

Report Title:	<b>Medium Term Financial Plan 2022/23 – 2026/27</b>
Contains Confidential or Exempt Information?	No - Part I
Member reporting:	Councillor Hilton, Cabinet Member for Finance and Ascot
Meeting and Date:	Cabinet - 22 July 2021
Responsible Officer(s):	Andrew Vallance, Head of Finance Adele Taylor, Executive Director of Resources & Section 151 Officer
Wards affected:	All

www.rbwm.gov.uk



## **REPORT SUMMARY**

1. This report sets out the Council's proposed medium-term financial plan (MTFP) for 2022/23 - 2026/27 based on information as we currently know it
2. The Council is facing a significant financial challenge. Like many councils, it is experiencing growth in demand for a number of services, with Children's Services and Adult social care being some of the most significant impacted by demographic demands.
3. The Covid-19 pandemic has led to increased costs and large reductions in income in the last and current financial years. Uncertainty around the duration of these impacts and whether the Government will provide additional funding to mitigate the ongoing impact as part of the upcoming Comprehensive Spending Review, means that there is more potential volatility in the forecasts than in previous years.
4. The position for the Royal Borough is more acute than many other councils, due to our inability to raise Council Tax to the same amount as other councils and our historically low level of reserves. These are insufficient to cover future projected funding shortfalls in 2022/23 and beyond without significant savings. There is also uncertainty around future central government funding.
5. The Council therefore needs to consider the actions it needs to take to ensure the affordability of its services and ensure it reviews its financial sustainability over the medium term.

### **1. DETAILS OF RECOMMENDATION(S)**

**RECOMMENDATION:** That Cabinet notes the report and approves:

- i) **The Medium-Term Financial Plan set out in Appendix A.**

## 2. REASON(S) FOR RECOMMENDATION(S) AND OPTIONS CONSIDERED

- 2.1 This report sets out the financial plans for the Royal Borough of Windsor and Maidenhead
- 2.2 A range of assumptions around the recommended MTFP are set out in Appendix A.
- 2.3 The current situation is extremely volatile, and the total savings requirement is likely to change, especially when the Government announces funding for future years as part of the Local Government Financial Settlement following the Comprehensive Spending Review (CSR). The exact timing of the CSR and subsequent settlement remain unknown at the time of writing this report, although it is predicted to be around November to December 2021.

## 3. KEY IMPLICATIONS

**Table 2: Key Implications**

<b>Outcome</b>	<b>Unmet</b>	<b>Met</b>	<b>Exceeded</b>	<b>Significantly Exceeded</b>	<b>Date of delivery</b>
Services delivered within approved budget	Budget overspend >£250,000	Budget variance +/- £250,000	Budget underspend >£250,000 <£1,500,000	Budget underspend >£1,500,000	31 March 2021

## 4. FINANCIAL DETAILS / VALUE FOR MONEY

### 4.1 Introduction

- 4.1.1 Just like many other councils, the Royal Borough of Windsor and Maidenhead has faced considerable financial challenges as a result of the Covid-19 pandemic.
- 4.1.2 Unlike many other councils, the lowest council tax in the country outside of London and our low levels of reserves coupled with increasing levels of borrowing have made the RBWM financial position more challenging when balancing increasing demographic pressures with other service demands.
- 4.1.3 This document explains the financial context for RBWM and provides an assessment of the scale of the financial challenge that it is likely to face over the next five years and discusses the basis of assumptions that we are making.

### 4.2 Corporate Priorities

- 4.2.1. The Council's priorities must be at the heart of any financial strategy. In many ways they inform one another. RBWM has an agreed interim strategy in light of the impact of the pandemic on the authority. The interim strategy was agreed by Cabinet on 30<sup>th</sup> July 2020. A refresh of the overall corporate

strategy is currently underway and will be considered during 2021/22. When setting the budget in February 2022, the budget will align with the agreed new priorities.

- 4.2.2. Finance is both the enabler that allows the Council to deliver these key priorities and the constraint that the Council needs to work within as it makes tough decisions between those priorities.

#### 4.3 **Financial Climate**

- 4.3.1. Over recent years all local authorities have faced significant cuts as a result of austerity, at a time when pressure on core service delivery has increased, particularly in Children's Services and Adult Social Care.

- 4.3.2. This has placed considerable pressure on discretionary services, including Early Help services for children and families.

- 4.3.3. The Covid-19 pandemic has increased costs in many areas but has also severely reduced councils' income.

- 4.3.4. All councils have adopted different approaches to address their budget gap during that time. This has included outsourcing key services and entering into service delivery partnerships with other councils.

#### 4.4 **RBWM Financial Context**

- 4.4.1 RBWM is on the face of it better placed than some councils to meet the financial challenges that it faces.

- Low levels of deprivation mean that it does not have the same level of pressure on Adult Care and Children's Services that some councils have experienced.
- Significant capital assets have enabled it to continue to fund its capital program at a time when government support for capital schemes has diminished.
- Lower reliance on Government Grant also meant that the impact of austerity was less than in some other councils, noting the corollary of the increased importance of Council Tax, compared to others.

- 4.4.2 RBWM has still had to make significant savings and has already delivered around £70m savings from the start of austerity. It has also been able to protect "discretionary" local services to a greater extent than other councils through some of the actions that it took including sharing services with other councils and changing delivery models particularly around Children's and Adults services.

- 4.4.3 In more recent years RBWM has also embarked on significant investment in regenerating the borough which will in the medium to long term provide some financial benefits overall.

4.4.4 For all councils there is a fine line between financial security and a financial position that can give rise to concern. The tipping point will be different from council to council.

4.4.5 RBWM has a number of significant risks that need to be considered as part of its medium-term financial plans and any potential mitigations identified, where possible.

- **Council Reserves are under considerable pressure** – and are insufficient to absorb the financial pressure projected for 2022/23 and beyond, unless significant savings are made on an ongoing and sustainable basis.
- **The Pension fund deficit** means that a growing share of council funding is required to cover pension deficits in the future
- **Substantial levels of borrowing** mean that an increasing share of the Council's budget is required to service debt before money can be spent on day to day services. There is also a rigid reliance on capital receipts in future years.
- **Maintaining a low level of council tax**, means that the Council has missed out on additional revenue from raising council tax in previous years. It also means that any future increases will generate less as they start from a lower base.
- **Growing pressures around Children and Adult Services** have been widening the budget gap further. This is compounded by the inflexibility of having low spend and comparatively smaller numbers of clients in these services.
- **The Covid-19 pandemic has increased costs and reduced income.** Additional Government funding mitigated all of this in 2020/21 and for the first quarter of 2021/22, but there is no guarantee that this support will be repeated in subsequent years should the pandemic continue. Post pandemic some of the income loss may persist as the world of work, in particular, has changed.
- **Many potential consequences of the pandemic are not yet apparent.** As Government support such as the furlough scheme ends following numerous extensions, the full economic and health effects of the pandemic may be revealed. This may lead to impacts on the Council's budget such as increased council tax support, more homelessness and lower business rates income than we are able to predict at this time.

#### 4.5 Financial Risks

4.5.1 Planning for the future can never be an exact science. There are many factors that the Council cannot control completely, which can have a significant impact on the viability of future plans:

- (a) **Inflationary Pressures** can have a significant impact on costs, particularly pay levels. Contracts may help to protect RBWM from the impact of inflation, although there is an even greater risk when the contract is renewed.

This report assumes CPI inflation of 3% for 2022/23, falling back to 2% in subsequent years, in line with recent announcements by the Bank of England and market expectations.

- (b) **Interest Rates** have a particularly high impact on RBWM due to the overall level of borrowing for the Council. This impact is exacerbated by the high and increasing level of short-term borrowing, which means that rate rises have an immediate impact on council finances. This report assumes that short-term interest rates will stay low. However,

*A 1% increase in interest rates would increase costs by £1m in 2022/23, rising to £1.3m in 2025/26.*

- (c) **Government Grant (RSG)** – the previous formula review resulted in a potentially substantial loss in grant for RBWM. The Government introduced protection arrangements which limited the amount councils would lose. The new methodology for distributing grants, Fair Funding, is likely to be delayed for at least another year. This is likely to mean the loss of protection over the MTFP period.

*RBWM currently receives some £2.2m in protection from “negative RSG”.*

- (d) **Business Rates** has delivered a significant benefit to RBWM as the local economy has expanded. The Government is likely to delay its reset of Business Rates to 2022/23 at the earliest, which will effectively scale back the business rate benefit for RBWM

*RBWM is projected to receive £14m in 2022/23 from business rate income towards the cost of council services.*

- (e) **Changes to Education Funding and the Redistribution of Higher Needs funding** may reduce allocations to RBWM.
- (f) **Delays to receiving capital receipts.** The Council has borrowed and spent large capital sums in anticipation of future capital receipts. Any delays in those receipts will impact on the revenue budget, especially if interest rates start to rise again.

4.5.2 To some extent financial risks can be balanced by some factors that can potentially improve the financial position of the Council.

- (a) **Overall Government support** – the spending review may result in an increase in overall government support for Local Government. If the Government increases the level of overall grant this may have little impact for RBWM as it may simply mean that it does not need as much protection as it currently receives. RBWM is more likely to benefit from targeted support.
- (b) **Council Tax** – greater flexibility in setting council tax levels, either on the overall level of council tax or the social care levy would benefit RBWM to a greater extent than many other councils because its Council Tax is lower than many other councils and is a higher proportion of the funding

that supports our expenditure. The relatively low Council Tax reduces the potential benefit of this greater flexibility. For example at the national average Band D Council Tax we would have around £30 million more to fund local services with per year.

4.5.3 All the above risks can impact on the medium-term financial projections and can make it difficult to plan with certainty.

#### 4.6 Future National Funding Picture

4.6.1 There is considerable uncertainty around future funding for local councils. The spending review had already been delayed again until 2021, and it is still not certain that it will lead to a multi-year settlement from 2022/23.

4.6.2 There is no certainty that the spending review will lead to additional funds for local government. The sector has not fared well in previous rounds and will have to compete against other areas of the public sector. The review will inevitably be strongly influenced by the consequences of the Covid-19 pandemic. The current expectation is that the outcomes of the CSR will be announced sometime in November 2021 with the formal finance settlement to follow sometime in December 2021. These dates are provisional.

4.6.3 It is too early to judge how this will impact on councils with:

- Potential changes in grant distribution and business rates retention
- Additional grant for new spending pressures around social care.
- Further flexibility in council tax levels.

4.6.4 This clearly creates the risk of more fundamental changes and a reduction in support to councils. This depends on whether the Government decides to allocate additional funding to councils overall or enables them to raise more in council tax to bridge funding gaps.

4.6.5 The 2022/23 settlement is likely to be another 1 year settlement. Current assumptions included in the MTFs in Appendix 1 are:

- Council tax referendum limit remaining at 2% for the life of the MTFP
- Expected changes to funding streams including Fairer Funding, Business Rate Retention and Better Care Funding delayed until 2023/24, at the earliest
- Protection for councils including RBWM, who would otherwise have to repay revenue support grant.
- New Homes Bonus Funding remaining as forecast: one last legacy payment of £220k in 2022/23 and zero from then on.

4.6.6 A number of significant legislative and other changes are on the horizon, that could have cost implications for RBWM if new burdens funding is not made available. These include:

- Environmental legislation on waste and recycling – which may also ban green waste collection charges

- Green investment
- Planning Policy changes
- Serious Violence duty
- Domestic Abuse bill
- Additional housing leading to a requirement for more school places
- Social care legislation

4.6.7 In short, there is a considerable level of uncertainty around financial plans for 2022/23 and beyond.

## 5. Medium Term Financial Plan

### 5.1 Base position

The table below shows the base projected savings required during the period of the MTFS

2022/23	2023/24	2024/25	2025/26	2026/27
£5.320m	£3.028m	£1.548m	£3.351m	£3.319m

### 5.2 Key assumptions included above are that:

- (i) Council tax levels increase in line with national limits of 2%. The Government has not yet issued the Technical Consultation which will provide this information.
- (ii) Interest rates continue at 0.6% per annum, as advised by our Treasury Management advisers in light of the current economic situation.
- (iii) £2.2m of grant protection continues for 2022/23 from negative RSG.
- (iv) Adult Social Care Grant continues at current levels.
- (v) Inflation rises to 3% later this year, before falling back to 2% in future years
- (vi) Projected savings are fully delivered.
- (vii) The Council does not make any unplanned capital investments which are not funded from additional future receipts, section 106, CIL or LEP money.
- (viii) That any growth requirements from new legislation would be fully compensated through new burdens funding

### 5.3 Sensitivity Analysis

5.3.1 Projecting the future financial challenge is not an exact science and many factors are beyond the control of the Council. The overall scale of the financial challenge is heavily influenced by Government decisions around funding levels and council tax limits. In particular, whether the Government will provide further Covid funding should the pandemic continue throughout 2021/22 and beyond.

5.3.2 The long-term effects of Covid-19 are still uncertain. The 2021/22 budget includes £9.2 million of Covid-19 costs and income loss. This MTFP allows for

£1.092 million loss of leisure and car parks income in 2022/23. Each additional 10% of income loss that continues into 2022/23 would cost £900,000.

5.3.3 While many of the factors will be beyond the control of the Council, it does have control over some key factors that will influence the financial projection and scale of the financial gap that it faces. These include decisions on:-

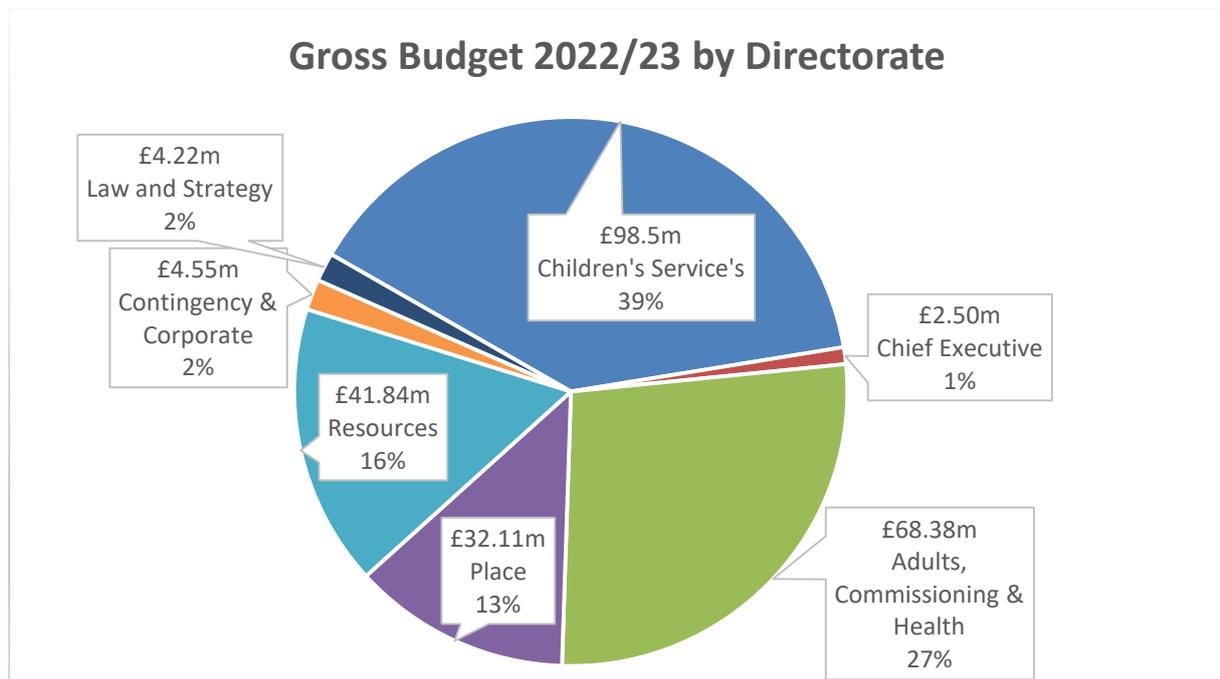
- (i) Council Tax levels – council tax contributes to some 72% of net council expenditure. If the Council does not decide to increase council tax up to the maximum level then this has a significant impact on the scale of the financial gap that it faces.
- (ii) Capital investment – if the Council chooses to invest significantly in capital projects, which are not fully funded or do not deliver savings, then this will have a big impact on the financial gap. The impact will be even greater if interest rates rise.
- (iii) Service Costs – none of the above scenarios provide for significant changes in the level of service provision. Clearly if the Council wishes to increase services then this will significantly increase the size of the budget gap.

#### **5.4 A deteriorating financial outlook.**

5.4.1 At this stage the Council can only plan on the basis of its mid-range projection. It is still useful for the Council to know the financial boundaries that it may be working within. The key messages from the baseline projections for 2022/23 are:

- (i) The Council may need to deliver total ongoing savings of £16m over the 5 year period 2022/27, unless government funding in the form of grant or council tax flexibility improves.
- (ii) The Council has insufficient reserves to sustain a budget deficit, and will therefore have to generate substantial cost reduction or increased income.

- 5.4.2 As the chart below shows, a substantial share of the Council's budget is spent on statutory adults' and children's services. This proportion grows each year, putting additional funding pressure on other council services.



## 6 Principles for Delivering a Sustainable Budget

- 6.1 There is little doubt that RBWM continues to face considerable financial pressures. The only uncertainty is around the scale of the financial pressures.
- 6.2 All councils are having to make some tough choices around the way they manage their finances in order to remain financially viable.
- 6.3 This section sets out some key principles that the Council needs to continue to follow in the short and medium term to manage the financial uncertainty that it faces.

### Principle 1 – an adequate level of reserves

- 6.4 RBWM faces considerable financial risks that can have a potentially significant and immediate impact on its finances.
- 6.5 Reserves are currently at or close to the minimum levels required to protect the Council from these financial risks as well as potential service risks that it may also face. The current assumption is that RBWM will be above the minimum level of reserves at the start of the 2022/23 financial year. The current reserve strategy remains that wherever possible, contingency budgets should be used

as a matter of last resort and any underspend in year should be used to build up the overall general reserve levels to mitigate against future risks.

- 6.6 The Council should aim to ensure that it has a specific reserve that is sufficient to cover future budget gaps in the short-term to give it the time to deliver the savings it needs to deliver to close the gap, without having to make changes that potentially can have a damaging impact on service delivery. However, savings proposals that are presented when setting the budget should be supported by robust evidence, analysis and realistic timelines to mitigate any risks of non-delivery.

### **Principle 2 – raise council tax in line with Government limits**

- 6.7 Council tax contributes to a large share of the Council's budget. The Council already faces the potential need to make further reductions to services and scale back investment. This position will only be made more challenging if it does not increase council tax.
- 6.8 The Council should therefore commit to increasing council tax in line with the limits set by central government.
- 6.9 The Medium Term financial forecast demonstrates the need to take advantage of any flexibility that the Government offers to increase council tax, if the Council is to remain financially viable.

### **Principle 3 – Optimise Income Generation**

- 6.10 The Council should continue to look at opportunities to generate additional sustainable income including its property portfolio, recognising significant income receipts are already within this MTFP.
- 6.11 The Council should aim to ensure that its fees and charges are set at levels that are appropriate and proportionate to the costs of the service they are delivering. The expectation should be that these will keep pace with appropriate levels of inflation, should be benchmarked with other similar authorities and services, and should be reviewed on an annual basis to ensure that they at least cover the cost of services.

### **Principle 4 – Enhanced scrutiny of capital investment**

- 6.12 Funding capital investment represents a significant pressure on the revenue budget. It is essential that the Council understands fully the revenue impact of capital investment and the extent to which the investment: -
- (i) meets the Council's policy objectives
  - (ii) is self-funding
  - (iii) delivers a realistic pay back in the case of invest to save schemes
  - (iv) Appropriate external funding routes need to be considered
  - (v) All capital investment should be supported by appropriately detailed business cases with clear measures of return on investments at both a financial and community level
- 6.13 Over time the Council should continue to ensure that it funds more of its ongoing maintenance and equipment replacement from its revenue budget.

**Principle 5 – the Council maintains tight financial control of in year budgets and the delivery of savings programmes.**

- 6.14 The Council has recognised the need to keep tight control of its spending to ensure that the scale of the financial challenge does not worsen even further. During 2020/21 improved budget monitoring reports to committee meetings were introduced and this allows challenge of any new spending pressures at an early stage.
- 6.15 The Council needs to deliver substantial savings to balance its budget again so there needs to be a continued focus on monitoring and delivering savings in 2022/23.

**Principle 6 – the Council should keep the level of short term borrowing under review**

- 6.16 In recent years borrowing has increased substantially to enable the Council to invest in the regeneration of the borough and core services.
- 6.17 Potentially a lot of this investment can be funded through asset sales, although this can take time and clearly has moved the Council substantially up the risk curve if sales fall through or are delayed. Accordingly the Council has a relatively high level of short term borrowing, which exposes it to the risk of interest rate increases.
- 6.18 The Council is keeping short term borrowing under review and when appropriate will consider the potential to fix rates in the medium to long term to manage the risk and potential financial impact of interest rate increases. The Council continues to consult specialist advice to keep this under review.

**Principle 7 – Lobby for relaxation of capping to give RBWM the Freedom to Recover and additional grant funding**

- 6.19 The Council should maintain pressure on Central Government to deliver a fairer funding model for RBWM that provides:
- (i) Additional grant to support the service pressures that it faces.
  - (ii) Full flexibility to increase council tax.

**7 Closing the Budget Gap**

- 7.1 The immediate challenge is to close the budget gap for 2022/23 to enable the Council to set a balanced budget for 2022/23.
- 7.2 Bids and savings for 2022/23 will be drawn up by the end of August 2022. These will be reviewed by officers and members before a draft balanced budget is considered by Cabinet at its November 2022 meeting.

7.3 Savings proposals will be based on a number of themes, including:

- Income Generation
- Invest to Save
- Transformation
- Digital
- Contracts
- Property

7.4 There is considerable uncertainty around the size and scale of future budget gaps and a lot of this will depend on Government funding decisions.

7.5 While there is always room to be more efficient, RBWM is already a low spending council in almost all areas which constrains it from reducing costs on a large scale.

## **8 Summary and Conclusion**

8.1 This plan sets out a way forward for the Council to make its finances as sustainable as possible in the medium to long term.

8.2 Achieving sustainable finances is not going to be an easy task for the reasons outlined in this report and some tough choices will need to be taken to achieve long term stability.

8.3 In the current financial climate, there are no quick fixes and all councils face considerable financial uncertainty that is beyond their control.

8.4 All councils need to have a clear understanding of how that uncertainty can impact on their financial plans and ensure that they protect themselves as far as possible against that uncertainty.

8.5 This plan sets out how best RBWM can manage these risks and start to make its finances as sustainable as they can be in the medium to long term.

8.6 The success of this plan will depend in part on decisions beyond the control of the council particularly Government decisions around future funding and council tax levels

## **9. LEGAL IMPLICATIONS**

9.1 None at this stage of the budget process.

## **10. RISK MANAGEMENT**

10.1 Failure to identify sufficient savings as part of the budget process would risk the Council being unable to maintain minimum levels of reserves.

- 10.2 The Council is already at a more significant risk because it has moved up the commercial risk curve and is anticipating income for charges and capital schemes.
- 10.3 Whilst not a current likelihood and because of all the factors mentioned in this report, the Council remains at significant risk of financial failure due to the inability to raise council tax income. Any significant unexpected financial change could have serious consequences.

## 11. POTENTIAL IMPACTS

- 11.1 **Equalities.** A full EQIA will be undertaken on the budget submitted to Council in February 2022
- 11.2 **Climate change/sustainability.** The potential impact of budget recommendations will be considered once details of budget submissions are published.
- 11.3 **Data Protection/GDPR.** Not applicable.

## 12. CONSULTATION

- 12.1 The draft budget approved by Cabinet in November 2021 will be fully consulted on before final proposals are made to Cabinet and Council in February 2022. Appropriate consultation will also take place when developing proposals with our key stakeholders and partners

## 13 APPENDICES

- 13.1 The table below details the Appendix to this report

Appendix	
A	Base Medium Term Financial Projections

## 14 BACKGROUND DOCUMENTS

14.1 None

## 15 CONSULTATION (MANDATORY)

<b>Name of consultee</b>	<b>Post held</b>	<b>Date sent</b>	<b>Date returned</b>
Cllr Hilton	Cabinet Member for Finance	13/7/21	14/7/21
Cllr Johnson	Leader of the Council	13/7/21	
Duncan Sharkey	Chief Executive	13/7/21	13/7/21
Andrew Durrant	Executive Director of Place	13/7/21	13/7/21
Emma Duncan	Deputy Director & Monitoring Officer	13/7/21	13/7/21
Elaine Browne	Head of Law	13/7/21	13/7/21
Nikki Craig	Head of HR, Corporate Projects & ICT	13/7/21	
Adele Taylor	Executive Director of Resources, S151 Officer	13/7/21	13/7/21
Louisa Dean	Communications	13/7/21	
Kevin McDaniel	Executive Director of Children's Services	13/7/21	13/7/21
Hilary Hall	Executive Director of Adults, Commissioning & Health	13/7/21	13/7/21
Karen Shepherd	Head of Governance	13/7/21	

## 16 REPORT HISTORY

<b>Decision type:</b> Council decision	<b>Urgency item?</b> No	<b>To Follow item?</b> Not applicable
Report Author: Andrew Vallance, Head of Finance		

GENERAL FUND - 2022/23 DRAFT MEDIUM TERM FINANCIAL PLAN							***NOTES
	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	
	£'000	£'000	£'000	£'000	£'000	£'000	
<b>Total Service Base budget</b>	<b>86,506</b>	<b>95,051</b>	<b>86,099</b>	<b>86,064</b>	<b>88,059</b>	<b>88,470</b>	1
Pay Award	895	913	931	950	969	988	2
General Inflation	(146)	102	102	103	103	103	3
Contract and fees and charges Inflation	1,600	1,730	1,560	1,590	1,790	1,790	4
Corporate capacity	850	-	-	-	-	-	5
Demographic Growth	-	900	900	900	900	900	6
Virements to Non service budgets(unringfenced grants)	814	-	-	-	-	-	
Contingency	(69)	-	-	-	-	-	7
Growth (Annex D)	3,124	1,104	-	-	-	-	
Full year effects of prior years pre-approved decisions	38	-	-	-	-	-	
COVID effect pressures (Annex E)	9,251	(8,159)	(500)	-	-	-	8
Grant effects as a result of the December 20 settlement	(47)	-	-	-	-	-	
New Pressures identified since 1st April 2020	-	-	-	-	-	-	9
Savings Identified since April 2020 (Annex F)	(5,630)	(289)	-	-	-	-	
Efficiency Savings - Existing plans	(2,135)	67	-	-	-	-	10
<b>Efficiency Savings - TO BE IDENTIFIED</b>	<b>0</b>	<b>(5,320)</b>	<b>(3,028)</b>	<b>(1,548)</b>	<b>(3,351)</b>	<b>(3,319)</b>	
<b>Service Net Expenditure</b>	<b>95,051</b>	<b>86,099</b>	<b>86,064</b>	<b>88,059</b>	<b>88,470</b>	<b>88,932</b>	
<b>Total Non Service Base budget</b>	<b>10,389</b>	<b>10,674</b>	<b>11,737</b>	<b>12,893</b>	<b>13,889</b>	<b>14,880</b>	
Environment Agency Levy	3	3	3	3	3	3	
Interest on balances net of Bank charges	49	-	(4)	-	-	-	11
Interest Payments	(1,355)	58	48	-	-	-	12
Capitalised debt interest on specific projects	157	(9)	(44)	-	-	-	12
Minimum revenue provision on capital cashflow	1,049	877	994	828	828	828	12
Revenue contribution to Capital	400	-	-	-	-	-	
Movement on Pension Reserve (Deficit Contribution)	(18)	134	159	165	160	160	13
<b>Non Service Net Expenditure</b>	<b>10,674</b>	<b>11,737</b>	<b>12,893</b>	<b>13,889</b>	<b>14,880</b>	<b>15,871</b>	
<b>TOTAL EXPENDITURE</b>	<b>105,725</b>	<b>97,835</b>	<b>98,956</b>	<b>101,947</b>	<b>103,349</b>	<b>104,803</b>	
	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	
<b>FUNDING</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	
NNDR	(15,004)	(14,296)	(13,588)	(12,879)	(12,129)	(11,379)	14
Use of NNDR Provision	-	-	-	-	-	-	15
Income from trading companies	(210)	(210)	(210)	(210)	(210)	(210)	
Education Services Grant	(315)	(315)	(315)	(315)	(315)	(315)	
Parish Equalisation Grant	-	-	-	-	-	-	
Government Grants(unringfenced)	(2,800)	(2,800)	(2,800)	(2,800)	(2,800)	(2,800)	16
COVID-19 Tranche 5 funding	(3,118)	-	-	-	-	-	
Potential additional COVID-19 funding for SFC compensation Quarter 1	(1,359)	-	-	-	-	-	
Potential additional COVID-19 funding for SFC compensation Quarter 2	(1,106)	-	-	-	-	-	
New Homes Bonus	(473)	(220)	-	-	-	-	17
Use of Earmarked Reserve	(3,170)	-	-	-	-	-	
Use of General Reserve	-	-	-	-	-	-	
Transfer (surplus)/deficit to Council Tax Collection Fund	(300)	-	-	-	-	-	18
Transfer (surplus)/deficit to NNDR Collection Fund	1,600	1,600	1,600	-	-	-	18
<b>TOTAL FUNDING</b>	<b>(26,255)</b>	<b>(16,241)</b>	<b>(15,313)</b>	<b>(16,204)</b>	<b>(15,454)</b>	<b>(14,704)</b>	
<b>Total Council Tax Requirement</b>	<b>79,470</b>	<b>81,594</b>	<b>83,643</b>	<b>85,743</b>	<b>87,895</b>	<b>90,099</b>	
<b>Council Taxbase(Band D)</b>	<b>69,179</b>	<b>69,789</b>	<b>70,289</b>	<b>70,789</b>	<b>71,289</b>	<b>71,789</b>	
Adult Social Care Precept(increased by 3% in 21/22 only)	127.78	127.78	127.78	127.78	127.78	127.78	
Council Tax at Band D	1003.39	1023.36	1043.72	1064.49	1085.68	1107.28	
<b>Council Taxbase(Unparished areas)</b>	<b>35,861</b>	<b>36,361</b>	<b>36,861</b>	<b>37,361</b>	<b>37,861</b>	<b>38,361</b>	
Special Expenses	33.90	34.57	35.26	35.96	36.68	37.41	
<b>Council Tax income using Taxbase</b>	<b>79,470</b>	<b>81,594</b>	<b>83,643</b>	<b>85,743</b>	<b>87,895</b>	<b>90,099</b>	

This Medium term financial plan highlights the efficiency savings yet to be identified. The Expenditure summary shows the movements from the 2021/22 base budgets in both services and non services. The funding table shows the total projected for the year and not the movement. This in turn calculates the Total Council Tax requirement using the Average band D Council Tax, Adult Social care precept and special expenses.

**NOTES**

- 1 Service base budget from Annex A of the February 2021 budget report
- 2 Potential pay award of 2% for all RBWM staff including AFC and Optalis
- 3 General expenditure inflation of 3% only applied to rates and utilities
- 4 Fees and Charges inflation applied to all income targets @3% RPI
- 5 Corporate capacity - ongoing new budget of £850,000 from 2021/22
- 6 Demographic growth only for Childrens services in 21/22 of £150,000
- 7 Removed from the MTFP as now have base contingency budget of £2,812,000
- 8 COVID Pressures - that are reversed from 2021/22
- 9 New pressures identified - note these are not Growth items - as per the pressure schedules
- 10 Only existing savings previously identified and shown in the February 2021 budget report
- 11 Interest on bank balances excluding bank charges
- 12 Previously shown as one figure 'Borrowing costs' now split out for transparency
- 13 Assumes annual prepayment of pension deficit payments - estimates provided
- 14 Reflects the regeneration of Maidenhead and the reduction in projected business rates as a result
- 15 Release of the business rates provision over 2020/21 and 2021/22
- 16 Assumes the £1,687,000 unringfened social care grant continues through the period of this plan
- 17 Phasing out of the New homes bonus as confirmed by Government
- 18 Collection fund projections assume that the nndr deficit can be taken over 3 years as a result of COVID