

NON-PAY INFLATION

Appendix 2

POLICY AND RESOURCES COMMITTEE - 9 DECEMBER 2021

Service	Inflation Category	Basis of Inflation	2022-23 Inflation %	Inflation 2022-23 £000	Increase From Original 2021-22 Estimate
Council Wide	Utilities - Electricity	No inflation in 2022-23 as, whilst electricity costs are currently volatile, historic underspends will offset the difference in 2022-23	0.00%	0	0
Council Wide	Utilities - Gas	This is a volatile area and it is difficult to predict the inflation. Figures based on Utility prices	5.00%	26	26
Council Wide	Utilities - Oil	This is a volatile area and it is difficult to predict the inflation. Figures based on Utility prices	5.00%	18	-11
Council Wide	Utilities - Solid Fuel	Inflation figure provided by Energy Watch	2.00%	4	-4
Council Wide	Utilities - Water	Advise from Council's energy team is that no inflation expected in 2022-23	0.00%	0	0
Council Wide	Non Domestic Rates	No NDR inflation in 2022/23 as NDR budgets is subject to a saving review. There was no inflation in NDR in 2021/22 either (for the same reason) however £133k was added to the budget outlook as there was an expectation that that there would be 2022/23 inflation.	0.00%	0	-133
Council Wide	Vehicle Fuel	Based on RPIX at Sept 2021 which has increased from 1.86% in July 2020 (which the 2021/22 inflation was based on) to 4.97%. RPIX is seen as a better measure of underlying inflation than RPI as RPI is affected directly by Bank of England changes in interest rate which means it is focused more on the cost of living than the underlying rate of inflation.	4.97%	62	38
Council Wide	Central Repairs - Outside Contractors	Reflect increases in material costs in construction industry. There was no inflation in 2021-22 as a cost pressure was processed to right size the budget at that point.	3.00%	57	57
Council Wide Total				167	-27
Education	Pre-Primary Partner Provider Uplift	Inflation increase to cover the cost of the Scottish Living Wage	2.50%	86	-40
Education	Residential Schools	Inflation based on the average of the uplifts in 2021/22	8.00%	84	54
Commercial Services	Catering Purchases and Milk	15% increase predicted as a result of price volatility and confirmation from the Council's Commercial Manager that food prices remain high in some commodities. This is 5% higher than in 2021/22 hence the material increase.	15.00%	365	171
Legal and Regulatory Support	Community Pool Subsidies	Based on RPI at September 2021	4.86%	34	14
Legal and Regulatory Support	NPDO Schools	Inflation based on RPI estimate for Feb 22 per NPDO contract indexed element equates to 2.98%. This is 1.63% higher than in 2021/22 hence the material increase.	2.98%	467	257
Legal and Regulatory Support	Hub Schools	Inflation based on RPI estimate for Feb 22 per Hub DBFM contract indexed element equates to 1.26%. This is 0.28% higher than in 2021/22 .	1.26%	66	15
Executive Director - Douglas Hendry - Total				1102	471
Head of Customer Support Services	ICT	Inflationary increase based on renewals for support and maintenance of hardware and software	15.00%	123	49
Fleet	School and Public Transport Contract Fuel Uplifts	No inflation necessary in 2022/23 as there are no plans to uplift fuel budgets due to the fact providers were paid in full for pupil transport contracts during lockdown so should have sufficient funds to absorb fuel increases.	0.00%	0	-50
Roads and Infrastructure	Landfill Tax	The Autum budget has applied a landfill tax increase England and Northern Ireland of 1.97% (from £96.70 to £98.60). Historically the Scottish Government has applied the same increase.	1.97%	64	5
Roads and Infrastructure	Waste PPP Contract	85% of RPIX as at July September 2021. This is 2.65% higher than in 2021/22 hence the material increase.	4.23%	252	159
Roads and Infrastructure	Street Lighting Electricity	Based on RPI- Electricity at September 2021 which is 5.80%.	5.80%	32	-31
Executive Director - Kirsty Flanagan - Total				471	132
				1740	576