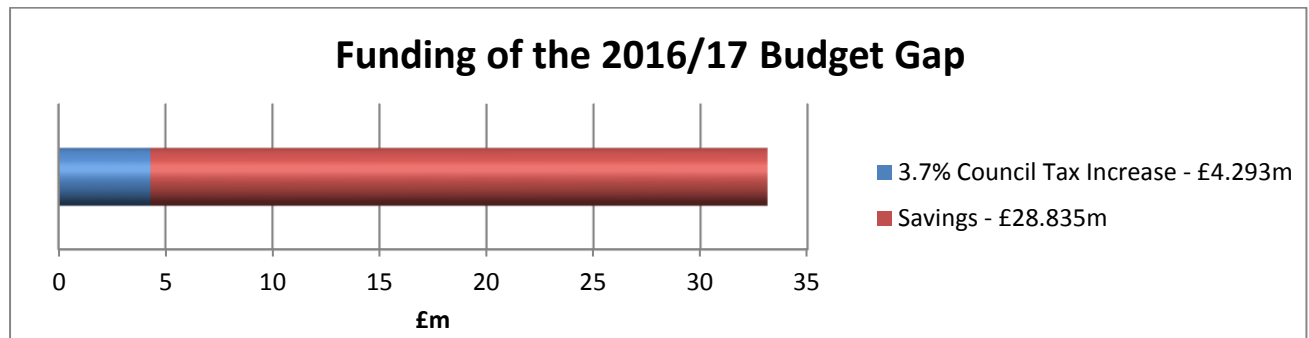


Budget 2016/17 – Quick Q&A

Has the 2016/17 Budget been finalised?

- Yes the 2016/17 budget was approved at Council on 25 February 2016
- The final budget gap was £33 million
- This was bridged through a combination of savings totalling £28.835 million and a 3.7% council tax increase



What was the reason for this gap?

- The budget gap is a result of funding failing to keep pace with financial pressures and increased demand for services.

I heard the Council had extra grant funding this year?

- The Council will not receive additional grant funding for 2016/17. In fact general grant funding will reduce by £301,000 (-0.1%)
- The good news is that Cardiff had been anticipating a reduction in funding of 3% which is around £12 million. This was based on warnings for Local Government to expect challenging funding settlements and was comparable to the funding reduction the Council received in 2015/16.
- In summary, funding levels are better than expected, but there is still no additional cash.

Why did the position change between consultation and budget?

- Post consultation developments improved the position set out in the Consultation Report by £14.095 million. This was a result of three updates:-
 1. Firstly, the 2016/17 funding reduction of 0.1% announced by Welsh Government in December 2015 was better than the 3% reduction the Council had anticipated. Usually the Council would have been aware of funding levels in October, but this was delayed by almost two months due to the timing of the Comprehensive Spending Review in late November 2015.
 2. Secondly, based on the Council Tax Base Report taken to Cabinet in December 2015, additional council tax income will be generated in 2016/17 as a result of additional properties and an improved collection rate.
 3. Thirdly, the Council received indicative energy price reductions for 2016/17.

What changes were made to the consultation proposals to reflect the updated position?

Mindful that the gap for 2016/17 is still very significant and that the WG funding settlement is for one year only, changes to reflect the improved position were based on the following principles:-

- **Review of budget planning assumptions** – to reduce use of one year only solutions, to take out areas of high risk and to support key corporate priorities – i.e. schools
- **Reduction of future risk** – through introduction of a new mechanism to improve financial resilience and enable one off investment and development in priority areas
- **Review financial pressures** – to address emerging risk areas, to review areas of high risk or uncertainty and to address corporate priorities
- **Review consultation savings proposals** – to improve their achievability for 2016/17 by addressing pace and scale, to improve the future financial position by pushing some proposals back into later years, to address emerging issues and to take account of consultation feedback.

Were all services cut by a comparable amount?

- All directorates with the exception of schools made significant savings.
- The total savings figure of £28.835 million represents 8% of the non-schools budget.
- The percentage cut varies across directorates because the ability to make savings is affected by issues such as increasing demand and statutory duty (i.e. there are some things the Council has a duty to provide.)

What about Schools?

- Schools budgets have received demographic growth of £4.033 million to address increased pupil numbers and their associated needs.
- In addition, Schools received £7.2 million, which represents 75% of their estimated inflationary pressures next year.
- Therefore whilst schools budgets have not been cut, the level of growth they received has been capped.

What is the impact on jobs?

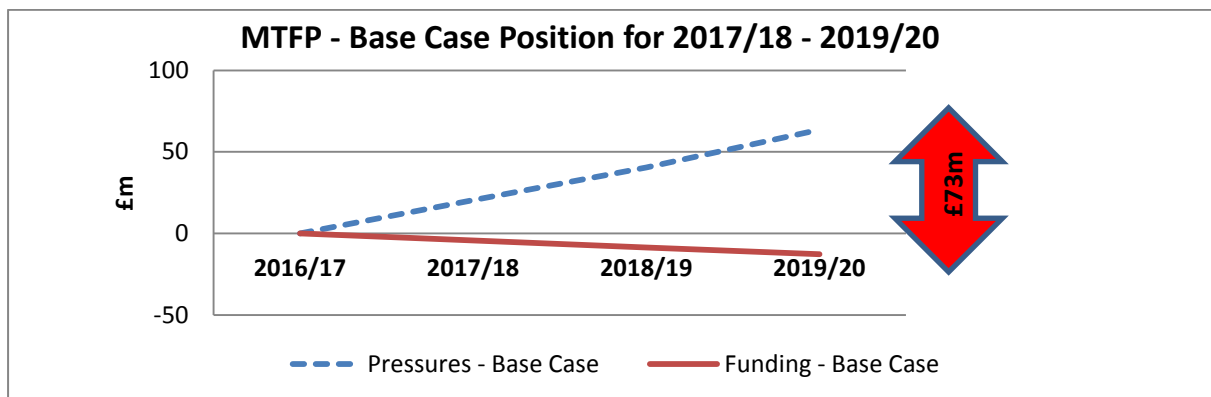
- As part of the 2016/17 budget, posts will be lost in almost all directorates (with the exception of schools although individual schools may need to review their own staff structures on receipt of their budget information).
- Council-wide, it is estimated that the overall impact on jobs will be a reduction in approximately 135 posts. This is a combination of 165 full time equivalent posts deletions offset by the creation of circa 30 posts.
- In addition, there may be TUPE implications of alternative delivery models.

Can I review further details of the Budget online? Where can I see all the savings?

- Yes you can view the Budget Report on line including a full list of savings and post consultation amendments by going into the Council meetings sections of the website and reviewing the documents for the 25 February 2016 Council meeting.

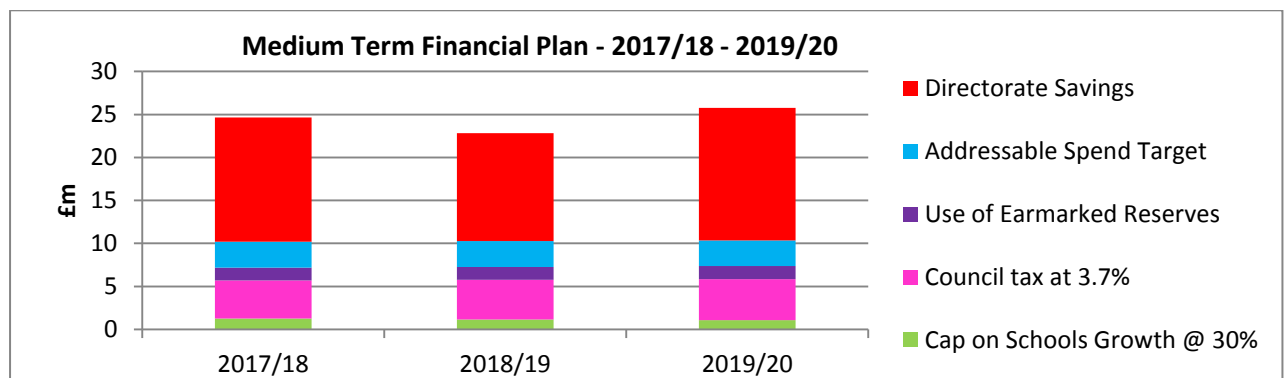
What about the future? Will there be further budget reduction requirements?

- The Council's Medium Term Financial Plan identifies a budget gap of £73 million over the three year period 2017/18 – 2019/20.
- The £73 million is considered a base case scenario and is based on the Council receiving Welsh Government funding decreases of 1% each year.
- Closing this gap will be extremely challenging given that the Council has made savings of £190 million over the 10 year period 2006/07 – 2015/16 and that over half of these were between 2013/14 and 2015/16.



How will the Council address this gap?

- The 2016/17 Budget Report sets out a direction of travel for bridging the gap.
- The solution is a combination of budget strategy assumptions and savings proposals.
- Budget Strategy Assumptions refer to potential council tax increases, use of reserves and future caps on schools growth. At present a similar position to 2016/17 has been extended over the medium term and will be reviewed in developing the 2017/18 Budget Strategy Report.
- The savings proposals are based on a review of budgets that directorates undertook in connection with development of the 2016/17 Budget Strategy.



What Next?

- Directorates will need to finalise all necessary steps to ensure delivery of the savings identified for 2016/17 and monitoring will commence in this respect.
- Work will need to begin immediately on the 2017/18 Budget Strategy Report which will be subject to approval in July 2016.
- As part of Budget Strategy Work, the planning status of savings proposals for 2017/18 and beyond will be developed and further due diligence work undertaken.