

**Analysis of potential impact on council finances from
inflationary pressures**

<p>A</p>	<p>EMPLOYEES</p> <ol style="list-style-type: none"> 1. Inflation driving higher wage demand and the National Living Wage expectations leading to significant extra costs – current year pay offer will cost circa £500k which is £300k above budget. Following year, likely to be on same scale 2. Pension valuation could be impacted by higher valuation of liabilities - could result in higher ongoing pension costs 3. Hourly/daily cost of agency staff to meet vacancies is already increasing 4. Higher turnover of staff as better pay is sought in tight labour market
<p>B</p>	<p>PREMISES</p> <ol style="list-style-type: none"> 1. Cost of maintenance will increase leading to draw on reserves or non-delivery of low priority actions 2. Utilities - fixed rate supply secured until March 23. Forecast increases for 23/24 are for a 120% increase in gas prices and 40% for electricity. Solar Canopy will reduce demand for purchased electricity 3. Business rates - likely to be frozen for 23/24
<p>C</p>	<p>TRANSPORT</p> <ol style="list-style-type: none"> 1. Significantly higher fuel costs (Ubico projection at Q1 was for an overspend of £140,000) but recent reductions in price beginning to relieve pressure 2. Significant increase in monthly hire costs for pooled fleet and Ubico fleet 3. Increase in cost of spare parts
<p>D</p>	<p>SUPPLIES AND SERVICES</p> <ol style="list-style-type: none"> 1. Inflationary increases in a range of areas including equipment, publications, computer licenses etc. 2. Potential increase in Democratic Costs depending on recommendation from Remuneration Panel
<p>E</p>	<p>THIRD PARTY PAYMENTS</p> <ol style="list-style-type: none"> 1. General inflationary pressure on a range of contracted services 2. Ubico contract sum – likely overspend as a result of inflationary pressure from employees and transport in particular 3. MRF gate fee - fallen dramatically given rise in value of recycle 4. Increased numbers of homeless clients & increasing cost of housing those clients 5. Additional cost of trying to prevent an increase in homelessness 6. Increased court costs as more council tax payers fall into arrears

F	<p>INCOME</p> <ol style="list-style-type: none"> 1. Potential squeeze on demand for discretionary services - garden waste, car parks, minor planning, building control, bulk waste collection 2. Business operating environment could lead to commercial tenants looking for rent deferral/reduction. This could potentially result in vacant units 3. Business operating environment could lead to small business closure effecting trade waste customer base 4. Increased operating cost plus reduction in customers could lead to Places Leisure looking for a further reduction in the contract management fee for Tewkesbury Leisure Centre 5. Ability to raise fees and charges in line with cost increases for the 2023/24 budget is likely to be undermined by reducing customer demand
G	<p>OTHER</p> <ol style="list-style-type: none"> 1. Treasury - potential investment benefits from increasing market rates but some pooled funds may feel a negative effect from financial conditions e.g. equity based funds 2. Treasury - borrowing need is locked in on low long term rates. Short term borrowing is not being renewed thus currently avoiding cost of increasing rates. Future capital projects may no longer be viable as a result of increased borrowing costs. 3. Increased business rate arrears and write offs - significant allowance made within retention scheme. No impact in current year but could be impact in future year if allowances exceeded or higher allowances required. 4. Increased council tax arrears and write offs could lead to collection fund deficit which will impact on the 23/24 budget 5. Council tax collection rate decreases leading to a reduction in the tax base for 23/24 6. Potential increase in Council Tax Reduction recipients thereby reducing value of tax base in future years 7. Slow down in housing growth could impact projections for tax base 8. Increased cost to replace Ubico fleet requiring additional funding in 2024 9. Increased cost of materials, labour, borrowing etc. will affect viability of projects 10. Increased demand for Council support will require additional funding to provide increased capacity in areas such as Housing and Benefits 11. Business failure in voluntary sector could add further demand on the Council 12. Potential for increased 'claimant error' on benefit claims leading to over payments 13. Slow down in recovery of historic benefit overpayments 14. Lower national tax receipts could squeeze public funding resulting in realignment of funding/priorities on a national scale 15. National policy may limit or freeze council tax raising powers