

## High Level Medium-Term Financial Plan (MTFP)

The overall summary of the current MTFP forecast to 2028/29 is set out in the table below.

<b>High Level MTFP Forecast</b>	<b>2024/25</b>	<b>2025/26</b>	<b>2026/27</b>	<b>2027/28</b>	<b>2028/29</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
Budget Gap from previous year	0.0	36.9	103.9	147.8	169.9
Budget Gap for year	36.9	67.0	43.9	22.1	28.6
Capitalisation Direction	(36.9)	-	-	-	-
<b>Budget Gap</b>	<b>0.0</b>	<b>103.9</b>	<b>147.8</b>	<b>169.9</b>	<b>198.5</b>

The key assumptions underpinning the MTFP forecast is:-

- Inflation – the forecast is that inflation will continue to fall from its current level but will take until early 2025 to reach the 2% target.
- Interest Rates - the Monetary Policy Committee (MPC) have held the Bank Rate at 5.25% for several months which is forecast to be the peak. The MPC will cut rates in the medium term to stimulate the UK economy but will be reluctant to do so until it is sure there will be no lingering second round effects. The forecast is that we will see rate cuts from Q3 2024 to a low of around 3% by early to mid-2026.
- National Pay Award – estimated at 4% for 2024/25 and then 2% for future years in line with inflation.
- Adults – demand increases, and significant increased placement costs pressures based upon the latest demand and cost modelling.
- Childrens – increases in external placement costs and special education needs and disabilities (SEND) transport updated for the latest demand modelling.
- Funding – based upon the 2024/25 finance settlement and assumptions around future years based modelling of future years. Local Authorities announced on 24 January 2024, increasing the Social Care Grant, the Funding Guarantee from 3% to 4% and the Rural Services Delivery Grant.
- Business Rates - income based upon the NNDR1 return January 2024.

- Council Tax – modelled upon tax base increase of 1% incorporating a collection rate of 98%, 2% increase in the Adult Social Care precept and 2.99% for general council tax.
- Corporate Contingency – remains at £6m based upon 1% of the 2024/25 net revenue budget.

Based upon the key assumptions the MTFP forecast for Pressures are:

<b>Pressures by Directorate</b>	<b>2024/25</b>	<b>2025/26</b>	<b>2026/27</b>	<b>2027.28</b>	<b>2028.29</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
Adults Services	69.6	34.4	33.1	38.2	42.6
Childrens, Families and Education	26.5	4.8	5.3	5.6	5.5
Communities Services	1.3	(0.2)	0.0	0.0	(0.2)
Climate & Place	5.3	1.7	2.5	2.7	6.5
Strategy, Workforce & Localities	0.1	0.0	0.0	0.0	0.0
Resources & Corporate Services	7.0	4.3	12.7	0.8	0.9
<b>Total</b>	<b>109.9</b>	<b>45.0</b>	<b>53.6</b>	<b>47.3</b>	<b>55.3</b>
<b>Cumulative Total</b>	<b>109.9</b>	<b>154.9</b>	<b>208.5</b>	<b>255.8</b>	<b>311.1</b>

The MTFP forecast includes identified savings of £45.2m over three years.

<b>Savings by Directorate</b>	<b>2024/25</b>	<b>2025/26</b>	<b>2026/27</b>	<b>2027.28</b>	<b>2028.29</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
Adults Services	(9.8)	(1.6)	0.0		
Childrens, Families and Education	(9.6)	(1.9)	0.0		
Communities Services	(2.9)	(0.6)	0.0		
Climate & Place	(5.5)	(1.4)	0.3		
Strategy, Workforce & Localities	(0.6)	(0.1)	0.0		
Resources & Corporate Services	(2.6)	(0.5)	0.0		
Public Health	0.0	0.0	0.0		
Local Government Reorganisation	(4.0)	(4.4)	0.0		

<b>Total</b>	<b>(35.0)</b>	<b>(10.5)</b>	<b>0.3</b>	<b>0.0</b>	<b>0.0</b>
<b>Cumulative Total</b>	<b>(35.0)</b>	<b>(45.5)</b>	<b>(45.2)</b>	<b>0.0</b>	<b>0.0</b>

The detailed breakdown of the MTFP across the current services and funding is:

<b>Directorate</b>	<b>2024/25 Approved Budget £m</b>	<b>2025/26 Forecast Budget £m</b>	<b>2026/27 Forecast Budget £m</b>	<b>2027/28 Forecast Budget £m</b>	<b>2028/29 Forecast Budget £m</b>
Adult & Health Services	239.4	272.2	321.6	359.8	402.4
Children & Family Services	142.0	144.8	150.1	155.7	161.3
Community Services	35.5	34.8	34.8	34.8	34.5
Climate & Place	93.9	94.1	96.9	99.6	106.1
Strategy, Workforce & Localities	24.7	24.6	24.6	24.6	24.6
Resources & Corporate Services	27.7	31.5	44.1	45.0	45.8
Public Health	1.0	1.0	1.0	1.0	1.0
Local Government Reorganisation	(4.4)	-8.8	(8.8)	(8.8)	(8.8)
Non-Service items:					
Corporate Contingency	6.0	6.0	6.0	6.0	6.0
Corporate Areas	72.9	91.5	102.1	108.3	114.4
Capitalisation Direction	(36.9)	0.0	-	-	-
<b>Net Budget Requirement</b>	<b>601.8</b>	<b>691.7</b>	<b>772.6</b>	<b>826.0</b>	<b>887.5</b>
<b>Financed by:</b>					
Revenue Support Grant	(8.5)	(8.4)	13.3	14.3	15.4
New Homes Bonus	(1.9)	-	-	-	-
Rural Services Delivery Grant	(4.1)	(4.1)	(4.1)	(4.1)	(4.1)
Services Grant	(0.5)	(0.5)	-	-	-
Social Care Support Grant	(51.0)	(55.6)	(101.6)	(106.8)	(112.0)
Business Rates	(128.4)	(136.5)	(126.6)	(129.2)	(132.0)
Business Rates Collection					
(Surplus)/Deficit	(1.5)	-	-	-	-
Council Tax Collection					
(Surplus)/ Deficit	(6.2)	-	-	-	-
Council Tax	(309.9)	(323.9)	(338.7)	(354.3)	(370.9)
Council Tax Adult Social Care	(47.9)	(55.7)	(63.9)	(72.8)	(82.2)
Council Tax Somerset Rivers					
Authority	(3.1)	(3.1)	(3.1)	(3.2)	(3.2)
Special Expenses	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)
General Reserves	-	-	-	-	-
Earmarked Reserves	(38.5)	0.3	0.3	0.3	0.3

Appendix 1

<b>Total Financing</b>	<b>(601.8)</b>	<b>(587.8)</b>	<b>(624.7)</b>	<b>(656.1)</b>	<b>(689.0)</b>
<b>Budget (Surplus) / Deficit</b>	<b>-</b>	<b>103.9</b>	<b>147.8</b>	<b>170.0</b>	<b>198.5</b>
<b>Gap - Change on the Previous Year</b>	<b>-</b>	<b>103.9</b>	<b>43.9</b>	<b>22.2</b>	<b>28.6</b>