

UPDATED FINANCIAL FORECAST 2025/26

Line		Prior Year Budget	Last Updated Forecast (15 November 2024)	Updated Forecast (20 December 2024)	Updated Forecast (31 January 2025)	Change between December and January Positions
		2024/25	2025/26	2025/26	2025/26	
		£m	£m	£m	£m	£m
	Underlying Funding Growth in the Budget					
1	Council Tax Increase 1.99%	(0.191)	(0.200)	(0.200)	(0.200)	0.000
2	Ctax increase by £5 (amounts set out are over and above 1.99% above)	(0.064)	(0.059)	(0.059)	(0.059)	0.000
2a	Council Tax Increase 2.99%	(0.032)	0.000	(0.041)	(0.041)	0.000
3	Growth in Business rates - Inflation	0.000	(0.158)	(0.158)	(0.158)	0.000
4	Growth in Council Tax - general property / tax base growth	(0.158)	(0.190)	(0.325)	(0.325)	0.000
5	Growth in Business Rates - general property / tax base growth	(0.636)	0.540	0.540	0.540	0.000
6	Collection Fund Surpluses b/fwd - Ctax	(0.159)	(0.100)	(0.213)	(0.213)	0.000
7	Collection Fund Surpluses b/fwd - BR	(0.792)	0.000	0.000	(1.135)	(1.135)
		(2.032)	(0.167)	(0.456)	(1.591)	(1.135)
	Net Cost of Services and Other Adjustments					
8	Change in RSG (including other financial settlement funding)	(0.571)	0.619	0.619	0.619	0.000
9	Remove one-off items from prior year	(0.375)	(0.396)	(0.396)	(0.396)	0.000
10	Remove one-off items from prior year - Collection Fund Surplus	0.784	0.951	0.951	0.951	0.000
11	LCTS Grant To Parish Council's	0.006	0.000	0.000	0.000	0.000
12	Revenue Contrib. to Capital Programme	0.000	0.000	0.000	0.000	0.000
13	Specific change in Use of Reserves	(0.216)	(0.056)	(0.056)	(0.056)	0.000
14	Changes to Savings Identified in Prior Years	0.000	0.395	0.395	0.395	0.000
15	On-going Savings Identified / Achieved	(1.242)	0.000	0.000	0.000	0.000
16	Other Adjustments	(0.072)	0.000	0.000	0.000	0.000
17	Use of New Homes Bonus	(0.500)	0.000	0.000	0.000	0.000
18	Gain from Essex Business Rates Pool Membership	(0.400)	0.000	0.000	0.000	0.000
		(2.586)	1.513	1.513	1.513	0.000
	Cost Increases					
19	Inflation - Employee / Members Allowance Costs (including annual review adjustments)	1.537	1.540	1.540	1.540	0.000
20	Inflation - Other	0.390	0.148	0.148	0.246	0.098
21	Unavoidable Cost Pressures	1.716	0.500	1.157	1.157	0.000
		3.643	2.188	2.845	2.943	0.098
22	Add back Use of Forecast Risk Fund / Reserves in Prior Year	1.236	0.261	0.261	0.261	0.000
23	ANNUAL Structural Budget Deficit / (Surplus) BEFORE Required 'Savings'	0.261	3.795	4.163	3.126	(1.037)
24	On-going Savings Required	0.000	(1.319)	(2.655)	(3.070)	(0.415)
25	ANNUAL Structural Budget Deficit / (Surplus) AFTER Required 'Savings'	0.261	2.476	1.508	0.056	(1.452)
26	Use of Forecast Risk Fund / Other Reserves to support the Net Budget Position	(0.261)	(2.476)	(1.508)	(0.056)	1.452

Use of Forecast Risk Fund

Outturn b/fwd from prior years	(6.426)	(6.415)	(6.415)	(6.415)	
Applied in year as set out in the forecast above	0.261	2.476	1.508	0.056	(1.452)
Additional contributions generated / required in year	(0.250)	(0.250)	(0.250)	(0.250)	0.000
Balance to Carry Forward	(6.415)	(4.189)	(5.157)	(6.609)	(1.452)

Savings Plan - Forecast 2025/26 and Beyond

Description	Totals	On-going / One-off	Planned Delivery / Impact 2025/26	Planned Delivery / Impact 2026/27	Comments
Income Budgets					
Business Rate Income	700,000	On-going	700,000	0	Additional anticipated income from business rates - this is the estimated impact from a mix of regeneration / economic growth, transitional arrangements following revaluation and less pessimistic forecasting
AMENDED - Revenue Support Grant / Financial Settlement	1,039,000	On-going	878,000	420,000	The revised position reflects the Provisional Local Government Finance Settlement announced on 18 December 2024.
Rent Reviews	30,000	On-going	30,000	0	Additional income will be generated from the usual rent reviews undertaken as part of the underlying existing lease agreements
VAT on Leisure Fees	265,000	On-going	265,000	0	Following further review, the originally anticipated favourable VAT status has been confirmed.
Treasury Investment Income	215,000	On-going	215,000	0	Although a reduction in income was included within original forecasts, based on the current trajectory of future interest rate reductions, it is likely that additional income will be generated in the short to medium term years of the forecast.
Government's Commitment to Fund Cost of National Insurance Increases	474,300	Potentially On-going (subject to future LG funding settlements)	474,300	0	In addition to the item above relating to the Revenue Support Grant, the Government have committed to reimburse Local Councils for the additional cost of the recently announced changes to employers national insurance rates. The Government announced as part of the Provisional Local Government Finance Settlement that Local Authorities will receive notification of the actual figure as part of final settlement figures that will be published at the end of January / beginning of February.
Inter Authority Agreement with ECC relating to Food Waste	21,480	On-going	21,480	0	Additional income is due to the Council as part of the underlying agreement with ECC.
NEW - Income from the Council Tax Sharing Agreement with the Major Preceptors	155,860	On-going (subject to future agreements)	155,860	0	Following the on-going income recovery performance post COVID19, additional income is estimated to be receivable under the terms of the current agreement.
Expenditure Budgets					
Asset review	220,000	On-going	120,000	100,000	This represents estimated savings from reviewing the Council's operational assets and further possible rationalisation opportunities.
IT Savings	200,000	On-going	50,000	150,000	A number of activities are underway to support the delivery of savings and/or the mitigation of increased costs.
Energy Costs - Leisure Centres	50,000	On-going	50,000	0	As previously reported, following the implementation of a number of energy saving initiatives, energy budgets are likely to be reduced - this is subject to the wider / underlying price volatility relating to utility costs.
Wireless Access Point Licences	10,000	On-going	10,000	0	As previously reported, there will be savings from the annual licence fee for the Council's Wireless Access Points across its estate.
Initial PFH Savings 'Allowance'	250,000	On-going	0	250,000	This represents the potential aggregate of savings from reviews undertaken by Portfolio Holders in consultation with Services.
Beach Hut Leases Review	100,000	On-going	100,000	0	Although the necessary re-investment will be undertaken in terms of seafront assets and amenities, there is now greater flexibility in the use of income generated from beach huts across the Council's wider budget.
Total	3,730,640		3,069,640	920,000	

COST PRESSURE SUMMARY

					Proposed Budget Adjustments										
	Adjustments made to the budget to date in 2024/25	On-Going Base Budget Adjustment Included in 2024/25 £	2024/25 One-Off Additional Amount Agreed Earlier in the Year £	Total Adjustments 2024/25 £	2025/26 £	2026/27 £	2027/28 £	2028/29 £	2029/30 £	2030/31 £	2031/32 £	2032/33 £	2033/34 £	Comments	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	
On-going Items															
Insurance Premiums Costs	Base Budget 24/25 - £26k Q1 Financial Performance Report 2024/25 - Further £25k	26,000	25,230	51,230	31,730	31,730	31,730	31,730	31,730	31,730	31,730	31,730	31,730	This item reflects the most up to date position following the recent renewal process. Costs may increase further during 2025/26 but this will not be known until the next renewal process is undertaken during the summer / autumn of 2025. This will therefore be kept under on-going review as part of the Financial Performance reports during next year.	
Commercial Investment Property Potential Rental Income Reduction	Base Budget 24/25	0	0	0	0	125,000	125,000	125,000	125,000	125,000	125,000	125,000	125,000	The current lease agreement for the investment property in Clacton comes to an end in 2025/26. The adjustment proposed allows for a potential reduction in the rent payable (from approx. £225k per annum to £100k per annum) from 2026/27. This will be subject to further review / revision over the life of the remaining years of the existing lease agreement, with the adjustment proposed reflecting a pragmatic / prudent view for the purposes of the forecast.	
Homelessness Costs	Base Budget 24/25 - £500k Outturn Report 2023/24 - Further £500k Q2 Financial Performance Report 2024/25 - Further £1.2m	500,000	1,700,000	2,200,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	This area of the budget remains a significant financial challenge, although the Government have committed to providing extra funding to support Local Authorities. Although Spendells House will have a significant positive impact, it is likely that additional costs will be incurred over and above the £500k included in the base budget from 2024/25 onwards. With this in mind, a further sum of £500k has been included from 2025/26, which will be reviewed in light of any additional financial support emerging from the Local Government Finance Settlement.	
Vehicle Hire Costs	Base Budget 24/25	34,100	0	34,100	8,500	62,400	62,400	62,400	62,400	62,400	62,400	62,400	62,400	This reflects the cost associated with the rolling replacement of various existing fleet vehicles used within Services.	
Career Track Net Revenue Position	Q3 Financial Performance Report 2023/24 - £25k Outturn Report 2023/24 - Further £50k	0	75,000	75,000	50,000	40,000	30,000	20,000	10,000	0	0	0	0	As previously reported the Service continues to work towards reducing the overall subsidy where possible. This amount reflects a revised approach where a phased reduction in the required subsidy is proposed from 2025/26 onwards.	
Reduction in recreation grounds income - general hire and bookings	Q1 Financial Performance Report 2024/25	0	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	This adjustment recognises the on-going reduced income being experienced across the Council's various recreation grounds.	

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Software Licences	Q1 Financial Performance Report 2024/25	0	13,000	13,000	13,000	13,000	13,000	13,000	13,000	13,000	13,000	13,000	13,000	This reflects the on-going impact from a decision in 2024/25. As part of previous discussions, it was highlighted that the Council is working with other LA partners with the aim of developing viable alternatives to the associated property case management system (IDOX) which is becoming increasingly important due to the increased costs associated with our existing software provider.
Merchant Acquirer Fees	Q1 Financial Performance Report 2024/25	0	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	With an increase in people paying by credit / debit card, the associated cost to the Council of accepting cards also increases. This however remains a cost effective mechanism to accept payments.
Tendring E-Newsletter	Q2 Financial Performance Report 2024/25	0	19,000	19,000	19,000	19,000	19,000	19,000	19,000	19,000	19,000	19,000	19,000	This cost pressures relates to the purchase of software to support the publication of a regular e-newsletter. This is a priority action as part of the Council's Communication Strategy / Highlight Priority actions.
Car Parks - Additional merchant acquirer costs to facilitate payment by credit / debit cards	Q2 Financial Performance Report 2024/25	0	19,000	19,000	19,000	On-going cost to be funded from Parking Income from 2025/26 onwards								
External Audit Fees	New / Additional Sum	112,000	0	112,000	74,000	74,000	74,000	74,000	74,000	74,000	74,000	74,000	74,000	This cost pressure reflects the continuing increase in costs associated with the work of the External Auditor, from both a statutory perspective and where they are commissioned to undertake the certification of grant claims work required by the Government.
Members Code of Conduct - Responsibilities under Localism Act 2011 e.g. Review of Complaints / Investigations	New	0	0	0	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	This reflects the increased costs expected to continue on an on-going basis from 2025/26.
Independent Remuneration Panel Allowances	New	0	0	0	3,600	3,600	3,600	3,600	3,600	3,600	3,600	3,600	3,600	This reflects the decision made by Full Council on 26 November 2024, where allowances for members of the panel were highlighted / agreed.
Electoral Registration	New	0	0	0	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	This reflects increased postage costs being incurred. The Service are exploring opportunities to reduce this cost where possible.
Clacton Leisure Centre - 'Regular' Repairs & Maintenance Costs	New	0	0	0	17,000	On-going cost to be funded from Leisure Income from 2025/26 onwards								

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Clacton Leisure Centre - 3G Pitch - Future Replacement Fund to ensure money is available when necessary in line with the associated external funding agreement.	New	0	0	0	7,000	On-going cost to be funded from Pitch / Leisure Income from 2025/26 onwards								
Total of On-Going Items		672,100	1,881,230	2,553,330	827,830	953,730	943,730	933,730	923,730	913,730	913,730	913,730	913,730	
One-Off Items														
Weeley Council Offices Costs	Q3 2023/24	0	65,000	65,000	65,000									This reflects the continuing cost of ownership, which includes items such as business rates and utility standing charges. Once ownership is transferred in accordance with the associated agreement then these costs will no longer be payable. Work remains in progress to limit the time that the Council retains this liability, with therefore only a potential additional cost in 2025/26 with no further costs expected in future years.
Implement Beach Patrol Recommendations	Q3 2023/24 - £60k Q1 2024/25 - Further £38k	0	98,000	98,000	98,000									This reflects the costs associated with implementing recommendations from a recent review in partnership with the Royal Life Saving Society UK (RLSS). £98k was included in the budget to meet the associated costs for the 2024 season. It is proposed to include the same sum in the 2025/26 budget for the 2025 season with a review to be undertaken as to the longer term position / impact.
Continuation of contribution for the Harwich PCSO	Q3 Financial Performance Report 2023/24	0	24,650	24,650	25,000									It is proposed to set aside the required funding for this post for a further year subject to a separate report during 2025/26.
Fixed Term Family Support Officer	Q3 Financial Performance Report 2023/24	0	48,750	48,750	49,000									It is proposed to set aside the required funding for this post for a further year subject to a separate report during 2025/26.
Fixed Term Housing Early Intervention Officer	Q3 Financial Performance Report 2023/24	0	43,610	43,610	44,000									It is proposed to set aside the required funding for this post for a further year subject to a separate report during 2025/26.
Community Governance Review - Clacton-on-sea, Holland-on-sea and Jaywick Sands	New	0	0	0	48,400									As agreed by Full Council on 26 November 2024
Total of One-Off Items		0	280,010	280,010	329,400	0	0	0	0	0	0	0	0	
Total of Unavoidable Items Included in the Forecast		672,100	2,161,240	2,833,340	1,157,230	953,730	943,730	933,730	923,730	913,730	913,730	913,730	913,730	
Change across years for Inclusion within the forecast			-	-	-	(203,500)	(10,000)	(10,000)	(10,000)	(10,000)	0	0	0	