Key Assumptions Underpinning the MTFP

Plan Area	Pressures covered and key assumptions
Schools Growth	• Pay award - assumed 2% (teaching), agreed NJC pay award (non-teaching) • Incremental Drift - estimated cost of teachers' annual pay scale progression • Teacher's Superannuation – anticipated increase to employer's contribution rates following changes to the discount rate used to set employers' rates for unfunded public sector schemes • Pupil Number Growth - estimated annual growth re: rising pupil numbers • Other Growth - needs pressures e.g. additional learning needs budgets. • NDR - anticipated increases in rateable valuations associated with the development of the Schools Estate
Pay and Price Inflation	• Pay award for non-schools staff – in line with agreed pay award • Voluntary Living Wage – assumed the agreed pay award will lift all salary points up to (or above) VLW, pending announcement of rate in Nov 2018 • Employer's Superannuation – maintains employers' superannuation contribution rates at 23.5% as set out in the 2018/19 Budget Report. • Exceptional price inflation – generally, directorates are required to absorb price inflation within existing resources. However, the MTFP allows for specific fee uplifts in areas deemed exceptional either due to the scale of the uplift or the quantum of the budget to which the increase applies.
Capital Financing, Commitments & Realignments	• Capital Financing - figures reflect the cost of servicing debt based on the existing capital programme with no assumption of new schemes from 2019/20 onwards. It is assumed that schools will contribute capital financing costs associated with the 21st Century Schools Band B Programme • Commitments and Realignments – includes commitments in relation to Corporate Apprenticeships, the full and later year effects of pressures identified as part of the 2018/19 budget process and potential increases to the fire levy.
Non-Schools Demographic Growth	• Most growth in the area of social services. As well as growth in numbers, this reflects increasing complexity of demand.
Emerging Financial Pressures	• For financial resilience, the plan includes £3m p.a. in recognition that additional burdens may arise. The figures, which equate to approx. 0.5% of net budget, will be kept under review.
Reserve Funding	• The 2018/19 budget included £2.35 million use of reserves. The plan reflects the fall out of this sum in 2019/20. • Appropriate use of reserves for 2019/20 and beyond is considered in the Strategy section of this report.
Estimated 1% funding reduction	• Estimated annual reduction in AEF. Indicative minus 1% for 2019/20, no indicative figure beyond • Usually Cardiff's settlement is slightly above average due to particular population challenges. However, it is not considered prudent to pre-empt an above average settlement given the potential for distribution or other unexpected changes within the settlement • The Council's FRM budget is available to assist with funding settlements being worse than anticipated. This would cover a further 1% (in one year but not annually)