

Addendum to the Budget Proposals 2021-22 following the Chancellor’s Spending Review statement on 25th of November 2020

Since the proposals were published on the 23rd November, the Chancellor outlined the Comprehensive Spending Review (CSR) statement on the 25th November, and some of those announcements have a material impact on the proposed 2021-22 Financial Plan.

A number of key announcements in the CSR will reduce the level of reserves required to balance the 2021-22 budget. The current estimated impact of these announcements in the CSR on next year’s Council budget as set out in the proposed Financial Plan is outlined below.

Key Measure	Reduced requirement for reserves
	£ms
3% Adult Social Care Precept	£6.082
Share of new £300m Social Care Grant. (c1%)	£3.000
Pay freeze that mirrors Central Government for employees earning more than £24k.	£3.500
Collection Fund Deficit compensation scheme (75% of 2020-21 losses compensated)	£2.000
1.2% Inflation rather than 2%	£1.500
Total	£16.082

The impact of the measures set out above would reduce the call on reserves from c£28m to c£12m in 2021-22.

Further work will be undertaken to assess the full impact of announcements from the CSR , and some of the detail will be published by the Government as part of the Provisional Settlement for Local Authorities. This is expected during the week commencing 14th December 2020.

In addition to these announcements, there were others which may impact on the 2021-22 budget depending on the detail and further analysis.

These include

- Reductions to Public Works Loan Board (PWLB) loan rates – this will help reduce the capital financing budget requirement as new borrowing will cost less - the impact is being assessed. As part of the announcement the government also stated that PWLB loans can’t be accessed to generate yield from commercial investments.
- Within the Ministry of Housing Communities and Local Government Department Expenditure Limit, £900m for New Homes Bonus and growth of £200m in “Core Resources funding” was included nationally. We await the detail on New Homes Bonus, but don’t currently expect it to make a significant difference to current assumptions. Regarding the Core Resources funding, this could result in some additional support for the Council depending on the detail – The Council typically gets c1% which could equate to c£2m.
- Further, £254m of funding to tackle homelessness and rough sleeping nationally was announced (of which £103m has already been announced). If the funding is one off and part of the Covid response, then there will be no impact on the 2021-22 budget. If it’s ongoing then it could be c£2m of increased benefit – it would however likely

come with an equivalent amount of extra costs. In short, this is welcome news, but may not materially impact on the 2021-22 budget unless the funding can pay for the Housing First proposal for example.

- £300m for SEND capital (new SEND school places) in 2021-22 was also announced. There isn't currently enough detail to work out how much more Bradford might receive, but this funding could possibly substitute for the additional Capital amounts put into the budget proposals.
- £2.2bn of additional money for Schools' was already announced in December 2019. The SR 2020 simply confirms these commitments, but does confirm that the national school's budget will not be 'paired back' in 2022/23 in response to COVID. The 2021/22 overall settlement for schools nationally is c3% so above inflation. Any additional funding could possibly substitute for the additional investment amounts put into the budget proposals.
- Subject to further detail confirming what is actually meant, a full pay freeze for teachers at September 2021 will positively benefit school and academy budgets and could mean headroom for schools to re-deploy for COVID catch up activity/ raising attainment for example. However, not all schools will be in a more comfortable financial position (not all schools are going to get 3% in 2021/22).

A number of other announcements were made which could be of benefit to the district such as the £4bn levelling up fund, these would be unlikely to impact on the Councils 2021-22 budget however as any amounts received would come with additional expenditure requirements.

Furthermore, some announcements also provided additional assurance that the Government would continue to fund the additional costs and income losses associated with Covid into next year as had been assumed. Although the amounts provided may not be sufficient to cover the whole of next year, the early announcement does provide some certainty, and we would expect and require the Government to continue to provide additional Covid related support for as long as required.

Although the Chancellors spending review statement will have a positive impact on the Council's budget for 2021-22 and may reduce the call on reserves from c£28m to c£12m based on current proposals, it should also be noted that the CSR indicated that there are likely to be funding reductions in future years.

The Institute of Fiscal Studies outlines that "Department Expenditure Limits will be £13bn lower in 2024-25 than planned in March 2020. Given the government's big commitments on the NHS, schools and defence, that implies an extremely tight funding situation for other public services (including Local Authorities) for the remainder of the Parliament."

Recommendations

- Approve for consultation as required with the public, interested parties, staff and Trade Unions the proposed 1.99% increase in Council Tax and 3% Social Care precept for 2021/22.
- Approve for consultation as required with the public, interested parties, staff and Trade Unions the proposed investments as set out in sections 8 to 14 of the main report.

- Approve for consultation as required with the public, interested parties, staff and Trade Unions the new budget savings proposals for 2021/22 set out in section 15 of the main report.
- Approve for consultation as required with the public, interested parties, staff and Trade Unions amendments to previously agreed savings proposals for 2021/22 set out in section 16 of the main report.
- Note the proposed use of £12m of Reserves.
- Approve for consultation the proposed new capital schemes PCS1 to PCS7 as set out in section 21 of the main report.
- Approve the consultation mechanisms and processes set out in section 22 of the main report.