

# North Somerset Council

## Report to the Executive

**Date of Meeting: 6 December 2023**

**Subject of Report: Medium Term Financial Plan & Revenue Budget Update**

**Town or Parish: All**

**Officer/Member Presenting: Mike Bell, Leader of the Council**

**Key Decision: YES**

**Reason:** Financial values in respect of the draft budget plans are greater than £500,000 and impact on all wards and communities within North Somerset.

## Recommendations

1. The Executive is asked to note the contents of the report which provide a further update on the council's medium term financial planning activities for the period 2024-2028, including the refinement of core assumptions and the updated budget gap.
2. The Executive is asked to approve the release of the Executive's draft budgets for 2024-2028 for consultation and the next stage of engagement with the public and other stakeholders, incorporating the draft savings plans that are shown at Appendix 1, whilst recognising that further changes will still need to be made to finalise and balance the budget for next year.

### 1. Summary of Report

This report provides an update with regards to the next stage of the council's medium term financial planning process covering the 4-year period to 2028 which was last considered by the Executive in October 2023. At that time the council had a budget gap of **£50m** over the 4-years, with **£17m** of this relating to the 2024/25 financial year.

The council has continued to review all aspects of its financial modelling this report gives details of the progress that has been made to reduce the budget gap over this period, and release details of the Executive's draft budget for next year. The latest summary shows that the council has a revised 4-year budget gap of **£13m**, with **£4m** of this relating to the 2024/25 financial year.

The Medium Term Financial Plan (MTFP) continues to be supported by a range of core assumptions that quantify the financial impacts across each of the next four years and these are grouped into key areas such as; how much income is likely to be received, the amount of additional spending that will be required to continue to deliver core services and the savings plans that are being considered in order to balance the budget.

Several assumptions that have been included within the financial modelling are still subject to risk or uncertainty and could change over the coming months, the most significant is how much funding will be provided by the government.

## **2. Policy**

There is a legal requirement to prepare and approve a robust revenue budget for the 2024/25 financial year, along with relevant council tax bandings and rates. The financial planning process works towards delivering these outcomes and will culminate in a budget report being presented to Council for decision in February 2024.

The council does not look at its financial plans in isolation or on an annual basis, but instead looks at decisions that need to be considered alongside other work plans and strategies across a 4-year horizon.

The council's MTFP supports the on-going provision of services for the people of North Somerset, within the context of the priorities and ambitions for the area, as set out within the Corporate Plan which is refreshed every four years and will also be considered for approval in February 2024. The financial Plan identifies the likely costs and pressures that the council will face and matches these against the anticipated income and resource allocations over the period. To ensure that it is robust the Plan must integrate a range of financial strategies and highlight the key risks inherent within budget planning processes.

The council has an annual net revenue budget of £211m for the 2023/24 financial year and a capital investment programme for the period 2023-2029 which totals over £440m.

## **3. Details**

### **3.1. Executive summary**

Every four years, following local elections, the council reviews its Corporate Plan. The plan is the over-arching strategy that sets our vision, ambitions and commitments for the area and for how we want to work as a council. Alongside this our budget setting process determines how much money we expect to receive over the period of the plan, how much we can spend on services, and where we will prioritise any investments and savings.

We have spent the last two months engaging with local businesses, residents and other stakeholders so that we can hear directly from the people who live and work within our communities, to listen to their views on our draft Plan and, understand the priorities and issues that affect them so that we can shape the next four years together.

We know that the budget can be a complex area and so during the engagement process we shared information which will help people to understand where our money comes from, how we spend it to deliver essential services to those who need them most, as well as to outline some of the challenges that we are facing so that we can discuss and agree any changes or solutions.

As a council we know that we are not alone in facing these challenges, for the last 10 years local government has seen funding levels reduce and costs spiral because of rising inflation and an increased demand for services, largely in areas such as adult and children's social care and more recently in delivering waste and recycling services and transporting children to school.

We have seen that over recent years some councils have really struggled with their finances, to the point that they no longer believe that they can continue to deliver their statutory services and have had to ask for additional help from the government, but that is not something we want to happen for our residents. There are consequences of such intervention, and we want to ensure that we continue to make local decisions on behalf of our local communities. Creating a new corporate plan for the next four years that reflects the needs of our residents, and setting a balanced budget which enables us to deliver the ambitions within the Plan, allows us to do that.

We are a low spending, low taxing council who are committed to delivering a wide range of public services but we continue to face much uncertainty within some areas of our planning as we still don't know how much money the government will be giving to us to support the budget next year, or for the later years of our Plan. This is an area where we would like the government to do more, both to share information and also review and change the way that local councils are funded in the future.

This report includes a lot of detail about our finances but the most important message is simple, we have a budget gap because we believe that the cost of delivering our services in the future will be more than the money that we will receive and this means that we have to make some difficult choices to balance the budget.

We have spent time listening to what residents have said during the first part of our engagement, particularly about how we spend our money and linking this back to the priorities and the services they would like us to protect. As a result we have made sure that our budget will allow us to continue to focus on areas such as crime and community safety, services for the vulnerable, improving the condition of our roads and pavements, supporting our town and village centres and strengthening the availability of public services wherever possible.

We have also listened to what residents have said about the ways that we might be able to save money and have reflected this feedback within our draft savings proposals, which are focussing on making more efficient use of land and buildings; modernising working practices to cut costs and improve efficiency, targeting resources at the most vulnerable, and making use of technology to support delivery of services.

Decisions on the draft budget will not be taken until February 2024 and we will carry out further engagement with residents and other stakeholders over the coming weeks to ensure that we continue to listen and respond to what our communities are telling us, within the context of our financial position.

### 3.2. Latest budget projections for 2024-2028

The table below summarises all elements of the council's financial modelling and shows that the budget gap has reduced to £13m across the four years, with **£3.9m** of this being required in 2024/25.

MEDIUM TERM FINANCIAL PLAN SUMMARY 2023-2028	BUDGET	FUTURE MTFP PROJECTIONS			
	2023/24 £000	2024/25 £000	2025/26 £000	2026/27 £000	2027/28 £000
<b>- Resources - Grants, C.Tax &amp; Business Rates</b>	<b>202,766</b>	<b>214,858</b>	<b>220,582</b>	<b>225,657</b>	<b>231,706</b>
- Current Budget - base spending position	179,090	202,766	214,858	220,582	225,657
- Budget pressures, increased spending	35,873	27,609	19,139	15,832	15,928
- Remove covid & other one-off impacts	-1,777	0	0	0	0
- Savings proposals and increased income	-10,420	-11,639	-10,198	-7,537	-7,233
<b>- Revised / Forecast Spending Level</b>	<b>202,766</b>	<b>218,736</b>	<b>223,799</b>	<b>228,878</b>	<b>234,352</b>
<b>- Budget Gap / (Surplus)</b>	<b>0</b>	<b>3,878</b>	<b>3,217</b>	<b>3,221</b>	<b>2,646</b>
			<b>12,962</b>		
<b>Actual Council Tax Increase:</b>	<b>4.99%</b>				
- North Somerset Council Services	2.99%				
- Adult Social Care Precept	2.00%				
<b>Indicative Council Tax Increase, based on Govt Limits:</b>	<b>4.99%</b>	<b>2.99%</b>	<b>2.99%</b>	<b>2.99%</b>	<b>2.99%</b>
- North Somerset Council Services	2.99%	1.99%	1.99%	1.99%	1.99%
- Adult Social Care Precept	2.00%	1.00%	1.00%	1.00%	1.00%

Revised forecasts have been included within the report for each of the following elements;

- Section 3.3 - budget pressures (i.e., how much money the council may need to pay to deliver services in the future),
- Section 3.4 - resources (i.e., how much money the council expects that it will receive into the budget so that it can pay for the services), and also
- Section 3.5 savings proposals, this is how much money the council expects to save after implementing a series of proposals designed to either reduce costs or increase income, all of which are needed to close the budget gap.

**Appendix 1** provides an indicative summary of how the council's current financial modelling would impact on each of the directorate budgets next year however, given that there remains a budget gap of £3.9m this is not the final position and further changes will be made before the budget is approved in February 2024.

### 3.3. Building a sustainable budget that will support service delivery in the future

When building the budget for future years the council has focused attention on understanding the essential services that local residents need us to provide. This includes looking at the both the cost to deliver the service and also the level or demand for each service area.

The council has reviewed the latest budget monitoring forecasts for the current financial year to ensure that the budget for next year does not feature any legacy issues and is set at robust levels wherever possible and information has also been gathered from a variety of other sources to reflect known changes that might arise.

These changes often include contractual inflationary increases on our cost base as well as changes in demand for services, such as the number of houses that need their waste to be collected, the length of the road network that needs to be maintained or the numbers of adults or children who require support.

However, whilst the council recognises the need to build a robust budget for the future, given the size of the budget gap previously reported some difficult decisions have had to be made. Where the review process highlighted a potential need for more funding, detailed assessments were carried out to ensure that all requests have been supported by evidenced based calculations using a series of transparent cost drivers. Challenge sessions were also held to discuss and prioritise spending plans so that the council can reduce budget growth where possible.

**Appendix 2** provides an update on the additional spending that has been included within the MTFP over the next 4 years. It can be seen that additional spending for 2024/25 is higher than in later years, and this takes into account re-basing some of the ongoing pressures that are currently being experienced within children's services and home to school transport.

### **3.4. Update on funding assumptions**

The council pays for its services each year through three main sources of income, these being council tax, business rates and government grants. The table in **Appendix 2** shows how much money the council currently expects to receive from each of these sources within the latest modelling.

Previous reports have provided commentary to explain some of the council's assumptions in this area although there do remain some uncertainties around these forecasts, both from a local and national perspective which include;

- Taxbase for council tax and business rates - the MTFP timetable shows that the detailed calculations to support the future council tax base will be carried out by mid-December which will be shared with other preceptors so that they can also quantify the impact on their budgets. Business rate information will not be confirmed until the beginning of January 2024 when the update is received from the Valuation Office. Final decisions around the actual level of council tax will be made in February 2024, the increases included at this stage are for modelling purposes only.
- Government funding – the council receives a number of general and specific grants that support its budget each year and whilst a policy paper was shared in December last year which provided an indication of the types of grant that may be received in 2024/25, the council has not received any further information to support its more detailed calculation of these grants, nor indeed any further information for 2025 onwards.

It is hoped that the Chancellor's Autumn Statement will provide further clarity so that the council can finalise its assumptions for the 2024/25 budget although it is unlikely that information beyond 2025 will be given due to the upcoming general election. Irrespective of the outcome of the election, there have been many discussions in recent years around providing a long-term funding solution for local government that better reflects the costs and demand for the critical services that we provide, which may lead to a change in the funding model for local government. This increases uncertainty and brings greater risk to the budget planning process.

### **3.5. Financial strategies and savings plans**

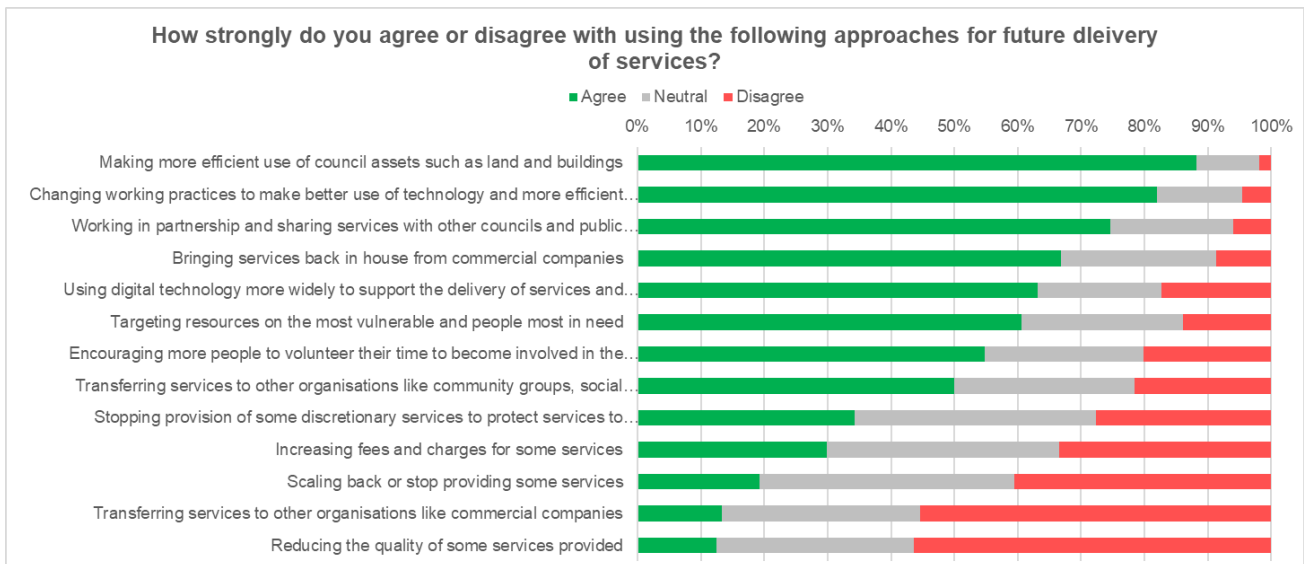
Budget reports over many years have shown that the council has faced difficult decisions in identifying savings proposals as it has been necessary to balance its books to accommodate an increase in spending in areas of need.

The last report considered by the Executive provided details of the strategy and approach being considered to close the £50m budget gap across the four-year period by allocating financial targets to specific areas of the budget, with an emphasis on maximising its resource base (£10m) as well as focusing on the net costs to deliver services (£40m) through areas such as efficiency and transformation.

To support this the report also outlined a series of themes that were being used by services to categorise and group some of their savings proposals, each with supporting principles and messaging so that they could be shared with residents to help them understand our budget plans. Over recent months these savings themes have been further developed and refined and each of the council's savings plans have been allocated to one of the following 6 areas;

- The way we work – this theme looks to introduce principles relating to how we work to deliver services to local communities and to make sure that they are as efficient as possible. This could mean that we maximise the use of digital technology, change working practices, look at staffing levels, consider the use of agency staff or whether it is possible to use of volunteers in some areas. Commissioning and procurement related activities also have the potential to reduce costs significantly.
- Adults, Childrens and Waste transformation – each service or directorate has a range of bespoke services that could be transformed as a result of making conscious changes of some sort. The majority of transformation initiatives will deliver cashable savings that can be used to close the budget gap, but in some cases other benefits could be achieved and reinvested. These programmes will focus on ways to manage demand for statutory services whilst still delivering required outcomes which may include looking at how services are delivered in the future and whether there is an alternative approach or delivery model, for example, entering into a strategic partnership, transferring services to others, or working in collaboration with stakeholders (internally or externally) to reduce costs.
- Services we provide to the community – these proposals focus on areas of the council's spending where there is some choice or discretion in terms of providing the service at all, or in the scope, scale and delivery model involved, any of which could be changed in the future.
- Income generation – we will ensure that customers contribute a realistic price through any fees and charges that they may be required to pay each year which recognises the increased costs that the council has to absorb to deliver services or hold assets which means that we do not subsidise discretionary services through the general council tax.

Our developing savings plans were shared with local communities during the first phase of the consultation and engagement process and the chart below shows their response to this. Being more efficient and making better use of technology and assets received a lot of support and reducing the quality of services received much less support.



**Appendix 3** provides a schedule of the **£36.6m** of budget proposals that have been approved in principle by the Executive and which are in the draft MTFP for delivery across the four years of the Plan. The savings plans have been grouped into core themes, with some proposals separated out to enable the impact of all proposals to be understood.

The savings listing does include some difficult choices and there will be challenging to deliver some of these options but the council still has a budget shortfall of **£3.9m** to find for next year, which means that further savings or changes to the assumptions within the MTFP will be required in order to balance the budget for the year ahead.

Each of the draft budget proposals will be supported by an Equalities Impact Assessment which will enable the council to understand the nature of the saving and also the impact of any budget change and to mitigate any potential inequalities that may arise. These will provide more details on each of the proposals.

All aspects of the MTFP, including the savings proposals, will continue to be subject to the council's scrutiny process.

### 3.6. Next steps, including closing the budget gap and timetable

As described above, the council has updated its financial modelling to reflect the latest known information in respect of its resource forecasts as well as its spending pressures. The corporate leadership team has taken care to assess and challenge all of the anticipated cost and demand increases which have been proposed to date to ensure that the budget is prepared in a robust and sustainable way, but without increasing the budget gap to unachievable levels, as this would mean that the council would be required to identify greater reductions in other areas of the budget.

Every effort will be made over the coming weeks to review further options, choices and alternatives so that a balanced budget can be set for the year ahead although there may be more difficult choices to consider.

As noted above, one of the main areas of continued uncertainty is waiting for information from the government. Although it is hoped that the Autumn Statement will provide some guidance on the 22 November 2023, the provisional local government finance settlement will give the detailed funding envelope for the council although this is not due to be published until 21 December 2023.

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

- Autumn Statement, 22 November 2023 – release of information by the Chancellor
- Release of the second phase of consultation and engagement for the Corporate Plan and the draft budget, November 2023 for 7 weeks
- Report to Executive, December 2023 - updated financial summary incorporating draft savings proposals
- Council tax base, December 2023 – Executive Member decision on the forward plan
- Scrutiny, December – All Member session with further session in January (after budget work has been completed to close the gap)
- Initial Equality Impact Assessments, December 2023 - initial EIA for all savings included within the December report, published on the council's website.
- Provisional local governance finance settlement, 21 December 2023
- Further engagement through December and January, including equalities forum, discussions with town and parish councils and other key stakeholders
- Report to Council, January 2024 - to provide an update on the financial modelling following the release of the funding settlement, including changes required to deliver a balanced budget
- Report to Executive, February 2024 - recommended balanced revenue and capital budgets for 2023/24 to Council; including detailed Equality Impact Assessments and the consideration of any alternative budgets
- Report to Council, February 2024 – approval of the Corporate Plan for 2024-2028 and also approval of the 2024/25 revenue and capital budgets, along with the council tax levels and bandings

#### **4. Consultation**

The government, through its legislative framework, clearly expects that local authorities will be able to demonstrate that they have in place mechanisms to ensure that 'representatives of local people' are being appropriately informed, consulted or involved in services, policies or decisions that affect or interest them.

There are many aspects of service delivery which impact on our residents, customers and other stakeholders and members of the public, and so we recognise that it is the council's responsibility to ensure that any changes we make to them through the budget, need to be considered and consulted upon. Failure to do so adequately could result in aspects of the budget being subject to legal challenge.

The council has launched an extensive process in respect of refreshing the Corporate Plan and also consulting on the budget which will drive how we deliver and fund services over the next four years.



The initial period of consultation has recently ended and analysis has been undertaken so that we can understand what people have said, share the key messages from this activity and feed it into our budget planning. The outcomes can be found on the council's website and the document includes specific feedback and examples to show 'you said – we did'.

The second period of engagement, which will also be published on the council's website, will be launched on 22 November and will remain open until the new year. An update on this final phase will be provided within the February report so the members can understand the feedback from local residents and other stakeholders before final decisions on the budget are made. A very brief summary of the first consultation period is included at **Appendix 5** as some of the feedback has directly influenced the draft budget proposals.

Internal consultation on the council's budget plans will also take place through the scrutiny process, and this will ensure that all members can review the plans in more detail and have an opportunity to feed in their own thoughts and ideas.

## **5. Financial Implications**

Financial implications throughout the report – no specific decisions are being made at this time.

## **6. Legal Powers and Implications**

The Local Government Act 1972 lays down the fundamental principle by providing that every local authority shall make arrangements for the proper administration of their financial affairs including balancing their budgets each year from within their own resource allocations, although further details and requirements are contained within related legislation.

The **setting of the council's budget** for the forthcoming year, and the ongoing arrangements for monitoring all aspects of this to ensure that the councils spending is within the approved limits, is an integral part of the financial administration process.

Further requirements are contained within the Local Government Act 1988, Section 114 (3) which provide for instances whereby the chief finance officer of an authority makes a judgement that the expenditure of the authority in a financial year is likely to exceed the resources available. The transparency of the MTFP process ensures that all relevant decision makers have access to information required to support financial decisions to balance the budget each year.

## **7. Climate Change and Environmental Implications**

Whilst there are no specific climate related impacts to note at this stage, it is clear that climate and environmental related implications will be at the forefront of our thinking when considering the impact on the revenue budget and also through formulating capital investment plans.

Some direct impacts will include the type of energy that we use in the delivery of our services and how much we pay for our energy costs, whether that be in school buildings, libraries and children's centres or when repairing the roads or providing waste collection and recycling services within communities.

The council's underlying service policies, priorities and strategies associated with how we deliver services to the local communities will also need to be considered and updated to ensure that we are focused on achieving a more sustainable future and making a real difference to the environment. For example, the Waste service has a significant impact on the environment because of how and when the waste is collected and also how it is disposed of, and changes can be made to all of these areas which will deliver improvements and may also reduce costs.

It will be important to ensure that future business cases that support delivery of strategic investment in new schools and roads clearly articulate the carbon impacts that will materialise as a result so that the council can understand how these will contribute to net carbon goals.

## 8. Risk Management

In setting the revenue and capital budgets, the council must take into account the known key financial risks that may affect both its service delivery and ultimately its financial plans and these will either be explicitly provided for within the base budget or be offset and held against the unallocated contingency budget or the council's general fund working balance.

Officers continue to test the impact of varying key assumptions in the medium-term financial plans to assess the sensitivity of the ranges of indicative budget figures as this may inform decisions about the level of working balances needed to provide assurance as to the robustness of the budget estimates.

The most significant risks within the current MTFP are detailed within **Appendix 4** although these have been summarised into the table below, for inclusion within the Strategic Risk Register.

Risk	Inherent risk score	Residual Likelihood	Residual Impact	Residual Risk Score	Comments
Risk that we do not manage budgets effectively in-year, including by not implementing and delivering the savings or transformational projects required to meet the financial challenge	HIGH	4	4	HIGH	This reflects the council-wide position which incorporates many risks with a potential financial impact at the highest level within the matrix
Risk that we are unable to deliver the priorities of the council by not planning to meet the Medium-Term Financial challenge	HIGH	4	4	HIGH	This reflects the current position at this time, as the council continues to reflect a budget gap across the 4-year period as well as for the 2024/25 financial year, although it is expected to change as we progress nearer to setting the budget for next year
The council is unable to deliver capital projects within the approved resource envelope either due to unmanageable cost increases and/or lack of governance	HIGH	3	4	HIGH	This reflects the current position regarding inflation on schemes and potential changes to scope since budgets were set. This report contains several mitigations which are in place in order to manage and control spending on capital

## **9. Equality Implications**

In considering its vision, ambitions and financial planning the council is mindful of its Public Sector Equalities Duties to have due regard to the need to:

- eliminate unlawful discrimination
- advance equality of opportunity; and
- encourage good relations between groups.

As per previous years, a detailed Equality Impact Assessment, (EIA) will be prepared for all significant budget savings proposals that are incorporated within the MTFP and budget plans although given that savings plans are being incorporated across the 4-year period of the Plan, the EIA will focus on assessing the impact for those items which will be included within the 2024/25 revenue budget in the first instance. This recognises that Members take an annual decision to approve the detailed budget for the year ahead.

The council has changed its approach to preparing EIA's following feedback received in previous years, which means that we have reduced the number of individual savings proposals by grouping similar items together. This allows the impacts of these similar budget proposals to also be grouped and shared within a single document so that the cumulative impact can be better understood by local residents and other stakeholders.

The timeline currently anticipates that the initial summary EIA's will be published in mid-December 2023 which will show whether they are likely to pose a High, Medium or Low impact to service users and local residents if they were to be implemented and delivered.

Further analysis will be made in those areas where the impacts are Medium or High to see if mitigations can be incorporated to improve the outcomes and impacts for service users.

## **10. Corporate Implications**

The Corporate Plan and MTFP, along with the supporting financial monitoring processes and performance management framework are vital tools to help align effort across the organisation and ensure that teams are focused on delivery of agreed community and organisational priorities.

With continuing financial pressures and demands for services, it is essential that the councils' limited resources continue to be prioritised and allocated in line with the identified priorities. The new Corporate Plan, which is currently subject to consultation and engagement, will inform the future ambitions of the council.

## **11. Options Considered**

None at this stage – the council is legally required to set a balanced budget and to implement a robust financial framework to ensure that spending is aligned to available resources. Whilst the MTFP process works towards that outcome, this report does not include any final recommendations or decisions as they will come later in the process.

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**Appendices:**

- Appendix 1 Draft revenue budget for 2024/25, allocated across directorates
- Appendix 2 Core assumptions for 2024-2028
- Appendix 3 Initial savings plans included within the MTFP 2024-2028
- Appendix 4 Risk register summary
- Appendix 5 Feedback on the initial consultation and engagement period

**Background Papers:**

- Exec Report – February 2023, Medium Term Financial Plan and Revenue Budget 2023/24
- Council Report – February 2023, Council Tax Setting 2023/24
- Exec Reports – Sept & Oct 2023, Medium Term Financial Plan Update report 2024-2028
- Transport, Climate and Communities Policy and Scrutiny Panel Report – July 2023, MTFP planning

**APPENDIX 1 – Draft revenue budget summary for 2024/25**

**North Somerset Council - Draft Revenue Budget  
Summary 2024/25, December 2023**

	Adult Social Care £000	Childrens Services £000	Corporate Services £000	Place Directorate £000	Public Health Reg Services £000	Other / costs to be reallocated £000	<b>Total £000</b>
<b>2023/24 Base Budget - as per month 6 monitor</b>	<b>84,330</b>	<b>30,152</b>	<b>31,348</b>	<b>38,451</b>	<b>1,386</b>	<b>17,099</b>	<b>202,766</b>
<b>Spending pressures and estimated cost increases</b>							
Pay related inflation	0	0	0	0	0	4,251	<b>4,251</b>
Energy costs	0	0	0	0	0	-2,252	<b>-2,252</b>
Adults - inflation, demographics, transitions	8,975	0	0	0	0	0	<b>8,975</b>
Childrens - placements, disabled children, improvement plan	0	5,755	0	0	0	0	<b>5,755</b>
Place - contract inflation, home to school transport, waste, property	0	0	0	5,997	0	0	<b>5,997</b>
Corporate - contract inflation, income shortfalls, service changes	0	0	3,453	0	0	0	<b>3,453</b>
Other - incl revenue impacts of the capital programme	0	0	0	0	22	1,408	<b>1,430</b>
	<b>8,975</b>	<b>5,755</b>	<b>3,453</b>	<b>5,997</b>	<b>22</b>	<b>3,407</b>	<b>27,609</b>
<b>Savings proposals - identified and included within the draft budget</b>	<b>-5,767</b>	<b>-2,001</b>	<b>-1,491</b>	<b>-2,329</b>	<b>-50</b>	<b>0</b>	<b>-11,639</b>
<b>Budget gap</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-3,878</b>	<b>-3,878</b>
<b>2024/25 Draft Budget</b>	<b>87,538</b>	<b>33,906</b>	<b>33,309</b>	<b>42,119</b>	<b>1,358</b>	<b>16,628</b>	<b>214,858</b>

Nb 2023/24 base budget excludes; £6.933m for town and parish council precepts and £1.405m additional in-year funding for Adults

These are draft allocations and will be updated in future reports.

## APPENDIX 2 – Core assumptions included within the MTFP

### Income and funding assumptions

	Budget	Future MTFP Projections - November 2023			
	2023/24 £000	2024/25 £000	2025/26 £000	2026/27 £000	2027/28 £000
Council tax income	131,843	138,893	143,930	149,093	154,439
Business rates income and grants	45,981	50,813	51,407	52,059	52,702
Government grants	21,037	25,444	25,245	24,504	24,564
Other	3,905	-292	0	0	0
	<b>202,766</b>	<b>214,858</b>	<b>220,582</b>	<b>225,657</b>	<b>231,706</b>

### Spending pressures and estimated cost increases

	Budget	Future MTFP Projections - November 2023			
	2023/24 £000	2024/25 £000	2025/26 £000	2026/27 £000	2027/28 £000
Inflationary impacts and council-wide costs	10,818	1,624	4,253	4,431	4,660
Capital and financing costs	-1,336	1,783	3,444	1,341	1,184
Adult social care	12,371	8,975	6,732	6,963	7,179
Childrens placements	1,745	4,720	658	664	670
Other children's costs	684	1,035	188	-105	-40
Place - waste related services	4,143	3,027	540	540	540
Place - home to school transport services	2,366	1,590	500	500	500
Place - inflation on other contracts	384	380	177	177	177
Place - capacity with services	0	1,000	685	390	5
Public health	0	22	115	0	0
Corporate - inflation	1,848	1,964	938	906	953
Corporate - income short-falls	0	1,142	700	25	100
Corporate - other	315	347	209	0	0
	<b>34,096</b>	<b>27,609</b>	<b>19,139</b>	<b>15,832</b>	<b>15,928</b>

### APPENDIX 3 – Draft savings proposals included within the MTFP

MTFP Budget Theme	MTFP Budget Reference	Proposal	Financial details of the budget proposals				
			2024/25 £000	2025/26 £000	2026/27 £000	2027/28 £000	Total Proposals £000
<b>Adults transformation - maximising independence</b>	ADTR01	Initiatives designed to support adults within the community to maximise their independence and to manage demand for council services by focussing efforts on those who need services the most. This will include looking at the services we provide along with partners and other key stakeholders, to expand areas such as reablement and preventative services as well as increasing the types of provision available to residents, for example, delivery of more Supported Living schemes, Extra Care housing places and an increase the use of technology aided care solutions where appropriate.	3,150	2,200	1,625	1,375	<b>8,350</b>
<b>Adults transformation - service delivery models and efficiency</b>	ADTR02	A package of measures designed to look at how we deliver services to ensure that they are efficient, fit for purpose and make the best use of resources available. This includes making sure that we obtain best value from our contracts, reviewing delivery models, allocating external funding to those services in greatest need and looking at ways that other sectors can provide help and support, for example, by investing in debt advice.	1,340	765	365	365	<b>2,835</b>
<b>Childrens transformation - childrens social care services</b>	CHTR01	Implementation of a transformation programme designed to improve outcomes for children looked after and manage the increasing demand for council services by reviewing our approach to service delivery and focussing resources on those who need services the most. This will include changes to how we deliver services in the future, working more closely with partners and other key stakeholders, improving internal processes to become more efficient and considering alternative types of provision where appropriate.	1,837	1,506	988	1,066	<b>5,397</b>
<b>Childrens transformation - home to schools transport services</b>	CHTR02	Transformation activity to manage the increasing demand for home to schools transport services for children and young people within North Somerset. This programme will review and update our policies and approach to service delivery in order to maintain the provision of statutory services, whilst reducing the cost of transport services.	50	117	500	1,000	<b>1,667</b>
<b>Income - annual inflationary impacts</b>	INC01	Annual uplift to general fees and charges to recognise the impact of inflation on the ongoing cost of service delivery. The additional income is directly linked to the principle of ensuring that services recover their full costs, which have gone up because of inflation.	853	564	562	582	<b>2,561</b>
<b>Income - linked to adult social care services</b>	INC02	Annual increase in fees and charges for adult social care related services specifically linked to the national increase in benefit rates.	860	870	880	890	<b>3,500</b>

MTFP Budget Theme	MTFP Budget Reference	Proposal	Financial details of the budget proposals				
			2024/25 £000	2025/26 £000	2026/27 £000	2027/28 £000	Total Proposals £000
Income - linked to the parking strategy	INC03	Income linked to the parking strategy which includes an annual inflation uplift for existing fees and charges as well as the implementation of new opportunities. The strategy will look to support flexibility in charging regimes whilst still maintaining income levels including the introduction of resident parking zones and ensuring the cost of car parking provision is recovered.	504	450	50	50	1,054
Services we provide to the community - libraries, nurseries and children's centres	SPTC01	Review and reshape the delivery of library services, nurseries and family hubs to residents ensuring best use of buildings and giving consideration to alternative delivery models.	150	135	250	0	535
Services we provide to the community - transport	SPTC02	Review the delivery model for discretionary community transport services.	55	55	0	0	110
The way we work - service delivery models and efficiencies	TWWWW01	Ongoing programme to review how the council delivers its services to ensure they are fit for purpose and provide value for money. This includes making sure that we obtain best value from our contracts, reviewing delivery models and staffing structures, implementing process improvements and reallocating resources to those services in greatest need.	754	2,097	1,771	380	5,002
The way we work - strategic management of our assets	TWWWW02	Activity to ensure that the council maximises the value from the assets it holds, which includes focussing efforts on investing in assets that support service delivery, reducing our carbon impact and energy costs as well as the divestment of assets no longer required.	215	475	545	1,525	2,760
The way we work - managing our finances	TWWWW03	Review the way the council manages its surplus cashflows and borrowing requirements, ensuring that it makes appropriate choices to manage the changes in interest rates.	835	14	0	0	849
Waste transformation	WAST01	Transformation programme reflecting the waste strategy, which will ensure that the council's waste services are efficient and deliver value for money to residents. The programme will review policies and service delivery models to help the council move towards meeting carbon reduction targets through increasing recycling and reducing waste and associated carbon emissions where possible.	1,035	950	0	0	1,985
<b>TOTALS</b>			<b>11,638</b>	<b>10,198</b>	<b>7,536</b>	<b>7,233</b>	<b>36,605</b>

All draft budget proposals will be supported by an Equalities Impact Assessment which shows the cumulative impact of the change.



## APPENDIX 4 – Risk Register Summary

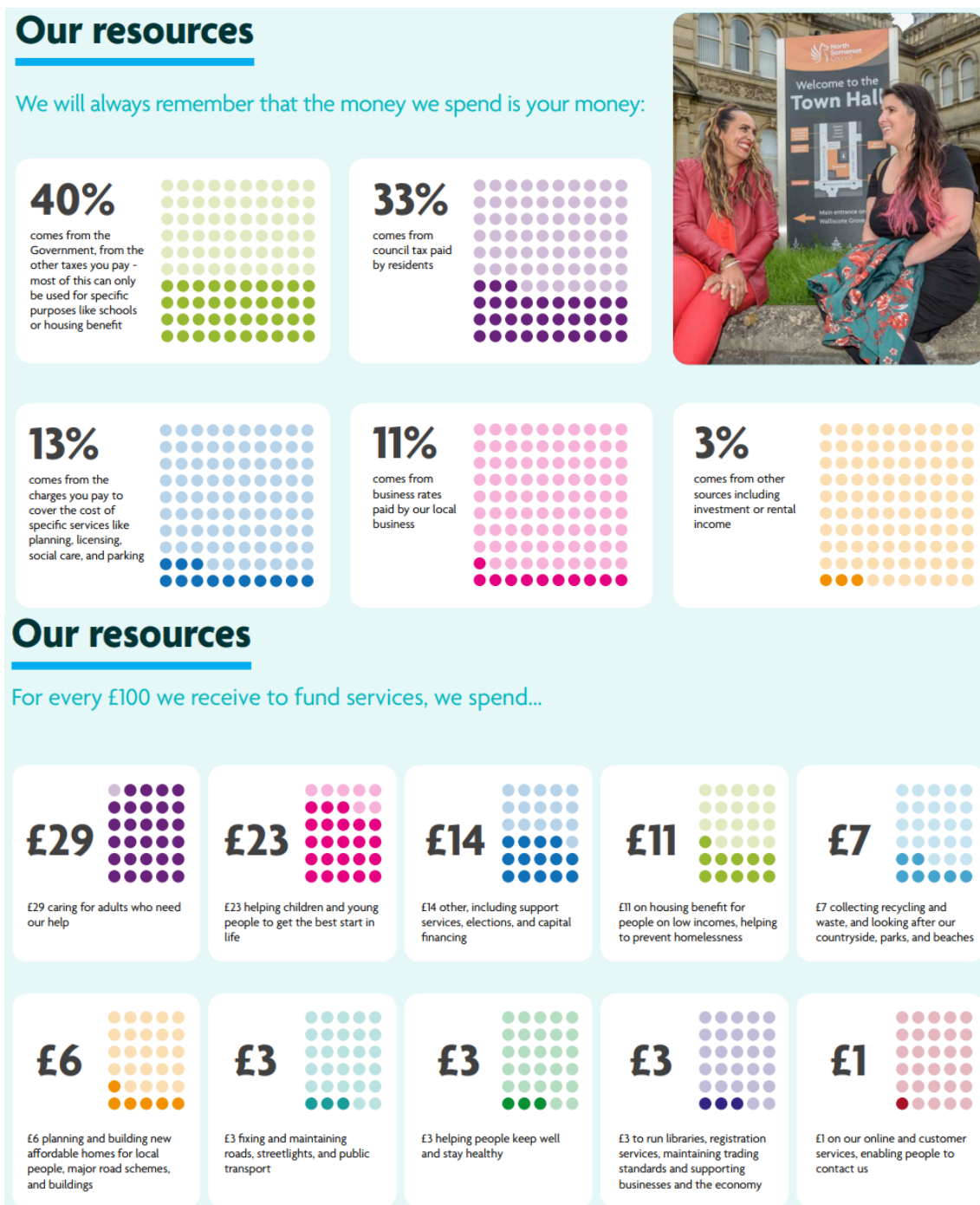
	Risk area	Initial Risk Score			Potential mitigation	Risk Score After Mitigation		
		Likelihood	Impact	Score		Likelihood	Impact	Score
1	Legacy overspending through not delivering a balanced budget in 2023/24	4	4	16	Month 6 budget monitor shows a projected net over spend of £0.7m however the gross overspending within services is much higher than this. The 2024/25 draft budget has allocated some growth to these key areas of ongoing pressure to re-base the budgets meaning that there is a lower probability that adverse variances will continue into future years.	3	3	9
2	Sustained increase in inflationary factors which have the potential to drive the council's future costs above the assumptions reflected within the MTFP for Pay, Energy and Contracts	3	4	12	Efforts have been made to review and assess assumptions for cost increases across the period of the MTFP and align these to benchmarking or national rates, which have reduced over recent months. Uncertainties around pay will largely be driven by the governments National Living Wage policy, although it is likely that there will be an associated impact on the council's contract costs. All indices will continue to be closely monitored and compared to MTFP assumptions. The annual revenue budget does include an unallocated contingency budget of £1.4m and holds sums in its reserves.	3	3	9
3	The ongoing impacts associated with higher interest rates, which could increase borrowing costs or provide an opportunity to increase returns on external investments	3	5	15	The council's capital strategy will aim to manage capital spending within an overall affordability envelope which means that it could take further steps to scale back spending in other areas if borrowing rates increase beyond budget levels. An increase in investment interest rates will provide an opportunity to generate more returns for the council.	3	3	9
4	Unable to mitigate budgeted demand pressures within children's social care and home to schools transport as well as other services such as adult social care and waste collection.	5	4	20	Cost & volume data has been incorporated into the monitoring processes along with indicative growth for core demand in future years, which reflects the latest levels of demographic although these will continue to be monitored closely over the next few months.	4	4	16
5	Unable to achieve financial savings in all areas of the council's budget	4	4	16	Detailed delivery plans will drawn up to support achievement of savings plans with activity embedded into the council's monitoring framework to ensure continuous review and scrutiny.	3	4	12
6	Unable to deliver and sustain the locally generated housing and business rate growth required to align to budgeted income streams	4	5	20	Increased focus on delivery of outcomes through regular reviews with planning and place-making teams who are monitoring effective delivery of housing growth. Implement a robust monitoring system to assess and report on collection rates.	3	4	12
7	Uncertainties in future funding levels as a result of the national political election cycle and also potential changes to local government finance arrangements, which have been discussed for several years	5	5	25	The council was provided with details to support a one-year funding settlement for 2023/24 and a policy paper to indicate a commitment to providing stability in 2024/25 although final details have yet to be received. There remains a great deal of uncertainty beyond this period which may be driven by national political and economic change.	5	4	20

## APPENDIX 5 – Feedback on the initial consultation and engagement period

Throughout September and October the Leader and Deputy Leader of the Council have been hosting a number of public engagement sessions to talk about the Corporate Plan and the budget.

These were held in each of the 4 major towns with a further session in Yatton, and designed to be as flexible as possible to encourage local residents to just drop in. Councillors also joined the mobile library service during October so that they could meet up with residents to talk through any issues relating to the council and the services it delivers.

Information on the council’s budget was shared with clear and simple messages and in a format that could be easily understood.



An online consultation supported the public engagement sessions where the budget challenge was shared and residents were asked for their views on a series of questions.

## Balancing the budget



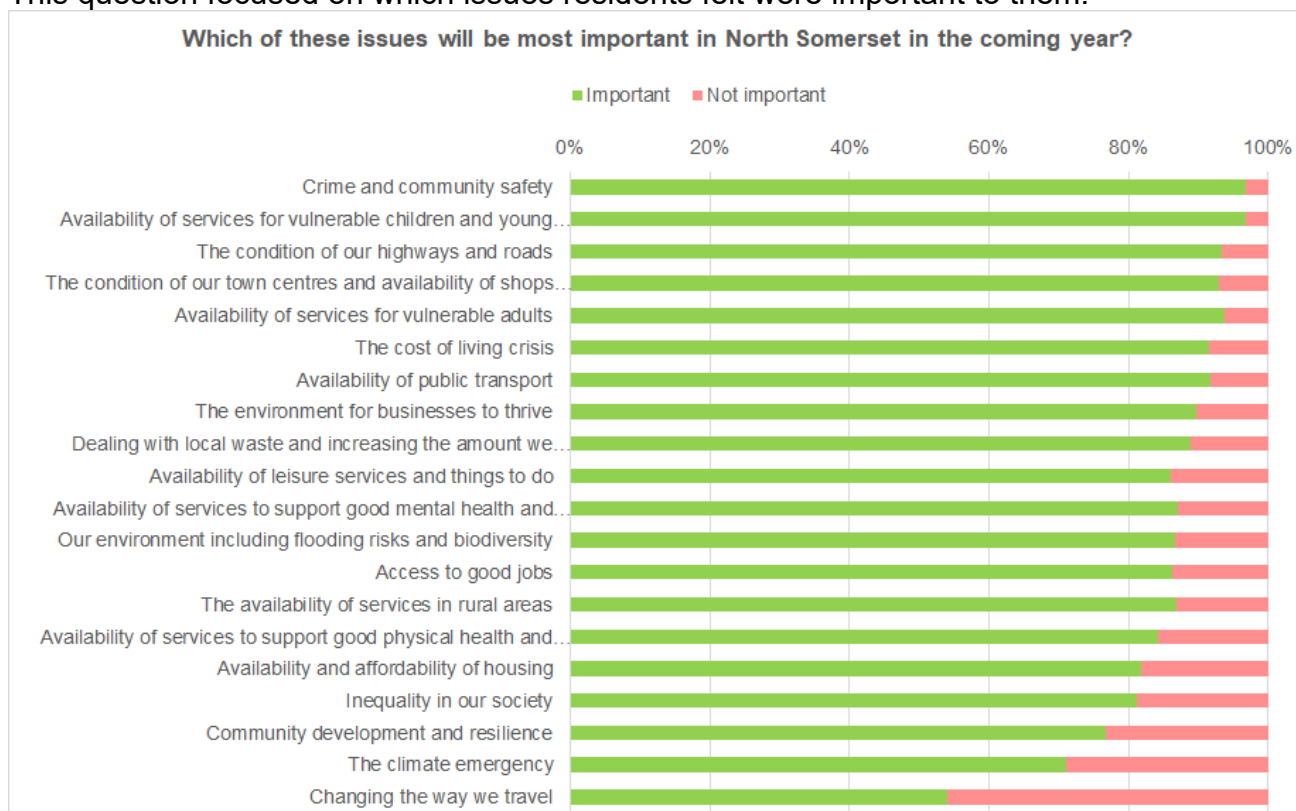
The council plans to spend over £420m in 2023-24 delivering services within North Somerset, with 62% of this on caring for adults and children, helping people with low incomes with their housing benefit and preventing homelessness.

Each year the council needs to meet the additional demand for and cost of providing services from the money it receives and this has been more difficult recently because inflation has been pushing up our costs by more than our income, and by much more than we expected.

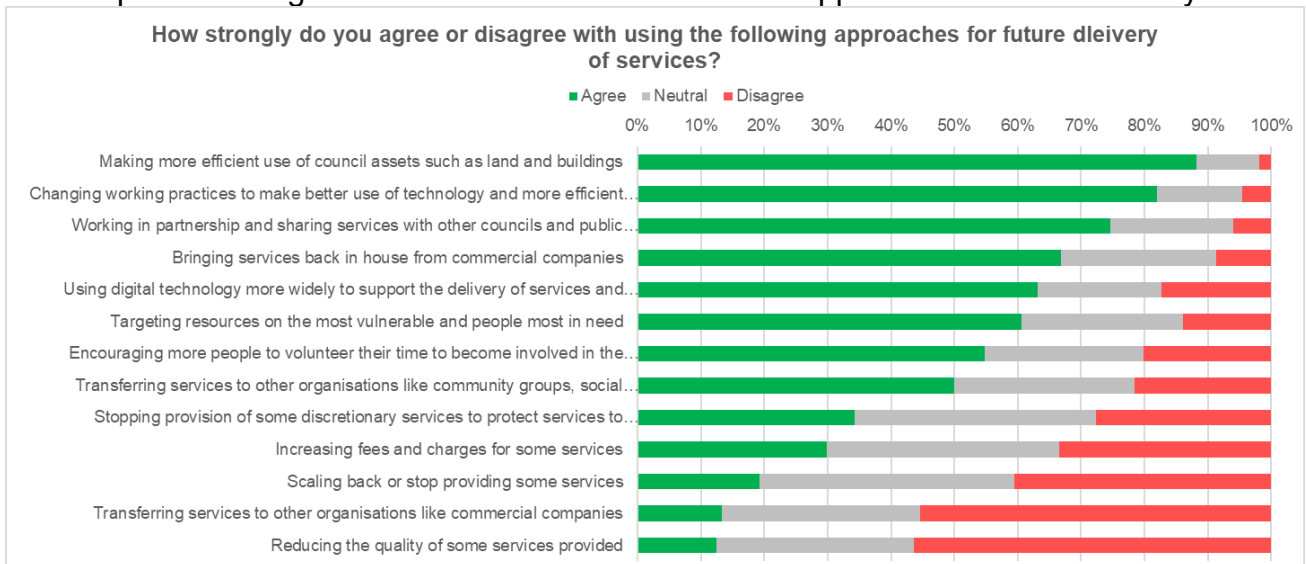
We have seen rapid price rises affecting many of our services and so we know there will be some difficult decisions ahead to balance the budget, which is why we are keen for you to have your say.



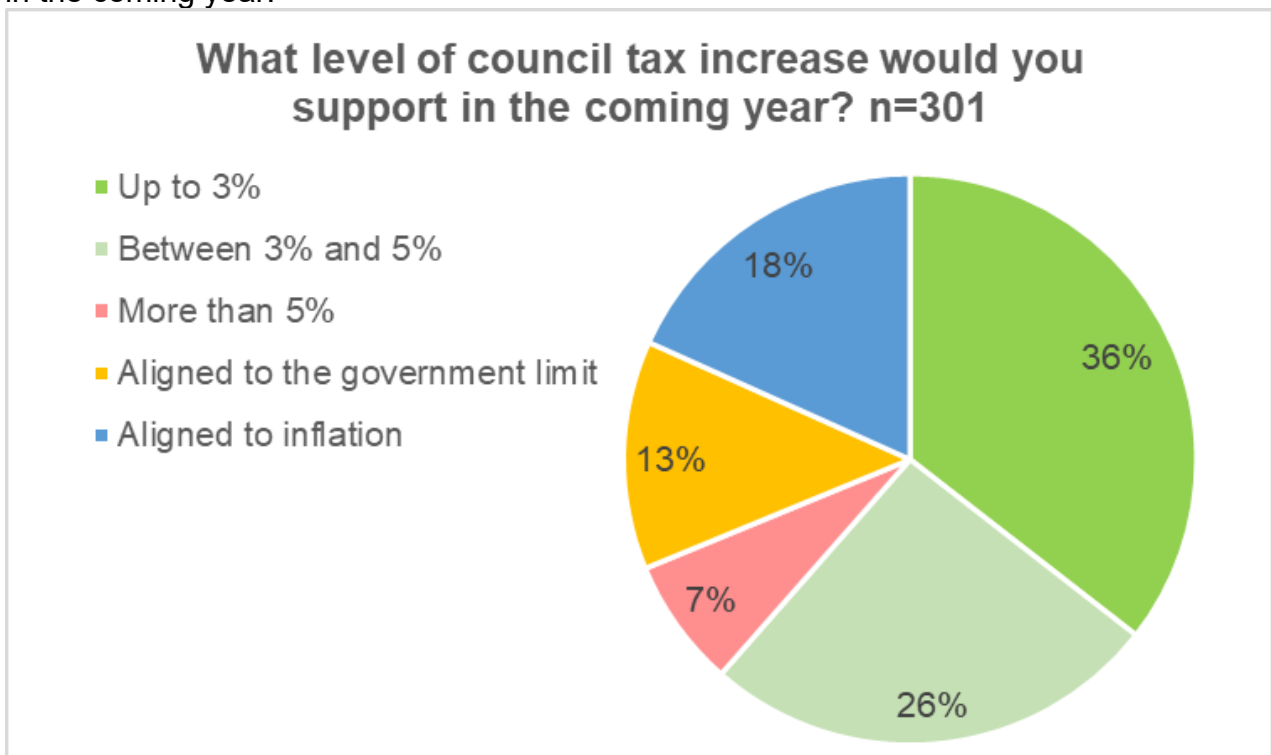
This question focused on which issues residents felt were important to them.



A later question sought feedback on the council's future approach to service delivery.



Residents were also asked about the potential levels of council tax that they might support in the coming year.



Now that the council has developed its draft budget plans for the next four years, the second phase of engagement will focus on what residents think of these, together with understanding any alternative suggestions or ideas that they may have.