Appendix B – Breakdown of Financial Plan cost pressures 2020/21 to 2023/24

	2020/21 £m	2021/22 £m	2022/23 £m	2023/24 £m
Legislative / regulatory changes	**(1.577)**	**2.374**	**0.601**	**1.201**
- Grant related changes (mainly reductions in relation to Benefits Admin Subsidy, Section 31 and New Homes Bonus)	(1.577)	2.374	0.601	1.201
Inflationary changes (pay and prices)	**0.301**	**5.414**	**8.033**	**11.297**
- Pay award (Incl. pension)	(3.786)	2.000	2.000	9.105
- Waste management	0.721	1.000	3.500	0.000
- PFI Inflation	0.000	0.400	0.400	0.000
- Impact of the National Living Wage	3.343	1.927	2.045	2.103
- Increases to Fees and Charges	(0.108)	(0.050)	(0.050)	(0.050)
- Levies & Precepts	0.131	0.137	0.138	0.139
Demand led	**0.925**	**2.120**	**1.889**	**1.889**
- High Needs	0.000	1.000	1.000	1.000
- Children's Social Care	0.500	0.500	0.500	0.500
- Adults Social Care	0.425	0.620	0.389	0.389
Corporate pressures	**12.679**	**2.871**	**1.273**	**(3.162)**
- Investment cost of borrowing	3.858	0.253	0.093	(2.954)
- Corporate changes	8.821	2.618	1.180	(0.208)
TOTAL	**12.328**	**12.779**	**11.796**	**11.225**

Appendix B

Description (Amount)	Grant related changes ((£1.577m) in 2020/21)
How have the above amounts been calculated?	The value in 2020/21 represents the reduction in Housing Benefit Admin Subsidy £0.101m, increase in New Homes Bonus (£0.872m), and increase in S31 Grant for Under Indexation of NNDR (£0.806m)
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 grants.
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?	Where savings are possible, they have been included in the savings proposals for 2020/21.
Is there scope to fund this cost pressure from existing resources?	No, there are no underspends in the Budget that can absorb this pressure, plus all areas of the Budget are being reviewed to find savings to contribute to the Authority's 2020/21 savings target.
More generally, what is the impact of not agreeing funding for the cost pressure?	The Authority will overspend its budget.

Appendix B

Description (Amount)	**Pay award ((£3.786m) in 2020/21)**
How have the above amounts been calculated?	The annual pay award, £3.040m, calculation is based on an agreed pay award of 2% applied to 2019/20 staffing budgets (including salary, employer's national insurance, and employer's pension contributions). The increase anticipated in pensions, £2.022m in 2020/21, relates to the 1.7% increase to future service rate outlined in the 2019 triannual valuation is off set by the Authority's pension deficit contribution to the pension fund (£8.848m).
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 employers as part of national pay bargaining / contractual obligation to move staff up an increment towards the top of the relevant pay scale.
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?	Assumed public sector pay increases of 2%.
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 identification of savings to meet the Authority's budget gap in 2020/21.
Is there scope to fund this cost pressure from existing resources?	No, there are no underspends in the Budget that can absorb this pressure, plus all areas of the Budget are being reviewed to find savings to contribute to the Authority's 2020/21 savings target.
More generally, what is the impact of not agreeing funding for the cost pressure?	The Authority will overspend its budget.

Appendix B

Description (Amount)	Waste Management (£0.721m in 2020/2021)
How have the above amounts been calculated?	The figures for the 2020/21 figure are based on the price increases set to be incurred following the awarding of the new Recycling contract. These price increases are reflective of the current market conditions within Waste Recycling. Growth requirements for future years are based on modelling work performed by NTC and Suez during negotiations to extend the existing Waste Disposal contract.
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, plus all areas of the Budget are being reviewed to find savings to contribute to the Authority's 2020/21 savings target.
More generally, what is the impact of not agreeing funding for the cost pressure?	The Authority will overspend its budget.

Appendix B

Description (Amount)	Impact of the National Living Wage (£3.343m in 2020/21)
How have the above amounts been calculated?	This cost pressure is based on potential increases in rates payable to third party providers for 2020/21 reflecting, in particular, the impact of the National Living Wage increases.
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 independent sector 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?	Any savings from greater investment in preventative services and improved partnership working were set out in separate prior year budget proposals of which the outcomes are expected to continue to take effect over the 2020-2024 period.
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 third party providers. Benchmarking will be used to ensure that actual rates agreed are appropriate.
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, plus all areas of the Budget are being reviewed to find savings to contribute to the Authority's 2020/21 savings target.
More generally, what is the impact of not agreeing funding for the cost pressure?	The Authority will overspend its budget.

Description (Amount)	Fees and Charges ((£0.108m) in 2020/21)
How have the above amounts been calculated?	Increases in fees and charges as per the Corporate Fees and Charges Policy to meet inflationary pressures.
What is the source of the cost pressure (e.g. increased demand, fall-out of external funding, contractual or other price increases)?	Inflationary price increases in the external market adds pressure to the Services provided.
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, plus all areas of the Budget are being reviewed to find savings to contribute to the Authority's 2020/21 savings target.
More generally, what is the impact of not agreeing funding for the cost pressure?	The Authority will overspend its budget.

Appendix B

Description (Amount)	Levies & Precepts (£0.131m in 2020/21)
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 is as a result of 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, plus all areas of the Budget are being reviewed to find savings to contribute to the Authority's 2020/21 savings target.
More generally, what is the impact of not agreeing funding for the cost pressure?	The Authority will overspend its budget.

Appendix B

Description (Amount)	Children's Social Care (£0.500m in 2020/21)
How have the above amounts been calculated?	This is based on current projected net increased cost pressure from 2019/20
What is the source of the cost pressure (e.g. increased demand, fall-out of external funding, contractual or other price increases)?	The cost pressure relates to the increase in 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?	Existing work is ensuring that the number of cases is not increasing to add to the cost pressure the increased complexity of the cases is generating.
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, plus all areas of the Budget are being reviewed to find savings to contribute to the Authority's 2020/21 savings target.
More generally, what is the impact of not agreeing funding for the cost pressure?	The Authority will overspend its budget.

Appendix B

Description (Amount)	Adults Social Care (£0.425m in 2020/21)
How have the above amounts been calculated?	This cost pressure is based on estimated client population growth in 2020/21 along with known growth pressures for 2019/20 including considerations for transforming care and assistive technology.
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, plus all areas of the Budget are being reviewed to find savings to contribute to the Authority's 2020/21 savings target.
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 (£3.858m in 2020/21)
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, £0.281m. A voluntary £3.000m contribution has been made to the Minimum Revenue Provision and as a result a £0.577m revenue contribution to capital can be made from the savings made.
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, plus all areas of the Budget are being reviewed to find savings to contribute to the Authority's 2020/21 savings target.
More generally, what is the impact of not agreeing funding for the cost pressure?	The Authority will overspend its budget.

Description (Amount)	Corporate changes (£8.821m in 2020/21)
How have the above amounts been calculated?	These are the adjustments required to remove the effects of the prior year Trading Company dividend, increase support to apprenticeships, to cover the impact of changes to utilities and ICT pressures and changes to Schools (delegated and SLA), continue supporting the Environmental Wardens, efficiency savings not expected to be achieved and an increase in the Contingency Budget.
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 the potential impact of external market forces on utilities prices, the Authority's ICT strategy and changes within Schools finance.
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, plus all areas of the Budget are being reviewed to find savings to contribute to the Authority's 2020/21 savings target.
More generally, what is the impact of not agreeing funding for the cost pressure?	The Authority will overspend its budget.