

## 2023-2027 - General Fund Budget Assumptions

Description (Amount)	Legislative/Regulatory related changes (£3.041m in 2023/24)
How have the above amounts been calculated?	The value in 2023/24 represents the reduction in grants such as New Homes Bonus £1.193m, Services Grant £1.665m and Housing Benefit Admin Subsidy £0.101m and an increase of £0.082m in respect of Land Charges.
What is the source of the cost pressure (e.g. increased demand, fall-out of external funding, contractual or other price increases)?	Changes to Central Government external funding of grants or changes in regulations
If the cost pressure is due to increased demand, what evidence exists to support this?	n/a
What, if anything, can be done to mitigate the cost pressure?	n/a
If the cost pressure is due to increased inflation, what benchmark is being used to assess the price increase?	n/a
Does the activity causing the cost pressure need to continue?	Changes to Central Government funding and/or regulations
Is there scope to fund this cost pressure from existing resources?	No, there are no underspends in the Budget that can absorb these pressures.
More generally, what is the impact of not agreeing funding for the cost pressure?	The Authority will overspend its budget.

Description (Amount)	Pay award (£8.286m in 2023/24)
How have the above amounts been calculated?	<p>The annual pay award, £7.286m, calculation is initially based on an agreed pay award of £1,925 per FTE applied to 2022/23 staffing budgets (the full cost includes salary, employer's national insurance, and employer's pension contributions). In 2022/23, the base budget did not have sufficient resource to cover the full pay award, so had to be covered from alternative sources (circa £2m). The 2023/24 growth also includes an assumed 2023/24 pay award of circa 5%, although the final amount will be subject to national agreement.</p> <p>The proposed Budget also includes a contingency of £1m for further pay award or wider staffing pressures that was not included in the November report. Taken together, the proposed total budget growth for pay awards is £8.286m.</p>
What is the source of the cost pressure (e.g. increased demand, fall-out of external funding, contractual or other price increases)?	Annual pay award agreed by local government employers
If the cost pressure is due to increased demand, what evidence exists to support this?	n/a
What, if anything, can be done to mitigate the cost pressure?	n/a
If the cost pressure is due to increased inflation, what benchmark is being used to assess the price increase?	Impact of the 2022/23 award and assumption of a similar % increase (c.5%) in 2023/24
Does the activity causing the cost pressure need to continue?	Yes, staff are involved in delivering a range of statutory and discretionary services, which are being reviewed as part of the budget setting process for 2023/24.
Is there scope to fund this cost pressure from existing resources?	No, there are no underspends in the Budget that can absorb this pressure.
More generally, what is the impact of not agreeing funding for the cost pressure?	The Authority will overspend its budget.

Description (Amount)	Social Care Demand Pressures (£2.647m in 2023/24)
How have the above amounts been calculated?	This cost pressure is based on potential increases in costs associated with demand driven pressures within Adults and Children's Social care
What is the source of the cost pressure (e.g. increased demand, fall-out of external funding, contractual or other price increases)?	Increased demand for packages, combined with inflationary price increases and complexity of cases.
If the cost pressure is due to increased demand, what evidence exists to support this?	n/a
What, if anything, can be done to mitigate the cost pressure?	Whilst work continues to manage the number of cases and packages provided, external driven pressures have reached a level where full mitigation is not possible.
If the cost pressure is due to increased inflation, what benchmark is being used to assess the price increase?	n/a
Does the activity causing the cost pressure need to continue?	Yes, activity is based on assessed need and is therefore a statutory duty.
Is there scope to fund this cost pressure from existing resources?	No, there are no underspends in the Budget that can absorb this pressure.
More generally, what is the impact of not agreeing funding for the cost pressure?	The Authority will overspend its budget.

Description (Amount)	Energy Inflation (£5.572m in 2023/24)
How have the above amounts been calculated?	This cost pressure is based on potential increases in the cost of energy for 2023/24 based on higher inflation rates in the market
What is the source of the cost pressure (e.g. increased demand, fall-out of external funding, contractual or other price increases)?	Inflation on payments to providers
If the cost pressure is due to increased demand, what evidence exists to support this?	n/a
What, if anything, can be done to mitigate the cost pressure?	n/a
If the cost pressure is due to increased inflation, what benchmark is being used to assess the price increase?	Cost pressure is based on likely increases in rates with providers and has been calculated using rates provided by NEPO. This takes into account the expected level of support from Government schemes.
Does the activity causing the cost pressure need to continue?	Yes, energy required across the Authority's estate.
Is there scope to fund this cost pressure from existing resources?	No, there are no underspends in the Budget that can absorb this pressure.
More generally, what is the impact of not agreeing funding for the cost pressure?	The Authority will overspend its budget.

Description (Amount)	Levies & Precepts (£0.736m in 2023/24)
How have the above amounts been calculated?	These are estimates based on information provided by the third parties.
What is the source of the cost pressure (e.g. increased demand, fall-out of external funding, contractual or other price increases)?	Our partners will apply inflationary price increases. The Transport Levy charge increase is as a result of both pressures facing Nexus and population changes.
If the cost pressure is due to increased demand, what evidence exists to support this?	n/a
What, if anything, can be done to mitigate the cost pressure?	n/a
If the cost pressure is due to increased inflation, what benchmark is being used to assess the price increase?	Estimates based on third party evidence.
Does the activity causing the cost pressure need to continue?	n/a
Is there scope to fund this cost pressure from existing resources?	No, there are no underspends in the Budget that can absorb this pressure.
More generally, what is the impact of not agreeing funding for the cost pressure?	The Authority will overspend its budget.

Description (Amount)	Contractual (£3.000m in 2023/2024)
How have the above amounts been calculated?	The figures for the 2023/24 figure are based on the price increases set to be incurred in areas such as Waste Management, where the current rate of inflation will significantly impact the Household and Recycling contracts. These price increases are reflective of the current market conditions within Waste Recycling.
What is the source of the cost pressure (e.g. increased demand, fall-out of external funding, contractual or other price increases)?	Price increases as a result of external market forces.
If the cost pressure is due to increased demand, what evidence exists to support this?	n/a
What, if anything, can be done to mitigate the cost pressure?	n/a
If the cost pressure is due to increased inflation, what benchmark is being used to assess the price increase?	n/a
Does the activity causing the cost pressure need to continue?	Yes – the Authority is obligated to source disposal of the waste it collects from households.
Is there scope to fund this cost pressure from existing resources?	No, there are no underspends in the Budget that can absorb this pressure.
More generally, what is the impact of not agreeing funding for the cost pressure?	The Authority will overspend its budget.

Description (Amount)	Care Market (£1.604m in 2023/24)
How have the above amounts been calculated?	This growth requirement is expected to be needed in 2023/24 onwards and is based on estimated client population growth along with known growth pressures for 2021/22 – residual growth expected to relate to the Residential Care Market.
What is the source of the cost pressure (e.g. increased demand, fall-out of external funding, contractual or other price increases)?	Increasing adult population (18+) with complex needs.
If the cost pressure is due to increased demand, what evidence exists to support this?	Future population projections and review of those clients or potential currently known to Adult Services.
What, if anything, can be done to mitigate the cost pressure?	Any savings from the services were set out in separate budget proposals.
If the cost pressure is due to increased inflation, what benchmark is being used to assess the price increase?	n/a
Does the activity causing the cost pressure need to continue?	Yes, activity is based on assessed need and is therefore a statutory duty.
Is there scope to fund this cost pressure from existing resources?	No, there are no underspends in the Budget that can absorb this pressure.
More generally, what is the impact of not agreeing funding for the cost pressure?	The Authority will overspend its budget.

Description (Amount)	Children's Home (£0.600m in 2023/24)
How have the above amounts been calculated?	Revenue costs required for the running of Maple House
What is the source of the cost pressure (e.g. increased demand, fall-out of external funding, contractual or other price increases)?	New home opened requiring a revenue budget for staffing and other revenue expenditure.
If the cost pressure is due to increased demand, what evidence exists to support this?	n/a
What, if anything, can be done to mitigate the cost pressure?	n/a
If the cost pressure is due to increased inflation, what benchmark is being used to assess the price increase?	n/a
Does the activity causing the cost pressure need to continue?	n/a
Is there scope to fund this cost pressure from existing resources?	No, there are no underspends in the Budget that can absorb this pressure.
More generally, what is the impact of not agreeing funding for the cost pressure?	The Authority will overspend its budget.

Description (Amount)	Home to School Transport (£0.550m in 2023/24)
How have the above amounts been calculated?	This growth requirement is expected to be needed in 2023/24 onwards and is based on estimated growth in children receiving home to school transport and the impact external market forces are having on the cost of delivering the service.
What is the source of the cost pressure (e.g. increased demand, fall-out of external funding, contractual or other price increases)?	Commercial pressures driven by external market forces increasing the price of delivering the home to school transport service combined with increases in demand.
If the cost pressure is due to increased demand, what evidence exists to support this?	Increased number of pupils receiving the service.
What, if anything, can be done to mitigate the cost pressure?	n/a
If the cost pressure is due to increased inflation, what benchmark is being used to assess the price increase?	n/a
Does the activity causing the cost pressure need to continue?	Yes, the activity is required.
Is there scope to fund this cost pressure from existing resources?	No, there are no underspends in the Budget that can absorb this pressure.
More generally, what is the impact of not agreeing funding for the cost pressure?	The Authority will overspend its budget.

Description (Amount)	Investment Cost of Borrowing (£0.542m in 2023/24)
How have the above amounts been calculated?	The cost of borrowing is calculated to reflect the interest payable to finance future capital and revenue budgets.
What is the source of the cost pressure (e.g. increased demand, fall-out of external funding, contractual or other price increases)?	Interest costs to finance capital & revenue budgets.
If the cost pressure is due to increased demand, what evidence exists to support this?	n/a
What, if anything, can be done to mitigate the cost pressure?	n/a
If the cost pressure is due to increased inflation, what benchmark is being used to assess the price increase?	n/a
Does the activity causing the cost pressure need to continue?	n/a
Is there scope to fund this cost pressure from existing resources?	No, there are no underspends in the Budget that can absorb this pressure.
More generally, what is the impact of not agreeing funding for the cost pressure?	The Authority will overspend its budget.

Description (Amount)	Corporate changes (£11.562m in 2023/24)
How have the above amounts been calculated?	Additional resources provided as a result of the provisional settlement are to be held in contingency, to enable the Authority to react in-year to emerging pressures and will be allocated accordingly during 23/24. In addition, there are the adjustments required to cover the impact of other pressures coming from elections, pressures on repairs and maintenance and the fall out of one-off Government funding from the previous year's Settlement Funding Assessment.
What is the source of the cost pressure (e.g. increased demand, fall-out of external funding, contractual or other price increases)?	These are corporate changes required due to fall out of funding, increased costs pressures and the potential impact that risks crystallise and impact the position in 2023/24.
If the cost pressure is due to increased demand, what evidence exists to support this?	n/a
What, if anything, can be done to mitigate the cost pressure?	n/a
If the cost pressure is due to increased inflation, what benchmark is being used to assess the price increase?	n/a
Does the activity causing the cost pressure need to continue?	n/a
Is there scope to fund this cost pressure from existing resources?	No, there are no underspends in the Budget that can absorb this pressure.
More generally, what is the impact of not agreeing funding for the cost pressure?	The Authority will overspend its budget.

Description (Amount)	Minimum Revenue Provision ( (£4.000m) in 2023/24)
How have the above amounts been calculated?	The value in 2023/24 represents the saving available following the Authority changing calculation methodology to the annuity method. This was first actioned at the end of the 2021/22 financial year and has now been signed off by external audit enabling a future saving to be built into the budget.
What is the source of the cost pressure (e.g. increased demand, fall-out of external funding, contractual or other price increases)?	External review by third party of our MRP requirement.
If the cost pressure is due to increased demand, what evidence exists to support this?	n/a
What, if anything, can be done to mitigate the cost pressure?	n/a
If the cost pressure is due to increased inflation, what benchmark is being used to assess the price increase?	n/a
Does the activity causing the cost pressure need to continue?	n/a
Is there scope to fund this cost pressure from existing resources?	n/a
More generally, what is the impact of not agreeing funding for the cost pressure?	This is not a cost pressure and is the benefit of a change to the accounting treatment and calculation surrounding MRP.

Description (Amount)	Provisional Settlement changes ( <b>£15.144m</b> ) in 2023/24)
How have the above amounts been calculated?	Based on the Provisional Local Government Finance Settlement announced on 19 December 2022
What is the source of the cost pressure (e.g. increased demand, fall-out of external funding, contractual or other price increases)?	This is not a cost pressure; it is a mixture of additional income or the reduction of income following grants falling out or being combined with other grants that forms part of the Provisional Settlement. The detailed breakdown is included in table 2 of the Cabinet cover report.
If the cost pressure is due to increased demand, what evidence exists to support this?	n/a
What, if anything, can be done to mitigate the cost pressure?	n/a
If the cost pressure is due to increased inflation, what benchmark is being used to assess the price increase?	n/a
Does the activity causing the cost pressure need to continue?	n/a
Is there scope to fund this cost pressure from existing resources?	This is not a cost pressure it is income that forms part of the Provisional Settlement.
More generally, what is the impact of not agreeing funding for the cost pressure?	This is not a cost pressure it is income that forms part of the Provisional Settlement.

Description (Amount)	Resources changes ( £8.748m) in 2023/24)
How have the above amounts been calculated?	Additional increases in the rate of Council Tax and Adult Social Care precept following announcements made in the Autumn Statement on 17 November 2022 and confirmed as the Government's expectations for Authorities in the Provisional Local Government Finance Settlement announced on 19 December 2022. Additional income generated following the completion of the Collection Fund budget for 2023/24.
What is the source of the cost pressure (e.g. increased demand, fall-out of external funding, contractual or other price increases)?	This is not a cost pressure; it is a mixture of additional income through Council Tax increases and resources following the completion of the Council Tax base and the NNDR1 for 2023/24.
If the cost pressure is due to increased demand, what evidence exists to support this?	n/a
What, if anything, can be done to mitigate the cost pressure?	n/a
If the cost pressure is due to increased inflation, what benchmark is being used to assess the price increase?	n/a
Does the activity causing the cost pressure need to continue?	n/a
Is there scope to fund this cost pressure from existing resources?	This is not a cost pressure it is income that forms part of the Provisional Settlement and Collection Fund.
More generally, what is the impact of not agreeing funding for the cost pressure?	This is not a cost pressure it is income that forms part of the Provisional Settlement and Collection Fund.