

Cost Increases / Corporate Investment Plan Items - 2022/23 and 2023/24

Description	Reported to Cabinet 4 Nov 2022 2022/23 £	Updated Position December 2022/23 £	Reported to Cabinet 4 Nov 2022 2023/24 £	Updated Position December 2023/24 £	Comments
	(1)	(2)	(3)	(4)	
1. GENERAL / CORPORATE ITEMS					
Employee Cost Inflation	863,900	863,900	2,031,000	2,031,000	This adjustment reflects the pay award agreed for 2022/23 and a further inflationary increase of 4% in 2023/24. Work remains ongoing to finalise the overall salary budgets which could result in changes over the remainder of the current budget cycle. If further changes are required then they will be included in the report to Cabinet in January 2023.
Waste & Street Cleaning Contract Inflation	329,500	329,500	881,000	881,000	Increases in contract costs are linked to inflation, which could be as high as 13% to 14% when the next annual uplift is applied (January / February 2023). These figures will be subject to change as inflation forecasts will be updated in December / January.
Business Rates payable on the Council's Own Properties	0	0	22,000	22,000	Increases are linked to the prevailing CPI rate. The current increase applied is 3% in 2023/24, which reflects a similar Government intervention in previous years where they effectively 'cap' the percentage increase, especially given the current CPI rate. A number of business rate changes were announced in the Government's Autumn Statement with further details still awaited. This figure therefore remains subject to change with amended figures expected to be included in the report to Cabinet in January 2023.
General Underlying changes in the Forecast	0	0	(90,000)	(798,000)	This reflects the sum of other lines within the forecast. The revised figure for 2023/24 reflects a number of changes within the forecast that are set out in Appendix B and the main body of the report.
Total General / Corporate Items	1,193,400	1,193,400	2,844,000	2,136,000	

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2. GENERAL OPERATIONAL ITEMS					
Crematorium - Loss of Income	740,000	740,000	0	0	This reflects the estimated net position following the crematorium remaining non-operational for the first half of 2022/23. The Crematoriums are now operational with income expected to return to previous levels over time.
Weeley Council Offices	60,000	60,000	50,000	50,000	A number of costs remain payable until the property is disposed off and liability for costs of ownership cease.
Skyguard Subscriptions - Lone worker safety devices	25,000	25,000	0	0	A number of additional devices have been required to reflect current working practices. No costs have been included in 2023/24 at the present time as a review will be undertaken to see if there are any alternative options
Print Unit - Net Costs	35,000	0	0	0	This reflects the on-going impact identified as part of the outturn for 2021/22. Following a further review, the Service have now confirmed that this cost can be met from within existing budgets so this item can now be removed from the forecast.
Street Cleansing	96,000	96,000	0	0	This reflects increased beach / town centre cleaning. The position for 2023/24 is under review to identify alternative options.
Office Transformation Project	130,000	130,000	0	0	Additional costs are expected in 2022/23 to finalise this major project.
Careline - VAT Payable	100,000	74,540	0	0	An additional payment of VAT is due to be paid to HMRC following the incorrect VAT indicator being applied to associated fees and charges. A final figure has now been agreed with HMRC and the Council has managed to avoid an additional penalty payment.
Career Track - Net Costs	45,000	45,000	0	25,000	Although the Service remains committed to progressing towards a break even position, there is likely to be a higher net cost than currently budgeted for in the short term. An adjustment has now been included in 2023/24 to reflect the expected on-going net cost of the service whilst the work continues towards a breakeven position, which may also be challenging in the longer term.
Carnarvon House	60,000	60,000	0	0	Costs continue to be incurred until such time as the property is demolished.
Air Show	47,970	47,970	0	0	Additional costs were incurred that reflect the use of the in-house Engineering Team to support the delivery of the annual show in 2022. The position is under review for the 2023 event.
Insurance Premiums	55,000	22,610	110,000	45,220	Lower than expected increases in premium cost have now been confirmed. The figure for 2023/24 reflects the full year impact from the current renewal prices, with any further potential increases not known until the renewal terms are received from the insurers in the Autumn of 2023.

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Waste and Recycling Bins and Boxes	0	0	20,000	20,000	Additional costs for 2022/23 were agreed by Cabinet at its 7 October meeting. The figure included for 2023/24 reflects the underlying need to supply bins / boxes to new properties within the District - this amount will therefore be an on-going item in the base budget.
Leisure Centre - Net Costs	150,000	150,000	150,000	150,000	Over recent years the net costs across the various Leisure Centres have been in excess of the base budget. As part of the emerging Leisure Strategy, opportunities to increase income will be explored but it is likely that it will take time to improve the net position when compared to the underlying base budget. The figures included therefore reflect the estimated impact in the shorter term.
Transport - Diesel Costs	27,700	27,700	27,700	27,700	The Government have restricted the use of red diesel, with this cost reflecting the necessary move across to 'regular' diesel, which is more expensive.
Transport - General Fuel Costs	20,000	20,000	20,000	20,000	In addition to the item above, the figures included reflect the general increase in fuel costs currently being experienced. Although the adjustment will be on an on-going basis, the position will be kept under review as part of future financial performance / budget reports.
External Audit Fees	25,000	25,000	25,000	25,000	This reflects expected increases from 2022/23. Following a retender of the External Auditor Contract by PSAA Ltd, it has been suggested that Council's should expect to see increases close to 150% from 2024/25 - this will therefore be kept under review as part of developing the forecast in future years.
Homelessness Costs	450,000	450,000	150,000	150,000	This reflects the current demand for temporary accommodation. The Service is committed to exploring options to reduce costs along with the use of any available Government Funding going forward. The position for 2023/24 remains under review as it may be necessary to consider increasing the amount above £150,000 if forecast demand remains high.
Legal Costs - Benefit Fraud Case	35,000	35,000	0	0	This reflects the additional one-off costs incurred in pursuing fraud cases.
Replacement HR / Payroll System	55,000	80,000	9,500	24,500	The systems referred to 'expire' shortly with replacement systems therefore required. Updated costs have been included to reflect potentially increased set up and on-going annual costs that will become clearer via the associated procurement processes that will commence in 2023.
Credit / Debit Card Payments System	26,000	24,250	19,500	4,250	This project was included within the potential phase 3 IT projects presented to Cabinet in March 2022. A replacement system is required to keep pace with Payment Card Industry Data Security Standards (PCI/DSS). A preferred option has now been agreed, which enables the Council to be compliant with the relevant industry standards but at a lower cost than originally estimated.

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Contact Centre IT System - Increased Lines / Licences	13,000	14,500	13,000	14,500	This forms part of the project included within the potential phase 3 IT projects presented to Cabinet in March 2022, and will enable the Council to maintain adequate 'front line' capacity within the Contact Centre. These have been subject to minor changes to reflect revised actual costs.
Northgate IT System Replacement	0	0	40,000	40,000	The current contract for the primary IT system used by Revenues and Benefits and Housing 'expires' at the end of 2022/23. A replacement system / new contract is therefore necessary from 1 April 2023 and Officers are currently working with the current supplier to identify the options available. The amount included is over and above the existing annual base budget of £195,000.
Increase in Energy Costs	0	0	600,000	600,000	To reflect the potential on-going impact of energy price increases.
NEW - Careline Net Costs	0	0	0	100,000	Although the service continues to work towards a break even position via a mix of increased demand and reviewing future fees and charges in the medium to longer term, there is likely to be additional net costs in the interim period, which is expected to extend into 2023/24 and potentially longer.
Total General Operational Items	2,195,670	2,127,570	1,234,700	1,296,170	
TOTAL OF SECTIONS 1 AND 2 ABOVE	3,389,070	3,320,970	4,078,700	3,432,170	

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3. Proposed Approach to Funding the items in Section 1 and 2 Above (on a one-off basis in 2022/23 and 2023/24)					
Carry Forwards 2021/22 Withdrawn / Not Approved	(336,980)	(336,980)	0	0	Following a review by the Portfolio Holder for Corporate Finance and Governance, in consultation with Services, a number of items originally requested by Services have not been agreed or have been withdrawn.
Draw down remaining balance on the Crematorium Reserve	(154,252)	(154,252)	0	0	This reflects the use of the remaining amount held in this reserve which helps offset the net loss of income highlighted above.
Savings - (for 2023/24 this is the amount over and above the £450k 'allowance' already included in the Forecast)	(609,000)	(609,000)	(201,598)	(201,598)	This adjustment primarily reflects increased investment income in both years, following recent / projected increases in interest rates.
Council Tax Sharing Agreement - income recovery	(222,230)	(222,230)	0	0	This largely reflects deferred income during COVID, with income now recovering back. However no changes are included for 2023/24 at this stage as the agreement remains under review by ECC.
Increased Parking Income	(40,000)	(40,000)	(40,000)	(40,000)	This reflects achievable income over and above the adjustment in section 4 below.
Increased Recycling Credit income	(25,000)	(25,000)	(25,000)	(25,000)	This reflects the annual increase in the 'poundage' rate rather than an increase in recycle at the present time.
Vacancy Provision	(100,000)	(100,000)	0	0	This reflects accrued vacancies including the on-going difficulties in recruiting to a number of posts across the Council.
Balance of Back 2 Business 'Reserve'	(217,608)	(217,608)	(39,392)	(39,392)	This is the remaining / uncommitted balance held within this reserve
Reduce the Garden Communities Budget	(500,000)	(500,000)	0	0	The current budget supporting this project is £1.3m. Based on the current project delivery approach, it is felt reasonable to reduce this by £500k to £800k
Balance of Corporate Investment Plan 'Reserve'	0	0	(1,433,000)	(1,433,000)	This is the remaining / uncommitted balance held within this reserve. There would be no money remaining in this reserve to support further projects at the present time.
Remove Rural and Urban Infrastructure Fund Budget	(1,184,000)	(1,184,000)	0	0	Its proposed to 'redirect' this budget to support to wider financial challenge faced by the Council.
Draw down money held in the Building for the Future Reserve	0	0	(2,339,710)	(2,339,710)	This reserve has historically been used to fund upfront pension fund deficit payments that generate on-going revenue savings. It is currently expected that following the latest triennial review, no deficit payments will be required for 2023/24, 2024/25 and 2025/26. This reserve therefore becomes available to support the overall financial position in 2022/23 and 2023/24, but in the knowledge that it will therefore not be available if pension deficit payments arise in the future, which would have to be met from within the underlying budget.
Total Funding Identified	(3,389,070)	(3,389,070)	(4,078,700)	(4,078,700)	
NET TOTAL of SECTIONS 1,2 and 3 Above	0	(68,100)	0	(646,530)	

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4. Additional Items that can be Funded From Specific Existing Budgets / Fees and Charges					
Council tax court costs income reduced			100,000	100,000	This primary reflects deferred income as recovery action continues to recover from the COVID 19 period.
Use of COVID 19 New Burdens Grant to fund above			(100,000)	(100,000)	It is proposed to use the money made available by the Government to support the two items above, which fall within the scope of recovering from the COVID 19 pandemic.
Increase in Parking Merchant Acquirer Fees			36,000	36,000	This reflects the cost of taking card payments as an alternative to cash payments, which can be met from increased income.
Increased parking income being achieved			(36,000)	(36,000)	
Total of Additional Items in Section 4 Above	0	0	0	0	