

Appendix A

Medium-Term Financial Strategy (MTFS) and key assumptions

The Medium-term Financial Strategy for 2020/21 – 2023/24 is provided below: -

	2020/21 £m	2021/22 £m	2022/23 £m	2023/24 £m
Income				
Retained Business Rates	-49.546	-27.715	-46.983	-47.883
Top Up Grant	-34.854	-35.553	-36.264	-36.989
Baseline Funding	-84.400	-63.268	-83.247	-84.872
Revenue Support Grant (RSG)	-20.368	-20.776	-21.191	-21.615
Settlement Funding Equivalent	-104.768	-84.044	-104.438	-106.487
Compensation for under-indexing the business rates multiplier	-2.650	-3.436	-3.436	-3.436
Council Tax Income	-119.170	-114.887	-119.917	-125.118
Improved Better Care Fund	-15.831	-15.831	-16.147	-16.470
New Homes Bonus	-4.086	-2.073	-1.059	0.000
Social Care Support Grant	-9.562	-9.562	-9.753	-9.948
Core Spending Power Equivalent	-256.067	-229.833	-254.750	-261.459
Public Health Grant	-24.412	-24.900	-25.398	-25.906
S31 Business Rates Grants	-22.782	-3.415	-3.415	-3.415
Other Specific Grants	-50.406	-46.667	-46.667	-46.667
Customer & Client Receipts	-44.572	-44.572	-44.572	-44.572
Other Income	-66.562	-66.562	-66.562	-66.562
Housing Benefit	-56.321	-56.321	-56.321	-56.321
Total Income	-521.122	-472.270	-497.685	-504.902
Expenditure				
Total Council Expenditure (Funded)	489.182	495.547	497.551	497.685
Expenditure Changes				
Change in Housing Benefit (nil impact on reductions required)	-3.929	0.000	0.000	0.000
Grant decreases exit strategies (one-off)	-2.691	-2.308	0.000	0.000
Grant decreases exit strategies (on-going)	-0.319	-1.431	0.000	0.000
Adult Social Care Ladder	0.000	-1.292	0.800	0.906
Staffing	-4.166	4.131	3.017	4.182
Prices Changes	4.600	4.600	4.600	4.600
Levying Bodies	0.100	0.100	0.100	0.100
Expenditure funded from additional income included above	5.819	0.488	0.498	0.508
Budget Pressures	14.017	8.074	-1.610	-0.702
Gross Budget	502.613	507.909	504.956	507.279
Budget Proposals for cost reductions	-7.066	-4.880	-2.037	-0.150
Use of one-off Committed Reserves	8.294			
Use of one-off Covid-19 Reserves		-8.000		
Use of one-off S31 Business Rates grants	17.281	-17.281		
Total Budget Gap	0.000	5.478	5.234	2.227
Gross Budget (Total Income plus one-off uncommitted reserves)	512.828	472.270	497.685	504.902
Net Budget Requirement (including Baseline Income)	223.938	198.931	224.355	231.605

CHANGES IN LOCAL GOVERNMENT FUNDING

1. Following the 2010 General Election, the Coalition Government embarked on an austerity programme aimed at removing the Government's budget deficit and bringing the Government's finances back into surplus. The Spending Review announcements covering the years 2011/12 – 2019/20 contained large and sustained cuts to local government.
2. Various studies have shown that not only has local government funding been cut in real terms since 2009/10 but that those cuts have fallen disproportionately on more deprived areas. The IFS¹ state that on average, local government spending on services has fallen by 21% in real terms since 2009/10 however, these falls have not been spread evenly across councils. The reductions have been larger for councils serving more deprived communities, such as Doncaster, than for those serving less deprived communities. The National Audit Office report on the Financial Sustainability of Local Authorities 2018 found that the average reduction in council revenue spending power between 2010/11 and 2017/18 was 28.5% but that the reduction for Doncaster was 35.9%².
3. As councils seek to protect services such as Children's and Adult Social Care, cuts to non-statutory services such as planning, housing and highways have been much more severe. The HCLG Committee³ found that net expenditure on planning & development and housing services has more than halved and net spending on highways & transport and cultural & leisure services is down more than 40%. Increasing demand for adult social care means that this trend is set to continue unless local government is provided with additional central government funding or the power to raise more revenues locally.
4. In addition to the funding cuts, service costs and demographic pressures continue to build. In a report commissioned by the County Council Network⁴, PwC predicts a cumulative £51.8 billion black hole for council funding from 2019/20 to 2024/25.
5. As council funding becomes more dependent on Council Tax and Retained Business Rates this creates additional problems as income from these sources is not expected to keep pace with rising demand for services.
6. Prior to the General Election in June 2017, the Government consulted on changes to the local government finance system (including a review of the formula used) to pave the way for the implementation of 100% business rate retention from 2020/21. As part of this process, Revenue Support Grant (RSG) will be phased out. In the 2018/19 provisional Finance Settlement, the Government confirmed their aim to increase business rates retention to 75% for all local authorities in 2020/21 to help meet the commitment to give local authorities more control over the money they raise locally. This will be through incorporating existing grants into business rate retention including RSG and the Public Health Grant.

¹ English council funding: what's happened and what's next?, 29/05/19, Institute for Fiscal Studies

² <https://www.nao.org.uk/other/financial-sustainability-of-local-authorities-2018-visualisation/#>

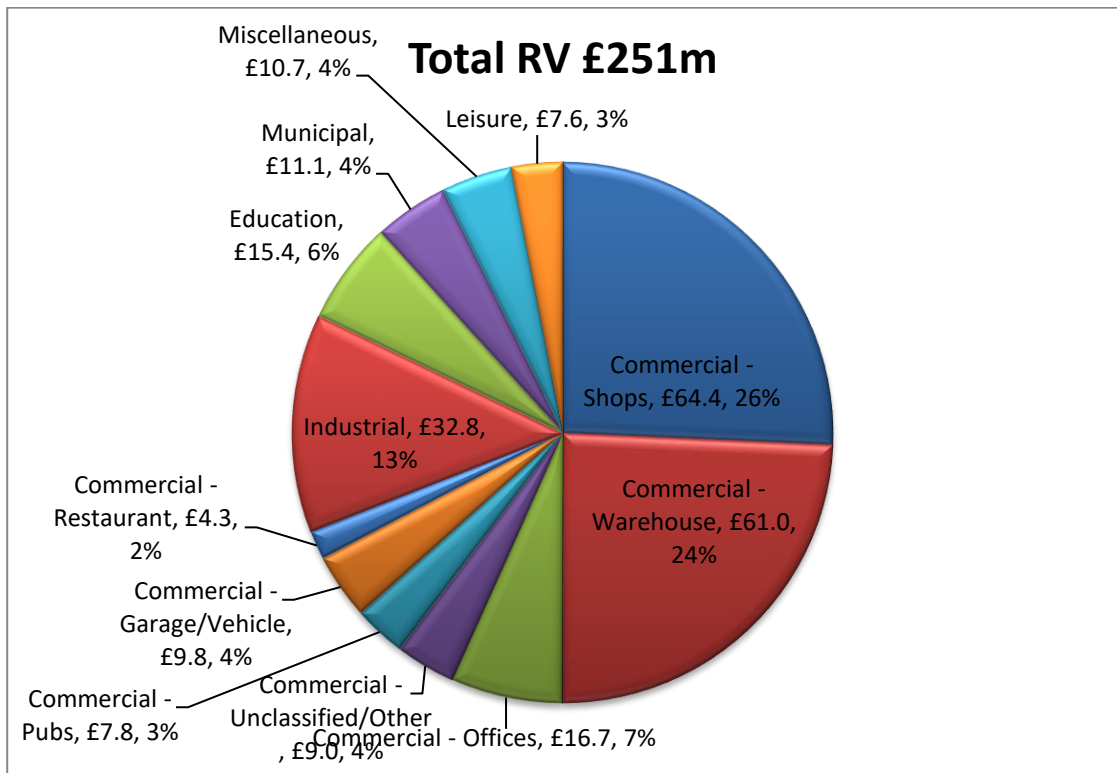
³ Local government finance and the 2019 Spending Review, 22/07/19, Housing, Communities and Local Government Committee

⁴ Independent review of local government spending need and funding, May 2019, PwC

7. In the 2018/19 provisional Finance Settlement, the Government launched a consultation on a Review of Local Authorities Relative Needs and Resources – the Fair Funding Review – which changes the way funding is allocated for 2020/21 onwards. The intention was for a further consultation over the summer of 2019 with implementation in 2020/21. It is now assumed that there will be no significant changes to the way government funding is provided within the period covered by the MTFS. In general, government funding is assumed to increase in line with inflation.

BASELINE FUNDING AND BUSINESS RATES GRANTS

8. The Business Rates Retention scheme, whereby 50% of local business rates income is retained locally, (the Council retains 49% and passes on 1% to the South Yorkshire Fire & Rescue Authority) and 50% is passed to Government, has been in operation since 2013/14.
9. The final local government finance settlement for 2013/14 set the baseline funding levels for the local retention of business rates model. The difference between each council's individual business rate baseline and their calculated baseline funding level results in either a top up or a tariff that is paid from/to councils from central government. The Council will receive top-up grant of £35.553m for 2021/22.
10. The baseline funding level has not been reset since the scheme came into operation. Central Government has previously announced that there will be a full reset of business rates in 2021/22. This means that any "growth" within the current business rates system up to 2020/21 will be transferred into baseline need and effectively lost to the Spending Review 2020 / Fair Funding Review. Although it is difficult to estimate what the impact will be at this stage, the Council had a favourably low baseline in 2013 and could potentially have seen a large drop in Top-Up grant when the reset takes effect. The assumption was that the Council would have lost £7.0m in Top-Up grant and a further £8.1m in related business rates grants but will gain £4.8m out of an overall redistribution of business rates after the reset. The reset is now not expected to take place during the period covered by the MTFS.
11. Full revaluations are carried out every three years and the last revaluation took place on 1st April 2017. The next revaluation therefore, was scheduled for 2020/21, however this has now been delayed until 2021/22.
12. For information, the breakdown of total rateable value of Business Rates by category, as at the end of December 2019, is shown in the chart below: -



THE COLLECTION FUND

13. All Council Tax receipts and Business Rates receipts are paid into and separately accounted for in the Collection Fund. Any surplus or deficit must be shared amongst the preceptors and utilised in budget setting in the following financial year. For Council Tax the preceptors are the Council, South Yorkshire Police Authority and South Yorkshire Fire & Rescue Authority. For Business Rates the preceptors are the Council, Central Government and South Yorkshire Fire & Rescue Authority.

Business Rates

14. The MTFs includes an increase of 2.0% per annum in the multiplier for 2021/22 and subsequent years, which is built into the Retained Business Rates and Top Up grant lines. The multiplier is based on the Consumer Price Index (CPI) for September. Normally the MTFs assumes Business Rates grow each year but the impact of Covid-19 is expected to reduce Business Rates payable by 6.1% in 2021/22 with zero growth expected in subsequent years.
15. The net Retained Business Rates income is reduced for losses on collection and losses due to appeals of approximately 1.5% and 1.7% respectively.
16. Any changes announced by the Chancellor that affect Retained Business Rates are accompanied by a section 31 grant to compensate Councils for any loss of income – these are shown in the Specific Grants section.
17. All other changes to Retained Business Rates, including setting the loss on collection, loss on appeals and growth, are policy decisions but are detailed in the MTFs rather than in the budget savings at Appendices D and E.
18. The overall reduction in Retained Business Rates income of £21.8m is due to no longer receiving a share of the surplus of £1.5m, recovering the 2020/21 deficit of £18.3m (largely recovered using £17.3m of section 31 grants), and negative growth of £2.9m offset by the increase to the multiplier of £0.9m.

Council Tax

19. A breakdown of the 2021/22 Council Tax income and assumptions are provided below: -

Council Tax (Band D)	£1,433.32
Band D Equivalent Properties	81,188
Council Tax Income	£116.369m
Collection Fund (Council Tax) Deficit	£1.482m
Total Council Tax Income	£114.887m

20. The assumed collection rate for Council Tax in 2021/22 is 97%. This is a reduction from 98.6% that was assumed for 2020/21.
21. The overall reduction in Council Tax income of £4.3m is due to increased Local Council Tax Support (LCTS) costs £3.2m, the reduced collection rate £1.8m, recovering the 2020/21 deficit £2.4m (assumed that recovery is spread over 3 years) offset by growth of £0.9m and a 1.99% increase of £2.2m. The MTFS does not assume the social care precept is received in 2021/22 or subsequent years.
22. All changes to Council Tax, including setting the collection rate, are policy decisions but are detailed in the MTFS rather than in the budget savings at Appendix E.

IMPROVED BETTER CARE FUND

23. Improved Better Care Fund (iBCF) 2015 settlement – the Government provided £1.5 billion additional funding for local authorities to spend on adult social care by 2019/20. Funding for 2020/21 is £12.185m and it is assumed that this will stay at the same level in 2021/22 and increase by 2% in subsequent years.
24. Improved Better Care Fund (iBCF) 2017 settlement – The additional iBCF funding was allocated through a separate grant to local government, using a methodology that provides greater funding to those authorities that benefit less from the additional council tax flexibility for social care. Funding for 2020/21 is £2.136m and it is assumed that this will stay at the same level in 2021/22 and increase by 2% in subsequent years.
25. In response to the growing concerns of local government about the escalating costs of providing both Adult and Children's social care, the government announced one-off grants for 2018/19 and 2019/20 for Winter Pressures Funding for 2020/21 is £1.510m and it is assumed that this will stay at the same level in 2021/22 and increase by 2% in subsequent years. This funding now forms part of iBCF.
26. A specific Section 75 pooled budget will be completed once final funding allocations have been confirmed. The iBCF (2015 settlement and 2017 settlement) is being spent on the costs of increased demand and inflationary pressures.

NEW HOMES BONUS

27. New Homes Bonus (NHB) is a grant based on the amount of extra Council Tax revenue raised for new-build homes, conversions and long-term empty homes brought back into use. There is also an extra payment for providing affordable homes. NHB is funded by reducing the baseline funding available for Councils and consequently the Council is worse off because the amount deducted is significantly more than the grant received. From 2011/12 to 2020/21, the

difference between the grant received and the reduction to baseline for Doncaster Council was a net loss of £30.9m.

- a. The NHB for the Council is assumed to be £2.073m for 2021/22, which is a £2.013m reduction from 2020/21. The reduction is due to the end of new NHB allocations and the phasing out of legacy payments from prior years.

	2020/21	2021/22	2022/23	2023/24
	£m	£m	£m	£m
2017/18 allocation	0.824			
2018/19 allocation	1.014	1.014		
2019/20 allocation	1.059	1.059	1.059	
2020/21 allocation	1.190			
2021/22 forecast allocation		-		
2022/23 forecast allocation			-	
Total NHB Funding	4.086	2.073	1.059	-

- b. The net grant loss is significant at £30.938m. The position is reasonably comparable with other Metropolitan Districts who also fare badly from the redistribution of grant funding, due to the relatively high levels of grant funding received and high levels of deprivation. The DCLG led evaluation of the NHB published in December 2014 concluded that the most negative impacts of the NHB were seen in authorities in the north of England and Yorkshire and the Humber. The NHB is therefore being utilised to assist with the loss in grant. Housing growth is being progressed utilising alternative funding streams. The updated grant figures are set out in the table below: -

Year	Housing Growth £m	Reimbursement Grant £m	Total Grant Receipt £m	Grant Reduction £m	Net Grant Loss £m
2011/12	0.403	0.000	0.403	1.412	1.009
2012/13	0.928	0.000	0.928	3.054	2.126
2013/14	1.314	0.565	1.879	5.312	3.433
2014/15	2.430	0.228	2.658	6.729	4.071
2015/16	3.479	0.224	3.703	8.500	4.798
2016/17	5.051	0.160	5.211	10.518	5.307
2017/18	4.946	0.173	5.119	8.868	3.749
2018/19	4.458	0.000	4.458	6.708	2.250
2019/20	4.468	0.000	4.468	6.375	1.906
2020/21	4.086	0.000	4.086	6.375	2.289
Total	31.563	1.350	32.913	63.851	30.938

ADULT SOCIAL CARE GRANTS

28. The Winter Pressures grant is rolled into the iBCF from 2020/21.
29. The one-off grants for 2018/19 and 2019/20 for Social Care Support continued at the same level of £2.579m in 2020/21. In the Spending Round on 4th September 2019, a new one-off increase in the Social Care Support grant was announced as part of a £1.5bn package for social care. The additional one-off grant for 2020/21 for Doncaster is £6.983m and it is now assumed that this will stay at the same level in 2021/22 and increase by 2% in subsequent years.

PUBLIC HEALTH

30. The Health and Social Care Act 2012 provided the statutory basis for Local Authorities to assume their new Public Health responsibilities from 2013/14. From this date, the majority of Public Health functions transferred to the Council although some specialist elements of Public Health such as children's services 0-5, cancer screening etc. were retained by the NHS. Children's Public Health commissioning responsibilities for 0-5 year olds transferred from NHS England to Local Authorities on 1st October 2015 and this joins up that already done by Local Authorities for children & young people 5-19.
31. It was previously assumed that the ring-fence on Public Health spending will be removed from 2021/22 as part of the move towards 75% business rates retention. It is now assumed that the ring-fence stays in place across the period covered by the MTFs. A 2% increase in funding is assumed each year (£0.488m in 2021/22); it is worth noting that this does not meet expected cost increases e.g. estimated pay award and therefore represents a real-term reduction.

OTHER SPECIFIC GRANTS

32. The Council receives a number of specific grants which are non-ring fenced and can be redirected to other areas of service provision as required. It also receives some specific grants that are ring-fenced and can only be used for the specific purpose set out in the grant conditions. The largest grants such as Public Health and iBCF are shown separately in the MTFs. Further details of the main specific grants (ring-fenced and non ring-fenced) are provided below. The following table details the amounts for 2020/21 and the assumptions for 2021/22 - 2023/24: -

Grant	Issued By	2020/21 £m	2021/22 £m	2022/23 £m	2023/24 £m
<u>S31 Business Rates Grants</u>					
Local Discretionary Relief	MHCLG	-0.006			
Public House Relief	MHCLG	0.562	0.562	0.562	0.562
Retail Relief	MHCLG	-19.363			
Rural Rate Relief Compensation	MHCLG	-0.002	-0.002	-0.002	-0.002
Small Business Rate Relief Refund	MHCLG	-3.715	-3.713	-3.713	-3.713
Small Business Rate Relief: "first" property	MHCLG	-0.034	-0.034	-0.034	-0.034
Small Business Rate Relief Thresholds Extension	MHCLG	-0.202	-0.206	-0.206	-0.206
Supporting Small Business Relief	MHCLG	-0.022	-0.022	-0.022	-0.022
<u>Non Ring-fenced</u>					
Extended Rights to Free Transport	DfE	-0.145	-0.145	-0.145	-0.145
Local Reform & Community Voices	DH	-0.206	-0.206	-0.206	-0.206
War Pension Disregard	DH	-0.140	-0.140	-0.140	-0.140
Local Authority Data Sharing	DWP	-0.010	-0.010	-0.010	-0.010
New Burdens Grant	DWP	-0.133	-0.133	-0.133	-0.133
Universal Credit	DWP	-0.036	-0.036	-0.036	-0.036
Verify Earnings and Pensions	DWP	-0.034	-0.034	-0.034	-0.034
Flexible Homelessness Support Grant	MHCLG	-0.308			
Homelessness Reduction Grant	MHCLG	-0.089			
Troubled Families Grant	MHCLG	-0.919			

Grant	Issued By	2020/21 £m	2021/22 £m	2022/23 £m	2023/24 £m
Ring-fenced					
NPO Grant	Arts C	-0.100	-0.100	-0.100	-0.100
Dedicated Schools Grant (DSG) - Central Element (Includes Early Years)	DfE	-31.802	-31.802	-31.802	-31.802
Music Services Grant	DfE	-0.441	-0.441	-0.441	-0.441
Opp Area Social Mob Grant	DfE	-2.000			
Personal Adviser duty Implementation Grant	DfE	-0.037	-0.037	-0.037	-0.037
Pupil Premium Grant (Children in Care Element)	DfE	-0.961	-0.961	-0.961	-0.961
School Improvement & Brokerage Grant	DfE	-0.151	-0.151	-0.151	-0.151
Staying Put Implementation Grant	DfE	-0.149	-0.149	-0.149	-0.149
Bus Service Operator's Grant - Local Authority Bus Subsidy Ring-Fenced (Revenue) Grant	DfT	-0.020	-0.020	-0.020	-0.020
Sustainable Transport Access Fund	DfT	-0.423			
Care Act Grant (Social Care in Prisons)	DH	-0.343	-0.343	-0.343	-0.343
Discretionary Housing Payments (DHPs)	DWP	-0.904	-0.904	-0.904	-0.904
Housing Benefit Subsidy Admin Grant	DWP	-0.951	-0.951	-0.951	-0.951
Independent Living Fund	DWP	-0.660	-0.660	-0.660	-0.660
Council Tax Support Admin Subsidy	MHCLG	-0.390	-0.390	-0.390	-0.390
MHCLG - Launchpad / Technical Assistance	MHCLG	-0.079	-0.079	-0.079	-0.079
The Private Finance Initiative (PFI) (Schools - fixed for the 25 years duration of PFI scheme)	MHCLG	-3.478	-3.478	-3.478	-3.478
Rough Sleeper Initiative	MHCLG	-0.462	-0.462	-0.462	-0.462
Waste Infrastructure Grant	DEFRA	-2.385	-2.385	-2.385	-2.385
Asylum Seekers (Unaccompanied Asylum Seeking Children)	HO	-0.232	-0.232	-0.232	-0.232
Syrian Resettlement Programme Grant	HO	-0.119	-0.119	-0.119	-0.119
Adult and Community Learning from Skills Funding Agency	BIS	-0.647	-0.647	-0.647	-0.647
Higher Education Funding Council for England (HEFCE) Payments	BIS	-0.179	-0.179	-0.179	-0.179
ERDF & ESIF – Launchpad	EC	-0.105	-0.105	-0.105	-0.105
ERDF & ESIF - Technical Assistance	EC	-0.044	-0.044	-0.044	-0.044
Heritage Lottery Fund	HLF	-0.108	-0.108	-0.108	-0.108
Initial Teacher Training (ITT)	NCTL	-0.286	-0.286	-0.286	-0.286
Sport England Grant	SE	-0.170	-0.170	-0.170	-0.170
Student Loans Company	SLC	-0.161	-0.161	-0.161	-0.161
Youth Justice Board	YJB	-0.599	-0.599	-0.599	-0.599
Specific Grants (Excl PH & HB Grants)		-50.406	-46.667	-46.667	-46.667

33. Subsequent grant announcements may result in additional cuts to specific grants over and above those previously identified; where this is the case it is assumed that the activities will cease and the Council will no longer incur expenditure in these areas, i.e. there will be exit strategies for all grant reductions. Exit strategies are required for the following grant reductions and therefore these are not included in the budget gap, further details are provided in the table below: -

Grant Exit Strategy	Issued By	2020/21 £m	2021/22 £m	2022/23 £m	2023/24 £m
One-off					
Verify Earnings and Pensions	DWP	-0.018			
Brexit Preparation Grant	MHCLG	-0.210			
Flexible Homelessness Support Grant	MHCLG		-0.308		
Opp Area Social Mob Grant	DfE		-2.000		
Migration Fund	MHCLG	-0.312			
ERDF & ESIF - SCR Growth Hub	EC	-0.015			
Improved Better Care Fund (iBCF) (March 2017 announcement)	MHCLG	-2.136			
On-going					
Homelessness Reduction Grant	MHCLG		-0.089		
Troubled Families Grant	MHCLG		-0.919		
Additional recurrent Children's Services Trust Costs	DfE	-0.191			
School Improvement & Brokerage Grant	DfE	-0.028			
Sustainable Transport Access Fund	DfT		-0.423		
Independent Living Fund	DWP	-0.022			
Adult and Community Learning from Skills Funding Agency	BIS	-0.030			
Apprenticeship Levy	BIS	-0.048			
Total Exit Strategies		-3.010	-3.739	0.000	0.000

34. Further information on other significant specific grants is provided below: -

- a. Dedicated Schools Grant (DSG) funds the schools budget (funding for schools and services that are provided centrally to pupils, early years and high needs budgets).
- b. PFI Schools - the Council entered into a PFI agreement with Government to rebuild Mexborough and Thomas Wharton Secondary Schools. The rebuilds were completed during 2008/09 and the Government will pay an annual grant of £3.478m for 25 years towards costs incurred, the final payment will be made in 2033/34.

OTHER INCOME

35. Other income includes Continuing Health Care Contributions and Section 256 and Section 75 Agreements with the NHS (CCG), income from Other Local Authorities as well as income from charges made to Schools (including Academies), Housing Revenue Account, St Leger Homes and Children's Services Trust.
36. A significant Section 75 agreement is the Better Care Fund (BCF); this is where the Council has entered into a pooled budget arrangement with Doncaster Clinical Commissioning Group (CCG) for the provision of integrated health and social care services for people in the Doncaster area. The Council and the CCG have an annual agreement in place for funding these services, with partners contributing funds to the agreed budget in line with funding allocations, taking responsibility for its own deficit or surplus.
37. The following table sets out the Other Income for 2020/21. This is the 2021/22 baseline starting position: -

Other Income	2021/22 £m
External Recharge Income – includes charges to Schools including Academies (including for the Schools PFI), to the Capital Programme, to the Housing Revenue Account, to St Leger Homes and to the Children’s Services Trust	-27.636
NHS Contributions – includes income from Continuing Health Care Contributions and Section 256 and Section 75 Agreements with NHS (Better Care Fund & Pooled Budgets)	-15.700
Trading Services Income – includes fleet transport and public buildings maintenance, Street Scene and Highways operations and Commercial services.	-15.530
Contributions from Other Public Bodies – includes contributions from Rotherham MBC in respect of Waste PFI credits and the Coroners Service, contributions from the Home Office for Prison Libraries, from the Police & Crime Commissioner for Community Safety and recoupment from Other Local Authorities where their children are placed in Doncaster Council maintained schools	-2.071
Contributions Towards Expenditure – includes service charges and various cost recovery charges including recovery of Court costs by Local Taxation Services	-3.369
Investment Interest	-1.489
Developer Contributions – S106 & S38 agreements	-0.290
Other Contributions – includes external income from alarm monitoring for housing associations and from energy companies in relation to feed in tariffs for solar panels	-0.657
Other Income	-66.562

ADULT SOCIAL CARE LADDER

38. The Adult Social Care Ladder incorporates cost and demand projections, including current projected activity levels for 2021/22 and future growth assumptions, across the period as part of the overall MTFS.

STAFFING

Pay

39. Funding has been set aside in accordance with the latest assumptions on a national pay award of 2.75% for 2021/22 and subsequent years. The assumptions also include increments being paid every other year; the next increments are due in April 2021 for all staff except DCST staff who will continue to receive increments annually.

Pension

40. The actuarial valuation used for the period 2017/18 – 2019/20 showed the Council’s Pension Fund deficit as £160m. The Pension deficit payment is based on the key membership analysis and recovering the £160m deficit over the next 18 years from 2018/19. The deficit figures include allowance for short-term pay growth of 1.25% per annum for 4 years up to 2019/20.
41. The provisional actuarial valuation for the period 2020/21 – 2020/23 shows that the Council’s Pension Fund is no longer in deficit and has moved into a small surplus therefore the MTFS assumes that the pension deficit budget can be reduced from 2020/21.

A summary of the pay inflation provided in the MTFS is detailed below: -

Staffing	2020/21 £m	2021/22 £m	2022/23 £m	2023/24 £m
Pay Inflation – based on the assumptions of 2.75% each year	2.853	2.705	2.756	2.756
Increments	0.261	1.426	0.261	1.426
Employers Pension Contribution				
Future Service Rate Contribution Rate (to 17.0% in 2020/21)	1.015			
Employers Pension deficit saving phased	0.300			
Reduce Pension deficit budget for estimated position with protection	-8.595			
Total	-4.166	4.131	3.017	4.182

PRICE CHANGES

42. A proportion of Council expenditure is tied up in contracts, which have inflation increase assumptions built into the terms and conditions, e.g. Adult Social Care, Doncaster Children's Services Trust, Highways and Waste Contracts. The financial strategy assumes that these cost increases will need to be built into future projections in full. There are also a small number of areas of general expenditure on services and goods, where a general inflation factor has been estimated, based upon what is known of the market pressures and various indicators of inflation such as RPI projections, for example repairs and maintenance of buildings.
43. Dependent on the contract, inflationary increases are generally based on either the Consumer Price Index (CPI), Retail Price Index (RPI) or Retail Price Index excluding mortgage interest payments (RPIX).
44. The cost of price inflation for 2020/21 was £4.6m. It is assumed that £2.9m will be needed in 2021/22 for Adult Social Care contracts and a further £1.7m needed for other inflation. A summary of the inflation to be provided in 2021/22 is provided below. No inflation is applied for expenditure areas not mentioned below: -

Category	£m
Adults Contracts (Various %)	2.928
Other Inflation	
Apprenticeship Levy (3%)	0.013
Building Repairs & Maintenance (Various %)	0.042
Business Rates (1.7%)	0.036
Coroners (Various %)	0.017
CYPS Placements (Various %)	0.049
Elections (19.27%)	0.021
Electricity (7.6%)	0.081
Electricity (Street Lighting) (7.6%)	0.108
FM Catering Provisions (5%)	0.008
Gas (2.1%)	0.007
Grounds Maintenance (2%)	0.019
Highways Contracts (2.3%)	0.114
ICT Contracts (Various %)	0.010
Insurance (Various %)	0.073
Landfill Tax (2.97%)	0.010
LIFT Contracts (2.4%)	0.021
Markets (1.7%)	-0.001
Members Allowances (2.75%)	0.028
Other Authorities (Various %)	0.006
Other Energy Costs (Various %)	0.001
Pension / Retirement Costs (1.7%)	0.090
Racecourse Joint Venture (1.8%)	-0.003
Rents (Various %)	0.001
Rotherham Payroll Contract (1.8%)	0.023
SLHD Management Fee (Various %)	0.059
Transport (Various %)	0.008
Waste Collection Contracts (Various %)	0.126
Waste Disposal Contracts (2.4%)	0.176
Waste Management Contracts (2.4%)	0.048
Water (3.1%)	0.006
DCST Inflation	0.336
Insurance Premium Tax	0.010
MRP Inflation	0.129
Subtotal Other Inflation	1.672
Total Price Inflation	4.600

BUDGET PRESSURES

45. The service pressures are estimated at £8.074m for 2021/22, £-1.610m in 2022/23 and £-0.702m for 2023/23; these are detailed at Appendices B and C. All service pressures are robustly challenged to ensure that they are absolutely necessary for on-going delivery of Council services. The MTFS also provides £0.1m for levy increases.