



## **SPECIAL CABINET – 17TH FEBRUARY 2021**

**SUBJECT: BUDGET PROPOSALS FOR 2021/22 AND MEDIUM-TERM FINANCIAL OUTLOOK**

**REPORT BY: CORPORATE DIRECTOR FOR EDUCATION & CORPORATE SERVICES**

### **1. PURPOSE OF REPORT**

- 1.1 To seek Cabinet endorsement of the 2021/22 budget proposals contained within this report prior to final determination by Council on the 24<sup>th</sup> February 2021.
- 1.2 To provide an update on the Medium-Term Financial Plan (MTFP).

### **2. SUMMARY**

- 2.1 At its meeting on the 13<sup>th</sup> January 2021, Cabinet endorsed the 2021/22 Draft Budget Proposals based on the Welsh Government (WG) Provisional Local Government Financial Settlement for 2021/22.
- 2.2 The report provided details of a range of cost and service pressures that require funding, along with a proposed increase of 3.9% in Council Tax to enable the Authority to set a balanced budget for the 2021/22 financial year.
- 2.3 Following further consultation this report now presents Final Budget Proposals for the 2021/22 financial year, along with additional information for Cabinet consideration in respect of movements on the General Fund and the proposed Capital Programme for the three-year period 2021/22 to 2023/24.

### **3. RECOMMENDATIONS**

- 3.1 Prior to consideration and determination at Council on the 24<sup>th</sup> February 2021, Cabinet is asked: -
  - 3.1.1 To endorse the revenue budget proposals for 2021/22 of £368.227m as detailed throughout the report and summarised in Appendix 1.
  - 3.1.2 To endorse the proposal to appoint four fixed-term Project Managers for an initial period of 2 years to support the delivery of the Council's Transformation Programme and Place Shaping Plan, with the total cost of £368k being funded from the £1.8m reserve previously approved by Council to support the delivery of the MTFP (paragraph 5.3.37).
  - 3.1.3 To note the movements on the General Fund in Appendix 2 and endorse the proposal that for one year only £1.050m of the General Fund balance should be used to support the 2021/22 budget due to there being no assumed Council Tax surplus in the 2020/21 financial year (paragraph 5.4.4).
  - 3.1.4 To endorse the proposed Capital Programme for the period 2021/22 to 2023/24 as set out in Appendix 3.

- 3.1.5 To support the proposal to increase Council Tax by 3.9% for the 2021/22 financial year to ensure that a balanced budget is achieved (Council Tax Band D being set at £1,230.57).
- 3.1.6 To note the updated MTFP set out in Appendix 4 showing an indicative potential savings requirement of £21.1m for the four-year period 2022/23 to 2025/26.

#### 4. REASONS FOR THE RECOMMENDATIONS

- 4.1 Council is required annually to approve proposals to set a balanced budget and agree a Council Tax rate.
- 4.2 Council is required to put in place a sound and prudent financial framework to support service delivery.

#### 5. THE REPORT

##### 5.1 Background and Context

- 5.1.1 The Council's financial position underpins its ability to make strategic decisions in order to deliver high quality effective services to our residents.
- 5.1.2 The financial picture of the Council is complex, but in summary it consists of four key elements: -
- **The Revenue Budget** – This funds the day-to-day expenditure on the range of services that we provide to our citizens including the staff costs, maintaining our buildings and other assets such as the highway network, utility costs, maintaining our fleet of vehicles and the cost of servicing debt (i.e. loan and interest payments).
  - **The Capital Budget** – This funds one-off investments to create or enhance our assets such as schools, libraries and the highway network. This would include the construction of new buildings, major refurbishments and the acquisition of specialist vehicles and equipment.
  - **Reserves** – These are approved one-off sums that have been set aside or earmarked for a range of different purposes. A report is prepared annually providing details of the reserves held by the Council and identifying any reserves that are uncommitted and can be released for other purposes such as supporting the Capital Programme.
  - **Grants** - The Council receives a number of grants from external bodies such as the Welsh Government. These grants are for specific purposes and the Council must comply with detailed grant terms and conditions. Some of the grants are also subject to audit by our External Auditors.
- 5.1.3 To date the Council has managed the austerity measures using a “salami slicing” approach i.e. reducing budgets gradually across the whole organisation, whilst trying to protect key services such as Education and Social Services. This approach has served us well, with £106m of savings being achieved over the last 13 years.
- 5.1.4 However, if we are to remain an innovative, modern and adaptive organisation, whilst managing increasing demands against reducing funding, we must take a longer-term strategic approach that mobilises our staff, our elected members, our partners and our communities.
- 5.1.5 This new whole-authority transformation operating model is entitled “Team Caerphilly – Better Together”, with the underlying principle of being a Council that has a “social heart and a commercial head”. The key elements of this new operating model are: -

- Improving the way we work.
- Enhancing relationships with our communities and partners.
- Developing proud and trusted staff.

5.1.6 It is important that we strike a balance between investing in our day-to-day services and providing financial support to improve how we deliver services.

5.1.7 Our revenue budget is used to support service delivery on an annual basis and our capital budget is used to fund infrastructure projects across the county borough. We also make use of our reserves wherever we can to support the Council's capital expenditure and approval has already been given to set aside £28.6m to boost the Capital Programme by investing in our Place Shaping Plan.

5.1.8 It is crucial that we manage our revenue and capital budgets and our reserves closely and as a collective, in order to maximise the return on investments. As part of our new operating model we will undertake a forensic review of our financial position through the following: -

- Introducing a structured programme of Service Reviews that will evaluate the services that we provide to ensure that they remain relevant, are provided in the most effective and efficient way and are providing value for money.
- Encouraging and supporting more innovative approaches to service delivery.
- Embracing new technologies to modernise the way that we work, streamline processes, improve workflow and drive out efficiencies.
- Adopting a more commercial approach to service delivery to generate additional income to reinvest in services to help them remain resilient i.e. "profit for purpose".
- Routinely reviewing our reserves to identify further sums that may be available to support the Capital Programme moving forward.

## **5.2 Welsh Government (WG) Provisional Local Government Financial Settlement for 2021/22**

5.2.1 The Local Government Financial Settlement received from WG on an annual basis is referred to as Aggregate External Finance (AEF). This consists of a Revenue Support Grant (RSG) and Redistributed Non-Domestic Rates (business rates). Details of the Provisional Local Government Financial Settlement are normally announced by WG in early October each year. However, due to the impact of the Covid-19 pandemic and the delay in undertaking the UK Government spending review, details of the Provisional Local Government Financial Settlement for 2021/22 were not released until the 22<sup>nd</sup> December 2020.

5.2.2 The key points of the WG Provisional 2021/22 Local Government Financial Settlement are the following: -

- An overall net cash increase of 4% in the Aggregate External Finance (Revenue Support Grant (RSG) and Redistributed Non-Domestic Rates) on an all-Wales basis. This cash increase includes specific grants totalling circa ££5.13m that have been transferred into the RSG in respect of the 2020/21 teachers' pay award and coastal risk management.
- For Caerphilly CBC there is a cash uplift of 3.1% in the Aggregate External Finance which equates to £9m after adjusting for changes in the Council Tax base.
- Caerphilly CBC's element of the £5.13m specific grants transferred into the Settlement is £247k relating to the 2020/21 teachers' pay award.

- Changes to other pass-ported grants in the Provisional Settlement result in a net reduction of £202k in relation to the tapering of WG funding for PFI Schemes.
- The capital allocations available to Caerphilly CBC in the RSG and from the General Capital Grant have decreased by £45k from the 2020/21 financial year.

5.2.3 The UK Government has allocated £766m to WG in respect of the ongoing financial impact of Covid-19 for the 2021/22 financial year. This is far below the levels of funding that have been allocated in 2020/21 and the distribution of this funding will continue to be dealt with outside of the core Financial Settlement.

5.2.4 The 2021/22 Budget Proposals set out in this report do not include additional costs or income losses associated with Covid-19 on the assumption that these costs will continue to be funded through WG from April 2021. This does present a significant financial risk and the position will be closely monitored as we progress through the new financial year.

5.2.5 Details of the 2021/22 Final Local Government Settlement will not be announced until the 2<sup>nd</sup> March 2021, however it is anticipated that this will not vary significantly from the position set out in the Provisional Settlement.

### 5.3 2021/22 Budget Proposals

5.3.1 The proposals contained within this report will deliver a balanced budget for 2021/22 on the basis that Council Tax is increased by 3.9%. Table 1 provides a summary: -

Table 1 – Summary

Paragraph	Description	£m	£m
5.2.2	Aggregate External Finance (3.1% uplift)		9.000
5.3.3 – 5.3.11	Schools cost pressures	3.233	
5.3.12 – 5.3.17	General Fund Services inflationary cost pressures	2.787	
5.3.18 – 5.3.48	General Fund service pressures/proposed new investments	8.088	
5.3.49	Approved savings in advance from 2020/21		2.011
5.5.1 – 5.5.2	Proposed Council Tax increase (3.9%)		3.097
	<b>TOTAL: -</b>	<b>14.108</b>	<b>14.108</b>

5.3.2 It is pleasing to report that based on Council Tax being increased by 3.9% there will be no requirement for any new savings to be identified to balance the budget for the 2021/22 financial year. Furthermore, the proposals in this report will: -

- Maintain service provision across the Council.
- Fund increasing demand and service pressures in key areas such as Social Services and Education.
- Enable new community focussed investments in areas such as Caerphilly Cares and the proposed Community Empowerment Fund.
- Provide the capacity and resilience required to drive forward the Team Caerphilly Transformation Programme and Place Shaping Plan.
- Address legacy issues in respect of income shortfalls in a number of service areas.

5.3.3 The Schools cost pressures totalling £3.233m are set out in Table 2 below -

Table 2 – Schools Cost Pressures

	<b>£m</b>
Teachers Pay at 3.1% (Sept 2020) and 1% (Sept 2021)	2.042
Teachers Employer Pension Contributions	0.000
APT&C Pay at 1% – Including £250 for salaries of £24k or less	0.293
APT&C Employer Pension Contributions	0.000
Living Wage	0.016
Non-Pay Inflation at 0.75%	0.169
Other Service Pressures	0.713
<b>TOTAL: -</b>	<b>3.233</b>

- 5.3.4 **Teachers Pay** - Teachers pay increased across most of the scale ranges by 3.1% with effect from September 2020 and funding has been provided in the Provisional Settlement to reflect the 2021/22 impact of this. However, the Chancellor of the Exchequer has announced a pay freeze for the public sector for 2021/22 except for those earning £24k or less (these will receive a lump sum uplift of up to £250), and those working in certain sectors such as frontline NHS staff. Due to this announcement WG has not received funding for 2021/22 pay uplifts for those staff in Local Government (including teachers) who earn in excess of £24k.
- 5.3.5 Whilst the Chancellor’s statements in relation to pay constraints are acknowledged there is a risk of resistance to such pay policy, particularly considering the demands on staff during the ongoing Covid-19 pandemic. With this in mind it is considered prudent to include some provision in the 2021/22 budget proposals for potential pay awards so a further uplift of 1% in teachers’ pay is currently assumed from September 2021 (along with provision for those staff who will qualify for the £250 uplift). This will be held centrally in the first instance and reviewed once there is clarity around the agreed pay position for the 2021/22 financial year.
- 5.3.6 **Teachers Employers’ Pension Contributions** – There was a significant uplift of 7.12% in employer pension contributions for teachers from September 2019. This increase has been fully funded in the budgets delegated to schools and there is currently no assumed further increase for the 2021/22 financial year.
- 5.3.7 **APT&C Pay at 1%** - As mentioned in paragraph 5.3.5, whilst the Chancellor’s statements in relation to pay constraints are acknowledged, it is considered prudent to include some provision in the 2021/22 budget proposals for potential pay awards so a 1% uplift for APT&C staff is assumed from April 2021 (along with provision for those staff who will qualify for the £250 uplift). This will also be held centrally in the first instance and reviewed once there is clarity around the agreed pay position for the 2021/22 financial year.
- 5.3.8 **APT&C Employer Pension Contributions** - The Greater Gwent (Torfaen) Pension Fund is subject to an independent triennial valuation of its assets and liabilities. The results of the latest valuation concluded that no increase would be required in the employer contributions for the 2020/21 and 2021/22 financial years with an increase of 1% being required for 2022/23.
- 5.3.9 **Foundation Living Wage** – Caerphilly CBC is a Living Wage Foundation employer, so a sum is included in the budget proposals in respect of relevant school staff to allow for annual increases in the Foundation Living Wage hourly rate.
- 5.3.10 **Non-pay Inflation at 0.75%** - The Consumer Prices Index (CPI) inflation rate in December 2020 was 0.6%. It is proposed that the non-pay uplift for 2021/22 should be set at 0.75% to allow some limited headroom for increases during the financial year.
- 5.3.11 **Other Service Pressures** – This includes the following: -
- Second satellite class for Trinity Fields.

- Floor area and National Non-Domestic Rates (NNDR) changes.
- Potential changes in social needs funding (primary and secondary).
- Potential for further costs arising from formula changes linked to updated Free School Meals data.

5.3.12 The General Fund Services inflationary cost pressures totalling £2.787m are set out in Table 3 below: -

Table 3 – General Fund Services Inflationary Cost Pressures

	<b>£m</b>
Pay at 1% (APT&C staff) – Including £250 for salaries of £24k or less	1.773
Living Wage (APT&C staff)	0.037
Employer Pension Contributions (APT&C staff)	0.000
Non-pay Inflation at 0.75%	1.100
Non-pay inflation (Fees and Charges) at 0.75%	(0.123)
<b>TOTAL: -</b>	<b>2.787</b>

5.3.13 **Pay at 1% (APT&C staff)** – As previously mentioned it is considered prudent to include some provision in the 2021/22 budget proposals for potential pay awards so a 1% uplift for APT&C staff is assumed from April 2021 (along with provision for those staff who will qualify for the £250 uplift). This will be held centrally in the first instance and reviewed once there is clarity around the agreed pay position for the 2021/22 financial year.

5.3.14 **Foundation Living Wage (APT&C staff)** – Caerphilly CBC is a Living Wage Foundation employer, so a sum is included in the budget proposals in respect of APT&C staff to allow for annual increases in the Foundation Living Wage hourly rate.

5.3.15 **Employer Pension Contributions (APT&C staff)** – As mentioned in paragraph 5.3.8 the results of the latest triennial valuation of the Pension Fund concluded that no increase would be required in the employer contributions for the 2020/21 and 2021/22 financial years with an increase of 1% being required for 2022/23.

5.3.16 **Non-pay Inflation at 0.75%** - The Consumer Prices Index (CPI) inflation rate in December 2020 was 0.6%. It is proposed that the non-pay uplift for 2021/22 should be set at 0.75% to allow some limited headroom for increases during the financial year.

5.3.17 **Non-pay Inflation (Fees and Charges) at 0.75%** - A generic increase of 0.75% is assumed for Fees and Charges.

5.3.18 It is incumbent upon the Council to set a realistic budget each year. Table 4 provides details of the 2021/22 General Fund inescapable service pressures that have been identified along with a range of new investments that require consideration in respect of funding: -

Table 4 – General Fund Inescapable Service Pressures and Proposed New Investments

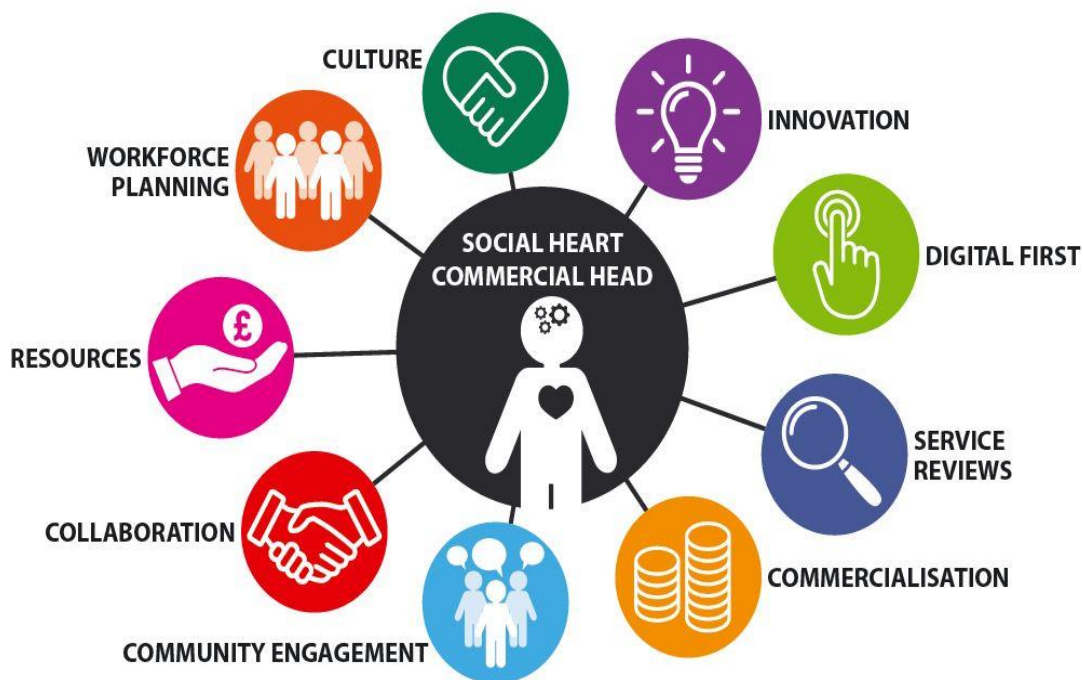
	<b>£m</b>
Council Tax Reduction Scheme (CTRS) additional liability	0.602
Other pass-ported grants	(0.202)
Social Services cost pressures	2.500
Education & Lifelong Learning cost pressures	1.436
Planning Services	0.428
Digital Services	1.212
Additional capacity for Transformation/Place Shaping	0.526
Income budget realignment	0.567
Caerphilly Cares	0.284
Community Empowerment Fund	0.328
Fire Service Levy	0.162
Glamorgan Archives	0.011
Health & Safety – Fire Safety Officers	0.080
City Deal (Partnership revenue contribution)	0.003
City Deal (debt charges)	0.089
Review of Car Parking charges	0.090
Education Achievement Service (EAS)	(0.028)
<b>TOTAL: -</b>	<b>8.088</b>

- 5.3.19 **CTRS additional liability** – The Authority is required to fund a Council Tax Reduction Scheme (CTRS). This replaced Council Tax Benefit in 2013 and is a means-tested benefit that assists in full or part towards a resident’s Council Tax bills. The additional liability arises from the proposal to increase Council Tax by 3.9% in 2021/22.
- 5.3.20 **Other pass-ported grants** – Adjustment required to reflect the net reduction in the Provisional Settlement of £202k in relation to the tapering of WG funding for PFI Schemes
- 5.3.21 **Social Services cost pressures** – Based on an assessment of current commitments it is anticipated that growth of £2.5m is required to meet the full-year cost of placements in the 2021/22 financial year. Areas where pressures are being experienced include children’s residential care and fostering, domiciliary care and supported living.
- 5.3.22 **Education and Lifelong Learning cost pressures** – There are a range of cost pressures within this service area totalling £1.436m. The most significant of these relate to school improvement, Additional Learning Needs (ALN), potential additional costs arising from the forthcoming renewal of contracts for Home to School/College Transport, and budget realignment to address the increasing cost of maternity cover. It is also proposed to reinstate the £333k ‘50/50 Building Maintenance Budget in Schools’ which was previously withdrawn to support MTFP savings requirements. Since the withdrawal of this budget, financial support has been offered to schools through Education Reserves, but this is not sustainable in the medium to longer-term and without this funding there will be an adverse impact on maintenance programmes.
- 5.3.23 **Planning Services** – At its meeting on the 9<sup>th</sup> December 2020, the Housing & Regeneration Scrutiny Committee considered a report outlining proposals for staff budget growth and realignment of fee income targets in Planning Services. The recommendations in the report were endorsed by the Scrutiny Committee and if approved as part of the 2021/22 budget will require funding of £428k.
- 5.3.24 **Digital Services** – Over the past 12 months the Council has witnessed the benefits of advanced technology firsthand. The Covid-19 pandemic has changed the landscape greatly, and there is little doubt that services would not have continued functioning without the adoption of new technology and digital transformation. Moving forward we need to ensure that we have a secure and safe environment for the delivery of all services via a robust investment and change

programme. To ensure that we have a fit-for-purpose ICT infrastructure and digital application the IT service has developed a 5-year strategy that looks at developing a culture of transformation through the use of modern technology.

- 5.3.25 To facilitate the development of digital, investment in core infrastructure and systems will be required. The proposed funding of £1.212m will allow for the review of the existing infrastructure along with investment in the latest Microsoft Office 365 licenses for greater working flexibility and the highest level of security, whilst at the same time enhancing the customer experience of service delivery.
- 5.3.26 The investment will also provide the ability to analyse data and use information for informed decision-making based on real live data, which we are currently unable to do. ICT and digital technologies are core to future business models and for the organisation to flourish it will require a continuous investment programme over the coming years. This will also mean investing now to save for the future. As we take forward the proposed investment in Microsoft technologies other applications will be rationalised and in some cases withdrawn to develop a more agile application base. This will give us the opportunity to explore and evaluate the use of Cloud services and assess the practicalities of “On Premise” solutions via “Cloud” services.
- 5.3.27 **Additional capacity for Transformation/Place Shaping** – The financial challenges we face in future years are unprecedented and coupled with the changing needs of our communities and the emergence of new technologies, it is inevitable and expected that the Council responds to these demands and opportunities in order for us to remain relevant and sustainable over the longer-term. Even before the emergence of Covid-19 it was widely accepted that the Council cannot continue as it is, and it was acknowledged that we needed to examine the way in which we operate and use our resources to deliver the services required by our communities across the county borough.
- 5.3.28 The Council is on a journey of recovery, improvement and transformation and key to this is the Future Caerphilly Transformation Strategy, ***Team Caerphilly – Better Together*** that was approved by Cabinet at its meeting on the 12<sup>th</sup> June 2019. This Strategy sets out details of a major transformation programme to examine how a future operating model for the Council can be developed.
- 5.3.29 The principles of this new operating model include how services are prioritised, how they can become more business efficient, to explore opportunities for greater customer focus and digital delivery, and to consider alternative delivery models and seek out commercial opportunities. Furthermore, to enable the Council to continue providing high quality value for money services in an environment that will require new approaches and new skills, the Strategy acknowledges that a new relationship will need to be built with staff and communities.
- 5.3.30 The Strategy is multi-faceted and at the core of the programme of change is the new mantra of ***Social Heart and Commercial Head***. This recognises a commitment to public service and the needs of citizens, but also demonstrates a commitment to explore commercial and investment opportunities, where appropriate, to generate income that can be reinvested in services to help them remain resilient in the current challenging financial climate.
- 5.3.31 The strategic programme of “whole-authority” work is being delivered through the following key themes, which underpin the new operating model of the Council: -





5.3.32 Good progress has been made in implementing the Strategic Action Plan that underpins the Transformation Strategy. The emergence of Covid-19 and the required response has accelerated the pace of change in some areas and we will now seek to build on this moving forward to ensure that we can offer cost effective, resilient services that meet the needs of our communities through these challenging times and in the medium to longer-term.

5.3.33 The learning that the Council has developed through its response to Covid-19 has helped reshape and expand the transformation programme. At its meeting of the 22<sup>nd</sup> July 2020, Cabinet endorsed the inclusion of ten corporate reviews within the **Team Caerphilly – Better Together** programme, all of which expand on or embed further many of the positive changes implemented in response to Covid-19. The Corporate Reviews are as follows: -

1	Walk in Services Review	OneCouncil	Learning Organisation
2	Remote Contact Review		
3	Front Line Delivery Review		
4	Support Services Review		
5	Information, Insight and Intelligence Review		
6	Flexible Working Review	Workforce & Resources	
7	Sustainable Financial Planning Review		
8	Workforce Development Review		
9	Corporate Volunteering & Community Partnership Review		
10	Decision-Making Review		

5.3.34 The Council is also developing an ambitious Place Shaping investment programme for the county borough, totalling up to circa £360m spanning the next few years, which will lever in significant socio-economic benefits. Details of this proposed major investment programme will be shared with Members in a Joint Scrutiny Committee meeting on the 22<sup>nd</sup> February 2021 prior to Cabinet consideration on the 24<sup>th</sup> February 2021.

- 5.3.35 In order to deliver this wide ranging and ambitious change programme of significant investments consisting of many individual complex projects, whilst continuing with the Council's transformation programme and other priorities such as the Covid-19 response, Regeneration, Housing new build, and delivering the Corporate Plan objectives; investment in additional staff resource is required.
- 5.3.36 The £526k growth bid will be used to permanently fund the current three fixed-term Transformation Manager posts and the existing fixed-term Communications and Engagement Officer post. In addition to this, a permanent Head of Transformation is required to lead the overall Transformation Programme as well as a Head of Prosperity, in order to accelerate our economic regeneration priority.
- 5.3.37 In addition to the proposed £526k growth bid, project management capacity is also required to develop the many projects within the Transformation Programme and Place Shaping Plan. Four fixed-term Project Manager posts are therefore proposed to accelerate the projects already in place and to commence projects that have not yet begun. It is proposed that these posts are initially implemented for a period of two years at a total cost of £368k and are funded from the £1.8m reserve previously approved by Council to support the delivery of the MTFP.
- 5.3.38 The additional staff resources are required to deliver the exciting and bold over-arching change programme for the county borough and the organisation, ensuring that both remain sustainable and resilient, economically, socially and environmentally over the longer-term.
- 5.3.39 **Income budget realignment** – There are a number of service areas where there is a trend in recent years of income budgets not being achieved. Despite steps being taken to introduce further efficiencies to address these shortfalls it is now prudent to recognise the actual levels of income being generated in these areas and to adjust budgets accordingly. The proposed adjustments are £273k for Leisure Centres, £83k for Llancaiach Fawr, £94k for Caerphilly Adventures and £117k for Industrial Property rentals.
- 5.3.40 **Caerphilly Cares** – At its meeting on the 11<sup>th</sup> November 2020, Cabinet approved a proposal to develop the existing Buddy Scheme and Community Regeneration Legacy into the Caerphilly Cares service, which aims to ensure people receive the right support, in the right place, and right time, using a single point of contact through a triage system. Cabinet also approved the use of 2020/21 underspends in the Children and Communities Grant (CCG) and/or Social Services Reserves to fund this service in the short-term.
- 5.3.41 There is now an opportunity to approve funding totalling £284k to fund this service on a recurring basis from 2021/22 onwards.
- 5.3.42 **Community Empowerment Fund** – It is proposed to establish a Fund totalling £328k which would result in an allocation of £4.5k to each Member to support community-based projects. If this funding is agreed a further report will be prepared outlining the parameters for this proposed initiative.
- 5.3.43 **Fire Service Levy** – The 2021/22 draft budget for the South Wales Fire & Rescue Service requires an increase of 2.57% in Caerphilly CBC's contribution. A 0.75% uplift is proposed for the Council's core budgets for non-pay inflation in 2021/22 which results in a further £162k being required to meet the proposed 2.57% for the Fire Service Levy.
- 5.3.44 **Glamorgan Archives** – A further sum of £11k is also required to meet the Council's 2021/22 contribution to the Glamorgan Archives service.
- 5.3.45 **Health & Safety – Fire Safety Officers** – It is proposed that funding of £80k should be built into the 2021/22 base budget to fund two Fire Safety Officer posts that are currently funded on a fixed-term basis.

- 5.3.46 **City Deal partnership revenue contribution and City Deal debt charges** – There is a small increase of £3k required for 2021/22 in respect of the revenue contribution for the City Deal Partnership. The City Deal includes a borrowing requirement of £120m for the ten partner Local Authorities and an additional £89k is required for 2021/22 to meet the current anticipated cost for Caerphilly CBC's share of potential borrowing that may be undertaken during the year.
- 5.3.47 **Review of Car Parking charges** – On the 15<sup>th</sup> December 2020 a Joint Scrutiny Committee meeting (Environment & Sustainability Scrutiny and Housing & Regeneration Scrutiny Committees) took place to consider the findings of the joint task and finish group that was established to review car parks managed by the Council. The Joint Scrutiny Committee endorsed some of the recommendations in the report and these were subsequently agreed by Cabinet on the 13<sup>th</sup> January 2021, resulting in a funding requirement of £90k.
- 5.3.48 **Education Achievement Service (EAS)** - There is a proposed 2% reduction in the level of the Council's contribution to the EAS in 2021/22 which results in a saving of £28k.
- 5.3.49 **Savings in Advance** - The Final 2020/21 Budget Proposals approved by Council on the 20<sup>th</sup> February 2020 included savings in advance of £1.931m. Further savings in advance totalling £80k have also been identified during the 2020/21 financial year resulting in a total of £2.011m being available to support the budget for 2021/22.

## 5.4 General Fund Balances

- 5.4.1 Details of the projected movement on General Fund balances are provided in Appendix 2.
- 5.4.2 The current General Fund balance is £10.684m, which reflects the position previously agreed by Council.
- 5.4.3 Based on the 2020/21 month 9 budget monitoring reports it is anticipated that there will be a net transfer to the General Fund of £1.598m from a projected year-end net underspend across all Directorates.
- 5.4.4 Cabinet will recall that in previous years the Council Tax surplus has been channelled through the General Fund each year to support the base budget in the following financial year. In normal years this surplus is estimated to be circa £1.050m but Members will be aware that Council Tax collection has been adversely impacted during 2020/21 due to Covid-19. Whilst the Welsh Government has provided some funding to mitigate this it would not be prudent at this stage to assume that a Council Tax surplus will be achieved in the current year to support the budget for 2021/22. For one year only it is therefore recommended that the £1.050m required to support the 2021/22 budget should be funded through a call on the General Fund.
- 5.4.5 After allowing for the above movements the updated projected balance for the General Fund is £11.232m. This represents 3.05% of the proposed 2021/22 Net Revenue Budget which is marginally above the minimum level of 3% that is recommended by the Section 151 Officer.

## 5.5 Council Tax Implications 2021/22

- 5.5.1 The budget proposals within this report include a proposed increase of 3.9% in Council Tax for the 2021/22 financial year. This will increase the Caerphilly CBC Band D precept from £1,184.38 to £1,230.57 i.e. an annual increase of £46.19 or weekly increase of £0.89.
- 5.5.2 The proposed increase of 3.9% for 2021/22 will result in the following totals for the Caerphilly CBC element of the Council Tax (the Police & Crime Commissioner and Town/Community Council precepts will be added to these totals): -

Table 5 – 2021/22 Council Tax (CCBC Element) at 3.9% Increase

<b>Band</b>	<b>Council Tax (CCBC Element) £</b>	<b>Weekly Increase £</b>
<b>A</b>	820.38	0.59
<b>B</b>	957.11	0.69
<b>C</b>	1,093.84	0.79
<b>D</b>	1,230.57	0.89
<b>E</b>	1,504.03	1.09
<b>F</b>	1,777.49	1.28
<b>G</b>	2,050.95	1.48
<b>H</b>	2,461.14	1.78
<b>I</b>	2,871.33	2.07

## 5.6 Capital Programme

5.6.1 The proposed Capital Programme for the three-year period 2021/22 to 2023/24 is detailed in Appendix 3 of this report and summarised in Table 6.

Table 6 – Summary of Capital Programme 2021/22 to 2023/24

	<b>2021/22</b>	<b>2022/23</b>	<b>2023/24</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>
Capital Programme proposals	11.349	9.726	9.726
WG funding available	(9.698)	(7.862)	(7.862)
<b>Capital funding gap</b>	<b>1.651</b>	<b>1.864</b>	<b>1.864</b>
<b>Funded by: -</b>			
Surplus/(Deficit) b/fwd	0.454	0.509	0.287
One-Off funding from MRP Policy Review	1.578	1.514	1.449
RCCO budget (Miscellaneous Finance)	0.128	0.128	0.128
<b>Total Additional Funding</b>	<b>2.160</b>	<b>2.151</b>	<b>1.864</b>
<b>Surplus/(Deficit) carried forward</b>	<b>0.509</b>	<b>0.287</b>	<b>0.000</b>

5.6.2 As outlined in paragraph 5.1.7, approval has already been given to set aside £28.6m to boost the Capital Programme by investing in our Place Shaping Plan. This funding is not currently shown in the above table and will be released into the Capital Programme as and when specific schemes are approved.

## 5.7 Financial Outlook for Future Years

5.7.1 Due to the ongoing programme of austerity and increasing demand for a number of services, the financial position for Local Government has been very challenging in recent years. During the period 2008/09 to 2020/21 Caerphilly CBC has delivered savings of £106m to address reductions in funding and inescapable cost and service pressures.

5.7.2 Whilst the 3.1% uplift in the 2021/22 Provisional Settlement is welcomed, the future funding situation for Local Government is likely to be challenging due to the unprecedented fiscal impact of Covid-19 and the strain that this will put on public finances for years to come

5.7.3 The UK Government has undertaken a spending review for 2021/22 only at this stage, so there is no indication of likely funding levels in the medium to longer-term. The Council's MTFP has been updated based on a range of assumptions, resulting in a potential savings requirement of £21.1m for the four-year period 2022/23 to 2025/26. This is £400k higher than the updated MTFP presented to Cabinet on the 13<sup>th</sup> January 2021 with the increase being attributable to the re-profiling of debt charges to reflect the updated five-year business plan for the Cardiff Capital Region City Deal. Details of the updated MTFP are provided in Appendix 4 and the following is a summary of the key assumptions: -

- A 1% uplift year-on-year in respect of WG funding.
- An increase of 3.9% per annum for Council Tax.
- 2% per annum for pay inflation (all staff including teachers).
- 1% per annum for APT&C employer pension contributions.
- Tapered increase in non-pay inflation rising to Bank of England target of 2% by 2025/26.
- A total of £2.3m over the four-year period for schools' service pressures.
- £1.5m per annum for anticipated increased demand for Social Services.

5.7.4 Future financial forecasting is very sensitive to even minor changes in assumptions. For example, a 2% increase in WG funding per annum would reduce the four-year potential saving requirement to £9.2m. Conversely, a cash flat position in terms of WG funding would increase the potential savings requirement to £32.7m. A range of potential scenarios will be considered during the coming months.

5.7.5 The Council's Transformation Programme will be the key driver in ensuring that financial resilience is maintained in future years. The financial position will be regularly reviewed, and periodic updates will be provided for Members.

## **5.8 Conclusion**

5.8.1 This report provides details of the Budget Proposals for 2021/22 based on the WG Provisional Local Government Financial Settlement.

5.8.2 A balanced budget can be delivered based on a proposed Council Tax increase of 3.9%.

5.8.3 Details of the 2021/22 Final Local Government Settlement will not be announced until the 2<sup>nd</sup> March 2021, however it is anticipated that this will not vary significantly from the position set out in the Provisional Settlement.

5.8.4 The report also provides details of the updated Medium-Term Financial Plan (MTFP), which indicates that further savings of circa £21.1m may be required for the four-year period 2022/23 to 2025/26.

## **6. ASSUMPTIONS**

6.1 The UK Government has allocated £766m to WG in 2021/22 for the ongoing financial impact of Covid-19. This is far below the levels of funding that have been allocated in 2020/21 and the distribution of the funding will continue to be dealt with outside of the core Financial Settlement. The 2021/22 Budget Proposals set out in this report do not include additional costs or income losses associated with Covid-19 on the assumption that these costs will continue to be funded through WG grants.

- 6.2 A range of other assumptions have been made throughout the report in respect of pay and non-pay inflationary increases, inescapable service pressures and the level of funding settlements moving forward.

## **7. LINKS TO RELEVANT COUNCIL POLICIES**

- 7.1 The budget setting process encompasses all the resources used by the Council to deliver services and meet priorities.
- 7.2 Effective financial planning and the setting of a balanced budget support the following Well-being Goals within the Well-being of Future Generations Act (Wales) 2015: -
- A prosperous Wales.
  - A resilient Wales.
  - A healthier Wales.
  - A more equal Wales.
  - A Wales of cohesive communities.
  - A Wales of vibrant culture and thriving Welsh Language.
  - A globally responsible Wales.

## **8. WELL-BEING OF FUTURE GENERATIONS**

- 8.1 Effective financial planning is a key element in ensuring that the Well-being Goals within the Well-being of Future Generations Act (Wales) 2015 are met.

## **9. EQUALITIES IMPLICATIONS**

- 9.1 An EIA screening has been completed in accordance with the Council's Strategic Equality Plan and supplementary guidance. No potential unlawful discrimination and/or low level or minor negative impact has been identified; therefore, a full EIA has not been carried out.

## **10. FINANCIAL IMPLICATIONS**

- 10.1 As detailed throughout the report.

## **11. PERSONNEL IMPLICATIONS**

- 11.1 Where staff reductions may be required as a consequence of savings proposals in future years the Council will firstly try to achieve this through 'natural wastage' and not filling vacancies. However, where this is not possible the Council will utilise agreed HR policies and compulsory redundancies will only be considered when all other options have been fully exhausted.
- 11.2 The Trade Unions have been consulted on the 2021/22 draft budget proposals.

## **12. CONSULTATIONS**

- 12.1 The Council undertook a large-scale consultation called 'The Caerphilly Conversation' between 18<sup>th</sup> November 2020 and 3<sup>rd</sup> January 2021. Designed to seek the views of those who live and work within the county borough, the survey provided people with the opportunity to share their experiences of life across the area; their views on public services, and suggestions for where things could be improved as we look to the future.
- 12.2 Key areas covered in the survey included: -

- Understanding residents' views on the Council's response to Covid-19.
- Helping shape the Council's recovery over future years.
- Helping inform our deliberations over next year's budget.
- Preferences on the Council Tax levels for the forthcoming year.
- Informing our ongoing discussions around Place Shaping over the medium to longer-term.
- Providing specific insight that can help shape the ten corporate reviews linked to the Team Caerphilly – Better Together transformation strategy.

12.3 The survey was available on the Council's website and promoted widely through digital media channels. To ensure as many people as possible were able to have their say, the survey was also included in a special edition of Newsline that was delivered to every home within the county borough.

12.4 Among the questions asked was a focus on preferences on Council Tax levels for the 2021/2022 financial year. The survey highlighted that *'Councils are required by law to set a balanced budget each year. Council tax raises around £72.8 million a year, which represents around 20.4% of the Council's total budget. In 2020/2021, Council Tax increased in Caerphilly county borough by 4.7%'*. In light of the situation, residents were asked to indicate their preference in relation to an increase in Council Tax for the 2021/22 financial year.

12.5 The following provides a summary of views based on 1,006 responses: -

- 31% of respondents would support a proposed increase of 4.7%.
- 7% of respondents would be prepared to pay an even greater increase.
- 33% would support a lower increase.
- 30% of respondents did not support any increase in Council Tax at all.

12.6 The budget proposals in this report include an increase of 3.9% in Council Tax for 2021/22.

12.7 The wider results of the survey will be important in helping shape a number of key strategic programmes moving forward, including the Council's emerging Place Shaping Plan, its service review and corporate review programme and the wider transformation agenda. The full summary report of 'The Caerphilly Conversation' findings can be found on the Council's website [www.caerphilly.gov.uk](http://www.caerphilly.gov.uk)

12.8 On the 14<sup>th</sup> January 2021 a Joint Scrutiny Committee meeting was held to consider the 2021/22 Draft Budget Proposals that were presented to Cabinet on the 13<sup>th</sup> January 2021. A summary of the key points raised during the meeting is provided below: -

- Members asked for an update on the work of the Transformation Team and were advised that there is a bold plan for both the Council and communities and that this has now been enhanced with 10 new corporate reviews and the emerging Place Shaping Plan. Members were advised that further details of the Place Shaping Plan would be made available in February 2021 and officers stressed that the Team Caerphilly transformation programme provides a framework that is pivotal for the MTFP and in order to deliver this agenda it is vital that additional staffing capacity is put in place.
- A Member questioned the additional £526k for Transformation/Place Shaping in Table 4 of the Draft Budget Proposals Report and asked about the monitoring process for performance and value for money. The governance framework for the Team Caerphilly Transformation Programme was outlined which includes Scrutiny reports, Cabinet reports, Member Seminars and monitoring by a Programme Board. Members were advised that in order to achieve transformation additional resources are needed to support the programme and existing staff will have the opportunity to be considered for new roles, but this would require back-filling of positions to ensure that day-to-day work continues.

- Members sought further detail on the APT&C employer pension contribution increase for 2022/23. The Joint Scrutiny Committee were advised that the Torfaen Pension Fund is subject to an independent actuarial assessment every three years and that the recommendation for the 2020/21 and 2021/22 financial years was that no increase in employer contribution levels would be required. However, an increase of 1% was recommended for 2022/23. The next triennial valuation will determine whether increases will be required from 2023/24 but the updated MTFP appended to the Draft Budget Proposals Report currently assumes an increase of 1% per annum.
- Members sought comparative details on the proposed 2021/22 Council Tax uplift of 3.9% and noted that this would result in a Band D property having an 89p weekly increase. Officers advised Members that the 2020/21 Band D Caerphilly CBC element of Council Tax is £1,184 and that this is second lowest in Wales and the lowest in Gwent. By way of comparison the 2020/21 Band D figure for Blaenau Gwent CBC is £1,712 and £1,670 for Merthyr Tydfil CBC. Members were also reminded that the Council Tax Reduction Scheme (CTRS) provides significant financial support for eligible households.
- Members noted that the proposed 3.9% increase in Council Tax will provide additional revenue of £3.097m and that there would also be a corresponding increase of £602k in the CTRS budget. A Member asked if a lower increase in the Council Tax would result in a lower increase in the CTRS budget. Officers explained that the increase in Council Tax must be matched by a corresponding increase in the CTRS budget and that funding was provided through the Financial Settlement.
- The Joint Scrutiny Committee noted the £2.5million cost pressures for Social Services and asked if provision had been made for an expected increase in demand for adult mental health support as a result of the Covid-19 pandemic, both with the public and for Council staff. Members were advised that there is nothing specific in terms of increased mental health support included in this uplift, however the Authority will be working with Aneurin Bevan University Health Board (ABUHB) who are currently consulting on proposals to transform Adult Mental Health Services. There will be a presentation to the Social Services Scrutiny Committee in February to explain the proposals and Members indicated their support to discuss this going forward.
- Members asked if the Transformation Strategy was contrary to the regional approach of City Deal in terms of supporting businesses. The Joint Scrutiny Committee was assured that the strategies complimented each other and that they run concurrently. The Committee was also advised that the Council was doing its utmost to help businesses during the challenging climate created by the ongoing Covid-19 pandemic and that Business Grants in excess of £40m had been paid to local businesses since March 2020.

12.9 On the 28<sup>th</sup> January 2021 the 2021/22 Draft Budget Proposals were presented to the Voluntary Sector Liaison Committee. A summary of the key points raised during the meeting is provided below: -

- A representative of the Voluntary Sector asked for reassurance that Welsh Government will reimburse all the additional costs incurred during the Covid-19 pandemic. It was appreciated that there will be no requirement for any new savings to be identified to balance the budget for the 2021/22 financial year, however, concerns were raised regarding future funding for the Voluntary Sector. The Committee was informed that Welsh Government has worked very closely with Local Authorities throughout the pandemic and to date, in the current financial year, Caerphilly has received in excess of £12m to address additional costs and shortfalls in income. Officers are lobbying through the Society of Welsh Treasurers and with finance colleagues in Welsh Government to ensure that the Covid-19 funding does continue into the next financial year. It was highlighted that in the current year the UK government has allocated around £5billion to the Welsh Government to deal with the response to Covid-19, however next year in the draft budget for Welsh Government there is currently only a commitment to provide £766m. The Committee was advised that this



presents a significant financial risk, however, the way Welsh Government has responded to the situation and worked with the Local Authorities in the current year provides some reassurance moving forward.

- Clarification was sought on the latest position regarding Covid-19 Business Grants and the Committee was informed that in excess of £40m has been issued to local businesses since the start of the pandemic. The Committee was also informed that the Welsh Government will be making an announcement regarding further funding in respect of business grants linked to the latest extended lockdown. Details will be shared with the Voluntary Sector as soon as they are available.
- A query was raised in relation to the budget consultation process and a request was made for the Voluntary Sector to be involved earlier on in the budget discussions next year. Officers explained that the timeframe for consultation has been restricted this year due to the late announcement of the Provisional Financial Settlement and assurances were given that there will be full engagement with the Voluntary Sector moving forward.
- In conclusion, the Voluntary Sector Liaison Committee expressed their appreciation to the Finance Department for the valuable work they have carried out during the Covid-19 pandemic.

### 13. STATUTORY POWER

#### 13.1 The Local Government Acts 1998 and 2003.

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Appendices: -

Appendix 1 – Net Revenue Budget 2021/22.

Appendix 2 – Movement on General Fund.

Appendix 3 – Capital Programme 2021/22 to 2023/24.

Appendix 4 - Indicative Medium-Term Financial Plan 2022/23 to 2025/26

Background Papers: -

Cabinet (12/06/19)

Future Caerphilly Transformation Strategy - #TeamCaerphilly – Better Together.

Cabinet (16/07/20)

Strengthening TeamCaerphilly

Cabinet (11/11/20)

Caerphilly Cares

Special Housing and Regeneration Scrutiny Committee (09/12/20)

Planning Services Staffing and Budget Report

Joint Scrutiny Committee (Housing & Sustainability Scrutiny and Housing & Regeneration Scrutiny Committees) 15/12/20.

Caerphilly County Borough Council Car Parks Task and Finish Group.

Cabinet (13/01/21)

Draft Budget Proposals for 2021/22.

**NET REVENUE BUDGET 2020/21**

	£'000	£'000
<b>Base Budget 2020/21</b>		<b>356,130</b>
<b>Schools Cost Pressures</b>		
Teachers Pay at 3.1% (Sept 2020) and 1% (Sept 2021)	2,042	
Pay at 1% (APT&C staff) - Including £250 for salaries of £24k or less	293	
Living Wage	16	
Non-Pay Inflation at 0.75%	169	
Other Service Pressures	713	<b>3,233</b>
<b>General Fund Services Inflationary Cost Pressures</b>		
Pay at 1% (APT&C staff) - Including £250 for salaries of £24k or less	1,773	
Living Wage (APT&C staff)	37	
Non-pay inflation at 0.75%	1,100	
Non-pay inflation (Fees & Charges) at 0.75%	(123)	<b>2,787</b>
<b>General Fund Inescapable Service Pressures and Proposed New Investments</b>		
Council Tax Reduction Scheme (CTRS) additional liability	602	
Other pass-ported grants	(202)	
Social Services cost pressures	2,500	
Education & Lifelong Learning cost pressures	1,436	
Planning Services	428	
Digital Services	1,212	
Additional capacity for Transformation/Place Shaping	526	
Income budget realignment	567	
Caerphilly Cares	284	
Community Empowerment Fund	328	
Fire Service Levy	162	
Glamorgan Archives	11	
Health & Safety – Fire Safety Officers	80	
City Deal (Partnership revenue contribution)	3	
City Deal (debt charges)	89	
Review of Car Parking charges	90	
Education Achievement Service (EAS)	(28)	<b>8,088</b>
<b>Savings In Advance</b>		<b>(2,011)</b>
<b>Proposed Expenditure</b>		<b>368,227</b>
<b>Funding</b>		
WG Support		(292,367)
Council Tax (3.9%)		(74,810)
One-off Contribution from General Fund in lieu of Council Tax Surplus		(1,050)
<b>Total Funding</b>		<b>(368,227)</b>

**APPENDIX 2**

**MOVEMENT ON GENERAL FUND**

	£'000	£'000
<b>Opening Balance 01/04/2020</b>		<b>15,022</b>
<b>2019/20 Council Tax Surplus to support 2020/21 Budget</b>		<b>(1,050)</b>
<b>Take From General Fund Previously Agreed by Council: -</b>		
Communities Directorate Write-Off	(575)	
Covid19 Earmarked Reserve	(2,713)	<b>(3,288)</b>
	<hr/>	<hr/>
<b>Current General Fund Balance</b>		<b>10,684</b>
<b>Net Take to General Fund from Projected 2020/21 Outturn:-</b>		
Education and Corporate Services	1,244	
Social Services	1,138	
Communities	(875)	
Miscellaneous Finance	91	<b>1,598</b>
	<hr/>	<hr/>
<b>Proposed Use of Balances in lieu of Council Tax Surplus</b>		<b>(1,050)</b>
		<hr/>
<b>Projected Balance 31/03/2021</b>		<b><u><u>11,232</u></u></b>

**APPENDIX 3****CAPITAL PROGRAMME 2021/22 to 2023/24**

<b>Scheme</b>	<b>2021/22 £000's</b>	<b>2022/23 £000's</b>	<b>2023/24 £000's</b>
<b><u>Education and Lifelong Learning</u></b>			
Health & Safety Regulations Works	296	296	296
Basic Needs Accommodation	221	221	221
School Security	150	62	62
School Asset Management	420	590	590
School Boiler Replacement Programme	335	253	253
<b>Total Education &amp; Lifelong Learning</b>	<b>1,422</b>	<b>1,422</b>	<b>1,422</b>
<b><u>Communities</u></b>			
Sport Pitches	30	30	30
<b>Total Community &amp; Leisure Services</b>	<b>30</b>	<b>30</b>	<b>30</b>
Environmental Schemes	200	200	200
<b>Total Countryside</b>	<b>200</b>	<b>200</b>	<b>200</b>
Voluntary Sector Capital Grants	80	50	50
<b>Total Economic Development</b>	<b>80</b>	<b>50</b>	<b>50</b>
Infrastructure Retaining Walls	314	314	314
Street Lighting	50	50	50
Land Purchase-Future Schemes	40	40	40
Major Highway Reconstruction	739	739	739
Bridge Strengthening	441	441	441
Land Drainage- Corporate	123	123	123
Land Drainage - Non Corporate	123	123	123
Vehicle Restraint Systems	148	148	148
Corporate Maintenance - Tips Mines Spoils	246	246	246
Monmouth & Brecon Canal.	200	200	200
Footway Reconstruction	148	148	148
<b>Total Engineers</b>	<b>2,572</b>	<b>2,572</b>	<b>2,572</b>
Commercial And Industrial Grants	30	30	30
Town Centres	18	18	18
<b>Total Urban Renewal</b>	<b>48</b>	<b>48</b>	<b>48</b>
CCTV Replacement	74	74	74
Kitchen Refurbishments	419	419	419

<b>Total Public Protection</b>	<b>493</b>	<b>493</b>	<b>493</b>
Corporate Asset Management	690	690	690
<b>Total Property</b>	<b>690</b>	<b>690</b>	<b>690</b>
<b>Total Communities</b>	<b>4,113</b>	<b>4,083</b>	<b>4,083</b>
<b><u>Social Services &amp; Housing</u></b>			
Condition Surveys	340	340	340
<b>Total Social Services</b>	<b>340</b>	<b>340</b>	<b>340</b>
Disabled Facility Grants	1,130	1,133	1,133
Home Imp Grants/Miscellaneous	240	246	246
Home Repair Grant	780	788	788
<b>Total Private Housing</b>	<b>2,150</b>	<b>2,167</b>	<b>2,167</b>
<b>Total Social Services &amp; Housing</b>	<b>2,490</b>	<b>2,507</b>	<b>2,507</b>
<b><u>Corporate Services</u></b>			
IT Hardware & Software	220	200	200
<b>Total ICT</b>	<b>220</b>	<b>200</b>	<b>200</b>
<b>Total Corporate Services</b>	<b>220</b>	<b>200</b>	<b>200</b>
<b>Corporate Projects</b>	<b>3,104</b>	<b>1,514</b>	<b>1,514</b>
<b>Total Capital Programme</b>	<b>11,349</b>	<b>9,726</b>	<b>9,726</b>

## Indicative Medium-Term Financial Plan - 2022/23 to 2025/26

Description	2022/23 £000s	2023/24 £000s	2024/25 £000s	2025/26 £000s
<b>Aggregate External Finance (1% uplift per annum)</b>	<b>2,924</b>	<b>2,953</b>	<b>2,982</b>	<b>3,012</b>
<b>Council Tax (3.9% increase per annum)</b>	<b>3,228</b>	<b>3,368</b>	<b>3,513</b>	<b>3,665</b>
<b>Total Funding to support budget</b>	<b>6,152</b>	<b>6,321</b>	<b>6,496</b>	<b>6,677</b>
<b>Schools Cost Pressures</b>				
Teachers Pay (2% uplift per annum)	1,311	1,685	1,719	1,754
APT&C Pay (2% uplift per annum)	268	275	283	290
APT&C Employer Pension Contributions (1% uplift per annum)	135	139	142	146
Living Wage	16	16	16	16
Non-Pay Inflation (1.25%, 1.50%, 1.75%, 2.00%)	283	344	408	474
Schools Service Pressures	305	1,011	500	530
<b>Total Schools Cost Pressures</b>	<b>2,318</b>	<b>3,470</b>	<b>3,068</b>	<b>3,210</b>
<b>General Fund Services Inflationary Pressures</b>				
APT&C Pay (2% uplift per annum)	2,562	2,613	2,665	2,719
Living Wage	37	37	37	37
Employer Pension Contributions (1% uplift per annum)	912	921	930	940
Non-Pay Inflation (1.25%, 1.50%, 1.75%, 2.00%)	1,991	2,512	3,085	3,717
Non-Pay Inflation - Fees and Charges (1.25%, 1.50%, 1.75%, 2.00%)	(196)	(238)	(282)	(328)
<b>Total General Fund Services Inflationary Pressures</b>	<b>5,306</b>	<b>5,845</b>	<b>6,436</b>	<b>7,085</b>
<b>Inescapable Service Pressures</b>				
CTRS Additional Liability (3.9% per annum)	626	650	675	702
Social Services	1,500	1,500	1,500	1,500
Digital Services	100	100	0	0
City Deal (Partnership Revenue Contribution)	3	3	3	3
City Deal (Debt Charges)	337	532	248	97
Education Achievement Service (EAS)	(15)	(10)	0	0
<b>Inescapable Service Pressures</b>	<b>2,550</b>	<b>2,774</b>	<b>2,426</b>	<b>2,302</b>
<b>Annual Shortfall</b>	<b>4,022</b>	<b>5,769</b>	<b>5,434</b>	<b>5,920</b>
<b>Cumulative Shortfall</b>	<b>4,022</b>	<b>9,791</b>	<b>15,226</b>	<b>21,145</b>