
**Bath & North East
Somerset Council**

Improving People's Lives

2022/23 Budget planning - Update

2022/23 Budget Planning

Medium Term Financial Strategy Headlines

Budget Planning	Future years assumptions					Total
	2022/23	2023/24	2024/25	2025/26	2026/27	
Growth Requirement	11.43	5.83	3.83	7.42	10.04	38.54
Funding Increase	(1.69)	(0.59)	(2.14)	4.92	10.04	10.54
Annual Funding gap	13.12	6.41	5.97	2.50	(0.00)	28.00
Savings Proposals	1.30					1.30
Remaining Funding Gap	11.82	6.41	5.97	2.50	(0.00)	26.70

Budget Assumptions 2022/23

The forecast includes the following cost pressures and assumptions:

- **Pay Inflation** – Estimated 2.00% per annum.
- **Council tax** – Assumed at 1.99% & 1% Social Care precept for next 3 years.
- **Pension Costs** – Have been revised in line with the recent revaluation for the next two years followed by a 1% increase per annum from 2023/24;
- **Demographic Growth & Increase in Service Volumes** – Additional demand from new placement and market pressures in Adult & Children Social Care;
- **Inflation** – CPI projections held at existing planning levels of 2%, this will be refreshed for the detailed budget proposal based on ONS data. Financial risk is being recognised with contingencies made in high risk areas.
- **Budget Pressures / Rebasing** – 2022/23 budget rebasing of income budgets taking account of Covid recovery, with improvement in future years.
- **Capital Spending** – an allowance has been made to fund a minimal number of new schemes given current financial constraints;
- **Reserves** – Planned use of £3m corporate & £2.22m service reserves to manage the transitional pressures from reduced income, and £5m commitment against un-earmarked general reserve for unbudgeted Covid pressures.

Spending review budget refresh

Budget Planning	Future years assumptions					Total
	2022/23	2023/24	2024/25	2025/26	2026/27	
Annual Funding gap						
Scenario 1 (1.99% Council Tax)	13.12	6.41	5.97	2.51	0.00	28.01
New funding requirement	4.28	0.02	(0.07)	0.40	0	4.63
Utilisation of service reserves	(2.22)	2.22	0	0	0	0.00
Sub Total	15.18	8.65	5.90	2.91	0.00	32.65
Savings proposals	(12.30)	(2.38)	(0.28)	0.00	0	(14.96)
Budget Gap	2.88	6.28	5.62	2.91	0.00	17.68
Spending review favourable movements	(8.13)	(1.10)	(1.18)	3.10	(0.10)	(7.42)
Contingency budget (inflation and pressures)	5.42	(0.92)	0	0	0	4.50
Revised Gap	0.17	4.25	4.44	6.01	(0.10)	14.77

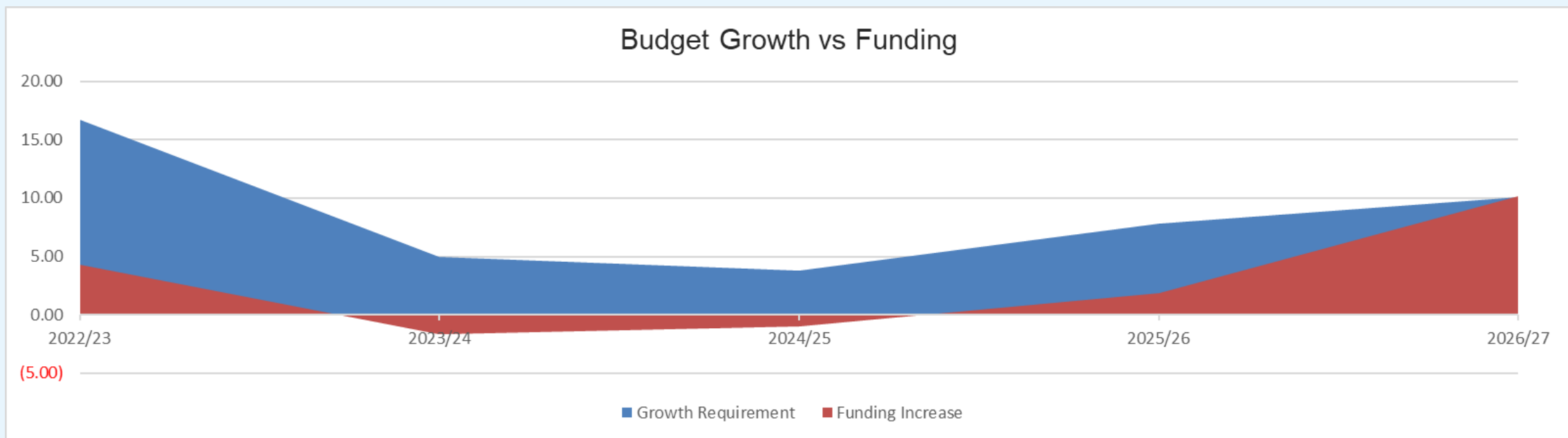
Spending Review Movement from Sept MTFS Update

Spending review favourable movements	£m
SR Local Government Core Funding Increase	(3.50)
Social Care 1% Precept & Taxbase	(1.03)
Connecting families grant funding	(0.40)
Business rate retention pilot extension	(3.20)
Total	(8.13)

Contingency budget (inflation and pressures)	£m
Adults and Childrens Corporate Contingency	2
Energy Inflation contingency	1.25
N.I. Uplift	0.75
Business Rates base pressure	0.5
New Homes Bonus grant risk	0.92
Total	5.42

Revised Budget profile

- Increase in Government funding into base budget for 2022/23
- 2022/23 will reset the budget taking account of new funding requirements
- Council funding and the budget requirement is more aligned in future years



Budget setting timetable:

Nov: Area Forum discussion on Winter Pressures

Dec: 14th December Budget Engagement event

Jan: 10th & 31st Corporate Scrutiny

Feb: 10th Cabinet

Feb: 15th Full Council

Panel Q&A