

Scrutiny Committee

February 2017

Cabinet Draft Budget Proposal 2017/18

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wahaniaeth gwnewch



Presentation Overview Summarising Report

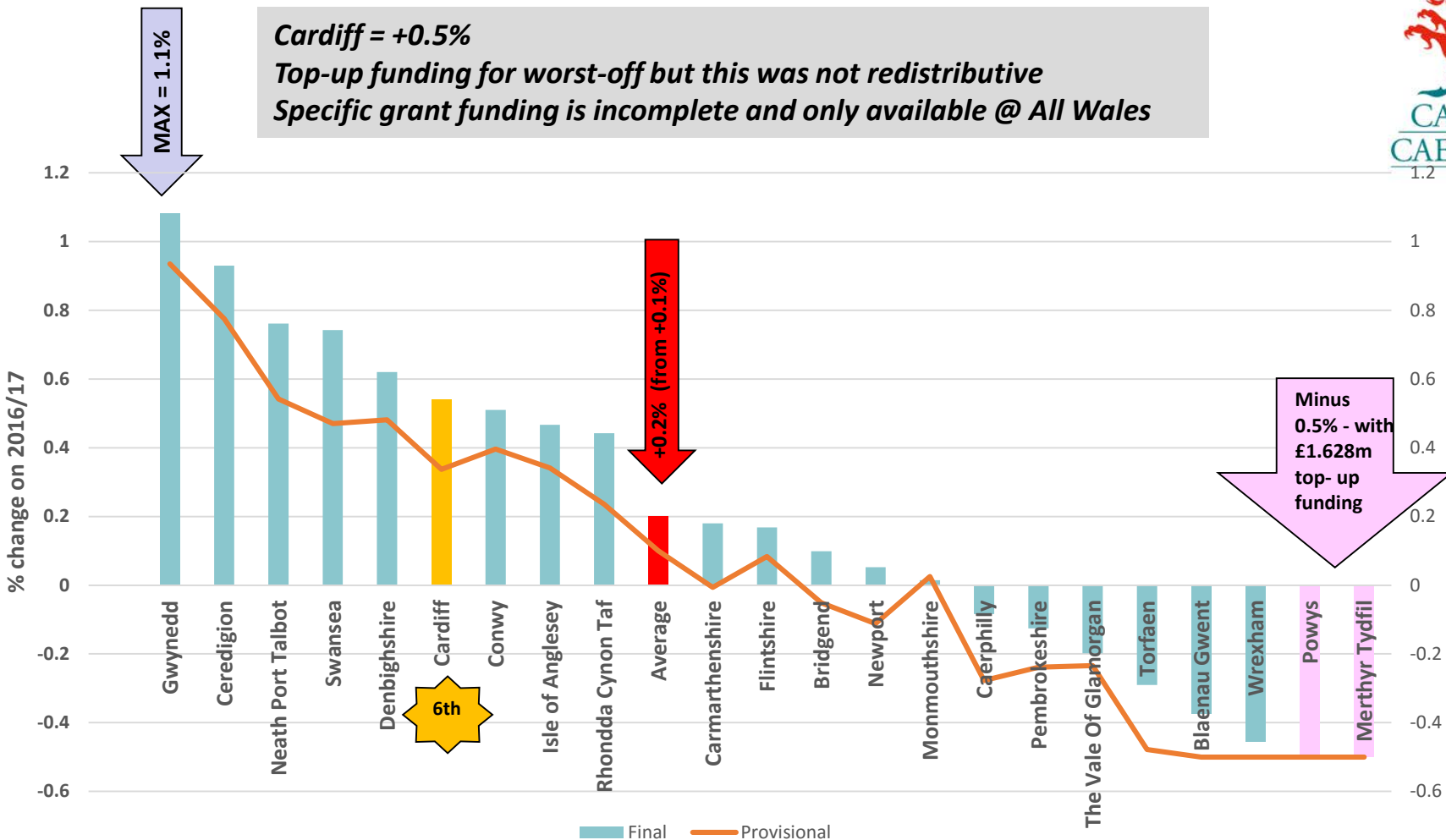


- Final Settlement
- Consultation and Post Consultation Updates
- Draft Revenue Budget
- Medium Term Outlook
- Draft Capital Programme

Settlement Overview - Wales



Cardiff = +0.5%
Top-up funding for worst-off but this was not redistributive
Specific grant funding is incomplete and only available @ All Wales



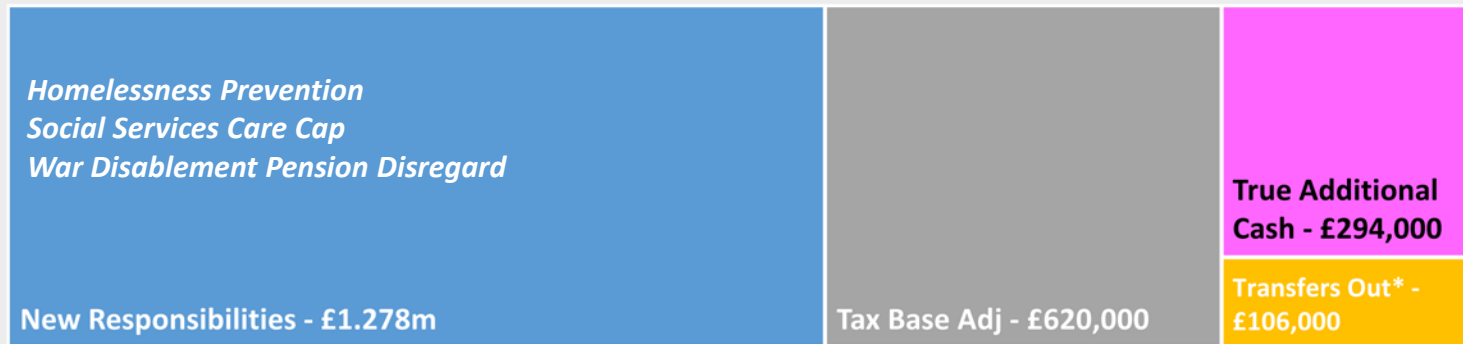
- +£10m for Dom Care "separate" - TBC**
- +£10m for rate relief - "separate" - TBC**
- 4 Transfers In
1 Transfer Out**
- 3 new responsibilities**
- No Schools Protection**
- No figures beyond 2017/18**

Final Settlement - Cardiff



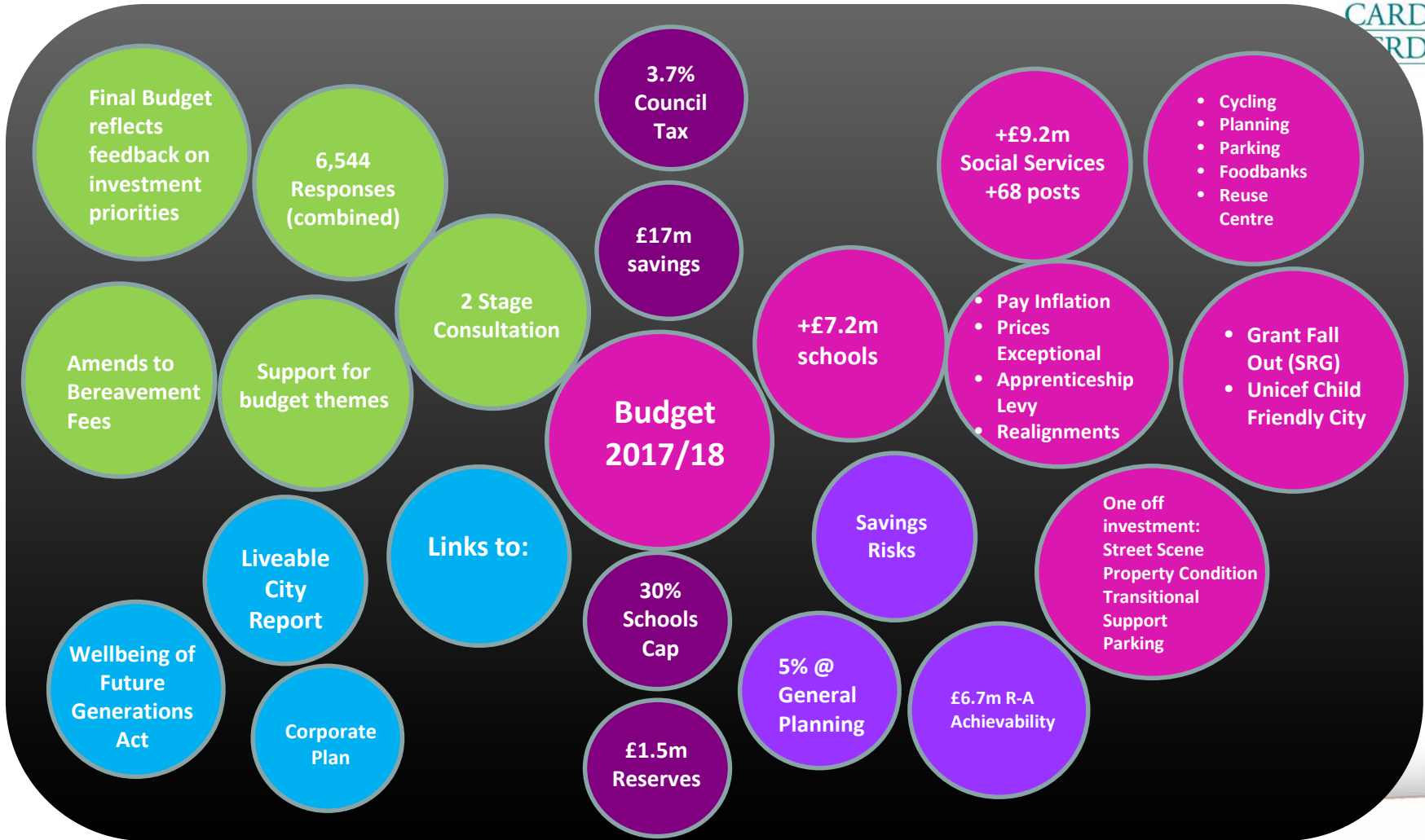
Analysis of Cardiff's 0.5% Settlement Increase - £2.298m Cash

- True Additional Cash - £294,000
- New Responsibilities - £1.278m
- Tax Base Adj - £620,000
- Transfers Out* - £106,000



- Cardiff's 0.5% increase implies cash of +£2.3m
- This reduces to £294,000 when differentiating year on year factors are taken into account (above)
- Additional Specific Grants - with no visibility on the £10m additional Social Services funding, Cardiff has assumed a share in line with the Social Services IBA - £850,000
- The Council has a £4m Financial Resilience Mechanism (FRM) for release if funding is worse than expected
- Release will not be required in 2017/18 and it is therefore available for one off investment

Overview of the Revenue Budget



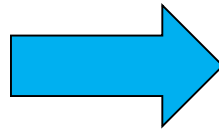
Consultation



Two Stage Consultation	
Ask Cardiff	Budget Specific
General Themes	Detailed Proposals
4,024 Responses	Five Weeks 2,520 Responses



Firstly technical changes to take account of final settlement, emerging pressures and most recent price information – details at Appendix 14 of Budget Report



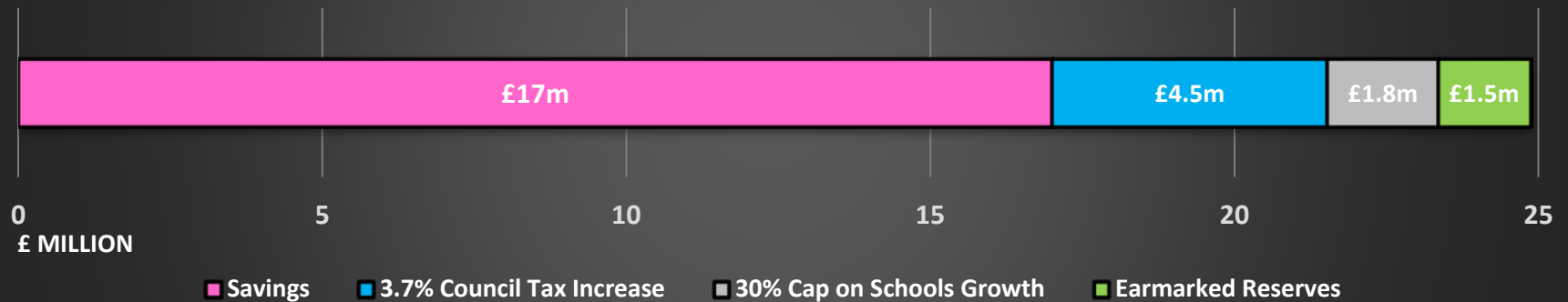
Summary of Post Consultation Changes	£000
Funding	(1,325)
New Specific Grant Funding Stream	(850)
Technical Updates	(1,131)
Emerging Issues	3,072
Savings Amendments	234
Net Overall Impact	0

- **Secondly** in drafting the final Budget Proposal Cabinet took account of consultation feedback
- There was significant support for key budget assumptions and themes via the consultation
- Changes have been made to final proposal to reflect specific comments – e.g. removal of the charge for child burial and cremation
- The Council's FRM has been invested in a way that support priorities identified during the consultation period, including highways improvement and street scene

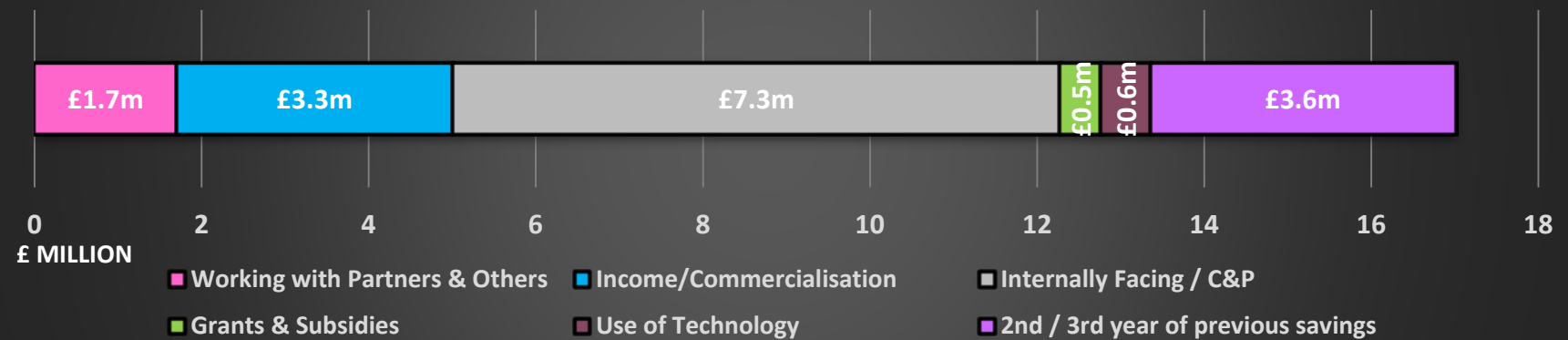
Draft Budget – Solution to 2017/18 Budget Gap



Solution to £25m Budget Gap - per Cabinet Draft Proposal



Breakdown of £17m Savings by Theme



2017/18 Savings Themes



Theme	Description
Working with Partners and Others	Considering the way in which we work alongside the public, partner organisations and others. There are opportunities to explore new operating models and alternative delivery arrangements, join up services and consider the sharing of assets and the use of multi-agency teams.
Income/ Commercialisation	Identifying how the Council can make better use of its assets and how to offer its services to the public, third sector, or private sector organisations. Examples include opportunities in respect of income generation (in both existing markets and the exploration of new markets) and alternative delivery arrangements.
Internally Facing / C&P	Reviewing internal business processes, covering the need to realign services downwards in non-front line areas, through business process efficiencies and reductions to more closely reflect available resources. Ensuring that we secure value on all our contracts.
Review of Grants & Subsidies	Reviewing those services which are either subsidised by the Council, or those for which a grant is currently given to an outside organisation in order to provide the service. Examples may include exploring the possibility of private corporate sponsorship of events.
Use of Technology	Understanding the ways in which we can make better use of technology, in our internal functions as well as continuing the shift to online services, customer focus and enabling technology, encouraging people who are able to use digital services to do so.
Second/Third Year of Proposals	Considers those proposals where additional savings are planned beyond the financial year in which it was originally proposed.

Revenue Budget 2017/18



		£000
Required	2016/17 Restated Base Budget	578,846
	New Responsibilities	1,278
	Employee Costs	2,916
	Demographic Pressures (inc schools)	4,610
	Commitments	840
	Directorate Expenditure & Income Realignments (net)	2,699
	Special Inflation	2,507
	Schools Non Pupil Number Growth (net of 30% Cap)	4,565
Total Resources Required	598,261	
Available	AEF	428,217
	Council Tax (at nil increase)	151,655
	Use of Reserves	1,500
	Total Resources Available	581,372
Balancing	Shortfall Before Pressures and Savings	16,889
	ADD New Directorate Pressures	4,638
	LESS Savings	(17,007)
	Net Amount to be raised from Council Tax (NET)	4,520



- This is a 3.7% Council Tax Increase
- It is net of impact on CTRS budget

Risk Assessment Summary of Savings Proposals



Risk Assessment Summary of 2017/18 Savings Proposals



Employee Implications of Revenue Budget



	Voluntary Redundancy fte	Vacant fte	Redeployment Fte	New Posts fte	Net Change fte
City Operations	0	0	0	10.0	10.0
Communities, Housing & Customer Service	0	0	(8.0)	11.0	3.0
Economic Development	0	0	(3.4)	4.0	0.6
Education	0	0	(10.0)	0.6	(9.4)
Governance & Legal	0	0	0	3.0	3.0
Resources	(3.0)	(10.5)	0	1.0	(12.5)
Social Services	0	(6.0)	(3.0)	67.8	58.8
	(3.0)	(16.5)	(24.4)	97.4	53.5

Use of Financial Resilience Mechanism in 2017/18

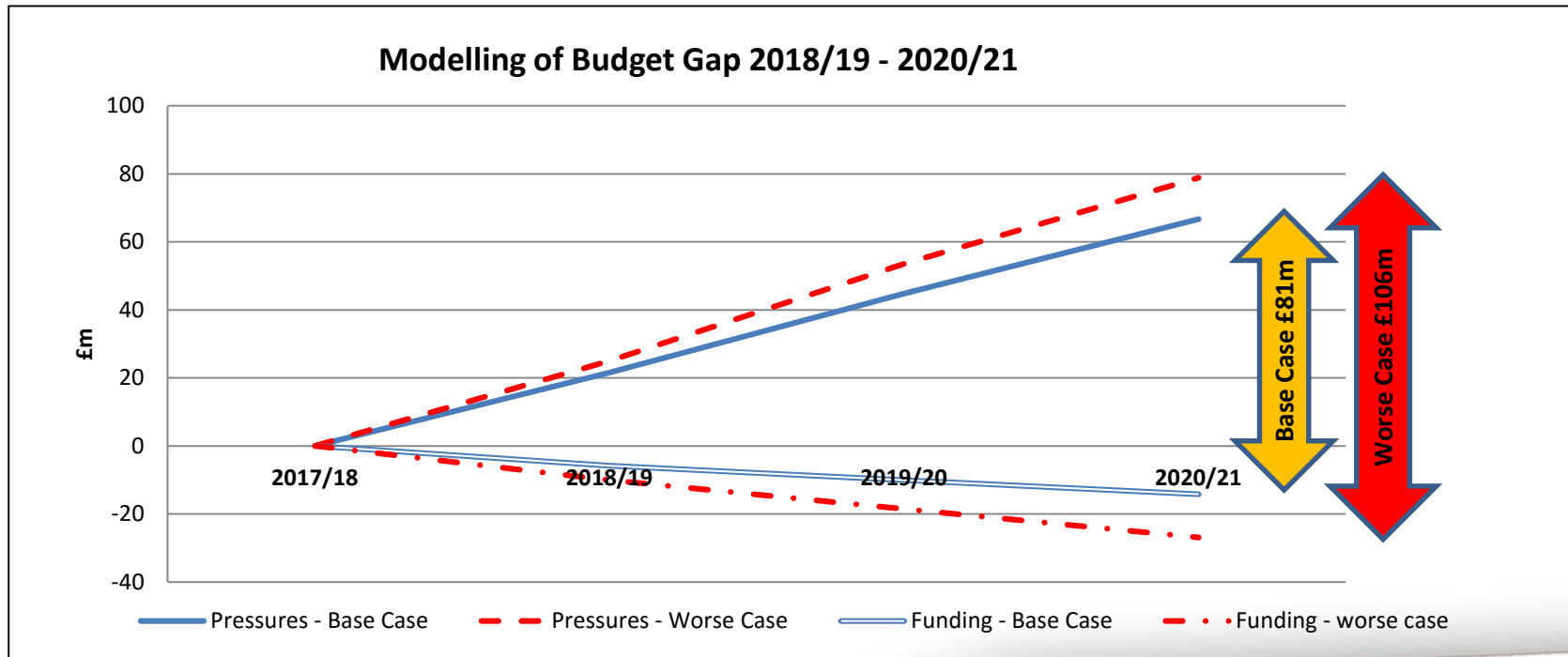


Use of Financial Resilience Mechanism in 2017/18	Total £000
Visible Street Scene Services	1,710
Property Condition	1,000
Transitional Arrangements (grant fall out) etc.)	660
City Centre Enforcement	290
Parking Strategy	340
TOTAL	4,000

Medium Term Outlook - Cardiff



Scenario	2018/19 £000	2019/20 £000	2020/21 £000	Total £000
Base Case	27,379	27,457	26,071	80,907
Worse Case	35,059	37,029	33,736	105,824



Addressing the Medium Term Gap



	2018/19 £m	2019/20 £m	2020/21 £m	TOTAL £m
Budget Gap	27,379	27,457	26,071	80,907

Addressing the Medium Term Gap				
Council Tax (3.7% = 2017/18 level)	4,686	4,860	5,040	14,586
Earmarked Reserves	1,500			1,500
Cap on Schools (Growth 30%)	1,494	1,979	1,348	4,821
Savings*	19,699	20,618	19,683	60,000
TOTAL	27,379	27,457	26,071	80,907

** Savings will be revisited over the Spring – further review of the Base Budget*

Capital Programme Development 2017/18 – 2021/22



- Capital expenditure is money spent on an asset being purchased or created that will last for a number of years e.g. schools, buildings and highway infrastructure.
- Five year Capital Programme previously set for the period 2016/17 to 2020/21
- The 2017/18 Budget will update the Capital Programme and move it on to 2021/22

Indicative Capital Programme



5 Year Capital Programme includes:-

- Annual Sums
- Ongoing Capital Schemes
- New Capital Schemes
- Capital Schemes funded from Grants Bids/Contributions (assumptions, even for 2017/18 due to uncertainty of allocations)
- Existing/New Schemes Funded on Assumption of Revenue Savings, Revenue Income or Other Sources of Income (Invest to Save)
- Public Housing (HRA) programme

WG Settlement - Capital 2017/18

- General Fund Capital Allocation
 - £13.531m for 2017/18
 - Decrease of 35% since 2010/11.
- Public Housing Major Repairs Allowance Grant - £9.6m (subject to WG approval of business plan)
- WG grants subject to annual bid process – no certainty for 2017/18 or beyond
- Where capital expenditure is incurred without resource to pay for it, this results in the need to borrow
 - Interest & debt repayment costs impact on Revenue Budget

Capital Programme 2017/18 – 2021/22

Affordability of borrowing to fund capital



Key Messages:

- Council Budget Strategy Report – “As the Council realigns itself strategically to lower funding levels it will need to consider the level of debt and potential financial resilience issues that may be a consequence of increasing borrowing.”
- Council Budget Strategy Report – “Capital financing costs as a percentage of controllable revenue budgets are increasing. This clearly limits the scope for additional borrowing in future years and reduces the Council’s overall flexibility when making decisions on the allocation of its revenue resources”
- Borrowing is a long term commitment to the revenue budget – Must be Prudent / Sustainable / Affordable now as well as long term
- Wellbeing and Future Generations Act
- Strategic Long Term Commitments we will need to fund in addition
 - Cardiff City Region City Deal
 - 21st Century Schools Band B from 2019/20
 - Current projects such as Transport Interchange and City Centre Public Realm assumed to be funded by capital receipts and external funding

Draft General Fund Capital Programme - Summary



Capital Programme	2017/18*	2018/19	2019/20	2020/21	2021/22	Total
		Indicative	Indicative	Indicative	Indicative	
	£000	£000	£000	£000	£000	£000
Annual Sums Expenditure	21,405	14,367	14,192	14,192	13,832	77,988
Ongoing schemes	33,053	38,248	1,285	1,876	243	74,705
New Capital Schemes / Annual Sums	2,942	3,135	2,015	1,715	1,715	11,522
Schemes Funded by External Grants and Contributions	22,684	15,615	285	0	0	38,584
Invest to Save Schemes – Borrowing to be repaid from revenue savings / income	32,960	9,672	500	500	500	44,132
Total General Fund Programme	113,044	81,037	18,277	18,283	16,290	246,931

*Includes estimate of slippage into 2017/18, subject to final outturn 2016/17

Draft Public Housing (HRA) Capital Programme - Summary

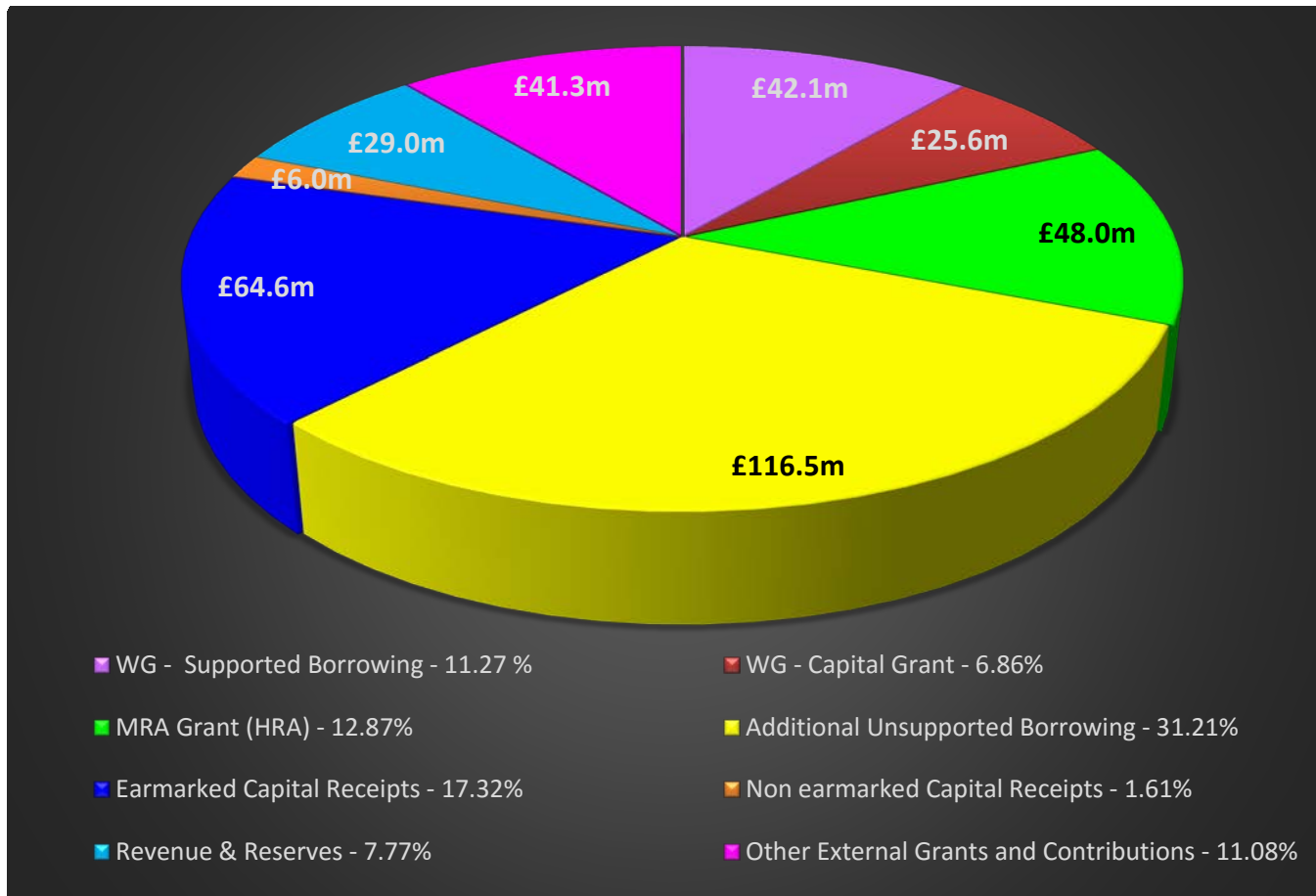


Capital Programme	2017/18*	2018/19 Indicative	2019/20 Indicative	2020/21 Indicative	2021/22 Indicative	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Regeneration and Area Improvement Strategies	4,500	3,400	3,400	3,150	2,400	16,850
External and Internal Improvements to Buildings	14,250	13,100	12,290	10,300	10,150	60,090
New Build Council Housing / Acquisitions	8,500	12,150	6,400	2,400	7,100	36,550
Hub Developments	355	300	0	0	0	655
Disabled Facilities Service	2,300	2,300	2,300	2,300	2,300	11,500
Modernising ICT to Improve Business Processes	100	100	100	100	100	500
Total Public Housing Programme	30,005	31,350	24,490	18,250	22,050	126,145

Capital Programme Expenditure – 5 Years = £373m



Reliance on Borrowing and Earmarked Receipts – almost 50%



Excludes Schemes we must do – City Deal/Band B Schools