



Classification	Item No.
Open	

Meeting:	CABINET
Meeting date:	14 October 2020
Title of report:	Medium Term Financial Strategy and the Development of the 2021/22 Budget - Update
Report by:	Councillor Eamon O'Brien, Leader of the Council
Decision Type:	Key Decision
Ward(s) to which report relates	All

Executive Summary

- 1.1 In July 2020, Cabinet received a report setting out the Council's arrangements for developing the medium term financial strategy. The medium term financial strategy is a key component of the Council's financial management and control framework and dating the forecast at key points throughout any financial year is critical in order to inform future planning and decision making.
- 1.2 At that time, Cabinet were updated on the impact of the Covid pandemic and the significant financial pressure that this was creating. This pressure and the ongoing uncertainties created by the pandemic, in particular in relation to a second wave and the fact that disruption could be for a further 6 months, continue to make financial planning difficult and extremely complex and any assumptions made may change as the longer term impact develops. Despite this, planning for the future is critical and will inform a view of the longer term financial sustainability and resilience of the Council.
- 1.3 At the start of the year, Bury was faced with a budget gap of c£23m over the next 4 years. Since then, Covid has added a further £39.1m of one-off cost pressures on the council and £1m of ongoing costs. In addition, further demands on the council have seen the ongoing budget gap increase from

c£23m to c£33m. For both the one-off cost pressures and the ongoing pressures there is higher proportion of savings that are needed in the first two years of the strategy.

- 1.4 With a financial challenge of this scale, the council needs to balance the need of delivering more savings on an ongoing basis and utilising its reserves to support the one-off costs. Financial resilience and sustainability however needs to be at the core of the financial strategy and reserves can only be spent once. As options that will deliver ongoing savings are developed those that can provide one-off savings are also needed in order to replenish and slow down the 'run' on reserves.
- 1.5 This report updates Cabinet on the work to date to align the financial and the corporate planning processes and provides framework for engagement with the Cabinet and sets the context on which options to manage the financial gap are currently being developed. Given the scale of the financial gap, options are now planned to be brought forward to Cabinet in November for discussion and consideration. In developing its approach the Council must not only consider the financial elements but also the recovery process and the model and plans for the future.
- 1.6 The uncertainties and challenges that exist, including those presented by potential changes in the financial regime for the Clinical Commissioning Group, have the potential to impact further on the Council's finances and will be kept under review.

Recommendations

2.1 Cabinet is asked to:

- **Note the updated MTFS position;**
- **Note the significant financial challenge faced by the Council and the context of financial uncertainty that is impacting on financial planning;**
- **Note the proposed approach for managing the gap including the use of reserves, efficiencies through transformation and the identification of efficiency/budget options;**
- **Approve the next steps and the proposed approach and that a detailed report will be presented to Cabinet in November.**

Background

Financial Context

- 3.1 This year, the context in which financial planning is to be undertaken, is perhaps the most complex and difficult of recent times. Not only are there significant uncertainties around Government policy and funding through the Comprehensive Spending Review, Local Government Finance Settlement, The

Fairer Funding review, the Business Rates Retention review and potentially other major reforms with Green Papers on Social Care and White papers on Devolution and possible planning reform but there are also significant economic uncertainties. The economic reality is fast changing and challenging and the extent to how long this will last cannot be predicted with any greater certainty but will undoubtedly bring additional pressures in demand for services provided by the Council and our partners.

3.2 When the 2020/21 budget was set, further savings of c£23m over the next 4 financial years was anticipated and some key themes had started to emerge to identify savings for the future. Clearly the position has changed somewhat and an update of the assumptions in the current strategy has been carried out to:

- Determine the likely levels of resources available over the medium term;
- Determine the level of spending priority commitments arising from the COVID-19 recovery plan and the Council’s ambitions over the medium term;
- Develop and consider options to deliver budget reductions that can be evaluated alongside spending priorities.

3.3 In taking forward this approach there has been a need for a range of activities, information, and intelligence gathering to inform the position and these are further supplemented by a set of risks and opportunities to provide some insight on the potential impact on the strategy should some of the assumptions change before the 2021/22 budget is set. Given the complexities that exist, the strategy will continue to be refreshed at key points over the next few months.

3.4 In July, Cabinet was informed that due to the financial uncertainties caused by the economic position, the delay in the comprehensive spending review and potential changes in accounting rules that, for planning purposes, the Council had considered 3 planning scenarios and would be working to a mid-range scenario which suggested that a financial gap of £77m over the next 4 years would need to be addressed. The 3 scenarios are set out below:

- **Optimistic** – This assumes a minimal recession and a return to previous levels by April 2021.
- **Mid-Range** – This assumes a short lived recession lasting up to one year with a one-year gradual recovery;
- **Pessimistic** – Medium term recession lasting the whole of the 5 year MTFS period with some minimal recovery from year 3 onwards.

3.5 Based on the different scenarios, the Council’s financial gap would be as follows:

	Optimistic	Mid-Range	Pessimistic
	£m	£m	£m
Budget Pressure in 2020/21	7.5	7.5	7.5
Existing Savings requirements over	22.6	22.6	22.6

the 5 year MTFS period			
Additional savings required over 5 year MTFS period	19.1	47.2	66.3
Total Savings Required Over 5 Year MTFS period	49.2	77.3	96.4

3.6 Since then work has been undertaken with the Executive Team to update the assumptions and to reflect on the latest information.

4 Medium Term Financial Strategy Refresh

4.1 The key component parts of the medium term financial strategy refresh are set out below and must be considered as part of the refresh of the Council's strategy:

- Updated resource forecast
- Refresh of Savings Plan
- Update and refresh of demand assumptions
- Investment requirements to support recovery and delivery model
- Opportunities for efficiencies and savings options
- Challenge and Scrutiny

4.2 The work to date has focussed on the first 4 elements with the final two stages informing the next part of the process. Details on this are set out later in the report.

Budget Pressure in 2020/21

4.3 Monitoring of the financial position is carried out on a monthly basis with quarterly updates to Cabinet. The last reported position forecast an in-year overspend of £7.5m. Since then the government has announced Tranche 3 of Covid grant and also set up a compensation scheme for authorities to reflect losses in sales, fees and charges. Tranche 3 funding of £1.8m has been received and compensatory income for losses relating to sales fees and charges is expected to be c£1.5m although this is subject to final confirmation from MHCLG. When applied, the council's forecast overspend reduces to £4.3m however this assumes that there are no further increases in demand. Cabinet will receive an updated Quarter 2 monitoring report in November that will set out all the latest funding that has been made available to Local Authorities to respond to the Covid pandemic.

Updated Resource Forecast

4.4 On 23 September it was announced that there would be no Autumn budget due to the coronavirus pandemic. Whilst the budget was cancelled, it is still the government's intention to complete the Comprehensive Spending Review, though there has been widespread reported speculation that this will now cover one year only. As it stands, details on the CSR are expected towards

the end of November though no exact date has been published and there is a real possibility that it will not be received until even later in the year.

4.5 An updated position on forecast resources is set out in the table below:

Revised Resources Forecast –October 2020						
	2021/22			2022/23	2023/24	2024/25
	Original	Revised	Reduction	Reduction	Reduction	Reduction
	£m	£m	£m	£m	£m	£m
Total Resource Forecast	167.446	156.911	10.535	5.441	3.427	2.849
Analysis:						
Better Care Fund	5.434	5.434	0.000	0.000	0.000	0.000
Improved Better Care Fund	1.154	1.154	0.000	0.000	0.000	0.000
Social Care Grant	1.395	1.395	0.000	0.000	0.000	0.000
New Homes Bonus	0.235	0.235	0.000	0.000	0.000	0.000
Winter Pressures Grant	0.817	0.817	0.000	0.000	0.000	0.000
Social Care £1bn	3.375	3.375	0.000	0.000	0.000	0.000
NHS Funding/Contribution	0.400	0.000	0.400	0.000	0.000	0.000
Independent Living Fund	0.291	0.291	0.000	0.000	0.000	0.000
LCTS Admin Grant	0.230	0.230	0.000	0.000	0.000	0.000
Housing Benefit Admin Grant	0.520	0.520	0.000	0.000	0.000	0.000
Sub Total	13.851	13.451	0.400	0.000	0.000	0.000
Council Tax	90.747	84.313	6.434	3.757	0.955	0.975
Business Rates	62.846	59.144	3.702	0.414	2.072	1.474
Sub Total	153.593	143.457	10.135	4.171	3.027	2.449
TOTAL	167.446	156.911	10.535	4.571	3.427	2.849

4.6 The calculation of resources assumes:

- **Continuation of grants at 2020/21 levels**

There is currently no information on the level of grants for 2021/22 and future years and therefore it has been assumed that these will continue at existing levels.

- **Council tax increase of 2% per annum**

This is subject to political decision making however was included in the MTFS when it was set in February. A 1% change in council tax is equivalent to £0.8m.

- **Reduced collection rates for council tax and business rates from 96.5% to 91.5% taking account of current trends**

This is based on current collection rates and reflects a significant reduction in previous collection rates and is directly as a result of Covid. Rates are however starting to recover slightly and the final collection rate assumed may be higher.

- **Rephasing of 2020/21 collection fund deficit over 3 financial years**

The final accounting regulations have not been released however councils have been advised that they can phase the 2020/21 impact over 3 financial years. For Bury this is £1.452m applied equally over the 3 years. This is the new cost for Bury after taking account of S31 grants that were made available to local authorities in 2020/21 to cover the cost of the business rates holiday for eligible businesses in the retail, hospitality and leisure sectors. For Bury this equated to £26m.

Refresh of Savings Plan

4.7 When the 2020/21 budget was set in February 2020 a total of £4.162m savings were reflected in the budget. Some of these savings were expected to increase over the next financial years increasing to £4.629m in 2021/22 and £4.964m in 2022/23. In July, Cabinet agreed that where savings were not considered deliverable, alternative efficiencies should be identified where possible. Some alternative areas of efficiency have been identified and therefore, at this stage, no additional budget pressures relating to the non-delivery of savings already agreed have been built into the refreshed strategy. Details are set out in Appendix A.

Update and Refresh of Demand Assumptions

4.8 Some demand assumptions had already been reflected on the MTFS when the 2020/21 budget was set however an assessment of current demand trends and other known factors suggest that a further £10.584m in ongoing costs is required over the next 4 years of which £8.625m is required in the first two financial years. The impact of Covid has been reflected in demand and is a key driver for a higher than anticipated increase in the early years of the strategy. Of the £3.188m demand pressures, £0.937m is Covid related, the remainder reflecting changes in demand/demographics etc. A summary is set out in the table below and a full analysis at Appendix B.

Analysis of Cost Pressures Reflected in the MTFS				
	2021/22	2022/23	2023/24	2024/25
	£m	£m	£m	£m
Previously Agreed Costs	1.115	0.000	0.000	0.000
Pay Award	0.250	0.000	0.000	0.000
Inflation	0.239	0.613	0.591	0.658
Demand	3.188	0.324	0.398	0.312
DSG Related Costs	2.295	0.000	0.000	0.000
Fall Out of Time Limited Funding	0.600	0.000	0.000	0.000
TOTAL	7.688	0.937	0.989	0.970

4.9 In addition to reviewing demand, a review of income assumptions has also been carried out. The Council has a strategic investment in the Manchester Airport Group and has budgeted income within the financial strategy of £5.9m. In line with the principles of the mid-range scenario it has been assumed that the dividend will not be paid in the 2021/22 and 2022/23 financial years after which it will recover in full. It has also been assumed that some of the income losses relating to car parking, leisure etc. will not recover to current budget levels for the same period of time. Both of these are shown as one-off losses to be met from reserves as they are directly related to Covid.

Investment requirements to support recovery and delivery model

4.10 In spite of the current financial situation it is essential that the council does not lose sight of its priorities set out in the draft Bury 2030 strategy and also in the identified need to transform the way in which the Council conducts its business. Over the past 12 months' significant progress has been made in defining the strategic drivers for and approach to change, which include:

- A 10-year vision for the whole borough which is currently out for community consultation, together with a corporate plan for the council and CCG. The strategic vision includes:
 - a local industrial strategy with clear activities across the themes of People; Place; Ideas; Infrastructure and Business Environment
 - key principles / behaviours to deliver through Inspiration; Aspiration; Participation and Collaboration
 - cross-cutting commitments to delivery of Carbon neutral; Digital-first; Economic recovery/Growth; Healthy Communities and Inclusion

4.11 The need to align corporate planning to the budget is even more critical and the Corporate Plan sets out the need for an internal transformation programme to align delivery capabilities with this clear and defined ambition across the workstreams of:

- Leadership to establish and embed a clear vision, leadership "proposition" and leadership development aligned to the 2030 principles
- Partnerships, specifically embedding community self care and targeted, risk-based service delivery through a new neighbourhood model
- Processes, to align all delivery with the defined commitments, particularly digital-first and
- Workforce to identify and upskill the workforce including through the apprenticeship strategy

4.12 To deliver these and address the financial position there may be a need to accelerate some of our programmes of work, in particular those related to the modernising our processes. This is likely to require additional investment in ICT and change management. The utilisation of the Transformation Reserve that was created when the 2020/21 budget was set is a critical enabler for this.

4.13 Assessment of the funding and resource requirements against the reserve together with the development of clearly defined outcomes and benefits

(cashable and non-cashable) is underway and will be available for the update in November as this will be a key strand of managing the gap.

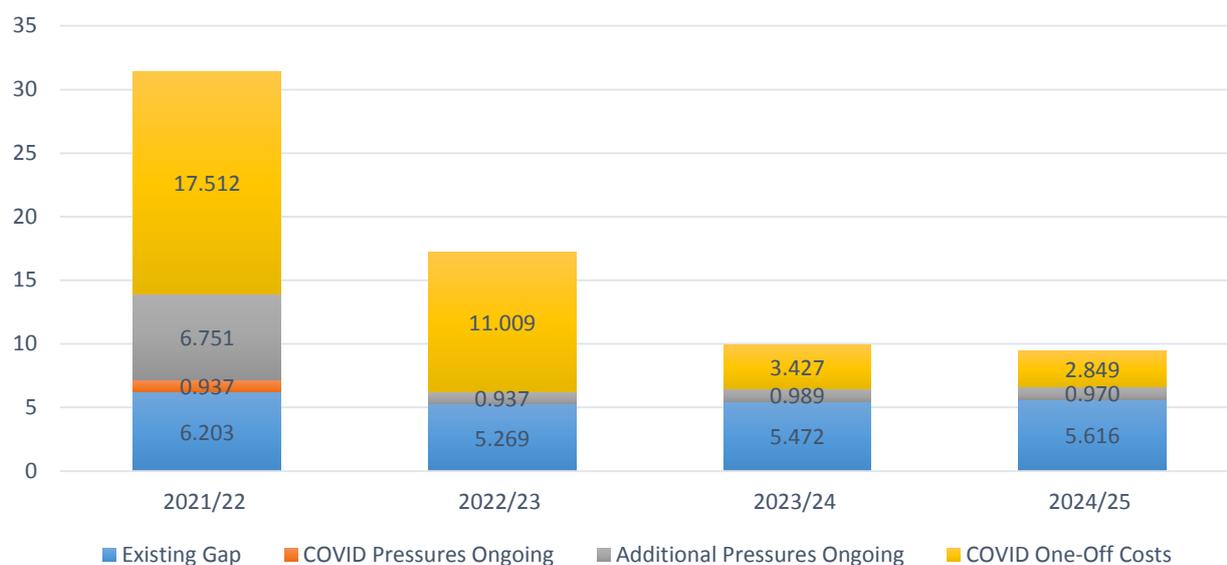
5 REVISED POSITION

5.1 The table below sets out the revised position in light of the MTFS update and is split between those costs that are deemed to be one-off and those that are deemed to be ongoing.

Updated MTFS Position October 2020				
	2021/22	2022/23	2023/24	2024/25
	£m	£m	£m	£m
Original Gap (Ongoing)	6.203	5.269	5.472	5.616
Additional Cost Pressures (Ongoing)	7.688	0.937	0.989	0.970
Annual Revised Gap (Ongoing)	13.891	6.206	6.461	6.586
Cumulative Revised Gap (Ongoing)	13.891	20.097	26.558	33.144
One-Off Funding Shortfall	10.535	4.571	3.427	2.849
Income Loss	6.977	6.438	0.000	0.000
Annual Short Term Funding Shortfall	17.512	11.009	3.427	2.849
Cumulative Short Term Funding Shortfall	17.512	28.521	31.948	34.797
Annual Gap (One-Off and Ongoing)	31.403	17.215	9.888	9.435
Cumulative Gap (One-Off and Ongoing)		48.618	58.506	67.941

5.2 In total £67.941m of savings are forecast to be required over the next 4 financial years and a further £4.3m to cover the current year forecast overspend giving an overall total of £72.241m. This is slightly lower than the mid-range scenario however given the wider economic background the position can and is likely to change. Therefore, at this stage, the original planning assumption still holds good and no significant change in the original approach set out in the paper to Cabinet in July is needed.

Analysis of Finance Gap 2021/22 - 2024/25 (£m)



6 MANAGING THE GAP

- 6.1 To manage the gap, Cabinet agreed that this would be a combination of reserves, efficiencies/budget cuts and efficiencies through transformation. Based on the current position, it is not unrealistic to assume that the one-off losses can be met from one-off reserves and the remainder through budget reductions and transformation. In broadest terms this means that £33.1m of savings are required on an ongoing basis over the 4 years of which £20.1m is required in the first two financial years. This is an increase of £10.5m to that forecast when the budget was set in February 2020. The call on reserves over the 4 years is forecast to be £34.8m of which £28.5m is required in the first two financial years.
- 6.2 Bury's reserves have been historically low however a review of the collection fund in the last financial year and a commitment to make planned contributions to general reserves was an opportunity to see reserves grow in the short term. The call on reserves is however now likely to be significant. As part of the budget setting process, the Council's S151 statutory officer is required to assess the adequacy of the Council's reserves in light of risks both known and unknown at that time. If it is the S151's opinion that that reserves are not adequate and are below an adequate level to reflect the risks and therefore the setting of a balanced budget was at risk then further statutory responsibilities under S114 of the Local Government Finance Act exist and a formal report to Council would have to be issued.
- 6.3 The Ministry of Housing, Communities and Local Government (MHCLG) are liaising with all local authorities to identify those at risk of a S114 and to establish what exceptional support could be given. Based on what is known, Bury's reserves remain adequate for the 2021/22 financial year although it is

recognised that the situation will need to be carefully monitored during the year and as part of the development of the 2022/23 budget and beyond.

- 6.4 To illustrate this further, the forecast position on the Council's reserves is set out in the table below and assumes that all ongoing savings will be identified and delivered:

Forecast Position on Reserves - Assumes all ongoing savings delivered				
	2019/20	2020/21	2021/22	2022/23
	£m	£m	£m	£m
General Reserves	6.989	21.973	4.960	(6.453)
Corporate Reserves	7.794	7.544	7.294	7.044
Transformation Reserve	0.000	4.800	2.300	0.000
Directorate Reserves	0.992	0.742	0.492	0.242
Fiscal and Risk Management Reserves	34.174	30.174	22.074	13.974
External/Grant Funded Reserves	17.522	2.716	1.216	0.000
Capital Reserves	3.272	3.272	3.272	3.272
Sub Total	70.743	71.221	41.608	18.079
DSG Reserve	(20.067)	(24.531)	(24.231)	(22.431)
TOTAL RESERVES	50.676	46.690	17.377	(4.352)

- 6.5 The DSG reserve deficit is significant and, in line with the current legislation, is offset against the Council's reserves. It is anticipated that a statutory override will be announced shortly to remove the link between the DSG deficit and the council's reserves however until this is issued the reserve is shown as part of the overall position on reserves.
- 6.6 It is clear that the impact in the first two financial years of the financial strategy, 2021/22 and 2022/23, is significant and this has to be the immediate focus for planning purposes in order to ensure financial sustainability and resilience in future years.
- 6.7 Clearly to be financially resilient and sustainable the Council needs to deliver significant savings in the short and medium term. It is a statutory requirement that Councils are able to deliver a balanced budget each financial year and based on the current information this may not be possible beyond the 2022/23 financial year or earlier if ongoing cashable savings are not delivered.

7 NEXT STEPS

- 7.1 Cabinet has previously agreed that the Executive Team should adopt a structured approach to support the identification of options for consideration by Cabinet. The approach agreed is:
- Managers should be urged to reduce requests for additional funding and should be seeking to manage downwards the costs in their 2020/21 budgets. In doing so, this will protect the Council's reserves and defer the need for additional savings options in the current financial year;

- Consideration for investment will be prioritised towards those activities and schemes that will generate savings in the current and future years;
- a policy-led approach to identifying savings, by applying a set of consistent principles to our prioritisation and thinking, including use of resources. The principles agreed are:
 - Eco-leadership as a priority and opportunity for cost savings
 - Digital-first
 - Health and care reform
 - Economic recovery
 - Neighbourhood delivery as a basis for better targeting of public service resource and harnessing community capacity
- Services have also been tasked with identifying savings from key themes that have previously been identified including the work of the Health and Care Sustainability Recovery Board:
 - Planned Care
 - Urgent Care
 - Mental Health
 - Strategic Finance
 - Community based health and care
 - Children's
 - Population health

7.2 It is clear from the updated MTFS that the Council has a significant financial challenge and that much of this pressure falls on the first two financial years of the strategy. It is important that the Council takes forward an approach that ensure the ongoing savings can be delivered and that, at the same time, ensures that reserves can remain at appropriate levels to demonstrate ongoing financial sustainability and resilience. With this in mind the approach currently being developed is:

- One-off funding losses to be met from reserves as there are Covid related;
- Options to be developed for delivery in the first two financial years for consideration by Cabinet;
- Options to deliver £5m of one-off savings to be developed to support the replenishment of reserves

7.3 Options are currently being developed and will be considered by Cabinet in November 2019. Where necessary, consultation with residents, stakeholders and partners will be undertaken to ensure that any feedback can be considered prior to the budget setting process in February.

8 CHALLENGE AND SCRUTINY

- 8.1 A challenge and scrutiny process has been built into the MTFS development and will include:
- Enhanced scrutiny and assessment of spending/savings proposals for consideration. This will be carried out by the Executive Team;

- Independent evidence will be used to challenge the extent of savings including cost comparisons, commerciality and the financial viability of services and benchmarking information

8.2 An outline timetable is set out below.

Budget Setting Timetable		
Consideration of Savings Options	November	Cabinet
Capital Programme Update	November	Cabinet
Quarter 2 Monitoring Position	November	Cabinet
Budget Scrutiny	November	Scrutiny
Capital Programme Proposals	January	Cabinet
Final Proposals for Consideration	January	Cabinet
Budget Scrutiny	January	Scrutiny
Budget Finalised and set	February	Council

8.3 A key programme of change and delivery will emerge from the approach outlined and it is essential that capacity is available to fully support the process. Project management support will be secured in order to ensure the plans are properly defined, are on track and that escalations are made when necessary. These costs will be met from the transformation fund and from the corporate capacity budget that was reflected in the 2020/21 budget on an ongoing basis.

9 Risks and Opportunities

9.1 There still remain significant risks within the budget including the potential changes to the funding for Clinical Commissioning Groups and future funding arrangements. The financial regime in which the Clinical Commissioning Groups operate is being reviewed and there may be an impact on the Council's budget as a result of this.

9.2 Other risks and opportunities are set out in Appendix 3 and reflect on potential changes to assumptions made in the model relating to pay awards, inflation, borrowing costs etc.

9.3 There is the potential for some one-off investment/funding to be made available to support the implementation of options. This will be identified as part of the next steps work and will be reflected in the November update.

10 Recommendations

Cabinet is asked to:

- **Note the updated MTFS position;**
- **Note the significant financial challenge faced by the Council and the context of financial uncertainty that is impacting on financial planning;**

- **Note the proposed approach for managing the gap including the use of reserves, efficiencies through transformation and the identification of efficiency/budget options;**
- **Approve the next steps and approach and that a detailed report will be presented to Cabinet in November.**

Equality Impact and considerations:

24. *Under section 149 of the Equality Act 2010, the ‘general duty’ on public authorities is set out as follows:*

A public authority must, in the exercise of its functions, have due regard to the need to -

- (a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;*
 - (b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;*
 - (c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.*
25. *The public sector equality duty (specific duty) requires us to consider how we can positively contribute to the advancement of equality and good relations, and demonstrate that we are paying ‘due regard’ in our decision making in the design of policies and in the delivery of services.*

Assessment of Risk:

The following risks apply to the decision:

Risk / opportunity	Mitigation
The proposed strategy is intended to reflect the known financial position and to reflect emerging changes in funding and costs over the next 4 years to enable the Council to understand its financial position and long term financial resilience and sustainability.	The development and refresh of the medium term financial strategy ensures the Council has an up to date position and assessment of its finances and has an overarching strategy for delivering and managing the funding gap.

Consultation:

There is no consultation at this stage however, as options are developed, consultation will be required for those where there is deemed to be an impact. This will be undertaken later in the budget setting process. Consultation on the council tax is also a requirement for local authorities and once the comprehensive spending review is announced with the specific detail, a consultation will be undertaken.

Legal Implications:

Local authorities must make proper arrangement for the administration of their financial affairs and produce a balanced, robust budget for forthcoming years, together with a medium term financial strategy (MTFS). This should be consistent with the Council's work plans and strategies and any identified budget gap, providing proposals for its closure. This report sets out the current anticipated position and the impact, in particular of the impact of Covid 19. It identifies the current risks associated with the budget and required steps to manage the projected gap. This will assist Cabinet in formulating proposals to submit to Council before 8 February 2021, for the Council budget and council tax calculations for 2021/22.

Financial Implications:

There are no direct financial implications arising from the report however it does set out the overall financial position for the council together with an approach for managing the financial risks. Further reports will be presented to Cabinet as part of the statutory budget setting process.

Report Author and Contact Details:

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Background papers:

Revenue Budget 2020/21 and Medium Term Financial Strategy 2020/21 – 2024/25

Approach to developing the Medium Term Financial Strategy 2020/21 – 2024/25

The Council's Financial Position 2020/21 – As at 30 June 2020

Please include a glossary of terms, abbreviations and acronyms used in this report.

Term	Meaning
MTFS	Medium Term Financial Strategy
CSR	Comprehensive Spending Review
DSG	Dedicated Schools Grant
MHCLG	Ministry for Housing, Communities and Local Government

Appendix A

Assessment of Savings in 2020/21 budget and further requirements in future years					
Directorate	Description	2020/21 £m	Assessment 2020/21	2021/22 £m	2022/23 £m
One Commissioning Organisation	Persona Contract	0.611	Amber	0.611	0.611
One Commissioning Organisation	Supporting People Review	0.177	Green	0.177	0.177
One Commissioning Organisation	Debt Recovery	0.100	Green	0.100	0.100
Children and Young People	School Improvement Service	0.330	Green	0.330	0.330
Children and Young People	Early Help Model	0.102	Amber	0.136	0.136
Children and Young People	Procurement Review of Contracts	0.100	Amber	0.100	0.100
Operations	Procurement Review of Contracts	0.085	Green	0.168	0.168
Operations	Corporate Landlord	0.585	Red	0.585	0.585
Operations	Architects Service Review	0.200	Red	0.200	0.200
Corporate	Contract Management	0.300	Amber	0.600	0.865
Corporate	Discretionary payments	0.350	Amber	0.350	0.350
One Commissioning Organisation	Provider Fees Review	1.107	Green	1.107	
Operations	Re-Wilding Grass Verges	0.065	Red	0.065	0.065
Operations	Review of Highways Fees	0.050	Red	0.100	0.170
Total		4.162		4.629	4.964

Appendix B

Analysis of Cost Pressures Reflected in the MTFS				
	2021/22	2022/23	2023/24	2024/25
	£m	£m	£m	£m
Previously Agreed				
Employee Assistance Programme	0.015	0.000	0.000	0.000
Borrowing Costs – Strategic Investments	1.100	0.000	0.000	0.000
Sub Total	1.115	0.000	0.000	0.000
Pay				
Pay Award 2020/21 Catch Up (2.75%)	0.250	0.000	0.000	0.000
Sub Total	0.250	0.000	0.000	0.000
Inflation				
Residential Care Living Wage Adjustment	-0.135	0.024	0.028	0.032
External Foster Placements	0.006	0.046	0.051	0.055
Fostering, Adoption and Leaving Care Allowances	-0.058	0.030	0.031	0.035
Support Packages and Direct Payments (CYP)	-0.022	0.002	0.002	0.001
Premature Retirement Costs (CYP)	-0.018	-0.013	-0.012	-0.014
Community Care Contract	0.219	0.205	0.175	0.162
Residential Care	0.247	0.319	0.315	0.387
Sub Total	0.239	0.613	0.591	0.658
Demand				
External Legal provision (CYP)	0.150	0.000	0.000	0.000
School Transport	0.441	0.000	0.000	0.000
Increase in Looked After Children	0.452	0.000	0.000	0.000
Care in the Community – Covid Increase	0.937	0.000	0.000	0.000
Transition from Children’s Services	0.259	0.324	0.398	0.312
Winter Maintenance	0.082	0.000	0.000	0.000
Legal Services	0.150	0.000	0.000	0.000
New Homes Bonus Adjustment	0.597	0.000	0.000	0.000
Moderations	0.120	0.000	0.000	0.000
Sub Total	3.188	0.324	0.398	0.312
Costs Previously Funded from DSG				
SEN Team	0.255	0.000	0.000	0.000
16-19 Team	0.056	0.000	0.000	0.000
LAC Education (Virtual Headteacher)	0.200	0.000	0.000	0.000
Connexions Bury	0.315	0.000	0.000	0.000
Youth Service general	0.234	0.000	0.000	0.000
Oasis Team (Early Help)	0.495	0.000	0.000	0.000
CAMHS	0.233	0.000	0.000	0.000
Victoria Family Centre	0.507	0.000	0.000	0.000
Sub Total	2.295	0.000	0.000	0.000
Fall out of Time Limited Funding				
Reablement	0.600	0.000	0.000	0.000
Sub Total	0.600	0.000	0.000	0.000
TOTAL	7.688	0.937	0.989	0.970

Appendix 3

Sensitivity Analysis – Risks and Opportunities		
Element of the MTFS	Change	Annual Impact on the Gap £m
Fair Funding review and Business Rates retention	+/- 1% change in business rates	0.600
Council Tax	-1% each year to the core council tax	0.800
Pay Inflation	+/-1% variation to the 2% assumed in the estimated spending need	1.000
Price Inflation	+/- 1% variation assumed in the spending need (if not offset by increases in charges)	0.500
Capital Financing/Borrowing Costs to Support Reserves	Each £5m investment	0.400

