

Supplementary Papers for Cabinet

Date: Wednesday, 11 February 2026



6. Budget 2026/27 and Medium-Term Financial Plan

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To set out for Cabinet's consideration and recommendation to Council the proposed 2026/27 budget and council tax based on.

Attached are addendum papers to the Budget Report

Published: 11 February 2026

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BCP Council

Cabinet Meeting 11 February 2026

Item: Agenda Item 6

Budget 2026/27 and Medium-Term Financial Plan

Addendum

Background

1. The February 2026 Budget 2026/27 and Medium-Term Financial Plan report to Cabinet set out that in order to present a legally balanced budget for 2026/27 the Council was having to draw down £4.825m in unearmarked reserves. This conflicted with the stated aim of increasing these reserves to protect the financial health and sustainability of the Council. The draw down was necessary primarily as the council is struggling to cover the £10.5m borrowing costs in 2026/27 that it will need to incur to fund the accumulating deficit on its Dedicated Schools Grant (DSG) as pertaining to year-on-year Special Educational Needs and Disability (SEND) expenditure above the annual government grant.
2. The 2026/27 Budget report also set out that the advice of the council's Director of Finance was to apply any resources announced by government as part of the final 2026/27 local government finance settlement to restore unearmarked reserves and protect the future financial health of the council recognising:
 - a) that in each of the next 3 years the council will be receiving less Revenue Support Grant (RSG) from the government than it is receiving in 2025/26. By 2028/29 this reduction amounts to £5.9m per annum (4.1%). On the basis that it would have been fair to assume the 2025/26 funding would have increased by at least the government's 2% inflationary target the indication is the council will be losing around £15m annually by the 3rd year (2028/29) of the local government finance settlement.
 - b) there is a total funding gap of £30.1m across the following two-year period 2027/28 and 2028/29.
3. It was hoped that additional resources that might have been received in the final 2026/27 settlement may have included any of the following matters all designed to support the council's financial health and sustainability.
 - i) A response to a 6 January 2026 application by the council for Exceptional Financial Support (EFS) from the government which requested.
 - o Government permission to increase council tax by more than the 4.99% threshold limit.
 - o Government permission to capitalise the £10.5m cost of borrowing to finance the DSG deficit in 2026/27.
 - ii) Any government support for historic or accruing DSG deficits.
4. An independent review of the council's EFS application on behalf of government concluded that it was fully justified recognising particularly the challenges around current and future DSG deficits and the council's below average level of council tax.

Final 2026/27 Local Government Finance Settlement

5. On the 9 February 2026 government announced the final Local Government finance settlements for 2026/27, the latest date the settlement has been received since 2017/18. This statement included the following announcements specific to BCP Council.

- Ability to increase council tax by an additional 1.75% over and above the standard 4.99% threshold increase in 2026/27 (6.74% total allowable increase). The council will therefore not need to hold a referendum for increases up to and including 6.74%. At this level, the council will generate an extra £4.9m in extra annual revenue from 1 April 2026 onwards towards essential services.
- Support for the council's historic and accruing DSG deficits in waves. The first phase of which has been designed to address historic deficits and will take the form of a new High Needs Stability Grant to cover 90% of the deficit as at the 31 March 2026. This grant will be subject to BCP Council submitting and securing the Department for Education (DfE) approval of a Local SEND Reform Plan. If agreement is reached the grant will be paid during the autumn of 2026 and will need to be held as a grant received in advance within reserves and applied to the residual balance on the 31 March 2028.
- Government also acknowledged that the SEND reform plans will take time to fully embed and local authorities will need further support. For deficits that arise in 2026/27 and 2027/28, it was highlighted that local authorities can expect that government will continue to take a similarly appropriate and proportionate approach to such support, although it was recognised that this support would not be unlimited.
- In respect of the statutory override, which allows the council to ignore the DSG deficit, within its statutory accounts, it was confirmed that this will cease on the 31 March 2028. **The advice to local authorities from government is that they need to plan to be able to meet the cost of the residual deficit from their own resources in 2028/29 including setting aside appropriate reserves in the preceding years.** If the council also receives 90% of its forecast accruing DSG deficits in 2026/27 and 2027/28 then the council will need reserve funding of £37.9m in 2028/29 to specifically cover the residual deficit.

Financial Implications – Extra council tax flexibility

6. The following table summarises the impact on the councils Band D council tax of the additional increase.

	2025/26	£1,855.41	Annual Variance
Based 4.99% increase	2026/27	£1,947.99	increase £92.58
Based 6.74% increase	2026/27	£1,980.46	increase £125.05
Extra £32.47 increase			

7. An increase of an extra 1.75% would generate an extra **£4.951m** in financial resources for the council from 2026/27 onwards. It should be highlighted that even with the extra increase our 2026/27 council tax will be below the £2,001.05 charged by Dorset Council in the current 2025/26 financial year and their estimated £2,100.90 charge in 2026/27. An updated **Appendix 2** to the original Cabinet report is attached to this addendum.

- The proposal is this extra council tax revenue is used to support essential services and enable the 2026/27 budget to be put forward avoiding the need to draw down £4.825m on unearmarked reserves. The residual £126k will be used to better support the base revenue budget contingency for 2026/27. In respect of future years this will reduce the funding gap over the period to 31 March 2028 from £30.1m down to £24.8m with the funding gap for 2027/28 reducing to £13.6m.

Financial Implications – Support for Historic DSG Deficit

- The impact of the support for historic accumulated deficits is assumed to be a contribution of **£165.24m** (£183.6m * 90%) and impacts of the previously assumed deficits as follows.

	Previous Estimate	Latest Estimate
31 March 2025	£113.3m (Actual)	£113.3m (Actual)
31 March 2026	£183.6m	£183.6m
31 March 2027	£279.3m	£114.1m
31 March 2028	£379.3m	£214.1m

- Although this contribution is welcome and positive the council will still be technically insolvent as these net deficits will still be greater than the councils' forecast reserves. Based on the sentiment in the final 2026/27 local government finance settlement the council would anticipate receiving a further £176.13m contribution in 2028/29 towards the deficits of £95.7m in 2026/27 and £100m in 2027/28. It is assumed that ultimately the council will be required to manage from its own funds £37.93m which is 10% of the previously assumed 31 March 2028 deficit.
- An additional consequence of the payment is it reduces the amount of borrowing and subsequent interest that the council will need to incur to finance the DSG deficit. As a matter of prudence, it has been assumed that this payment will be made towards the end of the 2026/27 financial year and therefore the impact, estimated at £6.6m per annum, will not materially impact before the 2027/28 financial year. From a risk perspective it should be emphasised that the £165.24m High Needs Stability grant is not guaranteed and is subject to the agreement of a Local SEND reform Plan with DfE.
- In respect of the MTFP this reduction in SEND interest costs will reduce the funding gap over the period to 31 March 2028, as reference in section (8) above from £24.8m down to £18.1m with the funding gap for 2027/28 reducing from £13.6m to £6.9m.

Financial Implications: Funding strategy for the DSG residual deficit

- The final local government finance settlement for 2026/27 made it clear that the council has to develop a strategy on how it will fund, in 2028/29, the element of the DSG deficit that will be retained locally. As set out in section 10 this retained deficit for the council to manage locally is currently estimated at £37.9m. The intention is to continue an open dialogue with government to explore the options for funding such a significant amount however it will be essential that the council continues its strategy of delivering capital receipt from surplus asset disposals over the next two-year period.

Summary Financial Implications

14. The announcement will have a consequential impact on the MTFP of the authority and reserves position of the council as set out figure 1 and 2 below.

Figure 1. Original MTFP Position of the Council as per Cabinet report

	February 2026 MTFP Position			
	26/27 £m	27/28 £m	28/29 £m	Total £m
Annual – Net Funding Gap	(0.0)	18.7	11.5	30.1
Cumulative MTFP – Net Funding Gap	(0.0)	18.7	30.1	

Figure 2. Updated MTFP Position of the Council

	Updated Budget 2025/26 £m	February 2026 MTFP Position			
		26/27 £m	27/28 £m	28/29 £m	Total £m
Service Pressures (net of any specific grant changes)					
Wellbeing Directorate	194.6	11.5	7.9	8.2	27.6
Children's Directorate	111.8	9.2	8.2	8.2	25.5
Operations Directorate	60.3	1.3	4.1	5.6	11.0
Resources Directorate	50.2	(0.0)	0.3	1.6	1.9
Service Pressures (net of any specific grant changes)	416.8	22.0	20.5	23.5	66.0
Savings, Efficiencies, Fees & Charges					
Wellbeing Directorate		(3.1)	(1.1)	(0.9)	(5.1)
Children's Directorate		(1.4)	0.0	0.0	(1.4)
Operations Directorate		(4.0)	(2.2)	(1.3)	(7.5)
Resources Directorate		(1.0)	(0.5)	(0.1)	(1.6)
Transformation		(4.4)	(7.5)	(1.2)	(13.1)
Savings, Efficiencies, Fees and Charges		(13.9)	(11.1)	(3.6)	(28.6)
Corporate Items - Cost Pressures	10.6	10.2	4.6	6.6	21.4
Funding - Changes	(432.8)	(16.6)	(9.7)	(17.0)	(43.3)
Debt interest due to accumulated SEND deficit	8.1	2.4	(4.2)	1.7	(0.1)
Annual – Net Funding Gap	2.8	4.0	0.1	11.2	15.3
Application of one-off business rates resources to MTFP	(2.8)	(4.0)	6.8	0.0	2.8
Annual – Net Funding Gap	0.0	(0.0)	6.9	11.2	18.1
Cumulative MTFP – Net Funding Gap					

Figure 3. Updated Reserves Position

	Balance 31-Mar-23 £m	Balance 31-Mar-24 £m	Balance 31-Mar-25 £m	Q3 Estimate 31-Mar-26 £m	Budget 31-Mar-27 £m
Unearmarked Reserves	17.9	26.1	27.3	29.3	29.3
Earmarked Reserves	68.5	39.0	55.7	32.5	26.3
Government Contribution: High Needs Stability Grant	n/a	n/a	n/a	n/a	165.2
Total Reserves	86.4	65.1	83.0	61.8	220.8
Dedicated Schools Grant	-35.8	-63.5	-113.4	-183.6	-279.3
Net Position	50.6	1.6	-30.4	-121.8	-58.5

Please note: the presentation of the above table is subject to future advice and guidance from the Chartered Institute of Public Finance & Accountancy (CIPFA).

Final Local Government Finance Settlement 2026/27 – Other implications

15. The 9 February 2026 final local government finance settlement for 2026/27 also announced potential additional resources for Homelessness, Rough Sleeping and Domestic Abuse. However, no adjustments will be made until the detail of how the grant has to be applied has been made available and also how it links with various initiatives the council has put forward to government for consideration.

Revised Cabinet recommendations to Council

a) **Undertakes a recorded vote in relation to the following items as required by the Local Authorities (Standing Orders) (England) (Amendments) Regulations 2014.**

- i) Agrees that a net budget requirement of £456.7m, resulting in a total council tax requirement of £301.984m is set for 2026/27 based on the draft local government financial settlement figures published by government in December 2025.
- ii) Agrees an increase in council tax of 6.74% for 2026/27 inclusive of the additional 2% social care precept.
- iii) Confirms the key assumptions and provisions made in the budget as proposed and as set out in Appendix 3.
- iv) Agrees the allocations to service areas in the budget as set out in Appendix 5.
- v) Agrees the implementation of £14m of savings as set out in Appendix 5a.
- vi) Approve that the current Council Tax discount for Beach Chalets on Mudeford Sandspit and Hengistbury Head is removed from 1 April 2026 onwards see appendix 5b.
- vii) Approves the flexible use of capital receipts efficiency strategy as the mechanism for funding the council's transformation related and invest to save expenditure as set out in Appendix 6.
- viii) Approves the capital investment programme (CIP) as set out in paragraphs 66 to 82 and Appendix 7.

- ix) Approves the asset management plan as set out in Appendix 8.
- x) Agrees the treasury management strategy (TMS) and prudential indicators as set out in paragraphs 84 to 87 and Appendix 9.
- xi) Accepts and supports the formal advice of the chief finance officer on the robustness of the budget and the adequacy of the reserves as set out in paragraphs 102 to 109 and Appendix 10 and this addendum.
- xii) Acknowledges the copy of the councils Exceptional Financial Support application submitted on the 6 January 2026 attached as Appendix A to this addendum and a previous related letter dated 5 December 2025 as Appendix B.
- b) Agree to borrow £95.7m to fund the 2026/27 excess Special Educational Needs and Disability (SEND) High Needs DSG revenue expenditure above the government grant being made available. This is also based on previous assurance from government that the council can exceed its borrowing thresholds temporarily based on their commitment to return the SEND system to financial sustainability.**
- c) Agrees to protect essential services by setting aside the additional resources from the additional 1.75% council tax flexibility in 2026/27 to avoid using unearmarked reserves to balance the 2026/27 budget and to subsequently reduce the previous £30.1m funding gap in the councils MTFP.**
- d) Agrees to continue a dialogue with government on options for funding in 2028/29 the locally retained element of the DSG deficit and in support to continue the strategy of disposing of surplus assets to generate the necessary capital receipts.**
- e) Approves the chief officers' pay policy statement 2026/2027 for consideration and approval by the council in accordance with the provisions of the Localism Act 2011 as set out in paragraphs 111 to 113 and Appendix 12.**

BCP Schedule of Council Tax Charges 2026/27

	Actual Council Tax 2025/26 £	Change 26/27 %	Proposed Council Tax 2026/27 £
Christchurch			
Christchurch Town			
BCP Unitary Charge	£1,855.41	6.74%	£1,980.46
Christchurch Town	£72.35	2.89%	£74.44
Christchurch Town Total	£1,927.76		£2,054.90

Burton & Winkton Parish			
BCP Unitary Charge	£1,855.41	6.74%	£1,980.46
Burton & Winkton Parish	£18.27	0.82%	£18.42
Burton & Winkton Parish Total	£1,873.68		£1,998.88

Hurn Parish			
BCP Unitary Charge	£1,855.41	6.74%	£1,980.46
Hurn Parish	£34.90	4.47%	£36.46
Hurn Parish Total	£1,890.31		£2,016.92

Highcliffe and Walkford Neighbourhood			
BCP Unitary Charge	£1,855.41	6.74%	£1,980.46
Highcliffe and Walkford Neighbourhood	£32.86	2.74%	£33.76
Highcliffe and Walkford Neighbourhood Total	£1,888.27		£2,014.22

Bournemouth

Bournemouth Town (exc Throop and Holdenhurst)			
BCP Unitary Charge	£1,855.41	6.74%	£1,980.46
Bournemouth Chartered Trustee	£2.24		
Bournemouth Town			£29.47
Bournemouth Town (exc Throop and Holdenhurst) Total	£1,857.65		£2,009.93

Throop and Holdenhurst Village			
BCP Unitary Charge	£1,855.41	6.74%	£1,980.46
Throop and Holdenhurst Village	£38.72	2.53%	£39.70
Throop and Holdenhurst Village Total	£1,894.13		£2,020.16

Poole

Poole Town (exc Broadstone)			
BCP Unitary Charge	£1,855.41	6.74%	£1,980.46
Poole Chartered Trustee	£2.14		
Poole Town			£32.56
Poole Town (exc Broadstone) Total	£1,857.55		£2,013.02

Broadstone Town			
BCP Unitary Charge	£1,855.41	6.74%	£1,980.46
Broadstone Town			£60.34
Broadstone Town Total	£1,857.55		£2,040.80

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Exceptional Financial Support and Council Tax Flexibility: Additional Supporting Information

Please complete **all** relevant sections and return your completed additional supporting information and any attachments to the Local Authority Financial Risk Team (LAFinancialRisk@communities.gov.uk). If applicable, **use existing documents or reports** (e.g. budget monitors, Medium-Term Financial Plans, asset registers etc.) to support any answers to the questions below – please clearly make reference to any attachment in the accompanying text box.

GUIDANCE FOR COMPLETION

Details on how to complete this form are below:

- **For all requests** – please complete: Section 1, Section 2 (from 2.1 to 2.4) and Section 3 to Section 6.
- **If you are requesting a Council Tax increase** – please complete Section 2.5 to 2.9.
- **For existing EFS cases** – please also complete additional Section 7.

SECTION 1: General Information

Local Authority	Bournemouth, Christchurch and Poole Council		
S151 Officer	Adam Richens	Contact email	adam.richens@bcp council.gov.uk
Chief Executive	Aidan Dunn	Contact email	aidan.dunn@bcp council.gov.uk
Submission Date	5 January 2026		

SECTION 2: Request for Exceptional Financial Support and / or Council Tax Flexibility

An outline of the Council's request and summary of key financial pressures

For additional information on financial support please see the Local Government Finance 2026-27 to 2028-29 policy statement [here](#)

2.1 Request summary table – please provide a breakdown of your request below.

Using the table below, please detail the total amount of capitalisation support that you are requesting by financial year and / or if applicable, detail any percentage additional increase to Council Tax above referendum limits.

	2024-25	2025-26	2026-27
Capitalisation support: Requested capitalisation of revenue (£m)	£	£	£
Additional Council Tax increase			2.43%
• FOR ANY COUNCIL TAX REQUESTS ONLY: please confirm the additional capitalisation support amount if a Council Tax increase was <u>not</u> available.		2026-27 (£m)	£9.9m
• FOR EXISTING EFS CASES ONLY: please detail any variations or revisions to existing in-principle capitalisation support amounts with a supporting rationale for any changes.	N/A		
• FUTURE YEARS CAPITALISATION SUPPORT: please detail any capitalisation support that is forecast over the Medium-Term Financial Plan.	2027-28 (£m)	2028-29 (£m)	2030-31 (£m)
	£11.8	-	-
• ADDITIONAL INFORMATION: is there any other additional information or other specific asks that the Council would like to be considered via EFS?	N/A		
2.2 How does the Council intend to finance capitalisation support.			
Please set out how the Council intends to finance the capitalised revenue – to include:			
• The total requested capitalisation of revenue amount and specifically:			
• The total amount capitalised via borrowing – including external borrowing and internal borrowing / cash reserves			
○ On borrowing, please include the current assessment of the potential borrowing need as a result of capitalisation.			
	Capitalisation amount	£21.7m	
	Financed by borrowing	£0m	
	- <i>of which external borrowing</i>	£0m	
	- <i>of which internal borrowing / cash reserves</i>	£0m	
	Capital receipts applied	£21.7m	
	- <i>of which current existing capital receipts</i>	£0m	



<ul style="list-style-type: none"> The total amount capitalised via capital receipts – including current existing capital receipts and capital receipts from future disposal. <ul style="list-style-type: none"> On future receipts, please include details of any indicative timescale and readiness of asset disposal plans – including the financial year that receipts are planned to be generated and applied. 	<table border="1"> <tr> <td>- <i>of which capital receipts from future disposal</i></td><td>£21.7m</td></tr> </table>	- <i>of which capital receipts from future disposal</i>	£21.7m
- <i>of which capital receipts from future disposal</i>	£21.7m		
<p>Prior to this request the capital receipts scheduled was as follows.</p> <ul style="list-style-type: none"> (£2.969m) Available Capital Receipts 31/3/25 (£8.711m) Capital receipts delivered 25/26 (£5.775m) Forecast capital receipts 25/26 £4.460m Programmed Transformation Expend 25/26 (£12.955m) Balance 31/3/26 (£7.469m) Forecast capital receipts 26/27 £6.540m Programmed Transformation Expend 26/27 (£13.884m) Balance 31/3/27 (£3.000m) Forecast capital receipts 27/28 £3.644m Programmed Transformation Expend 27/28 (£13.240m) Balance 31/3/28 (£1.000m) Forecast capital receipts 28/29 £3.586m Programmed Transformation Expend 28/29 (£10.654m) Balance 31/3/29 <p>Therefore, the council will need to either identify further asset disposals to increase the balance from £10.7m to £21.7m or reduce the programmed expenditure.</p>			

		Forecast MRP costs (£m)	Forecast interest costs of borrowing (£m)	
		2026-27	0.0	
		2027-28	0.0	0.0
		2028-29	0.0	0.0

FOR ALL REQUESTS: please complete 2.3 and 2.4

2.3 What are the key financial drivers of the Council's budget gap and request for financial support?

Please outline the leading pressures and include supporting figures wherever possible. For example, detailing:

- Revenue / expenditure pressures** – detail of service area pressures, savings slippages etc.
- Income losses** – self-generated sources, tax losses or other.
- Transformation expenditure** – does the Council intend to fund any transformation via EFS.
- Any other areas of pressure** e.g. Housing Revenue Account, Dedicated Schools Grant, equal pay etc.
- Historic budgeting or accounting errors or misstatements**

Additionally, to include an explanation of why these costs have arisen and why they are unmanageable.

Area	Support Amount (£m)



<p>To include a summary breakdown of the capitalisation support to be applied to key costs / service areas and any key assumptions that underpin these costs.</p> <p>[if applicable amend / add / delete table rows]</p>	<p>[e.g. children's social care, adult's social care, transformation etc.]</p>	<p>£</p>
	<p>Children's Services support for the interest costs on the borrowing being undertaken to finance the DSG deficit</p>	<p>£6.9m (being the amount a 2.43% increase would generate towards the overall cost estimate of £9.9m in 2026/27)</p>

- That any announcement by government in respect of support for historic and accruing deficits will not be made until the final local government finance settlement for 2026/27 is announced and even when it is it will be conditional on an approved Local SEND Reform Plan

REQUEST FOR ANY COUNCIL TAX INCREASES ABOVE REFERENDUM LIMITS ONLY

Further information to support any request to increase Council Tax above referendum limits

<p>2.5 What is the Council's rationale for seeking a Council Tax increase?</p> <p>Please include any information relating to your comparative position to other councils e.g. regionally, class average, statistical nearest neighbours etc.</p>	<p>Over the two-year period 2021/22 and 2022/23 a previous administration of the council did not increase council tax by the maximum permissible.</p> <p>Thresholds 2021/22 1.99% basic and 3% social care precept = 4.99% 2022/23 1.99% basic and 1% social care precept = 2.99% With flexibility to carry an unused precept in 21/22 forward into 22/23</p> <p>Actual 2021/22 1.55% basic and 0% social care precept = 1.55% 2022/23 0.00% basic and 4% social care precept = 4.00%</p> <p>Summary 2-year total threshold 7.98% 2-year actual increases 5.55% Variance = 2.43%</p> <p>Since 2022/23 the council has always increased its council tax by the maximum assumed by government.</p> <p>This increase in 2026/27 would generate an additional £6.9m in resources which would assist the council in addressing the challenges of the existential threat to the council's financial sustainability caused by the accumulated and growing deficit on the Dedicated Schools Grant (DSG) as pertaining to the high needs block expenditure on Special Educational Needs and Disability (SEND).</p>

<p>2.6 Please detail the previous history and future assumptions for Council Tax decisions.</p> <p>Please detail Council Taxsetting decisions over previous financial years and the forecast assumption for future years.</p>	<p>Historic decisions</p>		<p>Future decisions</p>	
	<p>Year</p>	<p>CT increase</p>	<p>Year</p>	<p>CT increase</p>
2025-26	4.99%	2026-27	4.99%	
2024-25	4.99%	2027-28	4.99%	
2023-24	4.99%	2028-29	4.99%	
2022-23	%	2029-30	%	

<p>2.7 What measures are the Council proposing to protect the most vulnerable through any additional increase?</p> <p>For example, please detail:</p> <ul style="list-style-type: none"> Any plans through Council Tax Reduction or similar. Confirm whether there are any proposed changes to the working age LCTS eligibility thresholds (e.g. band caps, savings or income caps). 	<p>Continuation of the councils</p> <ul style="list-style-type: none"> 80% Council Tax Support (reduction) scheme. Section 13a discretionary policy Discretionary housing payments to meet shortfalls in rent <p>Crisis and Resilience Fund</p>



<ul style="list-style-type: none"> Any proposals to introduce / remove any discretionary exemptions. 	There are no plans to change the working age LCTS eligibility threshold.						
<p>2.8 Please describe any implication(s) if a Council Tax increase above referendum principles was <u>not</u> available?</p> <p>For example, would this necessitate an increase to capitalisation support, MRP costs etc and what is the impact across the MTFP.</p>	If we do not get the council tax flexibility, we would request a £6.9m capitalisation direction as set out in section 2.						
<p>2.9 Council Tax supporting information – please detail:</p> <ul style="list-style-type: none"> Current Band D income. The total amount of Council Tax income raised by an additional 1% Council Tax taxbase growth 	<p>£1,855.41 Current 2025/26 Band D</p> <p>£2.8m Amount generated by an additional 1% increase</p> <table> <tr> <td>151,574</td> <td>Council Tax Taxbase 2025/26</td> </tr> <tr> <td>152,458</td> <td>Council Tax Taxbase 2026/27</td> </tr> <tr> <td>884</td> <td>Taxbase growth 25/6 to 26/7 = 0.6%</td> </tr> </table>	151,574	Council Tax Taxbase 2025/26	152,458	Council Tax Taxbase 2026/27	884	Taxbase growth 25/6 to 26/7 = 0.6%
151,574	Council Tax Taxbase 2025/26						
152,458	Council Tax Taxbase 2026/27						
884	Taxbase growth 25/6 to 26/7 = 0.6%						

SECTION 3: Current Financial Position and Medium-Term Financial Plan

A summary of the Council's current / medium-term financial position, recent history and assessment of any alternatives to financial support

<p>3.1 Please detail the current financial year's budget requirement.</p> <p>To include the current financial year's budget (net revenue expenditure using the Revenue Outturn return methodology) and the agreed level of Council Tax.</p>	<table> <tr> <td>Net revenue expenditure</td><td>£367.517m</td></tr> <tr> <td>In-year Council Tax increase</td><td>4.99%</td></tr> </table>	Net revenue expenditure	£367.517m	In-year Council Tax increase	4.99%
Net revenue expenditure	£367.517m				
In-year Council Tax increase	4.99%				
<p>3.2 What is the latest forecast in-year financial position from the Council's most recent budget monitor.</p> <p>To include the projected outturn position for the current financial year and if an overspend is forecast, how is the Council planning to fund the overspend.</p> <p>Please summarise the overall position and any key (under)overspends against core service areas and include up-to-date Medium Term Financial Plan projections (with supporting background about the MTFP's key assumptions i.e. inflation, interest, future Council Tax increases etc.).</p>	<p>Attached as Doc1. Is the council's quarter two budget monitoring report for 2025/26. This indicates the council was forecasting that its in-year predicted overspend would be £4.2m.</p> <p>Early indications from the quarter three report due to be presented to Cabinet on the 3 February 2026 is that the overspend will have grown to £5.2m</p>				
<p>3.3 Please detail the current year's agreed savings target and performance against those targets – including the savings delivery record in previous years.</p> <p>To include any performance tracking and any savings slippage; to clearly identify savings totals rolled on from previous years; and the savings delivery record over the previous 3 financial years.</p>	<p>As set out in the savings monitoring section of Doc1 the council is expected to deliver at least 90% of the 2025/26 assumed £9.6m savings in-year with only £0.1m ultimately unachievable.</p>				
<p>3.4 Please detail the current Medium-Term Financial Plan forecast and include the key assumptions that underpin this.</p> <p>To include the Council's assessment and key planning assumptions e.g. grant allocations, National Insurance contributions, National Living Wage, council tax, inflation, funding reform etc.</p>	<p>Current Medium-Term Financial Plan:</p> <ul style="list-style-type: none"> Doc2. Medium Term Financial Plan (MTFP) Update report to Cabinet on 17 December 2025 includes as Figure 4 key assumptions. <p>Key assumptions:</p> <ul style="list-style-type: none"> Doc3. Medium Term Financial Plan (MTFP) Update report to Cabinet on the 29 October 2025 with specific reference to Doc3. Appendix C which provides further details of the key assumptions. 				



<p>3.5 Has the Council sought any independent assurance of its current financial position and/or obtained any benchmarking analysis?</p> <p>Please provide details of any completed /ongoing independent assurance and if available, links to published reports (e.g. CIPFA, LGA peer review, external consultancy). Additionally, if possible, please share any information about how the Council benchmarks against its peers.</p>	<p>Doc2 and Doc 3 provide benchmarking comparisons in respect of unearmarked reserves, council tax base, council tax requirements, council tax levels, and debt.</p> <p>Annual CFO Financial Resilience Index for CFO's</p> <p>Previously has undertaken extensive internal benchmarking however in future considering using Grant Thornton's CFO's insights tool.</p>
<p>3.6 Please outline what actions the Council has already implemented to mitigate pressures in-year.</p> <p>For example, further savings identification, transformation, spend controls, repurposing reserves etc.</p>	<p>Doc4. Details the implementation on of a freeze on all nonessential expenditure and a vacancy freeze from 1 October 2025.</p> <p>Doc4. Appendix 4a to Appendix 4d details individual service led mitigation strategies.</p> <p>Doc1. Details the November Quarter 2 in-year budget monitoring report for 2025/26 requested the council's senior leadership team and portfolio holders consider what further action can now be taken to ensure the actual financial outturn is within the Council approved budget for 2025/26, including bringing forward any planned savings already approved by Council for 2026/27 that can be delivered early.</p>
<p>3.7 In recent years, what notable key decisions has the Council taken to maintain a balanced position.</p> <p>Considering the previous two financial years, please provide a summary of key decisions to maintain a balanced position in recent years e.g. assetsales, efficiencies / cuts to service provision, capital spend reduction, sales, fees and charges increases, transformation etc.</p>	<p>Programme of savings, efficiencies, additional income generation and service reductions (this includes transformation and invest to save based savings).</p> <ul style="list-style-type: none"> • £34m 2023/24 • £38m 2024/25 • £9.6m 2025/26 <p>Implementation of the 100% second homes premium from the 1 April 2025, which was estimated to generate £9,340m in support of the 2025/26 budget.</p>
<p>3.8 Does the Council have an alternative option to EFS and / or an additional Council Tax increase?</p> <p>Please describe the impact if EFS or an additional Council Tax increase was not available and any likely immediate next steps.</p>	<p>Not without an announcement from government of guaranteed support for its historic and accruing DSG deficit.</p>

SECTION 4: Key Services, Transformation, Fair Funding and Other Financial Pressures

A summary of the current position of services, plans for transformation, assessment of funding reform and any other financial pressures

Core Services

<p>4.1 On core services, what are the key adverse variances against agreed budgets and have these variances been a recurring pressure?</p> <p>Please include:</p> <ul style="list-style-type: none"> • A summary of the Council's core service variances listed by the most significant pressure and key drivers of those pressures (e.g. demand pressures, staff resourcing). • If applicable, a history of variances from previous financial years. • Details of any growth included in service budgets for the current financial year as well as the last 3 financial years growth and outturn. • To include any details of recent judgements on services from Ofsted and / or the CQC. 	<p>Doc.5 presents the councils position in regard to its expenditure on SEND and the consequential increase in its Dedicated Schools Grant Deficit as follows</p> <p>£63.5m 31 March 2024 Actual £113.3m 31 March 2025 Actual £183.1m 31 March 2026 Actual</p> <p>At the current rate of growth the deficit will be over £350m by 31 March 2028</p> <p>Judgements</p>
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	<p>Children's Services were rated "Good" by Ofsted in December 2024 which was a marked improvement from the 2021 "inadequate" rating</p> <p>Additionally, the council is hopeful that it will receive positive feedback on the following external inspections carried out in November and December 2025.</p> <ul style="list-style-type: none"> • Adult Social Care assessment by the Care Quality Commission. • BCP Homes by the Social Housing Regulator. • Special Educational Needs and Disability by Ofsted (previously received a Statutory Improvement Direction).
<p>4.2 How do the Council's key services benchmark against peers?</p> <p>If available, please share any background information or analysis of the Council's performance for services relative to peers (e.g. costs, demand etc.) i.e. statistical nearest neighbours or geographical.</p>	<p>Key benchmarking is as set out in section 3.5 including the CIPFA Financial Resilience Index which it is assumed MHCLG will have access to.</p>
<p>Transformation</p>	
<p>4.3 Please detail the Council's current Transformation Programme.</p> <p>Please provide summary details of the Council's current approach to transformation, its objectives, how it aligns with the Corporate Plan, pace for delivery and forecast benefits.</p> <p>Please attach any relevant documentation about any plans for transformation.</p>	<p>Doc7. Is the <u>first draft</u> of an appendix which the council will include in its 2026/27 budget report (so not yet public) which sets out how it wishes to use the Flexible Use of Capital Receipts flexibility to fund its transformation and invest to save programmes.</p>
<p>4.4 What plans are currently in place or being developed to help return the Council to a sustainable position?</p>	<p>Programme and Project Management Team lead approach to service transformation and invest to save programmes</p> <p>Lead Member for performance (ex-Newton Consulting employee) with a focus on Children's and Adult Services</p>
<p>4.5 Has the Council implemented any additional layers of scrutiny or support around its improvement or recovery programme?</p> <p>For example, how is progress against the improvement or recovery programme assessed, has the Council implemented / considered an independent board etc.</p>	<p>Children's Services Overview and Scrutiny Board looking at DSG deficit and drilling down into social care budgets.</p> <p>SEND Improvement Board including DfE advisor</p> <p>High Needs Recovery Board</p>
<p>4.6 Has any external support been commissioned to assist transformation activity?</p> <p>For example, please detail any external support for demand led services – adult/ children's services, SEND and / or temporary accommodation.</p>	<p>As part of the council's local government review journey the council were supported in its transformation journey by KPMG and at the 31 March 2026 it spent £39m delivering an annual net revenue saving of £35m (£50m saving less £15m annual licensing and financing costs).</p> <p>Newton's supporting transformation across the council and NHS partners.</p> <p>Starting procurement for SEND transport – Edge provided work to support Council approved Business Case.</p> <p>Consultants have been used to support the development of the council's waste strategy.</p>



<p>4.7 EFS ONLY: Do you currently forecast a need for EFS in future years? Please include an assessment about any future EFS requirement—including forecast EFS and its end point.</p>	<p>If the council were to receive the council tax flexibility, then the answer would be no. Without the flexibility and with a £6.9m capitalisation direction for 2026/27 the answer is maybe.</p>
<p>Fair Funding</p>	
<p>4.8 Fair Funding Review: Has the Council modelled the impact of the Fair Funding Review following the 2026-27 to 2028-29 policy statement? Please include your assessment. Please also include any additional uncertainties and / or any questions following the policy statement.</p>	<p>Doc6. Is an excel summary document which demonstrates BCP Council will be receiving almost £6m less cash in 2028/29 than it is actually receiving in 2025/26. A position is made worse by the fact that under the previous formula the council would have been assuming these resources would have been increasing especially the specific Social Care grants. National models of the potential impact of the model, prior to the change in the Secretary of State, were not as severe as set out in the eventual provisional 2026/27 settlement.</p>
<p>Other Financial Pressures</p>	
<p>4.9 Does the Council have a Dedicated Schools Grant deficit? To include a summary of the current DSG deficit position e.g. forecast position, details of Safety Valve agreement or deficit management plan as part of Delivering Better Value, any related cash flow pressures due to servicing DSG costs.</p>	<p>See table provided in 4.1</p>
<p>4.10 Does the Council have any acute pressures related to the Housing Revenue Account? For example, costs of maintenance and repairs, the decency of stock etc.</p>	<p>No</p>
<p>4.11 Does the Council have any potential or pending issues with equal pay claims or other claims that could result in revenue pressure requiring financial support? For example, if would be helpful to understand any indicative quantum for an equal pay claim, the plan to deal with costs, any likely timings and whether any costs fall to other areas (DSG, HRA etc). We are aware that claims can be of a sensitive nature and can arrange a separate discussion if needed.</p>	<p>No</p>
<p>4.12 Please include any other additional financial pressures not detailed above.</p>	<p>N/a</p>

SECTION 5: Current Resources

A summary assessment of current resources and planned future use

5.1 What is the Council's current forecast useable reserves position.	Unringfenced reserves			
	2024-25 (at 31 March 2024) (£m)	2025-26 (at 31 March 2025) (£m)	Forecast: 2026-27 (at 31 March 2026) (£m)	
	Unallocated financial reserves	£26.1	£27.3	£27.3
<p>To detail both general fund balance and earmarked reserves that are not ringfenced (using the Revenue Outturn methodology i.e. lines 916 unallocated financial reserves and 915 other earmarked reserves (inc. line 1026 for other earmarked reserves – budget stabilisation)).</p>				
<p>Please include commentary about any movement from the previous financial year, forecast year-end position and headline assessment from the S151 Officer's most recent s.25 statement.</p>				



	<i>- of which budget stabilisation</i>	£0	£0	£0																												
<ul style="list-style-type: none"> Generally, the current Political Administration have been focussed on restoring the financial health of BCP Council through traditional and conventional approaches to local government finance. This has included increasing unearmarked reserves from the £17.9m they stood on 31 March 2023. The increase in earmarked reserves as of the 31 March 2025 generally reflects a number of grants allocated in the final quarter of 2025/26 where the expenditure could not be delivered/commissioned in the short period of time after their announcement and which accounting regulations require to be carried forward via reserves. 																																
5.2 Please provide an earmarked reserves breakdown Please include a line-by-line assessment of earmarked reserves and specify e.g.:	Doc.1 Appendix B sets out the analysis of the councils earmarked reserves as published as part of the Quarter 2 Budget Monitoring report for 2026/27.																															
5.3 What is the Council's current level of available capital receipts and plans for future use. To include current levels of capital receipts, planned usage and a summary of any plans to generate future capital receipts. Please attach any existing documents / reports e.g. on asset disposal plans etc. and to confirm whether the Council has a complete and up-to-date asset register.	Doc7. Is the <u>first draft</u> of an appendix which the council will include in its 2026/27 budget report (so not yet public) which sets out how it wishes to use the Flexible Use of Capital Receipts flexibility to fund its transformation and invest to save programmes.																															
5.4 Please provide a summary of non-current assets and financial assets – to include: • The total value of current assets. • Your assessment of what is technically saleable / non-saleable (e.g. operational and non-liquid assets) • Whether you have recent external assurance on the value of your asset base and potential disposal	<table border="1"> <thead> <tr> <th></th> <th>31/03/2025</th> </tr> </thead> <tbody> <tr> <td></td> <td>(£m)</td> </tr> <tr> <td><i>PPE (inc heritage)</i></td> <td>£2,087</td> </tr> <tr> <td><i>Investment Property</i></td> <td>£72</td> </tr> <tr> <td><i>Intangible</i></td> <td>£0</td> </tr> <tr> <td><i>Long Term Investments</i></td> <td>£0</td> </tr> <tr> <td><i>Long Term Debtors</i></td> <td>£25</td> </tr> <tr> <td>Total Non Current</td> <td>£2,184</td> </tr> <tr> <td><i>St Investments</i></td> <td>£0</td> </tr> <tr> <td><i>Assets Held for Sale</i></td> <td>£4</td> </tr> <tr> <td><i>Inventories</i></td> <td>£1</td> </tr> <tr> <td><i>ST Debtors</i></td> <td>£103</td> </tr> <tr> <td><i>Cash and Cash Eq</i></td> <td>£17</td> </tr> <tr> <td>Total Current</td> <td>£125</td> </tr> </tbody> </table>					31/03/2025		(£m)	<i>PPE (inc heritage)</i>	£2,087	<i>Investment Property</i>	£72	<i>Intangible</i>	£0	<i>Long Term Investments</i>	£0	<i>Long Term Debtors</i>	£25	Total Non Current	£2,184	<i>St Investments</i>	£0	<i>Assets Held for Sale</i>	£4	<i>Inventories</i>	£1	<i>ST Debtors</i>	£103	<i>Cash and Cash Eq</i>	£17	Total Current	£125
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	<p>Limited opportunity to dispose of assets as generally they have been being sold to avoid the draw down of the indicative £20m capitalisation direction in 2022/23 and to fund the councils previous and future transformation and invest to save costs.</p>																										
<p>5.5 Debt and financial assets: please list total current outstanding borrowing split by PWLB, inter local authority loans, and other.</p> <p>For example, PWLB, external finance agreements, inter-local authority borrowing, breakdown of borrowing at HRA/Certainty Rate etc. and to include short-term and long-term borrowing.</p>	<p><i>Current outstanding borrowing</i></p> <table border="1"> <thead> <tr> <th>Maturity structure</th> <th>PWLB (£m)</th> <th>Inter LA (£m)</th> <th>Other (£m)</th> </tr> </thead> <tbody> <tr> <td>< 1 year</td> <td>£0</td> <td>£181</td> <td>£0</td> </tr> <tr> <td>2 – 5 years</td> <td>£0</td> <td>£0</td> <td>£0</td> </tr> <tr> <td>Over 5 years</td> <td>£189</td> <td>£0</td> <td>£58</td> </tr> <tr> <td>TOTAL</td> <td>£189</td> <td>£181</td> <td>£58</td> </tr> </tbody> </table> <ul style="list-style-type: none"> As at 30 November 2025 <p><i>Loans to third parties</i></p> <table border="1"> <thead> <tr> <th>Subsidiaries (£m)</th> <th>Associates and joint ventures (£m)</th> <th>Other companies (£m)</th> </tr> </thead> <tbody> <tr> <td>£0</td> <td>£3.7</td> <td>£0</td> </tr> </tbody> </table>	Maturity structure	PWLB (£m)	Inter LA (£m)	Other (£m)	< 1 year	£0	£181	£0	2 – 5 years	£0	£0	£0	Over 5 years	£189	£0	£58	TOTAL	£189	£181	£58	Subsidiaries (£m)	Associates and joint ventures (£m)	Other companies (£m)	£0	£3.7	£0
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<p>In addition, please list all current loans to third parties (including other local authorities) split by loans to subsidiaries, associates and joint ventures and other companies.</p>																											

SECTION 6: Other Information

6.1 What are the key internal milestones / deadlines for local budget setting?

Please detail any key budget setting dates / times e.g. budget Cabinet, Full Council budget meeting etc.

23 January 2026 Budget report is released into public domain

2 February 2026 - Overview & Scrutiny Board

4 February 2026 – Cabinet

10 February 2026 – Council

6.2 On external audit – please confirm:

- The Council's current's progress on the completion of previous years accounts.**
 - To include whether those accounts are audited or the current plans for any outstanding accounts to be audited.
- Have external auditors issued any statutory recommendations or a Public Interest Report against the Council in the past 5 years.**
 - If so, has the Council issued a response and / or developed an action plan for any recommended actions.

Final Audited 2024/25 Statement of Accounts to be presented to Audit & Governance Committee on the 15 January 2026.

All previous years filed and audited as per backstop arrangements.

No Statutory Recommendations issued.

6.3 Any further information

Please use this section to add any further supporting information not detailed in the sections above.

None.

SECTION 7: FOR EXISTING EFS COUNCILS ONLY

7.1 Following receipt of EFS, what actions have been taken in response to the recommendations from external assurance and how does the Council plan to return to a sustainable position.

Please detail the progress made against any recommended actions following external assurance and the plan to return to sustainable medium-term position.

N/a



7.2 For any previous existing capitalisation directions please confirm:

- The total amount of capitalised borrowing and / or capital receipts by financial year.
- Additionally, if applicable, please confirm any capitalised borrowing that attracted the historic 1% borrowing premium.
- The amount of Minimum Revenue Provision paid for any capitalised borrowing.

N/a

Please return your completed proforma as soon as possible.

- We will continue to work with you throughout the process and for any additional questions, please email LAFinancialRisk@communities.gov.uk.

On next steps...

- We understand the financial position will remain iterative, and you will want to revise your request following the provisional Local Government Finance Settlement. We will write to you again shortly after this point to confirm the updated position and any changes.
- In previous years, decisions on any support have closely followed the final Local Government Finance Settlement. We aim to work with councils to support them ahead of their Full Council budget setting meetings, delivering their budgets and meeting statutory deadlines.

Mr Nico Heslop
Director of Local Government Finance - MHCLG
Sent via email : Nico.Heslop@communities.gov.uk

Date: 5 December 2025
Our Ref: AD/ER
Contact: Aidan Dunn
Email: aidan.dunn@bcp council.gov.uk

Dear Nico,

Subject: Request for Council Tax flexibility

Thank you for your email to our Director of Finance and Section 151 Officer, Adam Richens, on Monday 1 December outlining the exceptional financial support and council tax flexibility processes and criteria.

I am writing to you to set out BCP Council's desire to raise our council tax by an additional 2.43% above the 4.99% maximum to manage considerable financial risk and avoid seeking exceptional financial support.

We fit your criteria for this flexibility. If we increase our council tax by the currently permitted 4.99% increase in 2026/27 our residents will be paying £1,947.99 compared to the £2,060 assumed national average now being estimated by government. By adding a further 2.43%, we would generate an extra £7m per annum which would help us address the critical financial risks we are facing. This amount is equivalent to the difference between the maximum threshold for council tax and that actually set by the previous BCP Council administration in 2021/22 and 2022/23. It would therefore bring us closer to the national average, although still below it.

Since becoming BCP Council in 2019, we have worked hard to produce a balanced medium term financial plan that builds the sustainable financial foundations needed to deliver for our residents. We have worked closely with government to do this, including implementing all the improvements identified in a Best Value Notice within 12 months in 2023/24. We have completed a root and branch Transformation programme and worked with various political administrations to identify and implement over £127m in annual savings over the last six years. We have been transparent about this work and have taken responsibility for managing our expenditure and demand.

But after the recent policy statement and last week's budget announcement, we have reached breaking point. We had a plan to manage our financial environment, but our modelling of the effect of the Fair Funding review has, compared to our previous estimates, added an additional £2m pressure to our budget gap for next year which grows to an extra circa £15m per annum by year three of the settlement period.

This is at a time when we were already struggling to balance next year's budget, and it leaves us with having to identify around £9m to set a balanced budget for 2026/27. To put this funding gap into context, the interest costs that the general fund is predicted to have to cover in 2026/27 on its Special Educational Needs and Disability (SEND) accumulating Dedicated Schools Grant (DSG) deficit is estimated to be around £10m.

Our Cabinet and the senior management team have already taken difficult decisions to focus on savings and efficiencies in non-statutory services and to look at how to deliver statutory services on less resource. We are already at minimum service levels across our operations and conducting major transformation programmes in our Adults and Children's Services. I can reassure you that we have taken a proactive, committed and thorough approach to spending within our means.

Yet despite this, with the new funding formula, growing costs and increasing demand, we are predicting a cumulative £29m annual budget gap by 2028/29. This includes recognition that our accumulated DSG deficit is already greater than our total general fund reserves (both unearmarked and earmarked).

We are therefore facing significant local financial difficulty because of issues beyond our control – the national SEND system challenges and the Fair Funding review, plus demand and inflationary costs. While we are doing all we can to manage these ourselves, increasing our council tax is the remaining means to manage critical financial risk without entering Exceptional Financial Support.

Yours sincerely,



Aidan Dunn
Chief Executive

Cc Councillor Millie Earl – Leader of BCP Council
Adam Richens – Director of Finance/Sec. 151 Officer