

REFERRALS TO COUNCIL

CABINET – 3 NOVEMBER 2011

MINUTE 175 - PROVISION FOR INFLATION 2012-13

The Deputy Chief Executive/Director of Finance reported that a decision was required on the provision for inflation to be included in the budget for 2012-13.

The Government had indicated that the provision being made for public service pay awards for 2012-13 would be £250 per annum for those employees earning less than £21,000 per annum and nothing for those employees earning above £21,000. The estimated cost to the Council of this provision was £1m.

The Deputy Chief Executive/Director of Finance set out the 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 was the recommendation for 2012-13.
- (b) Government long term inflation assumption of 2% - This was the assumption used to date in the budget projections and would cost £4.2m.
- (c) Consumer Price Index (CPI) of 5.2% - This would cost £10.9m.
- (d) Retail Price Index (RPI) of 5.6% - This would cost £11.8m.

The Deputy Chief Executive/Director of Finance reported that income from fees and charges had traditionally been increased by 3% per annum, except where the Cabinet had agreed a variation. This increase equated to £1m.

There were a number of current issues in relation to income from fees and charges:

- (a) Following issues raised in the Social Services Public Interest Disclosure Act (PIDA) report relating to the agreement and application of fees and charges, Internal Audit is reviewing all fees and charges.
- (b) A review of fees and charges income is being undertaken across Merseyside.
- (c) A number of income budgets are proving difficult to sustain in the current economic climate.

Therefore, the Cabinet was recommended to agree to a full review of fees and charges being undertaken in 2012, to take account of the outcome of the reviews outlined above.

On a Motion proposed by Councillor S Foulkes, seconded by Councillor P Davies and carried unanimously, it was

RESOLVED: That

- (1) provision be made for pay awards in line with the Government recommendation;**
- (2) no provision be made for price inflation;**
- (3) income budgets be increased by 3%;**
- (4) a full review of all fees and charges be undertaken in 2012; and**
- (5) the Cabinet asks Chief Officers to contain any price inflation costs within their existing budgets, as it notes that the long term Government assumption of inflation costs is set at 2% which is the amount contained within the projected budget, and that this will equate to a savings of £4.2m at a time when the Council is facing serious financial pressures.**

CABINET – 24 NOVEMBER 2011

MINUTE 198 – INSURANCE FUND BUDGET 2012-13

A report by the Director of Finance set out the elements which made up the Insurance Fund, the cost of running the Risk and Insurance Section and the Budget for 2012/13. The Insurance Fund Budget was one element of the Council Budget setting process.

RESOLVED: That

- (1) the Insurance Fund Budget 2012/13 be agreed;**
- (2) the Budget Surplus Reserve of £136,030 be used to limit the increase in cost to the General Fund for 2012/13; and**
- (3) savings to schools (subject to Academy transfers) of £226,000 and increased costs to the General Fund of £20,000 for 2012/13 be agreed.**