

Breakdown of Financial Plan cost pressures 2021/22 to 2024/25

	2021/22 £m	2022/23 £m	2023/24 £m	2024/25 £m
Legislative / regulatory changes	1.189	0.605	1.294	1.660
- Grant related (mainly reductions in relation to Benefits Admin Subsidy, Section 31 and New Homes Bonus) and Policy Changes	0.799	0.605	1.294	1.660
- Policy Change (Car Parking)	0.390	0.000	0.000	0.000
Inflationary changes (pay and prices)	4.521	7.974	11.271	4.087
- Pay award (Incl. pension)	1.856	1.891	9.029	1.957
- Waste management	0.265	3.500	0.000	0.000
- PFI Inflation	0.400	0.400	0.000	0.000
- Impact of the National Living Wage	1.927	2.045	2.103	1.990
- Levies & Precepts	0.073	0.138	0.139	0.140
Demand led	0.500	0.889	0.889	0.889
- Children's Social Care	0.500	0.500	0.500	0.500
- Adults Social Care	0.000	0.389	0.389	0.389
Corporate pressures	0.713	1.483	(3.546)	0.577
- Investment cost of borrowing	(0.462)	0.371	(3.188)	(0.423)
- Corporate changes	1.175	1.112	(0.358)	1.000
TOTAL	6.923	10.951	9.908	7.213

Appendix B (ii)

Description (Amount)	Grant related changes (£0.799m in 2021/22)
How have the above amounts been calculated?	The value in 2021/22 represents the reduction in grants for Housing Benefit Admin Subsidy £0.101m, reduction in New Homes Bonus £0.425m, and reduction in S31 Grant for Under Indexation of NNDR £0.273m
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
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
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.

Appendix B (ii)

Description (Amount)	Policy changes (£0.390m in 2021/22)
How have the above amounts been calculated?	The value in 2021/22 represents the policy changes made to Car Parking along the foreshore in 2020/21 including the suspension of charges after 6pm.
What is the source of the cost pressure (e.g. increased demand, fall-out of external funding, contractual or other price increases)?	Reduced income due to policy change
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, this supports a policy decision which is ongoing.
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.

Appendix B (ii)

Description (Amount)	Pay award (£1.856m in 2021/22)
How have the above amounts been calculated?	The annual pay award, £1.856m, calculation is based on an agreed pay award of 2% applied to 2020/21 staffing budgets (including salary, employer's national insurance, and employer's pension contributions).
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 budget setting process for 2021/22.
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.

Appendix B (ii)

Description (Amount)	Waste Management (£0.265m in 2021/2022)
How have the above amounts been calculated?	The figures for the 2021/22 figure are based on the price increases set to be incurred on the 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.
More generally, what is the impact of not agreeing funding for the cost pressure?	The Authority will overspend its budget.

Appendix B (ii)

Description (Amount)	PFI Inflation (£0.400m in 2021/22)
How have the above amounts been calculated?	Increases in the cost of PFI schemes
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 PFI contracts.
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.

Appendix B (ii)

Description (Amount)	Impact of the National Living Wage (£1.927m in 2021/22)
How have the above amounts been calculated?	This cost pressure is based on potential increases in rates payable to third party providers for 2021/22 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 2021-2025 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.
More generally, what is the impact of not agreeing funding for the cost pressure?	The Authority will overspend its budget.

Appendix B (ii)

Description (Amount)	Levies & Precepts (£0.073m in 2021/22)
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.
More generally, what is the impact of not agreeing funding for the cost pressure?	The Authority will overspend its budget.

Description (Amount)	Children's Social Care (£0.500m in 2021/22)
How have the above amounts been calculated?	This is based on current projected net increased cost pressure from 2020/21
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.
More generally, what is the impact of not agreeing funding for the cost pressure?	The Authority will overspend its budget.

Description (Amount)	Adults Social Care (£0.000m in 2021/22)
How have the above amounts been calculated?	This growth requirement is expected to be needed in 2022/23 onwards and is based on estimated client population growth along with known growth pressures for 2020/21 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.
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 ((£0.462m) in 2021/22)
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, £0.462m. A voluntary £3.000m contribution was made to the Minimum Revenue Provision in 2020/21 and the return of this is included in 2023/24.
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 (£1.175m in 2021/22)
How have the above amounts been calculated?	These are the adjustments required to cover the impact of changes to utilities and other pressures coming from elections and reduced land charges income.
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 and land charges plus additional election costs in 2021/22.
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.