

**A balanced budget: Bradford Council Executive's Budget and Council Tax Proposals for 2018/19 and 2019/20**

**Amended Budget Recommendation to Full Council**

**20 February 2018**

## Leader's Message

The Government's cuts continue to be hard on the people of Bradford District and this budget inevitably reflects that position. In 2013/14, the government gave Bradford a core grant of £183 million to fund local services across the district. By 2020, they will have cut that to zero. Every resident has been affected in one way or another, wherever they live.

Despite this, as a council we remain committed to maintaining the best possible services that we all rely on. We want to make the best use of our shrinking funds to support local people and to provide the best environment for businesses to grow, prosper and employ people.

We have a track record of delivering value for money. A recent independent study of local authorities by Impower rated Bradford Council as tenth best in the country for achieving value for money. We will continue to spend every penny wisely and well for the district.

As in previous years, our consultation process has been genuinely useful in listening to everyone's views about how we, as a district, should face up to the government cuts. And as in previous years we've heard from many residents. All care passionately about services important to them. We have also heard from partner organisations who play such a valuable role in the success of this district. We have considered each and every comment.

In any other era in local government we wouldn't be suggesting cuts to these services. However these are unprecedented times of Government austerity. After seven years there is no corner that has not been cut or restructured to save money. At the same time as the cuts, we face rising demands on services and rising inflation. Standing still is simply not an option.

Alongside its ongoing funding cuts, the government has again told us that we can increase council tax. The vast majority of councils in the country are set to propose the maximum permitted rise of 2.99% plus a 3% precept ringfenced for adult social care. Few of us have any other choice. It brings us no satisfaction to do this. We are well aware that household budgets are stretched as we head towards a full decade of government austerity. We also believe that council tax is a regressive tax.

It's wrong that richer parts of the country can raise much more for their services by increasing council tax than we are able to – a 1% council tax rise in Bradford generates just £1.8m but in wealthier areas it raises several times that. We will continue to call on the government for an equitable system which places less burden on the council tax payer.

In the days when this council had more significant core funding from government, social care was a lesser element of our budget. However our vital support for vulnerable children and adults has now proportionately increased to account for almost half of our spending. This leaves less and less funding for all the other "visible" council services people have rightly come to expect and rely on.

I am determined that we will overcome these obstacles. Bradford District is a rich, diverse place with a young population located in the heart of the north of England. We have all the right ingredients to succeed. I want us to strive for inclusive economic growth, not simply preside over cuts enforced on us.

That's why we are taking a number of actions designed to get the district moving and the local economy thriving. We have now implemented our new Social Value policy, which could increase the council's spend with local businesses by over £40m and stimulate more economic activity while rewarding good corporate social responsibility. This is an example of how the council can show leadership and shape the place in a positive way.

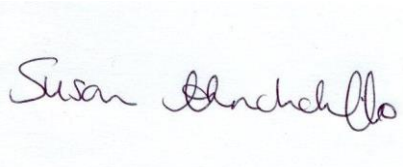
Through this budget we are also investing an additional £750,000 to boost the local economy, which includes setting up a new housing and development team to speed up the delivery of development in the right areas, with a primary focus on brownfield sites. This will help to create jobs and do more locally to address the national housing crisis. There's a great social purpose in ensuring everyone has a decent affordable home to live in and we are committed to tackling that issue head on while boosting the economy in an inclusive way. We are going for growth.

The importance of a thriving local economy is more important than ever as the government withdraws its funding. It was pleasing when Bradford was recently named by Barclays Bank as the best place in the country to start a business and we must build on that growing reputation. It's vital that we build strong business growth. We have enjoyed recent notable successes in this area since we published our initial budget proposals in December: firstly we were successful in our bid for a Leeds City Region business rates retention pilot which will generate new one-off business rates income for the next year; in addition to that we have also raised more in Bradford from business rates than projected. Together this has generated additional funding for us to invest this year in areas which are most in need.

As we are in receipt of this improved business rates income, today therefore we are proposing to invest £1m in Early Help to support this important area of work should it transition to a new way of working, and we are going to make a significant further investment in children's services with £450,000 a year for children's social work to provide for the growing numbers of children who need care and support. We're showing that where Government have failed to listen, we will listen. We are putting our money where our mouth is investing these additional monies in the priority areas of children's and adults social care.

We have huge ambitions for the district. We have lots to look forward to including major regeneration and infrastructure projects, growing arts and cultural opportunities and this year we launch a major new economic strategy for the district.

Through the People Can campaign and our Education Covenant we are asking local people and businesses to join with us in building resilience against the public sector cuts we are all faced with. We, in the Bradford District, have a pioneering history and we will use our pioneering spirit to build our future. We will move forward together with confidence.

A handwritten signature in blue ink that reads "Susan Hinchcliffe". The signature is written in a cursive style and is positioned above a faint, light blue rectangular stamp.

**Councillor Susan Hinchcliffe, Leader of Bradford Council**

## **1. Introduction**

This document is the Executive's amendment to the budget proposals detailed in Document AZ. The Executive makes these recommendations in light of developments since our initial proposals were published, including our careful consideration of the consultation feedback and the changes to local government finance outlined in the Provisional Local Government Finance Settlement announced by the government on 19 December 2017.

We would like to thank everyone who has taken time to comment on the proposals during the consultation period. We have listened to all comments and taken that feedback on board when considering these difficult decisions we are confronted with due to the ongoing government cuts.

We understand that local people and businesses value council services and they quite rightly expect services of the highest standard. We understand that ceasing, reducing or changing services can have a significant impact on residents, businesses and partner organisations and we have paid due regard to the equality impact assessments for all proposals. In particular we have received a large number of comments relating to children's services and early help (a proposal which is subject to separate consultation), libraries and the proposed council tax increase. We have received a lesser number of comments relating to a wide range of other proposals, such as adult and respite services, the youth service, museums and galleries and street cleansing services, to name a few. All comments have been taken into consideration.

The cumulative impact of so many years of central government funding cuts means we have ever reducing options. However, through our proposals and these amendments we are making every effort to mitigate against the worst impacts of the government cuts and to support our high ambitions for the district.

## **2. Financial context**

Bradford Metropolitan District Council delivers vital public services to people across the Bradford District. The council provides universal services for all residents and targeted services for children and adults in need of support wherever they live in the district.

Central government has cut its funding to the council every year since it started its national austerity programme some seven years ago. This austerity continues to this day and still shows no sign of ending. The government's Revenue Support Grant to the council was £183m in 2013/14 and is being cut down to zero by 2020. Bradford Council's net budget in 2020 will be around half what it was in 2010 in real terms.

As a result Bradford Council has had to announce cuts of £262m since 2011 up to and including 2018/19. More than half of the total has related to cuts in management and administration costs, improving efficiency and renegotiating contracts.

Through our People Can campaign, the council has focused on working in partnership with communities. Wherever possible we aim to empower local communities to have a greater say, involvement in and control over the running of the services they value.

The government's long-running policy to spend less on funding our local services has coincided with rising demand for those services, due to factors such as a growing and ageing population and an increasing number of children needing care. This is a trend seen across the country. The Local Government Association (LGA) has warned that the pressures facing children's services are becoming unsustainable nationally with a £2bn funding gap expected by 2020.

As an Executive we are aware that austerity itself has also fuelled the rising demand for public and third sector services across the country. The council has worked hard to mitigate the effects of national austerity cuts and this Executive will continue to explore ways of doing so.

Council tax has historically formed a smaller proportion (around 35%) of the council's income, with government funding having covered the majority of the council's budget for delivering services. However the council is increasingly reliant on council tax and business rates income to fund the public services it delivers as central government funding is taken away. This represents a challenging situation for a place like the Bradford District with lower council tax than many more affluent areas of the country which are able to raise more to fund their services.

Overall the current national picture is challenging, as seen with productivity growth and wage growth having been revised down in recent months and the government putting back its target to clear the deficit by 2015 to 2016, then 2017, then 2020 and most recently 2025. The Resolution Foundation said last year that Britain is facing the longest period of falling living standards since records began in the 1950s, while the Institute for Fiscal Studies said that the tax paid in the UK will reach its highest level in 30 years but funding for services continues to fall.

Brexit is of course another major event which is causing uncertainty in the economy. While assessing the significant risks and opportunities, we are already stating the case for current European funding to our district to be replaced directly by government. We need funding to be transferred from Brussels to Bradford, not Brussels to Westminster.

### **3. Council tax and social care precept**

In 2018/19 we propose a council tax rise of 2.99% plus a social care precept of 3%: a total increase of 5.99% for Bradford Council services.

The 5.99% increase amounts to an additional cost of £4.19 a month for a Band A council tax payer.

In 2019/20 the proposed 1.99% increase (as there is currently no Government instruction for a social care precept from 19/20 onwards, nor has the Government said a rise above 1.99% will be permitted) will mean a further monthly increase of £1.47 in Band A.

At the Executive committee of 9<sup>th</sup> January 2018, we introduced new support to ease the burden of council tax for care leavers. From 1<sup>st</sup> April 2018, care leavers up to the age of 21 are exempted from paying council tax. Also from 1<sup>st</sup> April 2018, care leavers up to the age of 21 are not counted for the purpose of assessing the number of adults in a property for calculating council tax.

We will use the ringfenced monies raised from the 3% social care precept in 2018/19 solely for adult social care. The 3% social care precept will generate approximately £5.3m in our district in 2018/19. It will be ringfenced to fund adult social care only, but we are clear that it is nowhere near what is needed.

In the meantime, alongside many other local authorities across the country we will repeat our calls for the government to deliver a sustainable national plan for social care that does not hinge solely on council tax rises and which pools risk more effectively to best protect the most vulnerable in our society in the fairest possible way.

To date, the government's policy for addressing the huge shortfall in funding for local services is to continue to shift the burden over to council tax payers. The money generated through council tax rises is considerably less than the funding it is designed to replace. The effect of this approach nationally is that people are paying more while seeing local services continue to reduce. This is a particular risk in less affluent parts of the country with fewer high value properties, where the council tax income falls well short of filling the shortfall. For example, a 1% council tax rise in Surrey generates over £6m; in Bradford with our lower council tax it generates just £1.8m.

Comparing ourselves to the other metropolitan district councils, our current council tax is £321 per person compared to the average of £347 per person. If our tax were at the average level, the council would have £14m more to fund services. We do not think it should be that people for example living in Solihull with £449 council tax per head of population, or Bury at £395 per head, could potentially enjoy better funded services than people living in Bradford when the government withdraws its grant. We will continue to take up that case with government and explore all possible funding opportunities. We would welcome the government working with us to address this challenge.

The government is currently holding a consultation on its new 'Fair Funding Review' for local government. We urge partners, residents and businesses to join us in our call for the Bradford District to secure the increased funding and investment required to match our growing needs, so that we have sustainable funding into the future for the high quality local services we all value and rely on.

#### **4. Principal amendments**

Since we published our initial budget proposals on 5 December 2017, several events have taken place changing the levels of our income and expenditure and therefore the size of our available budget for next year. These changes are described in section 2.2 of the Assistant Director's Revenue Estimates report ('AZ') and Budget Update document ('AT' – Executive, 6<sup>th</sup> February 2018).

It must be noted that the vast bulk of this net change results from a one-off income from the Leeds City Region business rates retention pilot, which is currently in place for one year only. This significant benefit is partly offset by other new costs, in particular the increased pay offer for local authority staff which was announced after we published our initial budget proposals.

In summary, the net effect of the new incomings and outgoings amounts to an additional £3.3m in 2018/19, but followed by increased cost pressures in the next two years to 2021.

##### £1 million to Early Help

Through this amendment the Executive proposes a £1m investment into Prevention and Early Help over two years subject to an appropriate detailed business case. Large amounts of feedback are being received during the consultation and the Executive wishes to give some support to this important area of work should it transition to a new way of working. This money will only be made available should the consultation result in a change in delivery model. If the change does not go ahead then the additional monies will return to the Transition and Risk Reserve which we believe is a prudent step especially given that adult social care is clearly continuing to face unprecedented pressures and national funding uncertainties.

##### £1.35 million to Children's Social Work over three years

The Executive is also proposing an ongoing investment into children's social work (recurrent £450,000 a year funded by the ongoing increase in business rates income). This is only possible because Bradford District's business rates growth has been higher than predicted. This shows that it is right to focus on growth. If we grow our income base as a council we can spend additional money received on the things people value most, in this case our most vulnerable children. The Government has not listened to the call nationally for more funding for Children's Social Care but we in Bradford will not ignore the call. Investing in our vulnerable children is obviously the right thing to do.

With the £1.8m remaining for 2018/19, the Executive proposes to replenish the Transition and Risk reserve, which we believe is a prudent step especially given that adult social care is clearly continuing to face unprecedented pressures and national funding uncertainties.

## **Use of reserves**

In making these proposals the Executive remains keenly aware of the need to use Council reserves prudently on behalf of the District, especially in such uncertain times for local authorities up and down the country. That is why in setting out this budget the Council's unallocated reserves will remain within the range of £12 to £15m for contingency against risks not accounted for. Local government finances continue to face unprecedented risks and as our reserves over time have inevitably been reduced, we must remain mindful to ensure they stay at a viable level. Our aim is to allocate the right amount of reserves in the right way and to retain them at a prudent level for unforeseen risks. We propose that this budget strikes that difficult balance and ensures our unallocated reserves remain well within the range recommended in the section 151 officer's report.

## **5. Social care**

We have long argued that a national plan for social care is needed in order to improve people's lives and ease pressures on the NHS.

Before last year's Autumn Budget, alongside the LGA and many other councils we made our latest submission to the Chancellor to call for more funding for social care. However his Budget did not allocate new funds. A broad consensus of local authorities and MPs from across the political spectrum, health professionals, charities and others have reiterated their concerns after the Chancellor decided not to provide new funding.

Former cabinet ministers were among 90 MPs of all parties who wrote to the Prime Minister before the Budget to call for a cross-party solution to social care funding, an immediate £4bn in the Budget and a long-term plan.

Speaking after the Budget, Cllr Izzi Seccombe, Leader of Warwickshire County Council and Chair of the LGA's Community Wellbeing Board, described it as "a completely false economy" to put money into the NHS while ignoring the crisis in social care. She said the government must "tackle the chronic underfunding of care and support services in the community, which are at a tipping point" and she also urged the government to reverse its cuts to councils' public health budgets which fund prevention work.

In our previous budgets we spoke in particular about the challenges in adult social care. That has not subsided however it is now joined by a growing pressure in children's social care, with increasing numbers of vulnerable young people throughout the country needing support. That picture is reflected here in Bradford too.

As we continue our calls for better government funding to support these vulnerable children and adults, we remain committed to pursuing our strategies locally to ensure the best possible levels of care within the funding constraints. We are committed to ensuring that people get the services they rightly expect and we are continuing with our strategy to focus



resources on frontline social work and to encourage new and innovative ways of supporting people.

We are continuing with our adult social care plans published last year to increase the level of preventative support for people, with a focus on what they can do rather than what they can't do. Our strategy is to offer people more choice and control in their own lives and the support they need. Earlier and better interventions will help people to stay independent in their own homes for longer, reduce the need for costlier interventions after challenges have multiplied and ease the pressure on our NHS partners.

## **6. Our plan for inclusive growth**

We cannot simply cut our way out of this situation as a country, let alone as Bradford District. Growth in the country at large is sluggish but here in Bradford we're going to go for growth by making the right investments.

We need to grow our council tax base, grow our business rates base and make the money we do have work harder for us so that we can locally fund more public services for all. So in these proposals we are announcing three strands of investment:

- 1) Housebuilding and development – in line with the great economic and social purpose of aiming to build good quality housing and jobs for all, we will be investing in a team of specialists to help deliver housing sites such as in the city centre and the Canal Road corridor so that we can get more high quality housing and development completed more quickly.
- 2) Encouraging the growth of more business premises – we will invest more funds to stimulate business growth and inward investment in our district. Currently Baildon Business Park generates up to £250,000 in business rates a year and that will rise to up to £400,000 a year when it's completed, with businesses bringing quality jobs, many new to the district. We now have three designated Enterprise Zones in Bradford where we need to accelerate growth. We'll focus on delivering these quickly.
- 3) We will pursue a more focused strategy to invest in assets to generate income to help fund services. We recently invested in buying the NCP car park which has proven to be a shrewd investment, as the lease brings in more money than it costs which in turn helps to fund council services. We will actively look for other attractive and prudent investments.

Meanwhile our "Bradford Pound" social value policy will significantly increase the amount of money the council spends with local businesses, which is 47% currently but we have ambitions to increase this to 60%. This could mean another £45m spent with businesses in the district. We'll be talking more to local businesses about how they can tender for council contracts and putting on workshops to give them the skills to bid for them. We'll be tasking all businesses who contract with the council to deliver social value to the Bradford District. We will ask them to fulfil this commitment in a number of ways, for example by taking on

more apprentices, by providing meaningful work experience, by spending more on training their workforce and by committing to spending more of their expenditure in the local supply chain. All these asks of our suppliers are designed with the express aim of making sure a wider number of Bradford District residents benefit from growth created.

In addition through our capital investment programme, as set out in Document BB, we are aiming to drive sustainable growth that will repay the district for many years to come in line with our vision. Not only must the capital programme ensure we continue to have modern, high quality and more efficient facilities that are fit for the future, it can also support better productivity - for example by improving transport links and easing congestion - and it can stimulate wider economic and cultural activity to benefit residents and businesses. Improving the district's cultural attractions and facilities brings a significant economic benefit while also helping to make this an excellent place in which to live, visit and invest.

To name just a few examples, our funding for Cliffe Castle in Keighley and St George's Hall in Bradford city centre show our commitment to invest in our heritage assets and protect them for future generations. Our plan shows that we will make other significant investments in other vital areas such as school places and infrastructure, for example at Hard Ings in Keighley and Harrogate Road/New Line in east Bradford.

Our support for the former Odeon also demonstrates our commitment to culture as a driver of growth, as its redevelopment and re-opening can be a game changer in cultural and economic terms for the city and district. Our investment in new and more efficient sports and leisure facilities, which are cheaper to run, also shows that we are committed to providing residents with opportunities to enjoy active and fulfilling lifestyles for many years to come.

## **7. Support for all our residents**

We continue to support all communities in the district even in difficult times and we work hard to mitigate the impact of national austerity on low income groups. We do not take any decisions lightly to increase council tax or other charges as we recognise that they are an additional burden on local people, in particular those with the lowest incomes. We have again considered this impact in making the proposals.

In line with our belief that education, skills and employment are key to supporting people out of poverty, we are continuing to invest significantly in these important areas within our shrinking budgets. We have hugely successful local skills and employment programmes which outperform their national equivalents in supporting people into employment. The Get Bradford Working programme recently passed the milestone of helping 3,000 people into work in our district. Get Bradford Working incorporates a number of acclaimed schemes focusing on different sectors, including the Industrial Centres of Excellence and SkillsHouse which supports people into retail and hospitality careers and has proved particularly successful for example with the new jobs provided in the Broadway development.

Through our Education Covenant we are also extending our joint work with schools and other education providers, the voluntary sector, communities and a growing number of businesses to support education and skills development and to improve links between education and employment. The Education Covenant is an example of the council using its leverage and influence in line with the People Can initiative to build links, strengthen partnerships and unlock wider social value from economic activity. By reinforcing the fact that education starts at birth and continues for life, that it takes place outside as well as inside the school gates, we can help to support a positive cycle in which education, skills and employment opportunities are stimulated and shared as widely as possible.

Through our plans for growth we aim to stimulate housing, business and development activity which can benefit all residents. There is a great social purpose as well as an economic one to help ensure that the younger generation and others who are excluded from the housing ladder can actually have a decent home to live in and well-paid jobs. People on low incomes will continue to have access to various services aimed at easing the burden on top of the universal services. The council continues to support the Bradford District Credit Union, for example, which offers an alternative to high interest lenders for people who need reliable and manageable credit, loans, saving and budgeting services. Its model, which is one of members rather than customers, its support for the local economy, its lower interest rates and transparent fees all mean that it supports our wider aims of encouraging inclusive growth and high standards of corporate responsibility to benefit all residents and communities. We will continue to look at all options for mitigating the impact of austerity cuts on our lowest earning residents in these challenging times as far as we can. We have requested a paper on local welfare assistance which is being brought to the Executive in March to see what we can do within existing resources to support people who can little afford rising living costs.

## **8. Working with the voluntary and community sector**

We value our partnership with the voluntary and community sector (VCS), which benefits local people. We want to continue working closely with the VCS in future as together we can maintain valued services for residents. We will also enjoy mutual benefits through our close partnership in terms of evolving to stay sustainable into the future in the face of the severe funding cuts we face.

As we stated in previous years, the central government funding cuts are inevitably also felt by the VCS. We have considered this impact in making these proposals and we are committed to doing all we can to mitigate it. With shrinking resources and as part of our budgeting process which is focused on outcomes, we have had to review all the activities we fund to date, assess the scale of their impact and ensure they are delivered in the most efficient way possible.

As part of our ongoing dialogue we have welcomed the views of the VCS on these proposals during the consultation process and we are clear that this mutually beneficial dialogue and

joint working should continue on an ongoing basis. We are committed to continuing our close work with the VCS to achieve the best for our residents, businesses and communities.

## **9. Staff and trade unions**

We have worked hard to protect frontline services and avoid compulsory redundancies, but with each passing year of government cuts the situation is increasingly difficult with fewer places left to go.

The Council has had to cut 2,247 jobs over the past seven years. This includes 148 compulsory redundancies up to 31<sup>st</sup> December 2017.

This year again there will have to be job losses. 153 new job losses are outlined in these budget proposals across 2018/19 and 2019/20, in addition to the potential loss of approximately 240 full-time equivalent jobs in the Early Help proposals which are subject to separate consultation.

The Executive is grateful to Council staff for their ongoing commitment to the organisation and to the wider public in such challenging circumstances. Our staff are key to the Council's success and its innovation while the central funding cuts continue.

Similarly the Executive has listened to the feedback from Trade Unions, who have played a vital role in engaging with the council's leadership and supporting the council's relations with staff in these challenging times. Our constructive engagement with the Trade Unions has crucially helped us to maintain effective industrial relations while delivering change on a huge scale and mitigating the negative impact on staff as best we can.

This Executive reiterates its expectation that officers will continue to speak and negotiate with the Trade Unions during the implementation of these proposals and beyond.

While the Trade Unions are aware that we can offer no guarantees around compulsory redundancies given the scale of the government cuts, they can also be assured that compulsory redundancies continue to be a last resort and this Council will continue to work constructively with staff and unions.

As an Executive we are determined to work together with staff, trade unions, communities and partner organisations to lead this council through these challenging times. Together we can achieve our shared vision of a more prosperous future in a Bradford District that works for everyone.