

Council 2021/22 – 2025/26
Medium Term Financial Strategy

**Bath & North East
Somerset Council**

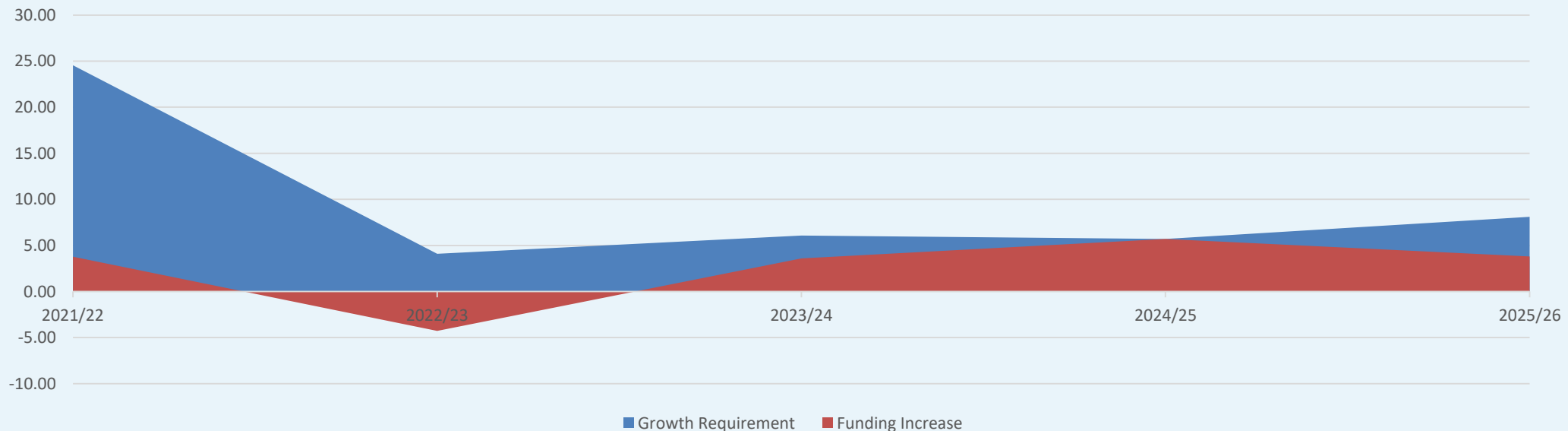
Improving People's Lives

Where are we now?

Five year budget profile

| Budget Planning | Future years assumptions | | | | | Total |
|------------------------------|--------------------------|-------------|-------------|-------------|-------------|--------------|
| | 2021/22 | 2022/23 | 2023/24 | 2024/25 | 2025/26 | |
| Growth Requirement | 24.54 | 4.09 | 6.07 | 5.70 | 8.12 | 48.52 |
| Funding Increase | 3.78 | -4.28 | 3.60 | 5.70 | 3.79 | 12.59 |
| Annual Funding gap | 20.76 | 8.37 | 2.47 | 0.00 | 4.33 | 35.93 |
| Savings Already Agreed | 2.41 | 0.40 | | | | 2.81 |
| Remaining Funding Gap | 18.35 | 7.97 | 2.47 | 0.00 | 4.33 | 33.12 |

Budget Growth vs Funding



MHCLG & Provisional Settlement

Covid-19 Grant assumptions

- Revenue grants for Covid response will not continue in 2021/22
- Income reimbursement will not continue into 2021/22
- Business rates relief will revert to existing arrangements
- Council Hardship funding may continue if support scheme materially increases

Council tax

- We are waiting for a decision on Council tax increases and the Social Care precept
- Repayment of £4.5m Council tax deficit built into MTFS

Provisional Settlement

- We assume existing Social Care grants will continue

Budget Planning Assumptions

Revenue operating costs

- Pay Inflation at 2.75% c£2.4m per annum
- Demographic growth at c£2m per annum
- Contract inflation at c£2m per annum
- Capital Programme Financing costs of £1.6m 21/22 and £1m per annum 22/23 – 24/25 for new schemes and borrowing costs.

Budget funding – Increase / (decrease)

- Council tax increase 2% £2m, Adult Social Care precept 0% New homes bonus grant reduction (£2.6m)
- Business rates retention pilot ceasing in 2022/23 (£3.8m)

New 2021/22 budget pressures

Emerging MTFS pressures

- Commercial Estate £5m
- Parking £4m
- Heritage Services £5.96m

How to manage the MTFS?

Strategic Financial planning themes

Stabilise – Short term

- Reduce reliance on income.
- Ensure temporary corporate and service mitigations are in place.

Transition – Medium term

- Reset business plans looking at new delivery models
- Revise the Councils operating structure
- Maximise opportunity through IT and smarter working
- Minimise cost to reflect lower income base

Change – Long term

- Implement new strategies for:
 - Commercial income management
 - Social Care delivery
 - Resident focussed service delivery model

Financial planning assumptions

Assumption 1

- Identify £10m temporary funding to fund revenue transition.

Assumption 2

- Maintain Council tax at 2020/21 levels 3.99%.

Assumption 3

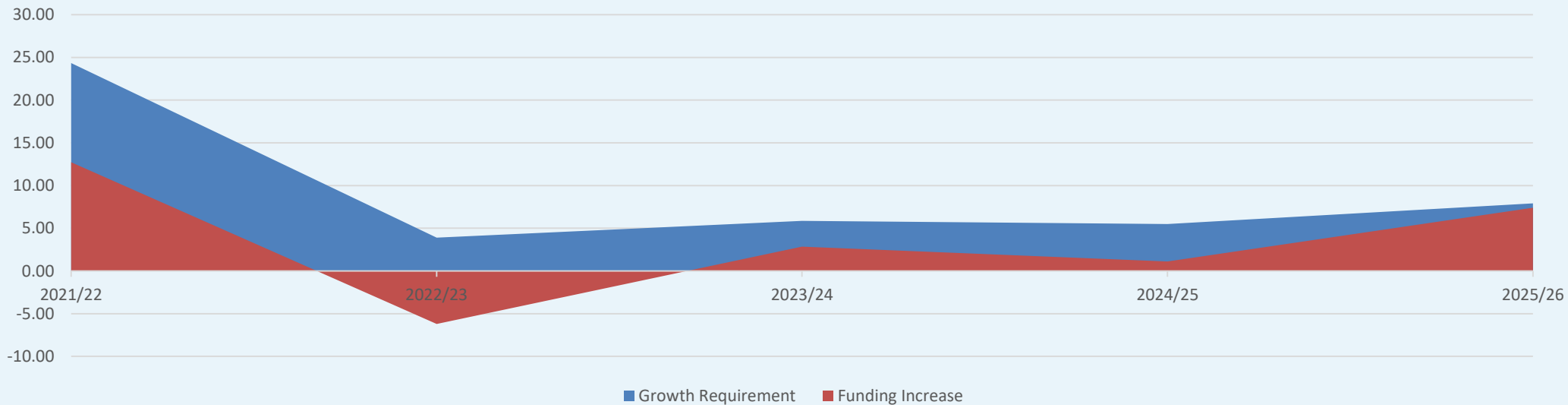
- Revise older adults Social Care planning assumptions to reflect current service levels.

Assumption 4

- Restructure the council's commercial property portfolio to increase returns throughout the plan period.

| Budget Planning | Future years assumptions | | | | | Total |
|------------------------------|--------------------------|--------------|-------------|-------------|-------------|--------------|
| | 2021/22 | 2022/23 | 2023/24 | 2024/25 | 2025/26 | |
| Growth Requirement | 24.34 | 3.89 | 5.87 | 5.50 | 7.92 | 47.52 |
| Funding Increase | 12.73 | -6.21 | 2.85 | 1.12 | 7.40 | 17.89 |
| Annual Funding gap | 11.61 | 10.10 | 3.02 | 4.38 | 0.52 | 29.63 |
| Savings Already Agreed | 2.41 | 0.40 | | | | 2.81 |
| Remaining Funding Gap | 9.20 | 9.70 | 3.02 | 4.38 | 0.52 | 26.82 |

Budget Growth vs Funding



The Timetable

Key dates for setting the future years budget are set out below – items in amber need considering

