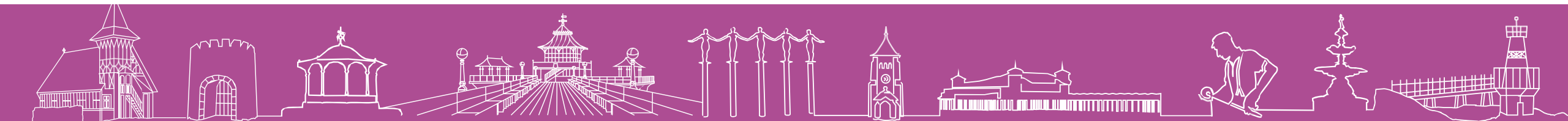


Medium Term Financial Plan and Budget Monitoring Update

PCOM 10 November 2022



Councillor Ash Cartman Update – Executive member for finance and corporate services

Background information

- <https://n-somerset.moderngov.co.uk/documents/s3789/10%20MTFP%20Report%202023-2027.pdf> September MTFP update
- https://n-somerset.moderngov.co.uk/documents/s3909/10.%20Report%20to%20Executive%20-%20Budget%20Monitor%202022_23%20-%20Month%205.pdf Month 5 budget monitoring update



2022-23 In year financial position

- £190m forecast net expenditure against budget of £185m
- £4.391m more than the council has available to spend or had planned to spend when the budget was approved back in February.
- The council's service overspends have marginally worsened, compared to the previous report presented to the Executive at the meeting in September, because it estimates that it will spend a further £0.400m on delivering services during the year.
- Mitigations to help offset some of the pressures being experienced within services, notably within the capital financing and interest parts of the budget, and these have increased by £0.856m compared to the previous month.



2022-23 In year financial position - pressures

Issue	£000	Change from July	Future RAG
Wider pressures affecting several / all services			
Inflation on contracts, including fuel	1,500	Increased	Yellow
Inflation on energy costs	812	Decreased	Yellow
Inflation on pay (gross cost, up to £2.2m)	1,603	Same	Yellow
Service related pressures			
Children's services – placement costs	1,219	Same	Yellow
Home to schools transport costs	1,235	Same	Red
Material mitigations			
Increase in interest received and reduction in capital financing costs	-1,895	Increased	Green



2022-23 In year financial position - mitigations

- Use of £1.5m contingency budget
- Reversal of National Insurance 1.5% Health and Social Care uplift - £200k saving in year
- Reduce costs and generate more income – e.g. interest on cash balances £1.9m
- Prioritisation of projects and expenditure
- Vacancy management
- Use of reserves for one off costs – pay award (included in MTFP next year) – energy (prices forecast to stabilise during 2023-24)
- Directorates given £1m collective savings target to enable year-end balance



2022-23 In year financial position – mitigations and net position

	£000	£000
Reported overspend August 2022		4,391
Potential future changes or measures		
Release contingency budget	-1,500	
Reduction in National Insurance costs	-200	
Budget reductions identified within services	tba	
Use of Risk Reserve to finance pay costs	-1,603	
Use of Risk Reserve to finance energy costs	-812	
		-4,160
Financial position after headline mitigation		231

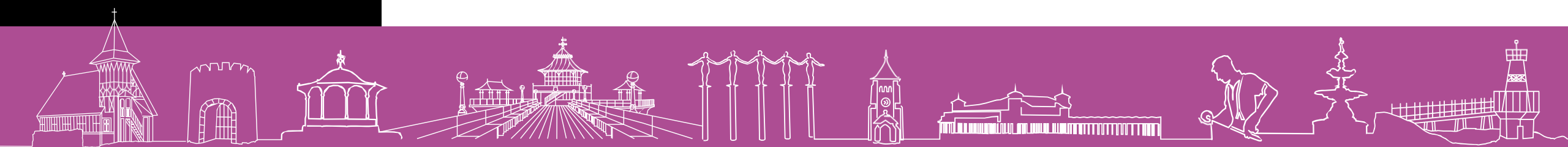


Medium Term Financial Plan

As at last Exec update– prior to savings identification process

MTFP FINANCIAL SUMMARY

	MTFP - AUGUST 2022				
	2022/23	2023/24	2024/25	2025/26	2026/27
	£000	£000	£000	£000	£000
- Resources - Grants, Council Tax & Business Rates	179,090	188,512	194,618	199,380	206,330
- Current Budget - base spending position	171,317	179,090	188,512	194,618	199,380
- Budget pressures, increased spending and investment plans	16,396	29,169	15,074	13,982	14,221
- Remove Covid & other one-off impacts	-4,466	-1,553	0	0	0
- Savings proposals and increased income	-4,157	-715	-505	-690	-440
- Revised Spending Base	179,090	205,991	203,081	207,911	213,161
- Budget Gap	0	-17,479	-8,463	-8,531	-6,831
		-41,304			
Core Assumptions for Council Tax Increase:	2.99%	2.99%	2.99%	2.99%	2.99%
- North Somerset Council Services	1.99%	1.99%	1.99%	1.99%	1.99%
- Adult Social Care Precept	1.00%	1.00%	1.00%	1.00%	1.00%



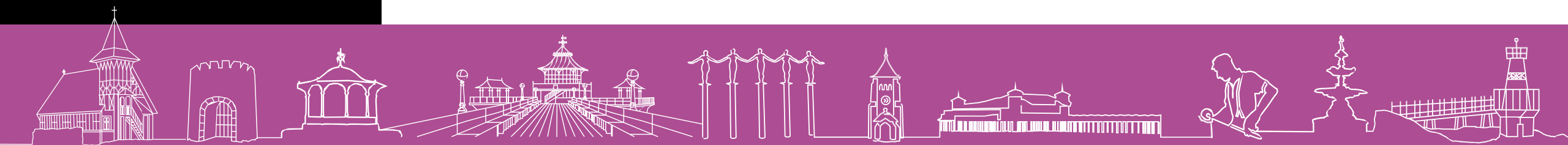
Medium Term Financial Plan 2023-24 approach

- Reduce budget gap and keep the need for savings at the lowest possible levels – have to set balanced and sustainable budget
- Managing biggest areas of demand-led spending:- trying to reduce the rising costs of services where possible by challenging any budget increases
- Reducing areas of choice or deferring non-essential spending (e.g. Capital reprofile)
- Maximising the income it can generate
- Remove subsidies for discretionary services
- Maximising local resources
- Monitor and manage risk
- Officers identify savings proposals across the Council, risk rate them and propose to Executive—extremely challenging to identify options



Working assumptions – current MTFP gap including savings in development

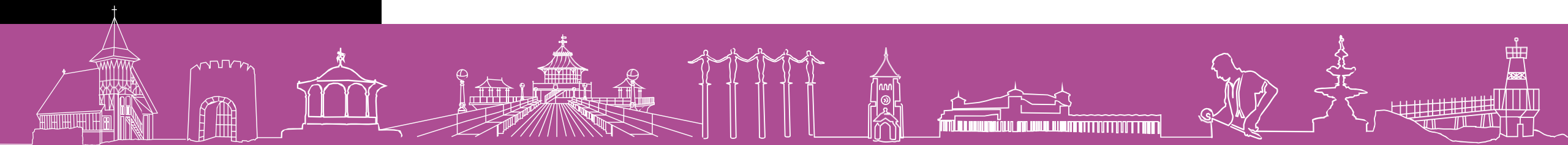
MTFP FINANCIAL SUMMARY	MTFP - OCTOBER 2022				
	2022/23 £000	2023/24 £000	2024/25 £000	2025/26 £000	2026/27 £000
- Resources - Grants, Council Tax & Business Rates	179,090	191,845	194,618	199,380	206,330
- Current Budget - base spending position	171,317	179,090	191,845	194,618	199,380
- Budget pressures, increased spending and investment plans	16,396	28,949	13,552	13,982	14,221
- Remove Covid & other one-off impacts	-4,466	-1,553	0	0	0
- Savings proposals and increased income	-4,157	-10,640	-3,378	-822	-440
- Revised Spending Base	179,090	195,846	202,019	207,779	213,161
- Budget Gap	0	-4,001	-7,401	-8,399	-6,831
			-26,632		
Core Assumptions for Council Tax Increase:	2.99%	2.99%	2.99%	2.99%	2.99%
- North Somerset Council Services	1.99%	1.99%	1.99%	1.99%	1.99%
- Adult Social Care Precept	1.00%	1.00%	1.00%	1.00%	1.00%



Pressures – containing growth and inflation

Top 10 budget pressures

- Adults social care demand
- Adults Social care reform – care cap
- Social care reform – market sustainability
- Special Educational Needs provision
- Home to school transport
- Energy prices
- Supplier pricing/ general inflation
- Pay inflation – national and market pressures
- Children’s social care placements
- Capital programme – cost and delivery pressures



Forward Plan

The formal and informal milestones associated with the MTFP process are as follows;

- ~~Report to Council, November 2022~~ – (The Executive considered but determined emergency budget for 2022/23 – not required)
- Report to Executive, December 2022 – updated financial summary incorporating draft savings proposals;
- Scrutiny – Budget working group 21 October, PCOM 10 November, All Member session 17th November
- Taxbase, December 2022 – Executive Member decision on the forward plan
- Provisional local governance finance settlement, December 2022 (?)
- Other engagement – December and January, including staff, equalities forum
- Report to Executive, February 2023 – recommended balanced revenue and capital budgets for 2023/24 to Council; detailed Equality Impact Assessments; consideration of alternative budgets;
- Report to Council, February 2023 – approval of the 2023/24 revenue and capital budgets along with council tax levels and bandings

