

APPENDIX C

COST PRESSURE SUMMARY 2022/23

Status		2022/23 £	2023/24 £	2024/25 £	2025/26 onwards £	Comments
Unavoidable Items 2022/23 Budget						
On-going Impact from Items Agreed as part of the 2021/22 Budget	REVENUE - Chief Executive, Finance, IT, Governance and Partnerships - Expenditure to compliment the on-going digital transformation programme (<i>IT, Emergency Planning and Business Continuity</i>)	2,500	15,300	15,300	15,300	The amounts reflect a varied range of expenditure to support continued digitalisation, such as equipment to support home working (H&S requirement), hosting costs, mobile telephony costs, website / intranet hosting costs and cyber security costs.
New Items for 2022/23	REVENUE - Chief Executive, Finance, IT, Governance and Partnerships - Cost of Insurance Premiums (<i>Finance - Other Corporate Costs</i>)	61,100	61,100	61,100	61,100	This reflects the increased costs chargeable to the general fund following the retender process during 2021/22. Increases in future years remain subject to the annual renewal process over the remaining 3 year 'contracted' term of cover.
	REVENUE - Chief Executive, Finance, IT, Governance and Partnerships - LCTS Administration Subsidy (<i>Revenues & Benefits - Local Council Tax Support Scheme</i>)	6,770	6,770	6,770	6,770	This amount adjusts the on-going base position to reflect the reduction in 2021/22. Further reductions may be required, which will become clearer during the current budget cycle as it remains subject to further Government announcements.

Status		2022/23 £	2023/24 £	2024/25 £	2025/26 onwards £	Comments
New Items for 2022/23	REVENUE - Chief Executive, Finance, IT, Governance and Partnerships - Apprenticeship Levy (<i>Finance - Other Corporate Costs</i>)	8,000	8,000	8,000	8,000	To reflect the increase to the levy payment which is linked to the inflationary uplift to the wider salary budget.
	REVENUE - Chief Executive, Finance, IT, Governance and Partnerships - Carnarvon House Rental Income (<i>Finance - Other Corporate Costs</i>)	0	0	72,970	72,970	This represents the loss of income following the end of the current lease and decision to demolish the building. As part of the early termination agreement, the current tenant paid a one-off payment that effectively met the rent due in 2022/23 and 2023/24, which is why there is no cost pressure for those years.
	REVENUE - Operations & Delivery - Contract Costs (<i>Waste Management - Recycling & Waste Collection</i>)	67,000	67,670	68,350	69,030	This reflects increased contract costs due to property growth.
	REVENUE - Chief Executive, Finance, IT, Governance and Partnerships - IT Digital Transformation Programme (<i>IT, Emergency Planning and Business Continuity</i>)	120,000	120,000	120,000	120,000	This reflects the 'natural' growth in the provision of digital services and includes licences, data costs and the hardware replacement programme.
Total of Unavoidable Items Included in the 2022/23 Budget		265,370	278,840	352,490	353,170	

Status		2022/23 £	2023/24 £	2024/25 £	2025/26 onwards £	Comments
Items to be mitigated / met via reductions elsewhere within the overall budget						
NOT Included in Forecast 2022/23 and beyond	REVENUE - Chief Executive, Finance, IT, Governance and Partnerships - Estimated Reduction in Housing Benefit Administration Grant (<i>Revenues & Benefits - Rent Allowances / Rebates</i>)	49,000	93,100	132,790	168,500	There will be a reduction in the housing benefit administration grant receivable from the Government on a year on year basis to reflect reduced housing benefit workload over the period that Universal Credit is being rolled out. The figures reflect a year on year reduction in caseload of 10%, which will be mitigated via a corresponding reduction in employee costs via the management of vacancies etc.
	REVENUE - Energy Costs (<i>Various</i>)	71,000	71,000	71,000	71,000	The outlook remains volatile with the figures reflecting a 10% increase in prices. However given the current level of market uncertainty in respect of future prices, it is proposed to underwrite this risk via the existing Contingency Budget of £322k. This will enable the time to review the longer term impact and trend that may need to be reflected in the forecast in future years.
	REVENUE - Operations & Delivery Crematorium Net Income - loss in the first quarter of 2022/23 (<i>Public Realm - Crematorium</i>)	250,000	0	0	0	An expedited procurement process is underway to limit periods of non-operation as far as possible. Due to this being a one-off issue, it is not proposed to include this in the base budget for 2022/23 but it will remain under review as part of the quarterly financial performance reports and outturn for the year.

Status		2022/23 £	2023/24 £	2024/25 £	2025/26 onwards £	Comments
NOT Included in Forecast 2022/23 and beyond	REVENUE - Review of Posts previously funded on a one-off basis (<i>Various</i>)	352,460	352,460	352,460	352,460	These relate to posts previously funded from one-off money / external income and include: 6 Community Ambassadors 4 Street Rangers 1 Technical / Administration Officer (Waste and Recycling). This cost has not been included in the budget at this stage as alternative options are being explored such as external funding / grants or use of existing budgets.
	Revenue - Operations & Delivery - Cost of Temporary Accommodation / Homelessness Initiatives (<i>Housing & Homelessness</i>)	100,000	100,000	100,000	100,000	The Government have continued to support homelessness via grant funding, a position that is expected to continue into 2022/23. Initiatives to increase / maintain the supply of temporary accommodation also continue such as the remodelling of Spendells House and the use of hotel accommodation. Similarly to previous years, the situation will be reviewed as part of the on-going forecast as it may be necessary to include additional costs in the base budget in future years.

Status		2022/23 £	2023/24 £	2024/25 £	2025/26 onwards £	Comments
NOT Included in Forecast 2022/23 and beyond	REVENUE - Chief Executive, Finance, IT, Governance and Partnerships - External Audit Fees (Finance - Other Corporate Costs)	25,000	25,000	25,000	25,000	These fee are expected to increase from 2023/24 when the PSAA undertake the necessary procurement to appoint auditors for the next 5 year accounting period. Fees are also likely to increase in 2022/23 as part of additional work expected to be generated from the revised use of resources assessment and potentially from the Redmond Review. It is currently proposed to respond to this issue in-year rather than adjust the base budget at this stage, as clarity is expected to emerge over the coming months in terms of the scale of the potential fee increase. The current base fee is £45k so the above approach does not introduce an unreasonable level of financial risk to the current forecasting process.
Total of Mitigated Items		847,460	641,560	681,250	716,960	
TOTAL OF ALL COST PRESSURES ABOVE		1,112,830	920,400	1,033,740	1,070,130	
TOTAL OF COST PRESSURES INCLUDED IN THE 2022/23 BUDGET (Total of all cost pressures less mitigated items)		265,370	278,840	352,490	353,170	