

Appendix B: MTFS Model

CHANGES TO THE BUDGET YEAR-ON-YEAR	BUDGET	ADJUSTMENTS			BUDGET	Relative Changes
	2021/22 £m	Growth £m	Savings £m	Technical £m	2022/23 £m	
Base Budget	306.3				306.2	
Growth						
Demography		3.5			3.5	
Allocation of Existing Grants		2.2			2.2	
Allocation of New Grants		7.5			7.5	
Inflation						
- Payroll		3.0			3.0	
- Contracts		3.5			3.5	
Technical		1.4			1.4	
Transport		0.8			0.8	
Social Value		1.5			1.5	
Capital Financing		0.2			0.2	
COVID-19		(4.0)			(4.0)	
		19.6				
Savings						
Community and Wellbeing			(0.7)		(0.7)	
Regeneration and Environment			(0.3)		(0.3)	
Children and Young People			(0.3)		(0.3)	
Assistant Chief Executive			(0.1)		(0.1)	
Chief Executive			(0.3)		(0.3)	
Customer and Digital Services			(0.6)		(0.6)	
Corporate			(0.5)		(0.5)	
			(2.7)			
	306.3				323.1	
Funding						
RSG	(25.1)			(0.7)	(25.8)	
Business Rates	(95.0)			(0.6)	(95.6)	
Council Tax	(135.7)			(4.5)	(140.2)	
Specific grants	(50.5)			(11.1)	(61.5)	
	(306.3)				(323.1)	

MTFS ASSUMPTIONS	
Growth	The growth proposals in the budget are largely responsive in nature rather than introducing new service provision. This is in line with the policy outlined in the main report that a well-run council does not implement policies in an election year that will tie the hands of the incoming administration.
Demographic Growth	This largely relates to changes in the make up of the population due to ageing (CWB) and demand pressures on the placements, transitions/homecare and children with disabilities budgets (CYP).
Allocation of Existing Grants and other technical adjustments	Previously, additional grants over and above core funding for the Improved Better Care Fund and Social Care Grant were allocated in-year as one-off transfers to avoid the risk to the base budget, if there were a reduction in grant in future years. Experience indicates that this is unnecessarily prudent. The additional grant amounts have therefore been allocated as part of budget setting to CWB and CYP. Other technical adjustments include reprofiling adjustments necessary as part of balancing the two year 20/21-22/23 budgets. Therefore, this is not new or additional funding.
Allocation of New Grants	This is the expenditure to be funded by the 2022/23 Services Grant (£6.1m), Lower Tier Services Grant (£0.9m) and Market Sustainability and Fair Cost of Care Fund (0.9m) announced as part of the Local Government Finance Settlement. It is unclear whether this funding will be available in future years.
Indexation	
- Pay	This assumes that pay increases, both due to the annual pay award and grade drift, equate to 2.5% of the payroll each year of the MTFS.
- Contracts	General contract inflation is assumed to average 2% in 2022/23, which will cost £3m, with a higher amount forecast to be required in future years. A further £0.5m has been allocated for the cost of paying providers for the uplift caused by the annual increases to bring the national living wage up to 60% of median earnings.
Technical Growth	These relate to additional public health expenditure to match the increase in grant, pension fund contributions and growth in levies.

Transport	The Council's largest requirement for passenger transport comes from the provision of home to school transport for children and young people with Special Educational Needs (SEN) who have a statement requiring the provision of a specific type of education, normally at a special school or unit catering for their particular educational need. Where the statement identifies a need for the learner to be transported to and from school, the Authority has a statutory duty to provide the required transport. The projection is that there will be an estimated 8% annual net increase in passenger numbers. £0.8m has been assumed as needed to meet these additional costs in 2022/23.
Social Value	The Council has a commitment to paying LLW where possible, including enabling contractors/providers to pay their workers LLW. This has a particularly large impact on the provision of homecare, which is expected to utilise the majority of this growth. The remainder will be utilised on planned reprocurments in the coming year where LLW is required.
Capital Financing	Interest and debt repayment costs for the capital programme.
COVID-19	The credit amounts shown here represent the phased reversal of growth allocated to departments in 2021/22 to manage the financial impact of COVID-19.
Savings - Full Details in Appendix C	There are no new savings in this budget. The £2.7m shown here is made up of £1.77m of savings agreed in February 2020 and £0.95m of savings agreed in February 2021. The MTFS indicates that £12m of savings will need to be identified across 2023-24 and 2024-25.
Funding	
RSG	The 2022/23 RSG amount of £25.8m has been determined using the 2021/22 amount plus the September CPI inflation increase of 3%. It is anticipated that future years will be calculated in the same way.
Business Rates	The three elements of the Business Rates Retention system (Baseline Need, NNDR Baseline and Top Up amounts) have all remained at their 2021/22 levels, due to the government's decision to freeze business rates nationally; however, an additional grant will be available to compensate for inflation. The £0.6m increase shown here relates to an additional grant that will be available to compensate for inflation.
Council Tax	The increase in Council Tax income arises from a 2% increase in Council Tax and a 1% adult social care precept. This is coupled with other changes which increase the tax base and reduce the assumed collection rate.
Specific grants	The Government has largely increased existing specific grants based on the September CPI rate of 3%. A new one-off 2022-23 Services Grant has been provided to cover various new burdens, such as the increase in employer's national insurance contributions. For social care, the government has provided an additional amount of Social Care Grant and a new Market Sustainability and Fair Cost of Care Fund. These cover New burdens arising from reform of the care system and are therefore fully committed to fund anticipated additional expenditure. As all of the additional funding relates to new burdens, it does not provide any additional unallocated resources.