Please find below a submission of evidence on behalf of City of Bradford Metropolitan District Council. We are the 5th biggest Metropolitan authority yet have the 7th lowest local tax base which presents particular challenges in the face of national policy shifting an increasing amount of the responsibility for funding local services on to local taxpayers.

Bradford is the UK’s youngest city and offers significant productive potential. However, without sustainable funding for local services our ability to unlock that potential with all its consequent positive impact on economic both within our District and across the North will be severely restricted. Key to the delivery of a sustainable system is investment in early intervention and prevention which will yield gains in terms of better outcomes at significantly lower costs to all public services.

Yours sincerely

Kersten England
Chief Executive
City of Bradford MDC
Context
Bradford is the 5th biggest Metropolitan Authority and the youngest city in the UK. It offers huge potential and significant opportunities for Government to invest in the delivery of a rebalanced and more productive national economy. Our Economic Strategy sets our ambitions to have the UK’s fastest growing economy by 2030, adding £4bn to its value and delivering inclusive, sustainable growth by increasing productivity and supporting enterprise and innovation. To achieve our ambitions we need more jobs and businesses and improved productivity and skills. We must transform connectivity, and go further in tackling poverty, raising educational attainment and reducing significant health inequalities. Council leadership and resources are key to delivery and we are investing in growth but face financial pressures which, along with a limited local resource base and reductions in Government funding, threaten to overwhelm our ability to invest in delivering the outcomes that Bradford and the wider region needs.

Without additional appropriate levels of funding the Council will eventually provide only statutory services. This will inevitably constrain our ability to invest in early intervention and prevention to reduce demand for acute Council and NHS services in the long term, as well as undermining our capacity to invest in economic development to deliver the prosperity that the District needs. It is within this context that we make our submission to the inquiry.

1 What lessons can be learned from past changes to local government funding in England, the current financial situation of councils, and how this has affected their ability to deliver services?

1.1 The ongoing reductions in Revenue Support Grant (RSG) and the increasing reliance of local authorities on locally raised income and business rates have failed to properly account for differences in their ability to raise sufficient income through Council tax and business rates? to keep pace with need and demand. Like many places, Bradford is faced with rapidly rising demand for and escalating costs of both children’s and adults social care. Over half of Bradford’s net expenditure is funded from Council Tax but despite being the 5th biggest authority, its tax base is the 7th lowest of all metropolitan districts and 80% of its properties fall below Band D. These factors mean that the amount raised through local taxes is much lower than among our counterpart authorities.

Bradford’s band D Council tax raises £1,090 per dwelling compared to an average of £1,327 and far higher levels in lower need authorities such as £1,918 in Wokingham or £1,789 in West Berkshire which also have significantly more higher band households.

Bradford is the 5th most income deprived local authority in the country according to the Index of multiple deprivation and around 22% of children live in poverty.

Shifting the burden for funding Council and Police and Fire services on to local taxpayers, many of whom are on low incomes, and reducing funding for Council tax have negative impacts on outcomes for some of the District’s most vulnerable families and individuals. At the same time changes to housing benefit are forcing some people living on low incomes out of more affluent parts of the country and into less affluent areas increasing the pressures on those places that they re-locate to.
1.2 Since 2011, Bradford Council has had to find £262m to balance the books in the face of cuts to RSG, increasing demand and rising costs. This is in addition to increasing Council tax and the social care precept by the maximum amount allowed by central government. Over the next two financial years, a further £33.5m needs to be found on top of further increases in Council tax yet the Council is still forecast to face a funding gap of £28m by 2021/22. We are at a tipping point beyond which many of the Council services that play an important part in the well being of our communities and in delivering positive outcomes will become unsustainable.

1.3 Caring for and safeguarding vulnerable children and adults accounts for around half of the Council’s net expenditure. The demand for and costs of social care are moving at a pace which exceeds by far the rate at which we can grow local revenue streams in response. The action being taken to manage demand and reduce costs includes focusing on ensuring people are cared for at home first by making sure they get the right service in the right place at the right time, closer working with health services and using technology to improve efficiency.

Helping more people to live at home instead of in residential care has meant that costs are around £6.2m a year lower than they would otherwise be. But because the cost of care keeps rising, overall costs keep going up. Between April 2016 and June 2018:

- Home care costs went up £13 per week or 22.14%
- Placement costs went up £67 per week or 12.11% over the period.
- Even with proportionately more care being provided at home total costs went up by £85,000 a week – 6.3%.

A growing proportion of the Council’s budget will be required to meet demand for care and activity will increasingly be concentrated on statutory provision. The situation threatens to overwhelm our ability to invest not only in growing our economy and expanding our local revenue base, but also in our capacity to deliver transformational change and ironically, in the non-statutory early help and preventative measures that will best help us manage demand and costs across all public services particularly the NHS, at a time when these interventions are needed most. Additional funding for the NHS will not reduce pressure on health services without a commensurate increase in resources for social care.

1.4 The shrinking capacity to fund early help and prevention exemplified by reductions in funding for Sure start and Children’s Centres flies in the face of evidence about the long-term benefits of investment in the first 1000 days of life as set out recently by the Health and Social Care Select Committee. Bradford’s status as the UK’s youngest city offers significant productive potential however it requires investment at all stages for it to be fully realised.

1.5 We have witnessed a trend in recent years for one off funding or time limited allocations to assist with social care pressures. Resource generated through the social care precept produces an iniquitous funding regime because of the disparities in tax base mentioned above. While all additional funding is welcome this does not represent a sustainable approach and the tendency for announcements to be made late in our budget setting cycle impacts on financial planning.

1.6 Bradford’s Business rates are currently insufficient to fund the District’s levels of need however during 2018/19 the Council piloted 100% Business Rates within the Leeds City Region Pool. As a result in 2018-19, Business Rates income met 35% of the Council’s Net Budget Requirement. Our ambitions on investments in infrastructure and our
economic strategy look to ensure that our overall business rates tax base is more robust in the future, but our ability to invest in growth is severely curtailed by the need to meet cost pressures in statutory services. In 2019/20 the Council is part of the North and West Yorkshire Business Rate pilot.

1.7 Overall, the funding system is complex and ineffective, sustainable financial planning is hampered by uncertainty about both short and longer term funding arrangements and late announcements around allocations and council tax limits.

The key lessons are therefore that the national approach to funding of local government needs to address the fact that places have very different abilities to raise resources locally if the gap between the haves and the have-nots is not to increase inexorably and needs to be long-term to assist planning, and in one flexible funding stream to reduce management costs.

2 The efficiency, fitness for purpose and sustainability of the current system

2.1 From Bradford MDC’s perspective the system is neither fit for purpose nor sustainable given our reduced resources, increasing demand pressures and low tax base as detailed in section 1.

3 How funding needs of local government are assessed.

3.1 Bradford’s response to the Fair Funding Review (FFR) sets our view that deprivation should be one of the cost drivers included in the Foundation Formula along with population. Deprivation has long been recognised as a driver of need and of the funding distribution and its exclusion from the foundation formula will shift the distribution of funding from high needs authorities like Bradford towards parts of the country with lower levels of need. This can only hinder out ability to improve education, raise skills and incomes, get people into work and unlock economic potential.

3.2 Evidence suggests that there is a correlation between deprivation and council tax collection rates. This correlation has been amplified by recent government policies in relation to Local Council Tax support (LCTS) and Universal Credit (UC), polices which have also created financial pressure on the Council and it’s key partners.

The Council will always strive to collect the maximum amount of revenue possible, but believes that the impact of deprivation on collection rates should be recognised in assessment of funding needs.

3.3 Proposals in the FFR for social care have no specific element for Learning Disability (LD). This is of serious concern to authorities like Bradford which have higher than average proportions of people with LD and a growing number of people with complex LD needs. Bradford’s current net expenditure forecast for LD In 2018/19 is £40.148m, 37% of our net budget for Health and Well Being services and over 11% of the Council’s total net budget; it represents over 20% of the resource we expect to raise locally through Council tax/

3.4 Assessments of funding needs should also take into account relative resources. We strongly support council tax equalisation as a means of redistribution of resources and would suggest that for those local authorities with low Band D rates the council tax referendum limit is either removed or increased in relation to other authorities.
4 Local government funding in the 2019 Spending Review

4.1 Local government has borne the brunt of national austerity measures and large metropolitan authorities such as Bradford have seen significant reductions in central government funding. The Spending Review must ensure that we secure levels of cash growth sufficient to meet demand for both children’s and adults social care and to invest in and properly evaluate the impact of prevention and early help. Without a resolution to the social care issues other services will become wholly unsustainable, outcomes for our people and businesses will be damaged and ultimately costs to the public purse and pressures on public services will increase.

4.2 Greater certainty is required in order to secure better, more robust financial forecasting and planning. So we would want to see certainty in multi-year funding settlements, fewer late or in-year announcements of funding and less reliance on time limited funding to address what are ongoing issues.

4.3 Funding arrangements must properly take into account both deprivation and ability to raise resources locally.

4.4 Bradford will be making the case through the Spending Review for a place based deal on investment and reform which enables us to take all the public spending in the District properly into account in developing new ways of working flexibly and collaboratively across sectors, systems and organisations including government departments to deliver the outcomes that the people of the District deserve.

Conclusion
Bradford District has significant assets including good evidence of what works well and being an outstanding place for research which, with the right investment, could provide the basis for a long-term transformation in outcomes for its people, especially the children and young people who are the citizens and workforce of the future. Given the scale of the District, this transformation would have impact across the city region and for the North as a whole and investing in sustainable funding for Council services will yield significant returns in the shape of better outcomes and unlocking productivity.

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