

2022-2026 - General Fund Budget Assumptions

Description (Amount)	General Fund Collection Fund Adjustments and Review of Strain on the Fund and Minimum Revenue Provision (£14.289m in 2022/23)
How have the above amounts been calculated?	The value in 2022/23 represents the accounting adjustments to be made in 2022/23 in respect of the General Fund Collection Fund adjustments of £15.177m. Based on in year monitoring for 2021/22 for Strain on the Fund and a revision of the MRP budgets savings of £0.388m and £0.500m respectively can be made.
What is the source of the cost pressure (e.g. increased demand, fall-out of external funding, contractual or other price increases)?	Collection fund accounting and internal review of the in-year position for 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?	n/a
More generally, what is the impact of not agreeing funding for the cost pressure?	This is not a cost pressure and is mainly the accounting adjustments needed for the collection fund

Appendix B (ii)

Description (Amount)	Provisional Settlement income changes (-£10.375m in 2022/23)
How have the above amounts been calculated?	Based on the Provisional Local Government Finance Settlement announced on 16 December 2021
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 income that forms part of the Provisional Settlement. The detailed breakdown is included in table 4 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.

Appendix B (ii)

Description (Amount)	Provisional Settlement expenditure related changes (£6.070m in 2022/23)
How have the above amounts been calculated?	Allocation of the specific grants and new burdens funding from the Provisional Local Government Finance Settlement.
What is the source of the cost pressure (e.g. increased demand, fall-out of external funding, contractual or other price increases)?	The detailed breakdown including the use of specific grants is included in table 4 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?	This is not a cost pressure it is the expenditure assumptions that follows the Provisional Settlement announcement.
Is there scope to fund this cost pressure from existing resources?	This is not a cost pressure it is the expenditure assumptions in respect of the Provisional Settlement announcement.
More generally, what is the impact of not agreeing funding for the cost pressure?	The assumptions for expenditure include utilisation of the new burdens funding which is not available to support the General Fund budget gap.

Appendix B (ii)

Description (Amount)	One-off use of historic Pension Fund Deficit (-£3.000m, Council Tax Hardship £1.520m and Increase to Contingencies £1.480m in 2022/23)
How have the above amounts been calculated?	This represents the one-off use of the historic pensions grant which has been used in prior years to make a voluntary revenue contribution to the Minimum Revenue Provision.
What is the source of the cost pressure (e.g. increased demand, fall-out of external funding, contractual or other price increases)?	This represents the one-off use of the historic pensions grant which has been used in prior years to make a voluntary revenue contribution to the Minimum Revenue Provision. For one year only, 2022/23, this is being utilised to allow the continuation of the Council Tax hardship support £1.520m and to increase the contingency by £1.480m.
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 a one-off utilisation of this funding for 2022/23 only.
More generally, what is the impact of not agreeing funding for the cost pressure?	Funding to support the continuation of the Council Tax hardship would not be available and the contingency increase to reflect the ongoing risks associated with the delivery of Children's Services, delivery of Efficiency Savings and Inflation risks.

Appendix B (ii)

Description (Amount)	Grant related changes (£0.605m in 2022/23)
How have the above amounts been calculated?	The value in 2022/23 represents the reduction in grants for Housing Benefit Admin Subsidy £0.101m and reduction in New Homes Bonus £0.504m
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)	Pay award (£1.930m in 2022/23)
How have the above amounts been calculated?	The annual pay award, £1.930m, calculation is based on an agreed pay award of 2% applied to 2021/22 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 2022/23.
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 (£3.500m in 2022/2023)
How have the above amounts been calculated?	The figures for the 2022/23 figure are based on the price increases set to be incurred on the Household and Recycling contracts. 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 2022/23)
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)	Energy Inflation (£1.300m in 2022/23)
How have the above amounts been calculated?	This cost pressure is based on potential increases in the cost of energy for 2022/23 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.
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.

Appendix B (ii)

Description (Amount)	Levies & Precepts (£0.374m in 2022/23)
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)	Care Market (£1.604m in 2022/23)
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 – 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)	Climate Change Plan (£0.100m in 2022/23)
How have the above amounts been calculated?	Initial requirement to start a targeted piece of work to support the Mayoral and Cabinet priority around Climate Change as set out in the Refreshed Our North Tyneside Plan 2021-2025
What is the source of the cost pressure (e.g. increased demand, fall-out of external funding, contractual or other price increases)?	Corporate policy change relating to the declaration of a Climate Emergency
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, new activity required to respond to the Mayoral priority on Climate change.
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 (£0.108m in 2022/23)
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, £0.108m.
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 (£1.030m in 2022/23)
How have the above amounts been calculated?	These 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 crystalise and impact the position in 2022/23.
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.