

PREPARATION OF 3 YEAR REVENUE BUDGET – 2008-2011

The preparation of the 2008/09 base budget has been prepared in line with Financial Regulations. . In particular, this includes:

- (a) Inclusion of all Council commitments to date;
- (b) Exclusion of fixed term or one-off items of expenditure or income that “fall out” in each year;
- (c) Re-pricing of each year’s base budget outturn basis using the following factors:

Salary and Wage Awards

	2008/09	2009/10	2010/11
All staff (Including Chief Officers & Craft Workers etc)	2.5%	2.5%	2.5%

National Insurance

Based on bandings effective from 1 April 2008, in range 0% to 12.8%. (The Salaries average NI rate = 7.33% & Wages average NI rate = 7.66%)

Superannuation

For 2008/09 the rate payable is 17.1%. For 2009/10 and 2010/11 the rates are 18.1% and 19.1%.

Other Price Factors

The basis used for general price inflation is the Consumer Price Index (CPI).

Where the authority is tied into differential contractual price increases, the contractual rates will be used. The table below covers all other scenarios. It should be noted that at this stage, for some cost areas there is still little or inconsistent information available regarding future price movements. The position will continue to be monitored and if changes are necessary, these will be reported during the budget process.

	2007/08 Budget	2008/09 Estimate	2009/10 to 2010/11
	%	%	%
Gas	37.0	5.0	5.0
Electricity	20.0	5.0	5.0
Building Repairs	2.0	2.3	2.3
Landfill Tax	14.00	33.33	25.0
Fuel Oil & Related Products	3.5	4.0	4.0
Petrol / Diesel	3.5	4.0	4.0
Water	3.0	5.0	5.0
Insurance premiums	0.0	0.0	5.0
Business Rates (average increase shown; individual property estimates will take account of any RV reassessments and transitional arrangements)	3.5	3.9	3.9
General Supplies & Services	2.0	2.0	2.0

Housing Rents and Council Tax Related Items

Council tax related budgetary items (including benefits) are based on a 5% maximum increase per year. Housing rent related budgetary items are also based on a 5% increase per year.

Other Employee Expenses

Employee expenses and allowances will be increased in line with CPI or any previously nationally agreed increase if relevant.

Fees and Charges

Fees and charges increases are grouped into three main categories for the purposes of budgeting for pricing increases, these being Prescribed & Regulated, General, and Cost Recovery. It is the intention to provide greater analysis and information on these during the budget exercise. Furthermore updated guidance on income generation for discretionary services has just been received; again, this may lead to further proposals arising during the process.

Prescribed / Regulated Fees & Charges:

This covers fees and charges that are either set by central government or an external agency, or are similarly regulated – as such, the City Council has little or no discretion with regard to actual fee levels and charges. Examples of these include **licensing** application fees and **planning** fees. The base budgets will be based on known set fee levels, or on expected levels across the three year period.

Fees & Charges linked to Cost Recovery:

These fees and charges will be budgeted for on the basis that the related activity will achieve any pre-determined financial objective for the year, e.g. breaking even by way of recovering the running costs of the service. Examples of these are **Building Regulation fees** (this is also a statutory requirement) and various **Service Charges**.

General

The general inflationary increase applicable to fees and charges will be based on a proportion ($\frac{1}{4}$) of the Consumer Price Index (CPI) and a proportion ($\frac{3}{4}$) of the salary and wage indices (reflecting that the authority's main costs are staff related). Given the percentages involved, this has been rounded to 2.5%.