



**STAFFORDSHIRE MOORLANDS DISTRICT COUNCIL**

**MEDIUM TERM FINANCIAL PLAN  
2021/22 to 2024/25  
SEPTEMBER 2021 REFRESH**

September 2021

## 1. Introduction

- 1.1. The Medium Term Financial Plan (MTFP) is a key element of the Council’s budget and policy framework. It aims to ensure resources are directed effectively and efficiently towards delivery of the Corporate Plan. It describes the financial direction of the Council for planning purposes and outlines the financial pressures the Council is likely to experience over the next 4 years. This process facilitates the Council in planning the prudent management of its finances, in building resilience and in providing for the needs of residents over the long term.
- 1.2. The MTFP is updated regularly to fit in with the budget cycle. This refresh of the MTFP builds on the existing strategy and updates assumptions to reflect changes to income, costs and funding. It also includes an updated assessment of key risks and a presentation of longer term financial issues which have the potential to impact on the Council. At this point in time, this is not a complete recasting of a new plan, or a finalised, balanced longer term plan. Those products will be produced as part of the budget setting considerations in February 2022. The purpose of this refresh is threefold:
- To update the MTFP produced in February 2021, for known or likely changes
  - To highlight service and policy issues likely to impact on budget considerations later in the year
  - To provide contextual information so that other issues that may impact on short and longer term budgetary issues can be identified and discussed
- 1.3. The rest of this report follows the following structure:

	<b>Section</b>
Strategic priorities of the Council and summary of the current (as of February 2021) 2021/22 budget and medium term financial plan	2 & 3
Update on impact of the pandemic and 2020/21 outturn on the MTFP	4
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## 2. Strategic Priorities

- 2.1. The Medium Term Financial Plan is driven by local priorities. The Council’s spending strategy is set out in the Corporate Plan formally adopted by members of the Council.
- 2.2. The Council’s 4-year Corporate Plan (2019-2023) establishes the Council’s vision, corporate objectives and key priorities for the medium term. It in effect establishes the Council’s commitment in the delivery of service and community leadership to

the residents of the Staffordshire Moorlands. The Medium Term Financial Plan is updated to reflect the contents of the plan and to ensure that resources are directed towards key priorities.

2.3. The Council's vision is as follows: *"Achieving Excellence in the delivery of high quality services that meet the needs and aspirations of our communities"*.

This vision is articulated further by four aims :-

- Help create a safer and healthier environment for our communities to live and work
- Effective use of resources and provide value for money
- Help create a strong economy by supporting further regeneration of towns and villages
- Protect and improve the environment and respond to the climate emergency

2.4. These aims are supported by several objectives which also provide the framework for the delivery of service plans. The Council's objectives are summarised below:

Help create a safer and healthier environment for our communities to live and work
<ul style="list-style-type: none"> <li>• Increased supply of good quality affordable homes</li> <li>• Develop a positive relationship with communities</li> <li>• Effective relationship with strategic partners</li> <li>• Effective support of community safety arrangements including CCTV</li> <li>• Provision of sports facilities and leisure opportunities focused upon improving health</li> </ul>
Effective use of resources and provide value for money
<ul style="list-style-type: none"> <li>• Effective use of financial and other resources to ensure value for money</li> <li>• Ensure services are easily available to all our residents in the appropriate channels and provided "right first time"</li> <li>• A high performing and well motivated workforce</li> <li>• More effective use of Council assets</li> <li>• Effective procurement with a focus on local business</li> <li>• Effective use of ICT</li> </ul>
Help create a strong economy by supporting further regeneration of towns and villages
<ul style="list-style-type: none"> <li>• Encourage business start-ups and enterprises</li> <li>• Flourishing town centres that support the local economy</li> <li>• Encourage and develop tourism</li> <li>• High quality development and building control with an "open for business" approach</li> </ul>
Protect and improve the environment and respond to the climate emergency
<ul style="list-style-type: none"> <li>• Effective recycling and waste management</li> <li>• Meeting the challenge of climate change</li> <li>• Provision of high quality public amenities, clean streets and environmental health</li> <li>• Provision of quality parks and open spaces</li> <li>• Car parking arrangements that meet the needs of residents, businesses and visitors</li> </ul>

2.5. The Council maintains a Strategic Alliance with High Peak Borough Council, formed around the principle of shared services in the pursuit of efficiency and realisation of savings. The Strategic Alliance has enabled the implementation and transformation of a joint management structure and services, consequently

realising significant efficiency savings. The Council intends to continue to drive savings and service improvements through collaboration with its Alliance partner.

### 3. Current Spending Levels

- 3.1. The starting point for the development of the MTFP is the current level of spending and the approved capital expenditure commitments.
- 3.2. The Council's current year (2021/22) General Fund budget (and its funding) is summarised as follows:

Budget Heading	2021/22
	£
Employees	6,320,320
Premises	2,202,120
Transport	141,260
Supplies & Services	8,039,880
Benefits	5,010
Borrowing	224,580
Parish Grant re Council Tax Support	0
Financing Costs	231,380
<b>Total Expenditure</b>	<b>17,164,550</b>
Fees and Charges / Other Income	(5,739,900)
Interest Receipts	(20,710)
Ascent LLP Income	(522,880)
<b>Net Expenditure</b>	<b>10,881,060</b>
Council Tax	(5,679,150)
Business Rates Retention	(3,801,300)
Covid-19 Funding	(639,400)
New Homes Bonus	(121,880)
Earmarked Reserves / Balances	(4,253,120)
Collection Fund	4,061,790
<b>Total Financing</b>	<b>(10,433,060)</b>
<b>Cumulative Deficit / (Surplus)</b>	<b>448,000</b>
Efficiency Requirement	(448,000)
<b>In Year Deficit / (Surplus)</b>	<b>0</b>

- 3.3. The medium-term projection for capital commitments approved by Members in February 2021 is detailed below: -

Service Area	2020/21	2021/22	2022/23	2023/24	2024/25	Total
	£	£	£	£	£	£
Asset Management Plan	775,640	663,160	1,404,360	915,490	1,081,390	4,840,040
Housing Grants	790,000	1,515,650	1,500,000	1,500,000	1,500,000	6,805,650
ICT Strategy	116,610	141,900	50,000	50,000	50,000	408,510
Fleet Management	986,130	1,716,940	-	301,640	-	3,004,710

Other Schemes	408,850	651,920	100,000	41,920	50,000	1,252,690
	<b>3,077,230</b>	<b>4,689,570</b>	<b>3,054,360</b>	<b>2,809,050</b>	<b>2,681,390</b>	<b>16,311,600</b>
<b>Financed by:-</b>						
External Contributions	795,000	1,512,390	1,500,000	1,500,000	1,500,000	6,807,390
Capital Receipts	110,000	25,000	77,500	-	-	212,500
Capital Reserve	557,000	-	-	-	-	557,000
Earmarked Reserves	220,850	-	-	-	-	220,850
Borrowing	1,394,380	3,152,180	1,476,860	1,309,050	1,181,390	8,513,860
<b>Total Financing</b>	<b>3,077,230</b>	<b>4,689,570</b>	<b>3,054,360</b>	<b>2,809,050</b>	<b>2,681,390</b>	<b>16,311,600</b>

- 3.4. The updated MTFP shows a forecast cumulative deficit position of £0.756 million over four years, which represented the required use of reserves to balance the 4 year plan, as shown below:

Reserve	2020/21 (Budget)	2021/22	2022/23	2023/24	2024/25
	£	£	£	£	£
Contingency Reserve	276,010	(256,080)	(307,650)	(186,710)	(5,970)

- 3.5. The forecast general fund reserves position over the life of the current approved MTFP is estimated to be:-

Contingency reserve	2020/21 (Budget)	2021/22	2022/23	2023/24	2024/25
	£	£	£	£	£
<b>As of February 2021:</b>					
Balance at year end	3,480,790	3,224,710	2,917,060	2,730,350	2,724,380
<i>Minimum requirement</i>	<i>1,107,000</i>	<i>1,480,000</i>	<i>1,480,000</i>	<i>1,480,000</i>	<i>1,480,000</i>
<b>Headroom</b>	<b>2,373,790</b>	<b>1,744,710</b>	<b>1,437,060</b>	<b>1,250,350</b>	<b>1,244,380</b>

#### 4. Impact of Coronavirus Pandemic & 2020/21 Outturn Position

- 4.1. The Coronavirus pandemic has had, and is likely to continue having, an adverse impact on the Council's financial position. The immediate financial impact arose from additional expenditure in dealing with the crisis as well as lost income and delays in delivering savings targets. The longer-term financial impacts on corporate plan objectives are difficult to forecast. Hence the need to maintain adequate financial contingency levels.
- 4.2. The 2020/21 outturn position was positive for the Council. As well as add £100,000 to the earmarked reserve to fund future costs of the Covid-19 recovery programme, the Council has added £1,218,000 to the general Contingency reserve. This places the Council in a much better position to respond to increased levels of risk.

- 4.3. The 2021/22 financial position will be monitored through the remainder of the year taking into account the actual recovery of income levels and services and any further updates on Government funding.

## 5. Capital Programme & Revenue Consequences

- 5.1. The 2020/21 outturn position on capital spend was in line with the revised budget, so there is no material variation from the existing MTFP plans as a result of this. The Capital Programme presented to Members in February 2021 will be reviewed, re-profiled and updated as part of 2022/23 budget setting considerations, particularly to where projects have been delayed due to the lockdown periods, social distancing measures and contractor availability. In addition, the Council will develop an Asset Management Strategy to ensure the future delivery of efficient asset management. This work will be progressed once condition surveys have been undertaken and the updated 30 year costs of maintaining the general fund asset stock are known.
- 5.2. The capital programme can be funded from a number of options which include external grants and contributions from third parties comprising of Government and lottery funding; capital receipts from asset sales as part of the asset management plan; earmarked revenue reserves and borrowing. Estimated capital receipts of £0.21m will be available over the next five years (subject to a review of surplus assets), which is a relatively modest target. Where no other resources can be applied, borrowing becomes the funding option for the programme. The Council's current estimated borrowing requirement over the 4 years is shown below and there are no material changes to this in the refresh of the MTFP to date:-

<b>Borrowing Requirement</b>	<b>21/22</b>	<b>22/23</b>	<b>23/24</b>	<b>24/25</b>
	£ <b>224,580</b>	£ <b>323,870</b>	£ <b>379,190</b>	£ <b>438,350</b>

- 5.3. The Council has a joint venture housing company established in partnership with Your Housing Group (YHG) called Ascent. The company developed some 290 affordable homes up until 2016. Since then, further developments have not been feasible. A £5million debenture facility was fully drawn in 2014/15 and £14million of a £20million loan facility has been drawn to date. As Ascent is dissolved and a new funding agreement is confirmed with YHG, a new loan facility will be developed and any impairment on the debenture will be crystallised. These will feed into the MTFP when new agreements have been finalised.
- 5.4. In addition, there are other major capital projects in the process of being designed and some emerging national policy issues that may have financial impacts locally, such as the Department for Environment, Food & Rural Affairs (DEFRA) consultation on consistency in household and business recycling in England. In the case of any major capital project, the default presumption is that schemes will be self-financing, and any financial implications will be identified in decision-making reports to Cabinet that will then feed into the MTFP. In the case of any national changes to service policy, the default presumption is that central Government will fund the costs of any changes imposed nationally. Again, detailed

reports to Cabinet will identify if this assumption is incorrect, with any financial implications reflected in an updated MTFP.

## 6. Inflationary Pressures and Investments

- 6.1. Inflation forecasts are made reflecting the composition of the Council's expenditure, resulting in an inflation rate specific to the Council. This includes the impact on staff pay, supplies and services, premises related costs and transport. The costs to the Council arising from inflation are forecast in the current MTFP as follows:

<b>Expenditure/Income</b>	<b>2021/22</b>	<b>2022/23</b>	<b>2023/24</b>	<b>2024/25</b>
	£	£	£	£
Employee Costs	195,060	142,790	65,000	65,560
Premises Costs	27,190	27,530	27,870	28,220
Transport	-	-	1,410	1,430
Supplies and Services	135,880	113,760	108,870	110,010
<b>In-Year Inflation Pressure</b>	<b>358,130</b>	<b>284,080</b>	<b>203,150</b>	<b>205,220</b>

When the MTFP was set (in February 2021) HM Treasury were invoking a public sector pay freeze and inflation was depressed by the pandemic. At the time of this refresh (August 2021), the Retail Price Index (RPI) was 2.7% and Consumer Price Index (CPI) was 2.5%, with the Bank of England forecasting that inflation may hit 4% by the end of the calendar year. In addition, a national 1.5% pay increase offer has been rejected by the Unions, so will need revisiting. It is unclear whether current inflation rates are a blip created by a temporary uptick in demand as lockdown eases, or whether rising prices reflect a systemic shift in the economy. However, it does look as if the current MTFP forecasts (pay (1%); and an amalgam of premises (1.25%), transport (1%) and supplies (1.5%) price increases will need reviewing prior to the budget being set, with the likelihood that budgetary provision for inflation will need to increase.

- 6.2. The expectation is that interest rates will continue at current low levels throughout the period of the MTFP, with only a small potential increase in the 4<sup>th</sup> year. The Council's advisors - *Link* – forecast average investment income earnings of near 0% return.
- 6.3. The PWLB consultation was released at the end of November 2020 and, as was widely anticipated, rates were reduced by 1%. This has not directly impacted the forecast of borrowing interest rates, but it does provide more options for the Council to borrow, particular for longer periods. However, there are no material changes to existing forecasts and the budget remains as follows:

<b>Treasury Budgets – Borrowing costs and investment Income</b>	<b>2021/22</b>	<b>2022/23</b>	<b>2023/24</b>	<b>2024/25</b>
	£	£	£	£
Borrowing Costs	224,580	323,870	379,190	438,350
Investment Income	(543,590)	(506,990)	(509,550)	(524,120)

## **7. Budgetary Demand & Growth**

7.1. The Medium Term Financial Plan presented to Council in February 2021 included changes in budgetary demand for a number of factors, the most noticeable of which were the following:

- Leisure centres – one year support of £272,000, net of further Government assistance
- Car parks - income loss due to Covid has been included to the sum of £81,000 for one year only.
- Waste Collection - Recycling cost pressures (partly offset by increased credits income) of £163,700 due to increased tonnages

Early forecasts (for Quarter 1) indicate that this additional budget capacity is sufficient. In addition, other areas identified in the MTFP where there may be a requirement to include upfront increased budget demand have been covered by the creation of new (or increased) reserves to cover climate change related projects and Organisational Development. So, the budgetary demands identified in February 2021 remain valid.

7.2. It is assumed, considering the financial pressures faced by the Council, that any local issues that necessitate budget growth will be financed by internal spending reductions elsewhere. Occasionally, it is necessary to include budget growth to meet spending commitments, but there is no indication that any such items are required in this refresh of the MTFP.

7.3. The MTFP assumes that income losses suffered in 2020/21 arising out of the Covid19 outbreak have substantially recovered by 2021/22 except for car parking, which is expected to fully recover by 2022/23. Early indicators from Quarter 1 monitoring indicate that this assumption remains sound.

7.4. The Medium Term Financial Plan would normally project that the Council will increase fees and charges (and other income) broadly in line with inflation, acknowledging that certain income streams may not increase each year and others are fixed or subject to periodic review. However, the assumed annual increase in base income has been suspended for years 1 and 2 of the plan, whilst fees and charges income levels recover from the Covid19 shock

7.5. Additional revenue arising out of an increase in car park charges and Parking Strategy has been reprofiled into 2022/23 (generating an estimated £85,000 additional income). This is at risk if new tariffs are not introduced.

## **8. Local Taxes – Council Tax, Business Rates & New Homes Bonus**

### **Council Tax**

8.1. The Council has the capacity to vary Council Tax levels, following the abolition of capping. However, the Council's ability to increase Council Tax by more than a certain percentage is subject to referendum. For 2021/22, this percentage was 2%, but alternatively, lower tier Authorities had the option to increase the Band D equivalent by a set £5 or 2% – whichever was higher.

8.2. The February 2021 iteration of the MTFP assumed a 1.9% increase from 2022/23 onwards. In addition, provision was included to reflect anticipated growth in Council Tax base over the next 4 years. Having seen the growth in tax base slow during the pandemic as house-building and employment levels were affected; it is assumed that this will recover in 2022/23, boosted by an upturn in the economy. Current assumptions are as follows:

Increased Council Tax Income	2021/22	2022/23	2023/24	2024/25
	£	£	£	£
Council Tax increase	(165,520)	(107,900)	(111,090)	(114,070)
Revenue from tax base growth	(5,980)	(59,790)	(45,820)	(46,690)
<b>TOTAL</b>	<b>(171,500)</b>	<b>(167,690)</b>	<b>(156,910)</b>	<b>(160,760)</b>
<b>Council Tax Income Budget</b>	<b>(5,679,150)</b>	<b>(5,846,840)</b>	<b>(6,003,750)</b>	<b>(6,164,510)</b>

8.3. There has been no further update from Ministry of Housing, Communities and Local Government (MHCLG) regarding the principles by which a Council Tax increase for 2022/23 will be regarded as “excessive” and require a referendum. Therefore, it is sensible at this point in time to assume 1.9% increases, purely for planning purposes within the MTFP.

### Business Rates

8.4. Under the 50% Business Rates Retention system, the Authority retains 40% of Business Rates less a tariff that is payable into a pool maintained by a number of Staffordshire Authorities. This amount is then compared to a Funding Baseline with any amount in excess of this Baseline subject to levy, or conversely if the amount of retained Business Rates is below this Baseline, the loss is capped by a safety net payment. The MTFP does not anticipate the Council falling below the Baseline.

8.5. The MTFP anticipates that Business Rates retention will be above the baseline. Net income is somewhat suppressed due to the award of reliefs including increased small business rate relief, caps on inflation to the multiplier, extended rural relief, and the increase in the provision for RV reductions on successful appeals. To compensate for the loss of business rates, the Government distributes grants (known as Section 31 grants) to Councils.

8.6. As part of the Staffordshire Pool, the levy or the safety net payment is made to or from the Pool instead of Central Government. If the Council was not in the Staffordshire Pool it would have to pay 50p in the £1 to the Government as a levy, effectively limiting the income the Council can gain from business rates growth. However, as part of the Pool, the Council retains 40% of this levy plus 20% or £215,000, whichever is the larger; meaning that for every £1 achieved above the baseline at least 60% is retained by the Council with the remainder going to the Pool to be distributed within Staffordshire. The benefit to the Council of being part of the Pool arrangement is estimated to be £451,730 in 2021/22.

8.7. As a result of Covid-19 and the impact recession and social distancing measures are having on businesses, there is a risk that the Council may see a reduction in the

business tax base and therefore business rates retention. A reduction of 0.5% has been included in this version of the MTFP. There is also a risk associated with non-payment, although collection rates for 2020/21 generally held up. 97.4% of Business Rates was collected by 31 March 2021, compared with 99.3% for the same period last year. Bad debt provision of 1% has been set for 2021/22; with 0.8% in 2022/23; returning to the pre-Covid level of 0.6% in 2023/24 and 2024/25.

### **New Homes Bonus**

8.8. The Government consulted on a replacement for the New Homes Bonus scheme earlier this year. Any new housing incentive scheme will reflect a more targeted approach that rewards local government where they are ‘ambitious’ in delivering housing growth. At this stage, there is no further detail on what form the new scheme will take. In the absence of any further information, this refresh of the MTFP assumes that the Council will continue to receive funding at a base level of £150,000 per annum. However, this does remain a major to the viability of the Plan beyond 2021/22.

## **9. Impact of Savings Plans**

9.1. The current Efficiency and Rationalisation Strategy was approved by Members in February 2017, which identified a programme of £3.1 million in savings to be made over the period 2017/18 – 2020/21. Subsequently, a review was undertaken in February 2019 to assess the timing and estimated value of future savings based on the current programme. The Covid-19 recovery phase and impact on the Council’s financial position has continued into 2021/22. Therefore, it is recognised that delivering the 2021/22 savings requirement of £448,000 may prove difficult. The Council has an earmarked reserve to support any reprofiling requirements of the efficiency programme to cover this and there will be greater certainty following Quarter 2 monitoring. No assumptions in respect of any ‘new’ efficiency programme have been incorporated into this refresh of the plan.

## **10. Use and Level of Reserves**

10.1. The Medium Term Financial Plan is underpinned by a number of assumptions that have been made explicit in this report. New information, when it emerges, may require the Council to alter its assumptions with a consequential effect on the Council’s financial position. Members receive quarterly updates on performance against the budget, indicating whether such assumptions remain robust.

10.2. The Council carries reserves as a contingency for situations where risks cannot be fully mitigated. In February 2021 the minimum general reserve contingency balance was set at £1.480m with an anticipation at 1<sup>st</sup> April 2021 it would hold a contingency reserve of £3.5m. At outturn the contingency was at £4.1m, indicating a relatively healthy level of reserves, albeit acknowledging higher levels of financial risk too.

10.3. The early identification and management of risks is critical to the Budget and Medium Term Financial Planning process. Risks are assessed, mitigated and actively managed to ensure that the Council delivers its services effectively within the funding at its disposal. The table below highlights specific financial risks that are embedded within this Medium Term Financial Plan:

<b>Revenue Risks</b>	<b>Capital Risks</b>
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<ul style="list-style-type: none"> <li>• Inflationary assumptions</li> <li>• Interest rates</li> <li>• Revenue consequences of capital</li> <li>• Housing benefits</li> <li>• Fees and charges</li> <li>• Universal Credit</li> <li>• Business Rates Retention scheme</li> <li>• Council Tax collection</li> <li>• New Homes Bonus</li> <li>• Financial benefits from partnerships / shared services</li> <li>• Pension costs</li> <li>• Insurance costs</li> <li>• Waste management costs</li> <li>• Brexit implications</li> </ul>	<ul style="list-style-type: none"> <li>• Interest rates</li> <li>• External funding</li> <li>• Capital receipts</li> <li>• Capacity to deliver capital programme</li> <li>• Project overspend</li> <li>• Project overrun</li> <li>• External factors (e.g. planning objections, judicial reviews etc. leading to project delay)</li> <li>• Housing Joint Venture</li> <li>• Suppliers / Contractors / Contract Management</li> <li>• Weather</li> <li>• Brexit implications</li> </ul>
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10.4. In addition, there are several financial risks within the MTFP related to local recovery post Covid-19 that need to be regularly reviewed and considered:-

- The period of recovery is prolonged which has further cost pressure consequences for the Council – especially regarding the operation of leisure centres
- Fees and Charges income levels do not return to pre-Covid levels as forecast
- The economy is deflated post-recovery leading to ongoing economic problems in town centres and the broader economy, as well as community safety issues, which lead to increased cost pressures
- Increased demand on certain services e.g. Benefits and economic support.
- Further national lockdowns / tiered systems imposed which leads to further pressures on businesses and households and additional costs to the Council in providing support

## 11. Summary of Financial Risks and Next Steps

11.1. A summary of all the considerations above is given in the annex to this report, with each factor RAG (Red, Amber, Green) rated, using the following criteria:

Red	Either the financial position has materially shifted from that in the MTFP set in February 2021 in a negative way (i.e. costs have increased and / or income has reduced); or, there are external factors beyond the influence of the Council, which could detrimentally impact on the financial position of the Council.
Amber	The financial position has shifted from that in the MTFP set in February 2021 in a negative way (i.e. costs have increased and / or income has reduced), but there are mitigating actions available (e.g. short term reserves) or policy decisions available to resolve the pressure, but they have not yet been implemented.
Green	The current financial forecast remains as set in the MTFP set in February or has improved since that time (i.e. costs have reduced and / or income has grown).

11.2. The overall conclusion is that the MTFP remains fundamentally robust and the following actions will need to be taken prior to it being agreed alongside the 2022/23 budget in February 2022:

- Forecasts are rolled forward to include 2025/26
- Inflation provision is reviewed alongside economic data to establish whether structural inflation is higher than previously forecast
- Any service budget demands are built in
- The outcomes of any Government reviews (on council tax, business rates and new homes bonus) are considered
- Any changes to the capital programme (including any identified capital / revenue implications of major projects) are reflected
- Decisions on any outstanding savings proposal and fees and charges are also reflected

## Annex 1 - September 2021 Review of Staffordshire Moorlands MTFP

Area	RAG	Comment
Revenue Consequences of Capital Spend	Green	The outturn position on capital spend was in line with the revised budget, so do not expect much variation from existing MTFP plans.
Return on Investments	Yellow	There is unlikely to be any change to interest rates in the short term, but the MTFP already reflects this. There is likely to be a shortfall on income arising from the loan to Ascent, once the company is dissolved.
Inflation Pressures	Yellow	MTFP is built on the following Inflation assumptions: pay (1%); and amalgam of premises (1.25%), transport (1%) and supplies (1.5%). These assumptions were set when HM Treasury were invoking a public sector pay freeze and inflation was depressed by the pandemic. The pay estimate (for 2021/22) now looks low – a national 1.5% pay increase offer has been rejected by the Unions, so will need revisiting
Increased / (Reduced) Budget Demand	Green	Generally, the additional allocations incorporated into the 2021/22 budget seem to be adequate (as at interim Quarter 1 monitoring), including the level of support for Parkwood (£272k) and support for reduced car park income (£81k). There is the potential for further Facilities Management costs, but only for this financial year (which could be met from one-off Covid resources).
Budget Growth	Green	There is nothing to suggest that the current principle that any local issues that necessitate budget growth are financed by internal spending reductions elsewhere does not still hold. Specific issues previously identified in the MTFP (around climate change related projects and Organisational Strategy) have been covered by additional earmarked reserves, as part of the 2020/21 outturn.
Fees and Charges	Yellow	Inflationary increases are built into the MTFP, plus £85k in 2022/23 and £125k in 2024/25 from additional car park income, for which decisions on new tariffs will need to be made.
Council Tax Income	Green	There has been no indication from MHCLG regarding the level at which a referendum is required to raise council tax (known colloquially as the “capping guide”), but given forecast inflation levels the current MTFP assumption of 1.9% remains valid.
Collection Fund	Green	Collection rates for both Business Rates (97.4%) and Council Tax (98.2%) have remained high, so MTFP projections remain fundamentally sound. The removal of furlough funding may have a negative impact on Council Tax recovery, but will need reviewing later in the year.
Government Funding Reviews	Red	The Government’s position on a replacement for New Homes Bonus, the future or expansion of Business Rates Retention and the Fair Funding review all remain unknown. The outcomes from these reviews pose the biggest risks to the Authority. However, the likelihood is no implementation of any changes for a further year.
Efficiency & Rationalisation Plan	Yellow	No ongoing savings requirement from 2022/23, but £448k is required in 2021/22, which may be negatively impacted by the longer term effects of the pandemic.
Use of and Levels of Reserves	Green	Following the 2020/21 outturn, another £1.218m has been added to the general contingency, which is 0.6m better than anticipated in the February 2021 MTFP.