



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@bcpcouncil.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 formular, 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