

## Appendix 1

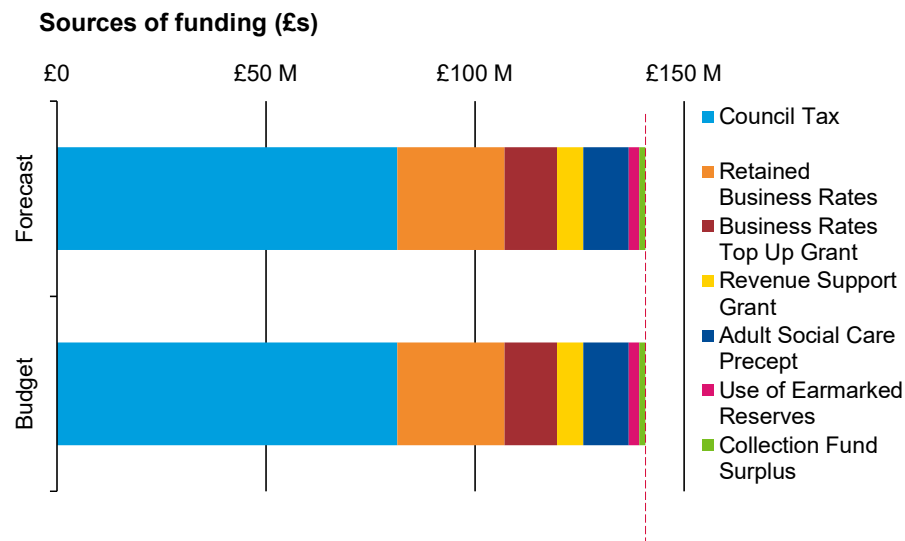
### Budget Monitoring & Reporting 2022/2023

#### Period 06 - September 2022 Revenue Budget Performance



## Summary

Last Reported Variance £M	Portfolio	Revised Budget £M	Forecast Outturn £M	Variance £M
0.367	Leader: Corporate Matters and Performance Delivery	20.089	20.337	0.248
1.261	Deputy Leader (May-Oct): Environment, Culture and Tourism	11.359	12.398	1.039
2.253	Deputy Leader (Nov-May): Public Protection	14.423	16.011	1.588
2.178	Adult Social Care & Health Integration	45.708	48.389	2.681
0.792	Asset Management and Inward Investment	4.343	5.007	0.664
6.619	Children and Learning and Inclusion	33.801	40.291	6.490
(0.229)	Economic Recovery, Regeneration and Housing	3.587	2.857	(0.730)
1.242	Highways, Transport and Parking	0.922	1.946	1.024
<b>14.483</b>		<b>134.232</b>	<b>147.236</b>	<b>13.004</b>
0.000	Corporate Budgets	20.411	20.411	0.000
<b>14.483</b>		<b>154.643</b>	<b>167.647</b>	<b>13.004</b>
0.000	Contribution to / (from) earmarked reserves	(1.641)	(1.641)	0.000
0.000	Revenue Contribution to Capital	0.418	0.418	0.000
0.000	Non Service Specific Grants	(12.679)	(13.579)	(0.900)
<b>14.483</b>	<b>TOTAL</b>	<b>140.741</b>	<b>152.845</b>	<b>12.104</b>
0.000	Funding (including Collection Fund)	(138.241)	(138.241)	0.000
0.000	Planned contributions from reserves	(2.500)	(2.500)	0.000
<b>14.483</b>		<b>0.000</b>	<b>12.104</b>	<b>12.104</b>



It has been quite a turbulent series of events nationally, since our Period 4 Monitoring Report was developed at the end of July 2022. It began with the sad passing of Her Majesty, Queen Elizabeth II who was Britain's longest serving monarch. For over 70 years her dedication to public duty was recognised with huge respect and tributes which celebrated her life and contribution. Powerful messages and positive testimonials from right across the country and the rest of the world were shared.

A new Prime Minister was unveiled, a new Chancellor was appointed and a mini-budget was announced. The reaction from the Financial Markets and the response from the Bank of England resulted in the removal of the new Chancellor after only 38 days in the role. A new Chancellor was then appointed, who effectively reversed the majority of the mini-budget's economic growth tax cutting policy intentions and then the resignation of the Prime Minister followed, after only 44 days in post. A new Prime Minister was confirmed on 25th October. An unprecedented sequence of events, against the backdrop of huge international economic challenges, the war in Ukraine, massive increases in energy prices, Government borrowing at an all time high, inflation running at over 10% and increasing interest rates.

From a public sector (and Southend-on-Sea) perspective, we have become accustomed to dealing with uncertainty and responding to a crisis, but the current combination of factors, together with the significant increasing of local demand (fuelled by post pandemic and 'cost of living' concerns) is creating financial and sustainability pressures at levels never experienced by the sector before. More challenging than the aftermath of the financial crash and the 'austerity years' that followed from 2010. Grant Thornton published a press release in September 2022, suggesting that 1 in 6 Local Authorities could run out of cash in 2023/24. The new Chancellor has not announced a Comprehensive Spending Review for Local Government but originally committed to releasing a 'Fiscal Statement' on 31st October 2022. It has now been confirmed that this Statement has been delayed until 17th November 2022. The content of this Statement and supporting information should provide some insight into Central Government's future 'tax, spending and borrowing' plans, particularly for 2023/24.

Southend-on-Sea's financial position and forecast outturn for 2022/23 remains a major concern despite the forecast improvement from Period 4 to Period 6 of around £2.3M. To reduce our revised forecast overspending of £12.104 million further will require some very difficult choices and decisions to be made now and in the future. This report provides an insight into the key spending pressures that are continuing and what action is being taken. A positive is the estimated £900,000 net additional grant that we have received from the Government to help support our local response to the Ukrainian and Afghanistan refugee crisis. The costs associated with our local support for these people are included across the range of Council Services.

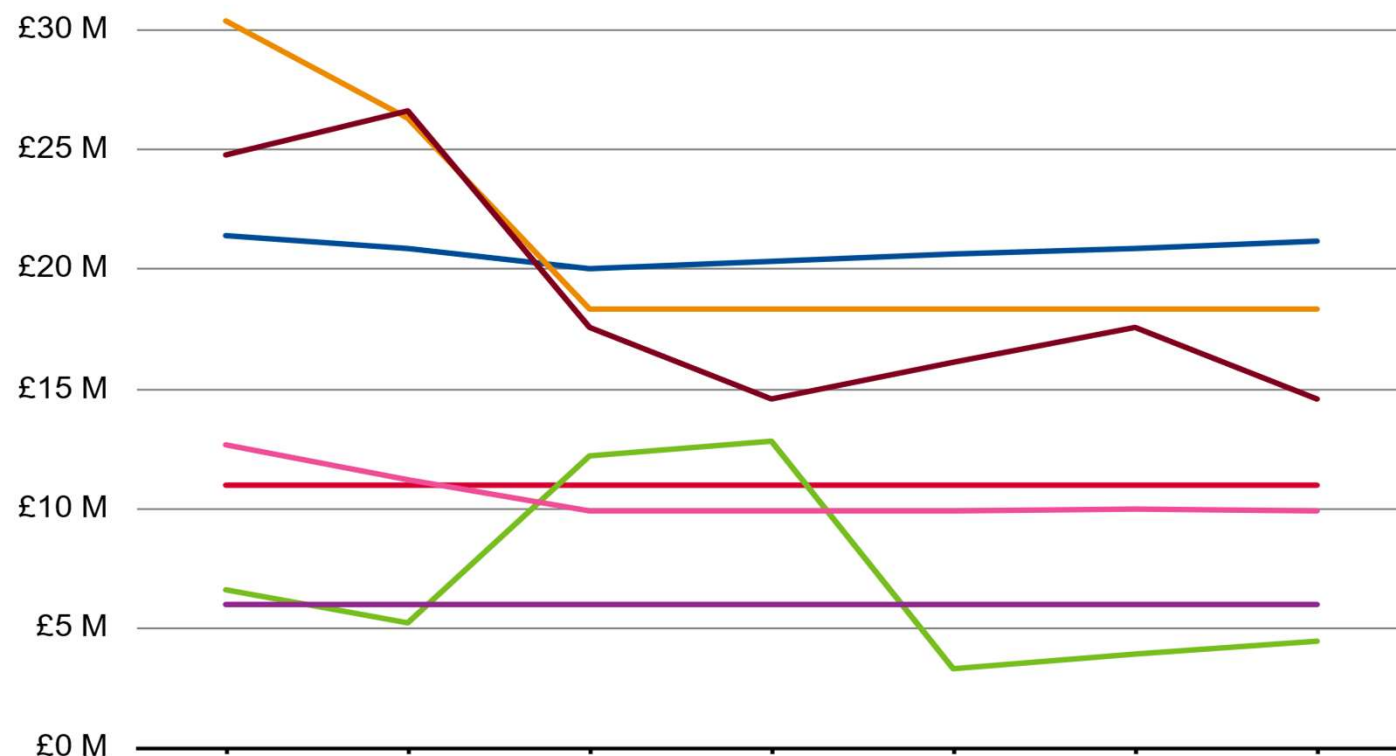
Work is continuing to try and improve the Council's financial position and an updated Period 8 forecast outturn report will be presented to Cabinet in January 2023.

## Reserves

The Council maintains General Fund reserves at £11.0M in line with the Medium Term Financial Forecast. This provides a working cashflow balance and allows a degree of financial security in the case of unexpected events or emergencies.

In addition, Earmarked Reserves are set aside to fund future projects and to mitigate specific risk. The level of these reserves will fluctuate as grants are received, risk is realised and projects progress.

The fall in grant and service reserve balances from 2020-21 to 2022-23 broadly reflects the use of additional funding received in relation to COVID-19. The forecast outturn for 2022/23 has not been reflected in our Reserves position at this time.

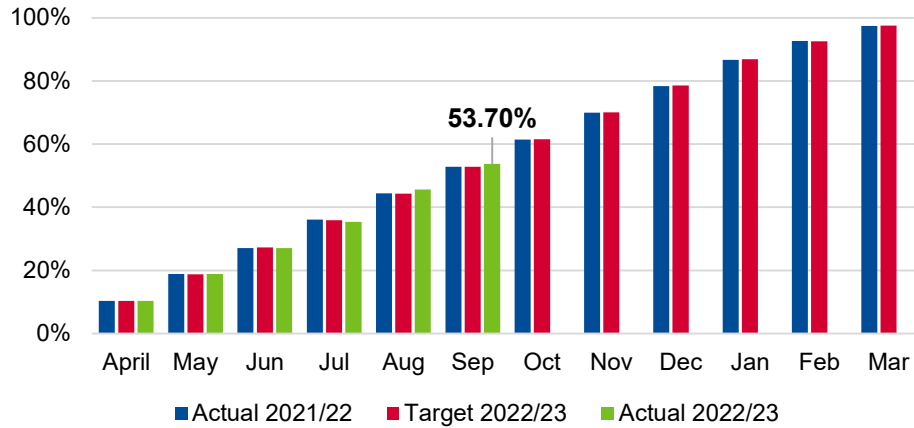


Reserves in £M	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27
General Reserves	11.0	11.0	11.0	11.0	11.0	11.0	11.0
Capital Reserves	6.6	5.2	12.2	12.8	3.3	3.9	4.5
Corporate Reserves	21.4	20.9	20.0	20.3	20.6	20.9	21.2
Grant Reserves	30.4	26.3	18.3	18.3	18.3	18.3	18.3
Insurance Reserves	6.0	6.0	6.0	6.0	6.0	6.0	6.0
Service Reserves	12.7	11.2	9.9	9.9	9.9	10.0	9.9
Technical Reserves*	24.8	26.6	17.6	14.6	16.1	17.6	14.6
	<b>112.9</b>	<b>107.2</b>	<b>95.0</b>	<b>92.9</b>	<b>85.2</b>	<b>87.7</b>	<b>85.5</b>

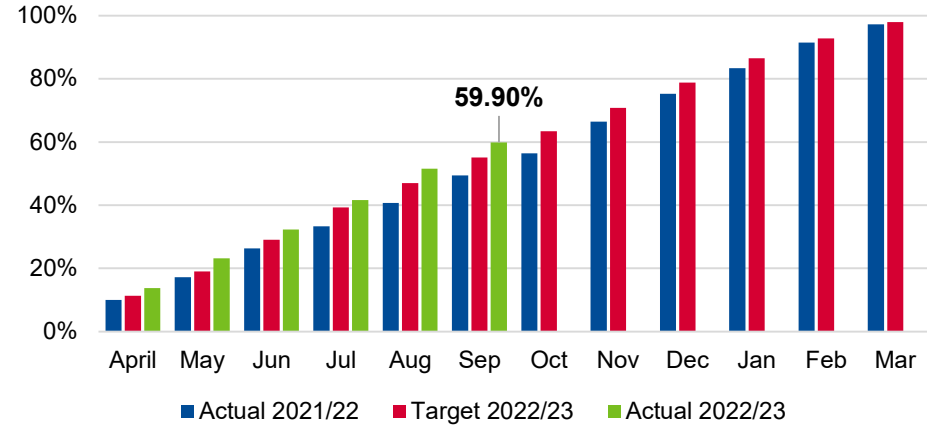
\* Technical Reserves are held to even out the Council's finances and reduce in year volatility

# Collection Rates

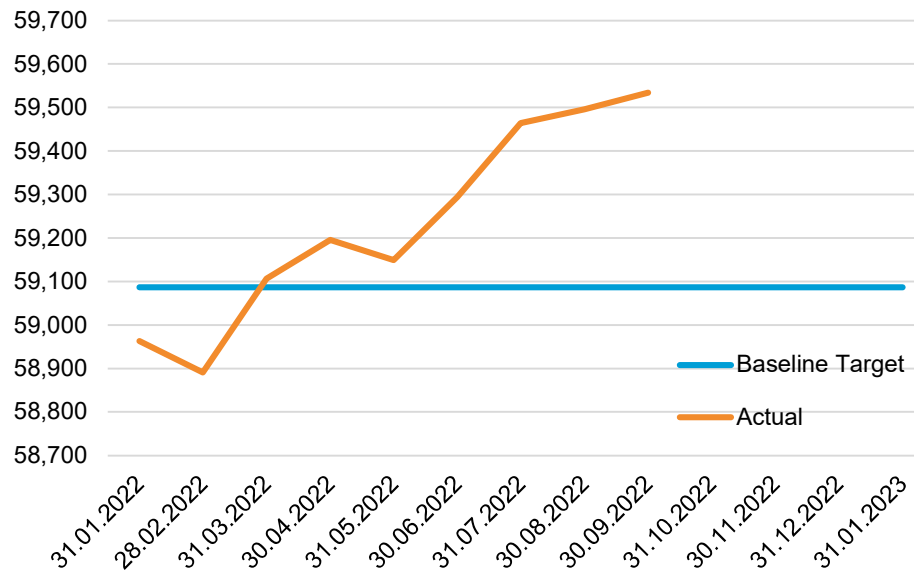
## Council Tax Collection



## Business Rates Collection



## Council Tax Base



The Council Tax Base has increased by circa 448 Band D equivalents since the baseline was set for this financial year. This is primarily due to 225 additional properties added, an increase of 55 since we last reported in July 2022. The decrease of the Council Tax Reduction (CTR) that is applied to accounts continues, with the caseload now nearing a pre-Covid position.

Council Tax collection is 0.9% (£1.004M) above target for the current year and 2.9% (£0.287M) lower than target for arrears.

Business rates in year collection is 4.8% (£1.934M) above target & arrears 4.6% (£0.132M) below target.

## Leader: Corporate Matters and Performance Delivery

**7.35%**

of Total Gross Revenue  
Service Budget

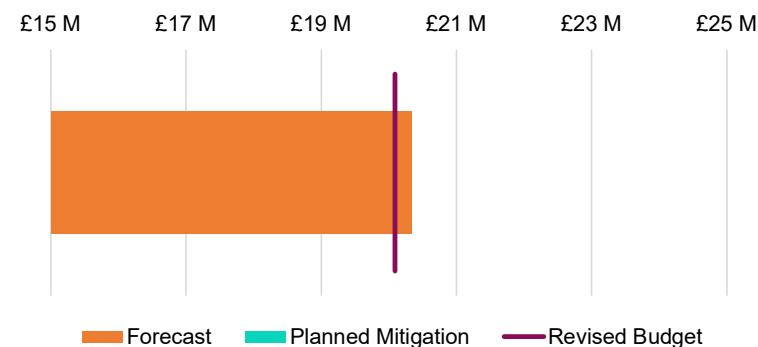
**£0.2M**

Forecast Adverse Variance

**1.23%**

Variance as % of Net Portfolio  
Service Budget Envelope

Last Reported Variance £M	Service Area	Revised Budget £M	Forecast Outturn £M	Variance £M
(0.054)	Audit	0.781	0.701	(0.080)
0.026	Civic Affairs	0.965	1.011	0.046
(0.200)	Corporate Budget and Resources Planning	0.618	0.418	(0.200)
(0.050)	Corporate Planning and Strategic Direction	3.083	2.977	(0.106)
0.028	Council Tax and Business Rates	0.358	0.189	(0.169)
(0.101)	Customer Contact	1.711	1.607	(0.104)
0.350	Digital and Technology	4.192	4.523	0.331
0.003	Emergency Planning	0.229	0.213	(0.016)
0.092	Human Resources	1.921	2.188	0.267
(0.186)	Learning and Workforce Development	0.908	0.720	(0.188)
0.186	Legal Services, Land Charges & Democratic Services	2.101	2.295	0.194
0.124	Other Services	1.034	1.158	0.124
0.149	Performance Delivery	2.188	2.337	0.149
<b>0.367</b>		<b>20.089</b>	<b>20.337</b>	<b>0.248</b>
0.531	Gross Expenditure	24.420	24.880	0.460
(0.164)	Gross Income	(4.331)	(4.543)	(0.212)
<b>0.367</b>		<b>20.089</b>	<b>20.337</b>	<b>0.248</b>



The forecast includes an estimated pay award pressure of £346,000 based on the National Employers current offer for 2022.

The position being forecast for Council Tax and Business Rates has improved due to receipt of new burdens funding (£95,000) for administering the Council Tax Energy Rebate of £150, the costs of which were included in the Period 4 forecast, and a reduction in the fee charged for court summons, from £3.00 to 50p, estimated to be a benefit of £25,000. Alongside this the level of income received for court fees has improved, in Period 4 a shortfall of £30,000 was forecast and we are now estimating a surplus of £55,000.

The financial benefit of the decision to implement a recruitment freeze for all non-critical staff means the forecast underspends on staffing vacancies have increased, this is reflected in changes to the expected underspends in Audit, Corporate Planning & Strategic Direction, Customer Contact and Emergency Planning.

The forecast variance on Human Resources has increased due to the costs of delivering work where the income of £155,000 has been fully recognised in the previous financial year. This is a one-off pressure.

The expected pressure on Civic Affairs has risen by £20,000 due to an increase in the number of Mayoral visits taking place and the associated Chauffeur related costs. Overall the financial performance of this portfolio of services has improved slightly from Period 4's forecast.

## Deputy Leader (May-Oct): Environment, Culture and Tourism

**5.00%**

of Total Gross Revenue  
Service Budget

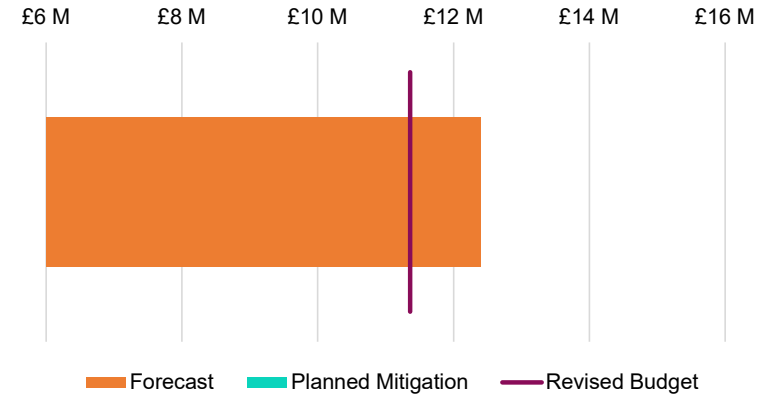
**£1.0M**

Forecast Adverse Variance

**9.15%**

Variance as % of Net Portfolio  
Service Budget Envelope

Last Reported Variance £M	Service Area	Revised Budget £M	Forecast Outturn £M	Variance £M
0.000	All matters relating to trees, plants, grass verges and other flora	0.559	0.434	(0.125)
0.033	Climate Change, Renewable energy and Energy Saving	0.095	0.150	0.055
0.025	Marketing (Place Branding/Tourism)	0.334	0.436	0.102
0.596	Museums and Galleries, Theatres and Libraries	4.087	4.718	0.631
0.483	Parks and Open Spaces, Grounds Maintenance	4.663	4.937	0.274
0.256	Pier and Foreshore	0.414	0.704	0.290
(0.318)	Planning Policy and Planning Control, Building Control	0.923	0.509	(0.414)
0.019	Sea and Foreshore Defences	0.401	0.461	0.060
0.166	Sport Development	(0.117)	0.049	0.166
<b>1.260</b>		<b>11.359</b>	<b>12.398</b>	<b>1.039</b>
1.525	Gross Expenditure	16.624	17.882	1.258
(0.265)	Gross Income	(5.265)	(5.484)	(0.219)
<b>1.260</b>		<b>11.359</b>	<b>12.398</b>	<b>1.039</b>



The forecast includes an estimated pay award pressure of £253,000 based on the National Employers current offer for 2022.

£659,000 of the reported overspend is driven by utility costs (across Museums and Galleries, Theatres and Libraries and Pier and Foreshore) where it is anticipated that electricity prices will be double the 2021/22 actual costs and gas will be treble the 2021/22 actual costs. There are also pressures from the cost of the water fountains on the seafront and the revenue cost of maintaining ageing assets such as the Cliff Lift.

There is a £154,000 overspend arising from the under recovery of income on the Fusion contract this financial year. Cabinet approved the reprofiling of this income, to now be received in 2023/24.

Maintenance works to trees on the highway is £125,000 lower than anticipated, although any potential storms through the winter may result in a surge in tree maintenance costs.

The Parks and Grounds Maintenance services are experiencing inflationary pressures of approximately £230,000 for fuel and utilities, as well as a reduction in income from 3rd parties and an increase in vehicle and machine hiring costs however some of this is being offset by holding staffing vacancies.

A number of large Building Control and Development Control fees have been received by the department in the first 6 months of the year which will require work throughout the remainder of 2022/23. Some additional resource may be required to support the processing and delivery of the applications due to their complexity. This additional income is the main contributing factor behind the slightly improved forecast outturn now being reported.



## Deputy Leader (Nov-May): Public Protection

**5.60%**

of Total Gross Revenue  
Service Budget

**£1.59M**

Forecast Adverse Variance

**11.01%**

Variance as % of Net Portfolio  
Service Budget Envelope

Last Reported Variance £M	Service Area	Revised Budget £M	Forecast Outturn £M	Variance £M
0.906	Cemeteries, Crematoria and Bereavement Services	(1.616)	(1.064)	0.552
(0.050)	Cleansing of highways and public realm	1.821	1.735	(0.086)
0.093	Closed Circuit Television	0.489	0.603	0.114
0.009	Community Safety	0.917	0.857	(0.060)
0.000	Public Toilets	0.532	0.542	0.010
0.008	Registration Services	(0.086)	(0.056)	0.030
0.063	Regulatory services	1.214	1.219	0.005
0.002	Town Centre Management	0.130	0.133	0.003
1.222	Waste collection, disposal, management, recycling & sanitation	11.022	12.042	1.020
<b>2.253</b>		<b>14.423</b>	<b>16.011</b>	<b>1.588</b>
1.442	Gross Expenditure	18.614	19.700	1.086
0.811	Gross Income	(4.191)	(3.689)	0.502
<b>2.253</b>		<b>14.423</b>	<b>16.011</b>	<b>1.588</b>



The forecast includes an estimated pay award pressure of £92,000 based on the National Employers current offer for 2022.

The cremators at the crematorium are due to be refurbished towards the end of 2022. Significant work has been undertaken to review the planning of this work in order to minimise disruption to our service offer and to reduce the impact on income that could be generated (forecasting an income shortfall of £270,000 for the year). The revised programme is estimated to minimise the income loss predicted at Period 4 and is the major reason behind the improved forecast outturn at Period 6. The service continues to be significantly affected by the increase in utility costs and an estimated pressure of around £170,000 is forecast by the end of the financial year.

Household waste tonnage levels increased during the pandemic and have generally remained at those levels throughout 2022/23 so far. Increased residual waste volumes come with an increased cost, unlike recycling tonnage and it is estimated that the financial implication of this will be approximately £1.0M this year. There has been an estimated improvement from Period 4 but this is a particularly volatile and difficult area to predict. The importance to encourage all residents and businesses to do more to recycle and minimise the levels of residual waste remains a major priority.



## Adult Social Care & Health Integration

**25.88%**

of Total Gross Revenue  
Service Budget

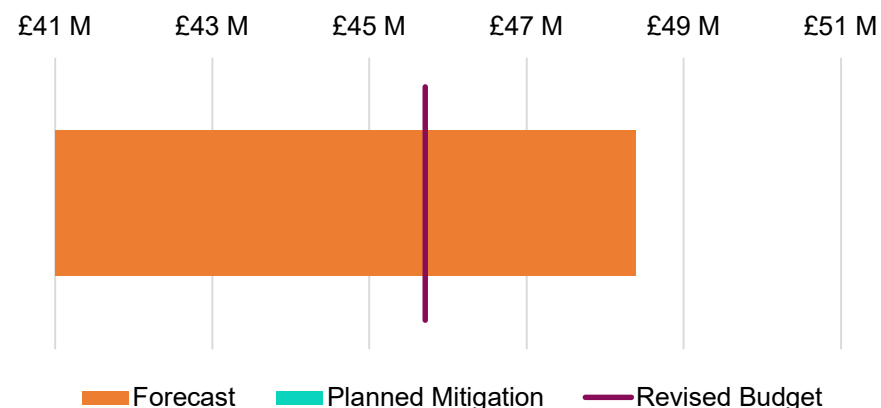
**£2.7M**

Forecast Adverse Variance

**5.87%**

Variance as % of Net Portfolio  
Service Budget Envelope

Last Reported Variance £M	Service Area	Revised Budget £M	Forecast Outturn £M	Variance £M
1.434	Adult Social Care	35.268	37.363	2.095
(0.005)	Commissioning	5.543	5.494	(0.049)
0.742	Mental Health Services	4.469	5.098	0.629
0.000	Public Health	0.223	0.223	0.000
0.000	Community Cohesion and community assets	0.016	0.016	0.000
0.001	Drugs and Alcohol Service	0.000	0.000	0.000
0.006	Domestic Abuse (Social Aspects)	0.189	0.195	0.006
<b>2.178</b>		<b>45.708</b>	<b>48.389</b>	<b>2.681</b>
1.439	Gross Expenditure	86.025	87.619	1.594
0.739	Gross Income	(40.317)	(39.230)	1.087
<b>2.178</b>		<b>45.708</b>	<b>48.389</b>	<b>2.681</b>



The forecast includes an estimated pay award pressure of £274,000 based on the National Employers current offer for 2022.

The financial pressure previously highlighted at Period 4 has increased by an estimated £500,000, due to an updated assessment of the forecast cost of care packages for 2022/23. This equates to an estimated £2.1M overspend for the year, which is being driven by statutorily required levels of care and support for our residents.

The forecast cost of placements where a person has transitioned from Children's Services or an Educational placement is also contributing a further pressure of around £600,000. There are however some positive indications that this cost pressure can be reduced through earlier interventions by operational colleagues and work continues to ensure that the forecast is as robust as it can be and this will be kept under regular review.

Inflationary pressures from the market also continue to drive up average placement costs in residential settings in particular as a result of the cost of living crisis. Other cost pressures include increased demand following the pandemic, we are experiencing more complex cases and thus more costly packages are now being required. Finally there were some savings proposals originally built into the 2022/23 budget which are now not forecast to be delivered this financial year, this is contributing a further £250,000 pressure. The worsening financial performance and increased demand pressure from Period 4 on this core statutory service area is a major concern.

# Asset Management and Inward Investment

**2.83%**

of Total Gross Revenue  
Service Budget

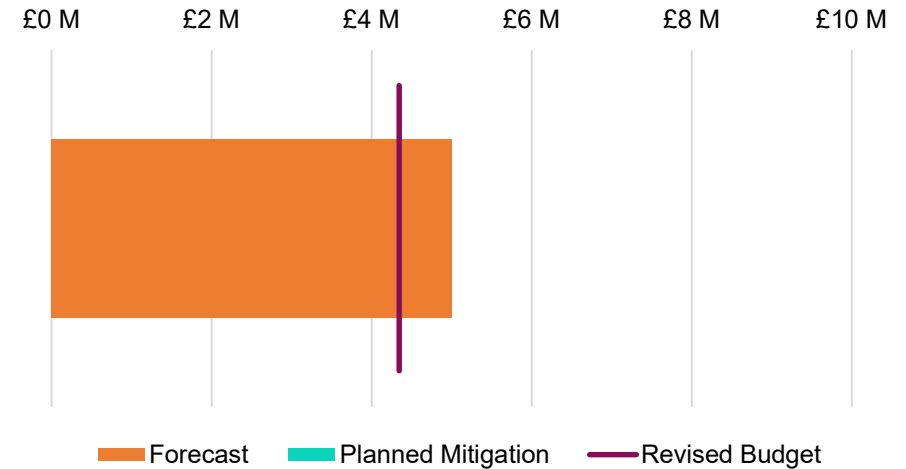
**£0.7M**

Forecast Adverse Variance

**15.29%**

Variance as % of Net Portfolio  
Service Budget Envelope

Last Reported Variance £M	Service Area	Revised Budget £M	Forecast Outturn £M	Variance £M
(0.091)	Asset Management	0.677	0.434	(0.243)
0.016	Corporate Procurement	1.001	1.004	0.003
0.192	Financial Services (including Insurance etc.)	2.567	2.753	0.186
0.000	Home to School Transport Contract	1.438	1.438	0.000
0.675	Property and Commercial	(1.340)	(0.622)	0.718
<b>0.792</b>		<b>4.343</b>	<b>5.007</b>	<b>0.664</b>
1.606	Gross Expenditure	9.415	10.878	1.463
(0.814)	Gross Income	(5.072)	(5.871)	(0.799)
<b>0.792</b>		<b>4.343</b>	<b>5.007</b>	<b>0.664</b>



The forecast includes an estimated pay award pressure of £124,000 based on the National Employers current offer for 2022.

The financial benefit of the decision to implement a recruitment freeze for all non-critical staff means the forecast underspend on staffing vacancies has increased within the Asset Management team.

The pressure in Property and Commercial has increased due to the recognition of Business Rates and other continued costs associated with sites which are no longer operational, e.g. Delaware House and Avro Viking Centre. Overall this portfolio of services are showing an improvement in their financial performance, compared to what was reported at Period 4.

## Children and Learning and Inclusion

**29.79%**

of Total Gross Revenue  
Service Budget

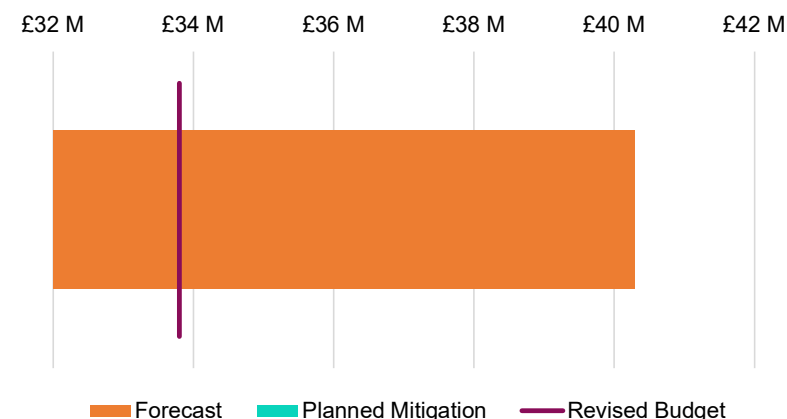
**£6.5M**

Forecast Adverse Variance

**19.20%**

Variance as % of Net Portfolio  
Service Budget Envelope

Last Reported Variance £M	Service Area	Revised Budget £M	Forecast Outturn £M	Variance £M
0.000	Adult and Community Learning	0.069	0.069	0.000
0.335	Children with a special educational need and disability (SEND)	2.466	2.810	0.344
0.002	Children's Safeguarding	0.079	0.080	0.001
6.201	Children's Services	25.316	31.575	6.259
0.105	Family Centre, Early Years and Childcare	2.188	2.179	(0.009)
(0.020)	Schools, Education and Learning	1.189	1.068	(0.121)
(0.030)	Youth and Connexions	0.945	0.942	(0.003)
0.025	Youth Offending Service	1.549	1.568	0.019
<b>6.618</b>		<b>33.801</b>	<b>40.291</b>	<b>6.490</b>
7.420	Gross Expenditure	99.042	106.163	7.121
(0.802)	Gross Income	(65.241)	(65.872)	(0.631)
<b>6.618</b>		<b>33.801</b>	<b>40.291</b>	<b>6.490</b>



The forecast includes an estimated pay award pressure of £366,000 based on the National Employers current offer for 2022.

The financial forecast pressure continues as highlighted in the Period 4 report to end of July 2022, and has remained broadly the same forecast position for Period 6 to the end of September 2022.

In addition to the expected increase in External Foster Care Placements the opening periods of 2022/23 have also seen further reliance on Residential Care Placements, including some very new and high cost complex placements. The external residential care market is also short of supply and this is increasing the prices paid by all local authorities for the price of Residential Care, a problem being experienced nationwide.

There are also some very high cost and complex placements within the Care Leaver provision, where these cases have transitioned from previous Residential Care placements.

Placement costs are the main causes of this overspend. Work is being undertaken to seek to reduce these costs where possible and safe for the child, including working with Health where a child's needs can meet assessment for Health Contributions.

Work continues on building and sustaining capacity within the Inhouse foster care provision and to engage regionally with the risks to the costs of the Care Market.

Other financial pressures within Children Services for 2022/23 are present, and this includes continued reliance on temporary agency staff to cover critical social work or operational posts. There are also smaller pressures on Unaccompanied Asylum Seeking Children placements where the young adults have now turned 18 and Home Office support funding reduces and the cost of placements supporting children with disabilities.

# Economic Recovery, Regeneration and Housing

**19.89%**

of Total Gross Revenue  
Service Budget

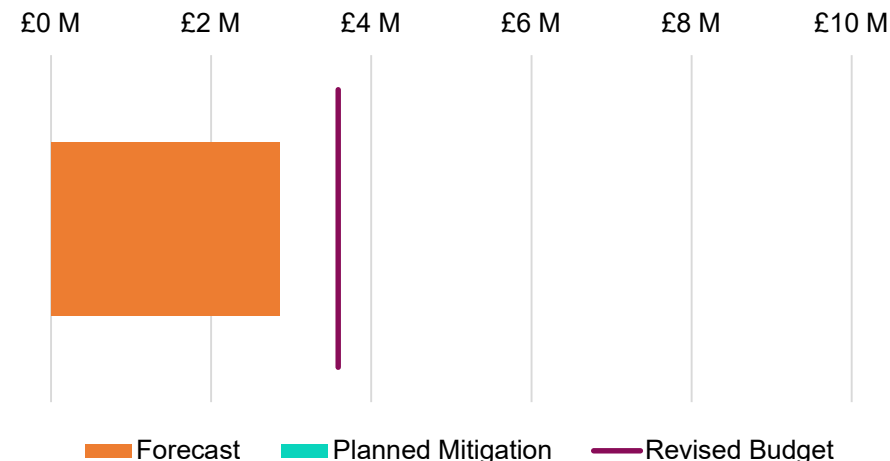
**(£0.7M)**

Forecast Favourable Variance

**-20.35%**

Variance as % of Net Portfolio  
Service Budget Envelope

Last Reported Variance £M	Service Area	Revised Budget £M	Forecast Outturn £M	Variance £M
(0.100)	Homelessness and Rough Sleeping	0.360	(0.058)	(0.418)
(0.085)	Housing Benefit	1.625	1.467	(0.158)
0.042	Housing Management	0.070	0.095	0.025
(0.057)	Housing Strategy	0.459	0.380	(0.079)
(0.025)	Private sector housing standards and grants	0.530	0.487	(0.043)
0.000	Queensway Development	0.000	0.000	0.000
(0.003)	Regeneration and Business Growth	0.543	0.486	(0.057)
<b>(0.228)</b>		<b>3.587</b>	<b>2.857</b>	<b>(0.730)</b>
(0.121)	Gross Expenditure	66.128	66.278	0.150
(0.107)	Gross Income	(62.541)	(63.421)	(0.880)
<b>(0.228)</b>		<b>3.587</b>	<b>2.857</b>	<b>(0.730)</b>



The forecast includes an estimated pay award pressure of £136,000 based on the National Employers current offer for 2022.

The financial benefit of the decision to implement a recruitment freeze for all non-critical staff means the forecast underspends on staffing vacancies within Housing Benefit have increased by £50,000. There is also some additional income expected from charges to Essex County Council for administration of their Essential Living Fund.

A number of positions in the housing team have been difficult to fill and as a result there are underspends within the service due to the issues surrounding recruitment. Some agency staff have been brought in to backfill roles where appropriate but a number of these roles have now been appointed to permanently in-year. The biggest financial improvement from the Period 4 report has been the confirmation of the use of the Homelessness Prevention Grant to directly fund a proportion of core base budget staffing for 2022/23. Despite significant pressure on this portfolio of services, they are continuing to make a vital contribution to reducing the overall forecast overspend for the Council in 2022/23.

## Highways, Transport and Parking

**3.66%**

of Total Gross Revenue  
Service Budget

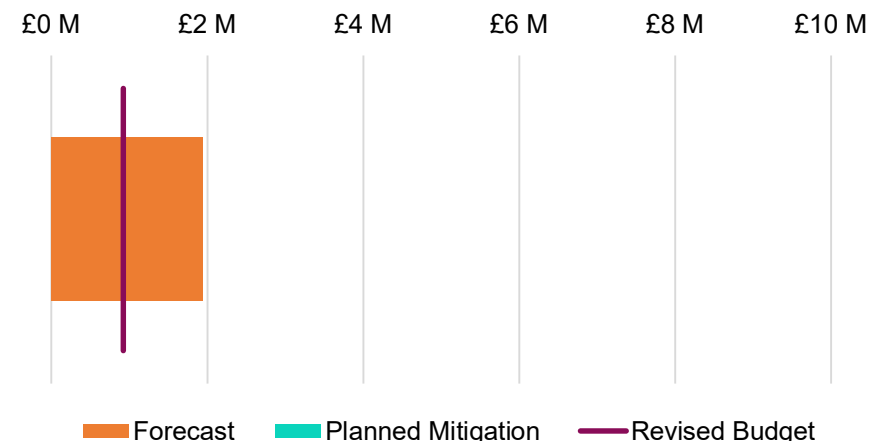
**£1.0M**

Forecast Adverse Variance

**111.06%**

Variance as % of Net Portfolio  
Service Budget Envelope

Last Reported Variance £M	Service Area	Revised Budget £M	Forecast Outturn £M	Variance £M
0.389	Car parks and all car parking matters	(7.601)	(7.148)	0.453
0.000	Concessionary Fares	2.939	2.789	(0.150)
0.000	Engineering (Bridges and Structures)	0.051	0.041	(0.010)
0.580	Highways (including maintenance)	3.819	4.446	0.627
0.019	Highways and Transport	(0.344)	(0.379)	(0.035)
(0.005)	Passenger Transport / Vehicle Fleet	0.328	0.386	0.058
0.152	Public Transport	0.072	0.192	0.120
0.108	Transport (including Transport Policy and Licensing)	1.658	1.619	(0.039)
<b>1.243</b>		<b>0.922</b>	<b>1.946</b>	<b>1.024</b>
1.243	Gross Expenditure	12.170	13.272	1.102
0.000	Gross Income	(11.248)	(11.326)	(0.078)
<b>1.243</b>		<b>0.922</b>	<b>1.946</b>	<b>1.024</b>



The forecast includes an estimated pay award pressure of £91,000 based on the National Employers current offer for 2022.

Parking income remains on target this year, in part due to the warm dry weather we have experienced which has brought tourists and residents to our beaches. The transition to payments by phone and card instead of cash continues to increase. These significant volume changes began just after the pandemic and these transaction methods are resulting in additional card processing costs. Security costs at the University Square car park also continue to bring a budget pressure.

The majority of the pressure in Highways (including maintenance) relates to the utility costs for street lighting. We undertook a significant conversion programme to LED which has reduced the amount of energy consumed otherwise this pressure would have been even greater.

Security and utilities costs continue to bring cost pressures at the Travel Centre in Chichester Road and the impact of this is currently under review.

Concessionary Fares payments are based on actual usage and due to the reduction in journeys post-pandemic our financial contribution is now forecast to reduce. This analysis has now been completed for Period 6 and is a significant contribution to the slightly improved forecast outturn now being reported for 2022/23.

## Housing Revenue Account

**£0.3M**

Forecast Adverse Variance

**1.1%**

Variance as % of Gross Operating Expenditure

Last Reported Variance £M	Service Area	Revised Budget £M	Forecast Outturn £M	Variance £M
0.500	Gross Expenditure	27.908	27.908	0.000
0.300	Gross Income	(30.447)	(30.147)	0.300
<b>0.800</b>	<b>NET OPERATING EXPENDITURE</b>	<b>(2.539)</b>	<b>(2.239)</b>	<b>0.300</b>
0.000	Revenue Contribution to Capital	8.309	8.309	0.000
(0.800)	Contribution to / (from) Earmarked Reserves	(5.770)	(6.070)	(0.300)
<b>0.000</b>	<b>TOTAL</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>

HRA Reserves 2022/23	Opening Balance	Forecast Movement	Closing Balance
Capital Investment Reserve	25.3	(8.0)	17.3
Major Repairs Reserve	8.0	4.1	12.0
Repairs Contract Pension Reserve	0.7	0.1	0.8
HRA Reserve	3.5	0.0	3.5
<b>HRA Reserves Total</b>	<b>37.5</b>	<b>(3.9)</b>	<b>33.6</b>

Inflationary pressures being experienced within the construction sector are escalating to unprecedented levels right across the UK, the south east of England is being particularly adversely affected. This is compounded by declining availability of materials and the shortage of specialist skills.

All contractors and key suppliers delivering services to South Essex Homes have been forced to respond to these market forces and in order to maintain services at a viable level have increased their charges accordingly. Another major challenge is that due to the current climate the market for repairs and maintenance contractors nationally is shrinking with procurement of new arrangements receiving either no bids being submitted or bids being inflated to unprecedented high levels.

We have an obligation to ensure people are kept safe, receive the support they need, and to discharge our statutory and regulatory obligations in a climate where financial resources continue to be pressurised. As reported at Period 4 it is anticipated that the inflation pressure on our repairs and maintenance contract will be approximately £0.5M higher in 2022/23. This budget increase to £27.908M was agreed as part of the Period 4 report and this will be funded from HRA reserves. Analysis of all requirements will continue in an attempt to assess if any reductions to the programme can be made without compromising the safety of our tenants and ensure that we continue to meet our statutory requirements.

The outstanding £0.3M pressure is in respect of the anticipated rent loss on a number of void properties, mainly at Queensway. This forecast is based on the properties that are currently void in Queensway, and it is likely to increase as tenants move out and we continue to hold them vacant as we prepare for the new major development. Significant pressures relating to energy costs incurred by South Essex Homes, in effect on behalf of our tenants has also been highlighted. A separate report elsewhere on this Cabinet agenda will consider the implications of this. Some pressures are also emerging around rent and service charge collection rates, given the cost of living pressures on tenants. South Essex Homes are continuing to provide advice and support wherever possible.