

WIRRAL COUNCIL

CABINET

9 DECEMBER 2010

REPORT OF THE DIRECTOR OF FINANCE

PROVISION FOR INFLATION 2011-12

1. EXECUTIVE SUMMARY

- 1.1. A decision is required on the provision for inflation to be included in the budget for 2011-12.

2. PAY INFLATION

- 2.1. The Government has indicated that the provision being made for public service pay awards for 2011-12 and 2012-13 will be, for each year, £250 per annum for those employees earning less than £21,000 per annum and nothing for those earning above £21,000. The estimated cost of this provision is £1m.

3. PRICE INFLATION

- 3.1. There are four options which could be considered for price inflation:-
 - a. Zero – Following reductions in Government grants the financial position of the Authority is such that any provision for inflation will only result in additional reductions in service provision and employment. Chief Officers would be required to contain expenditure within the existing budget. For the reasons stated, this is the recommendation for 2011-12.
 - b. Government long term inflation assumption of 2% - This is the assumption used to date in the budget projections and would cost £4.2m.
 - c. Consumer Price Index (CPI) of 3.1% - Each 1% provision for price inflation will cost an additional £2.1m.
 - d. Retail Price Index (RPI) of 4.6%.

4. INCOME INFLATION

- 4.1. Income from fees and charges has traditionally been increased by 3% per annum, except where the Cabinet has agreed a variation. This increase equates to £1m.

5. FINANCIAL IMPLICATIONS

- 5.1. The effect of these increases will be included in service budgets for 2011-12.

6. STAFFING IMPLICATIONS

6.1. There are none arising from this report.

7. COMMUNITY SAFETY IMPLICATIONS

7.1. There are none arising from this report.

8. HUMAN RIGHTS IMPLICATIONS

8.1. There are none arising from this report.

9. EQUAL OPPORTUNITY IMPLICATIONS

9.1. There are none arising from this report.

10. LOCAL AGENDA 21 IMPLICATIONS

10.1. There are none arising from this report.

11. PLANNING IMPLICATIONS

11.1. There are none arising from this report.

12. LOCAL MEMBER SUPPORT IMPLICATIONS

12. There are none arising from this report.

13. BACKGROUND PAPERS

13.1. None were used in the preparation of this report.

14. RECOMMENDATIONS

14.1. That provision be made for pay awards in line with the Government recommendation.

14.2. That no provision be made for price inflation.

14.3. That income budgets be increased by 3%.

IAN COLEMAN
DIRECTOR OF FINANCE