

Appendix B: MTFS Model

CHANGES TO THE BUDGET YEAR-ON-YEAR	BUDGET	ADJUSTMENTS			BUDGET	Relative Changes
	2022/23 £m	Growth £m	Savings £m	Technical £m	2023/24 £m	
Base Budget	323.1				323.1	
Growth						
Demographics						
- ASCH		3.7			3.7	
- CYP		4.0			4.0	
- Other Departments		1.3			1.3	
Sub-total		9.0			9.0	
Inflation						
- ASCH		9.7			9.7	
- CYP		3.9			3.9	
- Contracts		4.1			4.1	
Sub-total		17.7			17.7	
Pay Award		8.5			8.5	
Service Changes		13.8		0.4	14.2	
		49.0				
Savings						
Service Transformation			(7.5)		(7.5)	
Restructure			(3.8)		(3.8)	
Reduction in provision			(0.6)		(0.6)	
Procurement			(0.1)		(0.1)	
Income generation			(0.5)		(0.5)	
Digital			(0.9)		(0.9)	
Corporate items				(0.6)	(0.6)	
			(13.5)			
	323.1				358.4	
Funding						
RSG	(25.8)			(3.2)	(29.0)	
Business Rates	(95.7)			(11.5)	(107.2)	
Council Tax	(140.1)			(10.7)	(150.8)	
Specific grants	(61.5)			(9.9)	(71.4)	
	(323.1)				(358.4)	

MTFS ASSUMPTIONS																			
Growth	The growth proposals in the budget are largely responsive in nature rather than introducing new service provision. This is a direct result of the volatile and unpredictable economic climate faced by the Council where high inflation and rising demand and demographic pressures increase the cost of providing existing services to current service standards.																		
Demographic Growth	This largely relates to changes in the make up of the population due to ageing (ASCH) and demand pressures on the placements, transitions, homecare and children with disabilities budgets (CYP).																		
Inflation	General inflation is high with CPI in September 2022 at 10.1%. Specific inflationary pressures are being experienced in social care where rising demand and a shortage of supply puts upwards pressure on prices. Also the war in Ukraine has pushed up energy and food costs. These inflationary pressures have direct effects on goods bought by the council and indirect effects via increased prices for services and supply contracts.																		
Pay Award	As a response to inflation and the cost of living crisis, pay awards are anticipated to be higher than the norm in recent years. If future pay awards are based on flat rate increases, this tend to increase the cost of the pay award at Brent due to extra London weighting and the associated increase in national insurance and pensions on costs.																		
Service Changes	These are unavoidable changes resulting from new burdens, increases in ringfenced grants and externally driven changes to service levels.																		
	<table> <tr> <td></td> <td>£m</td> </tr> <tr> <td>Council Energy Bills and Street Lighting</td> <td>5.0</td> </tr> <tr> <td>Residents Support Fund</td> <td>3.0</td> </tr> <tr> <td>ASC Grant - Hospital Discharge</td> <td>1.9</td> </tr> <tr> <td>Contingency</td> <td>1.5</td> </tr> <tr> <td>Capital Programme Financing</td> <td>1.2</td> </tr> <tr> <td>Public Health</td> <td>0.7</td> </tr> <tr> <td>Concessionary Fares (Freedom Passes)</td> <td>0.5</td> </tr> <tr> <td></td> <td>13.8</td> </tr> </table>		£m	Council Energy Bills and Street Lighting	5.0	Residents Support Fund	3.0	ASC Grant - Hospital Discharge	1.9	Contingency	1.5	Capital Programme Financing	1.2	Public Health	0.7	Concessionary Fares (Freedom Passes)	0.5		13.8
	£m																		
Council Energy Bills and Street Lighting	5.0																		
Residents Support Fund	3.0																		
ASC Grant - Hospital Discharge	1.9																		
Contingency	1.5																		
Capital Programme Financing	1.2																		
Public Health	0.7																		
Concessionary Fares (Freedom Passes)	0.5																		
	13.8																		

Savings - Full Details in Appendix C	New savings proposals totalling £18m were put forward. A level of funding in the Local Government Finance Settlement has enabled £4.5m of 2023/24 savings to be deferred into future years.			
Service Transformation	These savings involve changing methods of service delivery to match current demand levels whilst delivering the service in the most efficient, effective and economic manner. COVID-19 has transformed service demand in certain areas and the services provided by the Council need to match the new pattern of demand.			
Restructure	Savings which require changes to the staffing establishment			
Reduction in provision	A number of savings where the level of provision will be reduced. Whilst as a matter of policy the Council aims to avoid cuts to frontline services, in order to balance the budget a number of small cuts to service provision have been proposed where the impact on service users will be minimal.			
Procurement	Efficiency savings arising from securing better value for money and lower prices for contracts let by the Council without an adverse impact on service quality or the level of service provision.			
Income generation	This saving largely relates to increased rents and parking charges at the Civic Centre to secure additional external income.			
Digital	Better use of software and digital transformation will result in efficiency savings, whilst improving the customer experience.			
Corporate items	This heading holds the £4.5m budget available to allow some savings in the headings above to be deferred into a future year.			
Funding				
RSG	The 2023/24 RSG allocation of £29m has been calculated by uprating the 2022/23 amount by an indexation factor based on the September CPI inflation increase of 10.1%. It is anticipated that future years will be calculated in the same way. CPI inflation for September 2023 is currently estimated at 5.5% by the Office for Budget Responsibility.			
Business Rates	The Government has frozen the business rates multiplier nationally, but has compensated local authorities for the loss of additional income via s31 grant based on the yield if the multiplier had increased by the September CPI rate of 10.1%. In previous years the RPI rate was used which was 12.6% in September 2022. The rating list has been revalued at April 2023. To keep the effect of the revaluation revenue neutral, the increase in the retained business rates share has been reduced to zero by reducing the amount of the top up thus keeping the Baseline Funding Level unchanged.			
Council Tax	The increase in Council Tax income arises from a 3% increase in Council Tax and a 2% adult social care precept. This is the result of a 2% increase in the referendum threshold announced in the Autumn Statement. This is coupled with other changes, for example an increase in the tax base and reduction in the assumed collection rate.			
Specific grants	The government has introduced some additional ringfenced funding for social care via new grants and increases to existing grants. The Services grant has been reduced to remove the NIC increase for the social care levy, which is no longer required and to redirect funding to supporting families. The lower tier services grant is now used as a funding guarantee, which no London Borough receives. Other grants are expected to increase by inflation.			
	SPECIFIC GRANTS	2022/23	2023/24	Difference
	Specific Grants	£m	£m	£m
	Improved Better Care Fund	13.3	13.3	0.0
	Social Care Grant	13.7	22.3	8.6
	ASC Market Sustainability and Improvement Fund	0.9	3.1	2.2
	ASC Discharge Fund	-	1.9	1.9
	Total Social Care Grants	28.0	40.7	12.7
	Services Grant	6.1	3.4	- 2.7
	Lower Tier Services Grant	0.9	-	- 0.9
	Other Grants	26.6	27.3	0.7
	Total Specific Grants	61.5	71.4	9.9