

From: Jacqueline Van Mellaerts
Sent: 20 May 2022 15:43
To: All Councillors
Cc: Senior Leadership Team; ELT - Corporate Managers
Subject: Financial Challenges

Good afternoon Councillors,

As you are aware, since the 2022/23 budget was approved on 23rd February 2022, there have been a number of national and worldwide challenging events that have and continue to take place. I wanted to reach out to you all, to highlight the ongoing challenges, not only for Brentwood Council's finances but also for our residents. I also want to outline the support that is available to our residents during these difficult times.

We are acutely aware that the Ukrainian conflict will have very real impacts on our residents, businesses and communities, and on the services we provide to them. This may well increase the concerns being raised to you by residents in your wards due to the rising cost of living and inflationary pressures i.e the significant increase in fuel and energy prices, which will bring new pressures throughout the year.

Firstly I want to assure you, that we are working closely with central government and Essex County Council in the Homes for Ukraine scheme and the various local authority subgroups by following specific guidance to ensure homes being provided by sponsors are safe and suitable accommodation. Homes are being visited by officers and our community services team are providing extra support to sponsors and our Ukrainian guests by making personal calls and sign posting where appropriate. Our Ukrainian guests are also now receiving their £200 immediate cash payments (and/or bank transfer if their UK banks have already been set up by the help of their sponsors) and our first sponsor £350 monthly payment will be made as soon as they meet all 5 accommodation and safeguarding checks following national guidance.

As stated above, the Ukrainian crisis is not the only challenge we currently find ourselves in, the cost-of-living impacts that are of particular concern are:

- **Household budgets and financial security of our residents** – Brentwood is administering the national energy rebate scheme and following my email on 25th April 2022, we are in a position to administer these payments to our Direct Debit payers and they have been receiving their £150 energy rebate directly to their bank accounts from 28th April. Our website continues to be updated with new information and our non direct debit users have been contacted and will be supported to complete an online form (ensuring personal details are kept safe and secure) to also receive their energy rebate payments. You may experience your ward residents reaching out to you for further financial support, where you can sign post them to our revenues and benefits team and our website to provide guidance and support should they be experiencing hardship.
- **Financial pressures on Brentwood Council** – The increasing rise in fuel and energy prices will increase the cost of running our own vehicle fleet

(currently budgeted at approx. £426k which included a 4% inflation pressure) and other council services/operations with heavy usage of fuel and energy (such as HRA and Asset management). It is reasonable to assume that these will now exceed forecasted assumptions for 2022/23 set budgets. In the recent spring statement we are seeing RPI inflation rising to 10.3% from 4.6% from the 2021 spending review, but this is predicted to reduce back down to 3.6% in 2023/24. We will continue to monitor these pressures and update you on the impact to our General fund and HRA throughout the year.

In addition to this, we should be mindful that the combination of rising energy and food prices will compound further pressures on many of our residents, therefore this may have implications for rent arrears, housing benefit, council tax support as well as our homelessness services (among other things).

- **Local businesses** - higher fuel and energy prices will put pressure on businesses and could have an impact on business tax revenues throughout the year.
- **Disruption to supply chains and availability of materials** - this has the potential to delay or increase the cost of our capital projects, for instance an impact on our housing development programme. However, we are not seeing a fundamental issue currently, but I am raising this as a potential risk of the future viability of projects.

Another challenging area for this year's budget cycle will be managing the expected National Living Wage (NLW) increases. Although Brentwood Council is not part of the National Joint Committee (NJC) and can currently make local decisions on pay (for 2021/22 we awarded 2%, and have budgeted a further 2% for 2022/23) we have a statutory duty to apply the NLW increase to the lower end of our pay scales. This in turn causes added pressures throughout, ensuring they remain competitive and appropriate.

Using the Local Pay Commission (LPC) forecasts the NLW is expected to increase to £10.70 by 2024 (currently £9.50 from 1st April 2022) and recently the Local Government Association (LGA) have advised that our budgeted future 2% pay awards will not be enough to meet the statutory requirements. Our HR colleagues continue to work with finance and other local authorities as well as myself to ensure we are capturing the future pressures that may arise and deliver on an appropriate strategy.

Finally although COVID restrictions have lifted within the recent months and we are finding multiple sectors are returning back to the 'new normal'. The Council has still budgeted for approximately a £960k decrease on various incomes streams, mainly parking, especially season ticket income as working from home looks set to continue. As we start to see shoppers, workers and residents potentially return to life similar to pre covid, we will be closely monitoring the impact on our economy and the subsequent impact on our finances.

What are we doing? As well as the national schemes that are being implemented for our residents and communities, internally we continue to keep the focus by monitoring, reviewing and escalating known pressures within our finances, when

they arise. As you know the finance team has been under significant pressure administrating additional support schemes, and this looks set to continue. In the meantime we continue to focus to apply ourselves to our annual accounts processes and statutory routines. However our leadership teams are and will be engaged throughout the course of the year to manage and deliver within existing budgets as well as working closely with the administration to overcome the challenges highlighted above.

It is important for me to update you on the current financial challenges we continue to face as an organisation and I will continue to do so throughout the year and through the appropriate committees.

If you have any concerns or queries please do feel free to reach out to me or my colleagues to assist.

Many Thanks

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Brentwood Borough Council
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