

UPDATED FINANCIAL FORECAST 2022/23

Line	Prior Year Budget	Updated Forecast (12 November 2021)	Updated Forecast (17 December 2021)	Updated Forecast (28 January 2022)	Change between December and January Positions
	2021/22	2022/23	2022/23	2022/23	
	£m	£m	£m	£m	£m
Underlying Funding Growth in the Budget					
1 Council Tax Increase 1.99%	(0.166)	(0.168)	(0.176)	(0.176)	0.000
2 Council Tax increase by £5 (amounts set out are over and above 1.99% above)	(0.076)	(0.074)	(0.073)	(0.073)	0.000
3 Growth in Business Rates - Inflation	0.000	(0.139)	(0.139)	0.000	0.139
4 Growth in Business Rates / Council Tax - general property growth	(0.183)	(0.100)	(0.259)	(0.760)	(0.501)
5 Collection Fund Surpluses b/fwd	6.018	0.323	0.099	3.192	3.093
	5.593	(0.158)	(0.548)	2.183	2.731
Net Cost of Services and Other Adjustments					
6 Reduction in RSG and Other Changes Associated with the LG Finance Settlement	(0.002)	0.431	0.431	(0.589)	(1.020)
7 Remove one-off items from prior year	(0.412)	0.000	0.000	0.000	0.000
8 Remove one-off items from prior year - Collection Fund Surplus	1.360	(6.018)	(6.018)	(6.018)	0.000
9 Inflation - Employee Costs (including annual review adjustments)	0.478	0.598	0.605	0.605	0.000
10 Inflation - Other	0.124	0.221	0.198	0.198	0.000
11 First / Second / Third year impact of PFH WP Savings	(0.045)	(0.045)	(0.045)	(0.045)	0.000
12 LCTS Grant to Parish Council's	0.000	(0.037)	(0.037)	0.001	0.038
13 Revenue Contribution to the Capital Programme	(0.209)	0.008	0.008	0.008	0.000
14 Specific Changes in Use of Reserves	(4.050)	5.794	5.794	2.622	(3.172)
15 On-going savings / increases in income	(0.239)	(0.450)	(0.213)	(0.223)	(0.010)
16 Unmitigated Cost Pressures	0.516	0.250	0.265	0.618	0.353
17 Other Adjustments	(2.065)	0.000	0.000	0.023	0.023
	(4.544)	0.752	0.988	(2.800)	(3.788)
Net Total	1.048	0.594	0.440	(0.617)	(1.057)
Add back General Use of Reserves in Prior Year to Balance the Budget	0.000	1.048	1.048	1.048	0.000
Net Budget Position	1.048	1.642	1.488	0.431	(1.057)
Use of Forecast Risk Fund to support the Net Budget Position	(1.048)	(1.642)	(1.488)	(0.431)	1.057

Use of Forecast Risk Fund

Estimated Outturn b/fwd from prior years	(3.753)	(3.205)	(3.205)	(3.205)	
Contribution from / (to) reserve	1.048	1.642	1.488	0.431	(1.057)
Planned additional contributions generated in year	(0.500)	(0.500)	(0.500)	(0.500)	0.000
Balance to Carry Forward	(3.205)	(2.063)	(2.217)	(3.274)	(1.057)

Forecast Risk Fund - Estimated Surplus Balance at the end of the year	Year	Updated Forecast (12 November 2021)	Updated Forecast (17 December 2021)	Updated Forecast (28 January 2022)	Change between December and January Positions
		2022/23	2022/23	2022/23	
		£m	£m	£m	
	2022/23	2.063	2.217	3.273	1.056
	2023/24	1.439	1.516	2.425	0.909
	2024/25	0.933	0.927	1.613	0.686
	2025/26	0.539	0.444	0.908	0.464
	2026/27	0.254	0.064	0.306	0.242

APPENDIX B

NET ON-GOING SAVINGS ITEMS 2022/23

	2022/23 £	Comments
Manningtree Joint Use Sports Centre	50,300	The current agreement was terminated by the School during 2021/22. As the centre operated with an overall budget subsidy, this can now be removed from the estimates.
Revised rental income following annual rent review exercise	43,370	Additional income can be added to the budget to reflect the outcome of this annual review process across a number of properties owned by the Council.
Recycling Credit Income	65,000	This reflects the ongoing recycling performance and includes both kerbside and bring bank collections.
Investment Income	20,000	A relatively small increase in investment income is expected to reflect minor increases in interest rates during 2022/23.
Income from Legal Fees	25,000	Services such as the administration of S106 have recently been brought in-house, with external income now receivable. The figure is net of the estimated cost of providing additional staff resources that is subject to a proposed restructure to ensure capacity matches demand.
Reduction in interest payments and Minimum Revenue Provision	8,930	As debt is repaid, interest payments reduce year on year along with a corresponding reduction in the money 'set aside to repay debt'.
NEW - Haven Gateway Contribution	10,000	Following the recent termination of membership of the Haven Gateway Partnership, the associated budget relating to the annual membership 'fee' can be removed from the forecast.
Total	222,600	

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.
	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.
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.

Status		2022/23 £	2023/24 £	2024/25 £	2025/26 onwards £	Comments
New Items for 2022/23	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.
	REVENUE - Review of Posts previously funded on a one-off basis (<i>Various</i>)	352,460	0	0	0	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 now been included in the budget but only on a one off basis to enable the associated activities to continue whilst options to fund on a on-going basis are explored during 2022/23.
Total of Unavoidable Items Included in the 2022/23 Budget		617,830	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	<p>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.</p>
	REVENUE - Energy Costs (<i>Various</i>)	71,000	71,000	71,000	71,000	<p>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.</p>

Status		2022/23 £	2023/24 £	2024/25 £	2025/26 onwards £	Comments
NOT Included in Forecast 2022/23 and beyond	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. (please see main body of the report for further details)
	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 has continued 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. (please see main body of the report for further details)

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		495,000	289,100	328,790	364,500	
TOTAL OF ALL COST PRESSURES ABOVE		1,112,830	567,940	681,280	717,670	
TOTAL OF COST PRESSURES INCLUDED IN THE 2022/23 BUDGET (Total of all cost pressures less mitigated items)		617,830	278,840	352,490	353,170	