

Shropshire Council - Medium Term Financial Plan Key Assumptions 2011/12 – 2014/15

Inflation Assumptions

| | Basis | <u>2011/12</u> | <u>2012/13</u> | <u>2013/14</u> | <u>2014/15</u> |
|-------------------|--|---|---------------------------------|----------------|----------------|
| Pay inflation | Assumed that a pay freeze will be in place for the next 2 years, with a 1% pay increase in future years. | 0.00% | 0.00% | 1.00% | 1.00% |
| Prices Inflation | This has been calculated on the contractual bases of the main contracts that the Council has in place. Inflation rates range from 1% to 10% on individual contracts. | <i>Based on contractual price inflation</i> | | | |
| Income Inflation | The Council approved the policy of applying RPI + 4% to fees and charges. In order to be prudent on income projections in future years, a standard 4% has been applied. | 8.60% | 4.00% | 4.00% | 4.00% |
| Pensions Increase | The 2010 actuarial valuation has indicated that employer contributions should be split into 2 separate elements, a percentage of pensionable pay and a lump sum to provide for a reducing payroll. The percentage of pensionable pay will not increase within the 4 year MTFP period, however the lump sum will be inflated each year. | 11.7% + £6m lump sum | CPI +1.5% on lump sum each year | | |

Council Tax Assumptions

| | Basis | <u>2011/12</u> | <u>2012/13</u> | <u>2013/14</u> | <u>2014/15</u> |
|----------------------|---|---------------------------------|----------------|---------------------------|----------------|
| Council Tax Taxbase | No increase in council tax base has been assumed over the 4 year MTFP period. | <i>Based on 2011/12 taxbase</i> | | | |
| Council Tax Increase | A Council tax freeze has been applied for the next two years, with council tax equalising down to the lowest value in 2013/14. A zero percent increase has been assumed again in 2014/15. | 0.00% | 0.00% | Equalise Council Tax down | 0.00% |

Grant Assumptions

| | Basis | <u>2011/12</u> | <u>2012/13</u> | <u>2013/14</u> | <u>2014/15</u> |
|-----------------|--|----------------|----------------|----------------|----------------|
| Formula Grant | Formula grant figures have been detailed for 2011/12 and 2012/13. For the following 2 years, the anticipated reduction is in line with the national projections detailed in the Comprehensive Spending Review. | As per DCLG | As per DCLG | -1.00% | -6.70% |
| Specific Grants | Specific grant allocations have been detailed for the Core Revenue Grants in 2011/12 and 2012/13, however confirmation is still awaited on a number of specific grants previously received. No indication has been made as to the likely value of specific grants in future years, therefore for prudence, a 5% reduction has been assumed in the following two years. | As per DCLG | As per DCLG | -5.00% | -5.00% |

New Growth and Demography

| | Basis | 2011/12 | 2012/13 | 2013/14 | 2014/15 |
|--|--|---------|-----------|--|--|
| Demography: Older People | Additional growth is required to reflect the latest projections of increasing numbers of older people requiring social care services. | 200,000 | 240,000 | No further Growth | No Further Growth |
| Demography: Adults with Learning Disabilities (Transition Cases) | This growth has been calculated based on the latest numbers of children with learning disabilities that will transfer into adult social care over the next 3 years. | 625,000 | 540,000 | 165,000 | No Further Growth |
| Carbon Reduction Commitment Tax | The Council will incur additional costs through the Carbon Reduction Commitment. Costs have been calculated based on £22 per tonne of carbon emissions, which will be offset in future years by savings in energy costs. | 0 | 846,000 | No Further Growth | No Further Growth |
| Personal Social Services | The Government announced additional grant would be received to reflect the new responsibilities for local authorities on personal social services. Details of Shropshire Council's allocation are unclear therefore the grant allocations have been calculated based on national averages. | 0 | 2,920,730 | 219,839 | No Further Growth |
| Contribution to Balances | Contributions to balances have been built in for 2011/12 and 2012/13 so that by 2013/14, the level of general balances should stand at £13m which is in line with the risk based calculation performed on the Council's general fund balance, and already agreed by members. | 909,095 | 5,000,000 | Maintain contribution for 2 nd year | Remove contribution from base budget (5,000,000) |