

BRIEFING ON INDICATIVE RATE TARGET 2011/12

BUDGET AND TRANSFORMATION PANEL

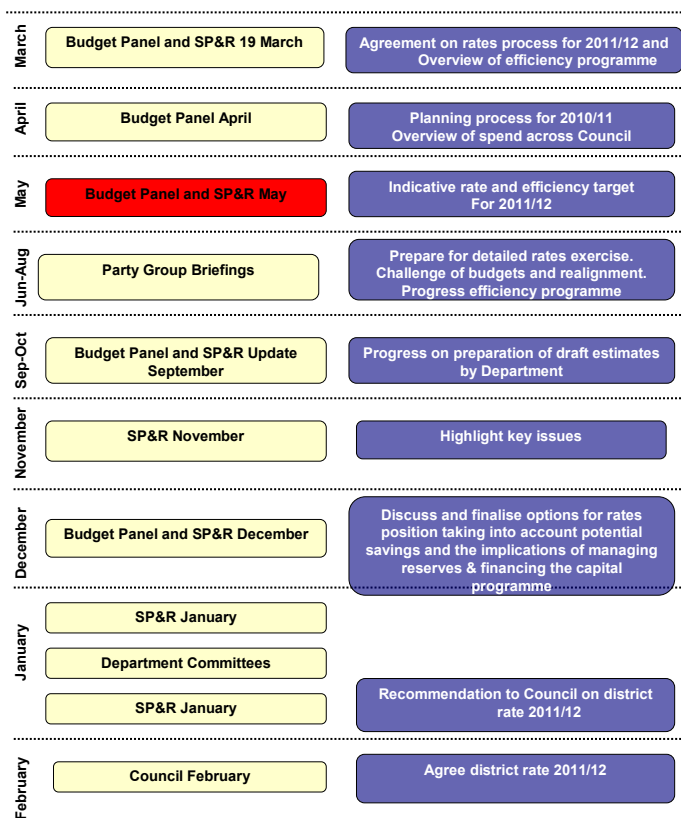
14 MAY 2010

Context

Members will recall that at the Budget and Transformation Panel and Strategic Policy and Resources Committee meetings in March 2010, it was agreed that the setting of an indicative rate target for 2011/12 would be discussed with the Budget Panel and the Strategic Policy and Resources Committee in May.

The diagram below shows where this step fits in with the overall process for setting the rate for 2011/12.

Proposed preparation process for 2011/12



Indicative Rate Target 2011/12

The purpose of setting an indicative rate target at this stage in the planning process is to provide a context within which officers can work up more detailed estimates which then allows them to identify in good time, for Members, the key issues which will need to be considered when setting the rate.

At this stage officers have considered the financial implications for the Council in 2011/12 at a very high level and **it is recommended that an indicative rate target for 2011/12 is established at 2.5%.**

This needs to take into account:

- Revenue expenditure: HM Treasury inflationary projections and potential pay awards
- Capital expenditure: Public Work Loans Board interest rate trends
- Income: Rate base trends and APP / EPP projections.
- Efficiency savings: these are estimated to be in the region of £1.7m for 2011/12.

The next stage in the process is therefore that officers will continue to work over the summer on building the draft estimates within this indicative target of 2.5% with particular attention being paid to:

- **Department estimates** - the impact of pay awards and changes to superannuation and NIC contributions.
- **Efficiency Savings** - delivery of an agreed efficiency programme for 2011/12 (see the next report).
- **Capital Programme**- the development of the future capital programme and how it will be financed.
- **Reserves Position** - to determine the potential impact of the reserves position on the rate.
- **Corporate Plan** - to assess the financial implications of the emerging corporate plan for 2011/12+
- **Financial Performance** - to assess the potential impact of financial performance in 2010/11 on 2011/12 estimates.

An update on progress will be brought to the Budget Panel and Strategic Policy and Resources Committee in September and Members will have the opportunity to further refine the indicative rate target, if required.