

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

Description	Updated Position December 22 2022/23 £ (1)	Updated Position January 23 2022/23 £ (2)	Updated Position December 22 2023/24 £ (3)	Updated Position January 23 2023/24 £ (4)	Comments
<b>1. GENERAL / CORPORATE ITEMS</b>					
Employee Cost Inflation	863,900	863,900	2,031,000	2,116,920	This adjustment reflects the pay award agreed for 2022/23 and a further estimated inflationary increase of 4% in 2023/24. The figure has been subject to the necessary changes since reporting to Cabinet in December, to reflect the most up to date position, including restructures and other detailed salary changes.
Waste & Street Cleaning Contract Inflation	329,500	356,070	881,000	988,470	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). The figures have been increased to reflect the most up to date inflation forecasts.
Business Rates payable on the Council's Own Properties	0	0	22,000	22,000	The Government have now confirmed that there will be no general inflationary uplift on business rates in 2023/24. However there has been a general business rates revaluation which may have an impact on the amount payable. Work remains on-going to confirm the impact of the revaluation and so the figure has not been changed from that previously reported, but it will be updated as part of finalising the report to Full Council in February.
General Underlying changes in the Forecast (excluding Government Grant funding below)	0	0	(798,000)	(1,647,000)	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 <b>Appendix B</b> and the main body of the report.
<b>NEW</b> - Increased Government Grant Funding receivable as announced as part of Local Government Financial Settlement	0	0	0	(441,260)	This amount is primarily made up of revenue support grant along with a funding guarantee grant. The total grant funding receivable in 2023/24 is £1.461m, with the figure included reflecting the change across years given a grant of £1.020m was receivable in 2022/23.
<b>NEW</b> - 'Passporting' Revenue Support Grant funding to Town and Parish Councils.	0	0	0	3,840	This adjustment reflects the existing commitment to award grant funding to Town and Parish Council based on the Council's own revenue support grant position. Therefore grant funding will be paid to Town and Parish Council's in 2023/24, which has been uplifted by the same percentage increase the Council has received.
<b>Total General / Corporate Items</b>	<b>1,193,400</b>	<b>1,219,970</b>	<b>2,136,000</b>	<b>1,042,970</b>	

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<b>2. GENERAL OPERATIONAL ITEMS</b>					
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 Cremators 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
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	74,540	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	25,000	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 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.

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Air Show	47,970	47,970	0	50,000	Additional costs were incurred that reflect the use of the in-house Engineering Team to support the delivery of the annual show in 2022. Following an initial review of the position in 2023, the Council remains committed to continuing to deliver this successful show looking ahead to 2023 and beyond, but it is recognised that this needs to be balanced against the financial challenges faced by the Council. With this in mind, a more detailed review will be undertaken to explore options to secure the longer term future of the show. However, in the interim period and given the relatively long lead in time to deliver a show in 2023 (which will be its 30th anniversary), additional funding has now been included in the 2023/24 budget to support the cost of this year's show.
Insurance Premiums	22,610	22,610	45,220	45,220	The figures reflect the impact of the latest renewal prices, with any further potential increases not known until the renewal terms are received from the insurers in the Autumn of 2023.
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.

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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 is now supported by additional grant funding made available by the Government with further details set out in the main body of the report.
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	80,000	80,000	24,500	24,500	The systems referred to 'expire' shortly with replacement systems therefore required. The costs included reflect estimated 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	24,250	24,250	4,250	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 been agreed, which enables the Council to be compliant with the relevant industry standards.
Contact Centre IT System - Increased Lines / Licences	14,500	14,500	14,500	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.
Northgate IT System Replacement	0	0	40,000	78,000	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 develop the options available. The amount included is over and above the existing annual base budget of £195,000. The position has been revised since December to include additional modules that support the wider 'self-service' approach which cannot be delivered via the existing customer 'portal'. The proposed system supplier has indicated that if the additional modules are purchased then they would 'fix' the overall contract price for up to 5 years. Although the actual decision to purchase the replacement system will be subject to a separate report, the alternative option of not purchasing additional modules will attract annual RPI increases, so the proposed approach is expected to provide value for money within this context.

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Increase in Energy Costs	0	0	600,000	600,000	This has been included within the budget to reflect the potential on-going impact of energy price increases. Work remains in progress to identify the impact from the Government's recent announcement to extend energy support payments to businesses. Therefore this figure may be subject to change as part of finalising the position for reporting to Full Council in February and/or during 2023/24 as part of the regular financial performance reports.
Careline Net Costs	0	0	100,000	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.
<b>NEW</b> - District Election Expenses	0	0	0	60,000	Existing budgets reflect an annual contribution of £30k to a reserve to fund the District elections, which results in a total of £120k being available to meet the cost of the election every four years. Although this budget is supported by new burdens funding from the Government, following a recent review, it is recognised that the underlying cost of holding elections has increased. The figure now included therefore reflects the necessary inflationary uplift along with the cost of the various activities that are required to successfully deliver District Elections every four years. Although this budget adjustment reflects the estimated additional cost of the 2023 elections, the longer term position remains under review to inform the necessary increase to the annual contribution to the associated reserve each year to fund the 2027 District Elections.
<b>Total General Operational Items</b>	<b>2,127,570</b>	<b>2,127,570</b>	<b>1,296,170</b>	<b>1,444,170</b>	
<b>TOTAL OF SECTIONS 1 AND 2 ABOVE</b>	<b>3,320,970</b>	<b>3,347,540</b>	<b>3,432,170</b>	<b>2,487,140</b>	

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<b>3. Proposed Approach to Funding the items in Section 1 and 2 Above (on a one-off basis in 2022/23 and 2023/24)</b>					
Carry Forwards from 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	In terms of 2022/23, this largely reflects deferred income during COVID, with income now recovering back. In terms of the position for 2023/24, the agreement with the Major Preceptors has been amended that 'shifts' more funding that becomes available via the agreement to a fixed amount rather than a variable amount linked to collection performance etc. Although this is a positive change, no adjustment has been made in 2023/24 at the present time given collection performance risks, such as the current cost of living issues.
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.

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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.
<b>NEW</b> - Income from Fees and Charges	0	0	0	(10,200)	Although a number of fees and charges for 2023/24 remain subject to approval in consultation with the relevant Portfolio Holders, this figure reflects the net additional income forecast in 2023/24 from those fees that have now been approved.
<b>Total Funding Identified</b>	<b>(3,389,070)</b>	<b>(3,389,070)</b>	<b>(4,078,700)</b>	<b>(4,088,900)</b>	
<b>NET TOTAL of SECTIONS 1,2 and 3 Above</b>	<b>(68,100)</b>	<b>(41,530)</b>	<b>(646,530)</b>	<b>(1,601,760)</b>	

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<b>4. Additional Items that can be Funded From Specific Existing Budgets / Fees and Charges</b>					
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. 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.
Use of COVID 19 New Burdens Grant to fund above			(100,000)	(100,000)	
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)	
NEW - Climate Change Projects	0	250,000	0	0	In-line with the current commitment associated with this reserve, an initial sum of £250k is proposed to be 'draw down' from the reserve to provide flexibility to respond timely to any opportunities that may emerge. An associated recommendation is included in the main body of the report to support this flexible approach.
NEW - Use of Asset Refurbishment/Replacement Reserve to fund the above.	0	(250,000)	0	0	
<b>Total of Additional Items in Section 4 Above</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	