establishment within a period of 90 days or less the consultation must begin at least 45 days before the first of the dismissals takes effect.
- 8.6 Where a proposal gives rise to a transfer under the Transfer of Undertakings (Protection of Employment) Regulations 2006, trade union consultation will be carried out in accordance with those Regulations.

9. OTHER IMPLICATIONS

9.1 EQUALITY & DIVERSITY

Each proposal is subject to an Equality Impact Assessment, which will be developed through the consultation period. These are accessible via this link <https://www.bradford.gov.uk/your-council/council-budgets-and-spending/equality-impact-assessments/>

Elected Members should consider the Equality Impact Assessments in full.

The consultation period 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.

9.2 SUSTAINABILITY IMPLICATIONS

There are no direct sustainability implications resulting from this report.

9.3 GREENHOUSE GAS EMISSIONS IMPACTS

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

9.4 COMMUNITY SAFETY IMPLICATIONS

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

9.5 HUMAN RIGHTS ACT

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

9.6 TRADE UNION

In accordance with the requirements of Section 188 Trade Union and Labour Relations (Consolidation Act) 1992, consultation with the Trade Unions will commence on 27th November 2017.

The **new** proposals provided to the Trade Unions highlight the areas where staff could be at risk of redundancy and show that the proposed likely full time equivalent (FTE) reductions in a number of areas is calculated to be 85 FTEs reductions for 2018/19 and 68 in 2019/20. This is in addition to the proposed 107 FTEs reductions for 2018/19 about which the Council commenced consultations with the Trade Unions on 28th November 2016. These numbers also exclude the 240 FTEs in relation to the proposal on Prevention and Early Help announced on 30th October 2017. 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.

Senior Management will be explaining the proposals in more detail to the Trade Unions at the Trade Union meetings scheduled to take place from 7th December 2017.

Equality Impact Assessments (EQIA) are being prepared on all proposals that have a staffing implication, these will be available as part of the consultation process. All information from individual EQIAs will feed into an overall Corporate EQIA.

Staff will also be briefed on the proposals.

10. NOT FOR PUBLICATION DOCUMENTS

None.

11. RECOMMENDATIONS

- 11.1 It is recommended that members of the Committee note the budget proposals and provide comment to inform the consultation process.

12. APPENDICES

Appendix A: Recurring pressures and investment proposals

Appendix B: Non recurring investment proposals

Appendix C: New Proposals Open for Consultation until 28th January 2018

Appendix D: Schedule of 2019/20 proposals open for consultation until 28th January 2018 (2018/19 for reference only)

13. BACKGROUND DOCUMENTS

Proposed Financial Plan updated 2018/19 to 2020/21 – Executive, 5th December 2017

Medium Term Financial Strategy 2018/19 to 2020/21 and beyond – Executive, 11th July 2017

Mid-Year Finance and Performance Statement for 2017/18 – Executive, 7th November 2017

Appendix A

Recurring pressures and investment proposals pertaining to Regeneration & Economy O&S Committee

(impact is shown on an incremental basis)

Ref.	Description of proposal	2018-19 Impact £'000	2019-20 Impact £'000	2020-21 Impact £'000
	Better Skills More Jobs & a Growing Economy			
	Funding for Growth Initiative	750	0	0

Appendix B

Non-recurring investment proposals pertaining to Regeneration & Economy O&S Committee

(impact is shown on an incremental basis)

Ref.	Description of Option	2018-19 Impact £'000	2019-20 impact £'000	2020-21 impact £'000
	Better Skills More Jobs			
PNR5.2	Temporary funding for markets	0	636	(611)

Appendix C

**New proposals open for Consultation until 28th January 2018 pertaining to
Regeneration & Economy O&S Committee**

Ref	Proposal for Change	2018/19 £'000 Impact	2019/20 £'000 Impact	Equalities impact on the Equality Duty protected characteristics & low income groups	Mitigation	EIA
Better Skills, More Jobs and a Growing Economy						
5E1	Museums and Galleries – Review of service to include potential for income generation, service efficiency and integration and remodelling of operational delivery	0.0	260.0	No impacts identified	N/A	5E1

Appendix D

Schedule of 2019/20 proposals open for consultation up to 28th January 2018 (2018/19 for reference only) pertaining to Regeneration & Economy O&S Committee

REF	Proposal for Change	2018/19 £'000 NOT subject to consultation	2019/20 £'000 Impact	Equalities impact on the Equality Duty protected characteristics & low income groups	Mitigation	EIA
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Better Skills More Jobs and a Growing Economy

4E7	Remodel of Visitor Information & frontline service - reduce the number and/or size of Visitor Information Centres (VICs), moving to a more digital basis promoting the district to target audiences, with the potential for VIC information points as co-located provision.	50.0	50.0	The Council recognises that any move toward increasing dependency on digital/online access to Services or information may potentially have a detrimental impact on residents who do not have English as a first language or who don't/can't access IT. Making services available electronically could impact on those unable to access due to ability or lack of available technology.	Alternative options including visitor information points, taking information to the visitor and support from local voluntary groups and businesses.	4E7
4E8	Events and Festivals – review to develop a more sustainable and balanced events programme	150.0	150.0	Potential for greater impact on people of low income / low wage. The events are primarily free to attend and any reduction in their delivery could reduce the opportunity for people to attend cultural activities.	Review of Events and Festivals framework is on going and will take into account the protected characteristics to mitigate any disproportionate impacts.	4E8
4E9	Libraries – reduction in the number of libraries directly provided by CBMDC. Further investigation of potential	100.0	950.0	Potential reduction in the number of libraries directly managed by the Council may impact on those groups, young and old or low income/low wage that have no alternative access to information or	Consultation with and support for communities to help develop proposals and implementation of models of community management outside Council control.	4E9

REF	Proposal for Change	2018/19 £'000 NOT subject to consultation	2019/20 £'000 Impact	Equalities impact on the Equality Duty protected characteristics & low income groups	Mitigation	EIA
	for alternative delivery models			educational/reading materials through other sources (eg on-line, purchased) or use libraries as social gathering points.		
4E10	Theatres and Community Halls – Halls to be transferred through Community Asset Transfer. Theatres to generate greater income	130.0	130.0	The theatres are run for all people within the district and further afield, this would be the case regardless of reduction in budget. Reduction in budget could potentially lead to the need for increased ticket costs; additional booking fees or levies and therefore could mean low level of negative impact to the low income / low wage protected characteristic.	Income generation will be sought, in the first place, by increasing optional commercial opportunities and increasing ticket sales volumes.	4E10
4R13	Economic Development Service – reduction in City Park sinking fund (fund set aside to fund future expense), matched funding for European Strategic Investment Fund programmes. Remove support for B-funded community funding information website	0.0	26.0	The savings may have a low impact on low wage/low income people where job opportunities are impacted.	Targeting areas of economic under performance, and by prioritising target groups in service promotion and skills development.	4R13

