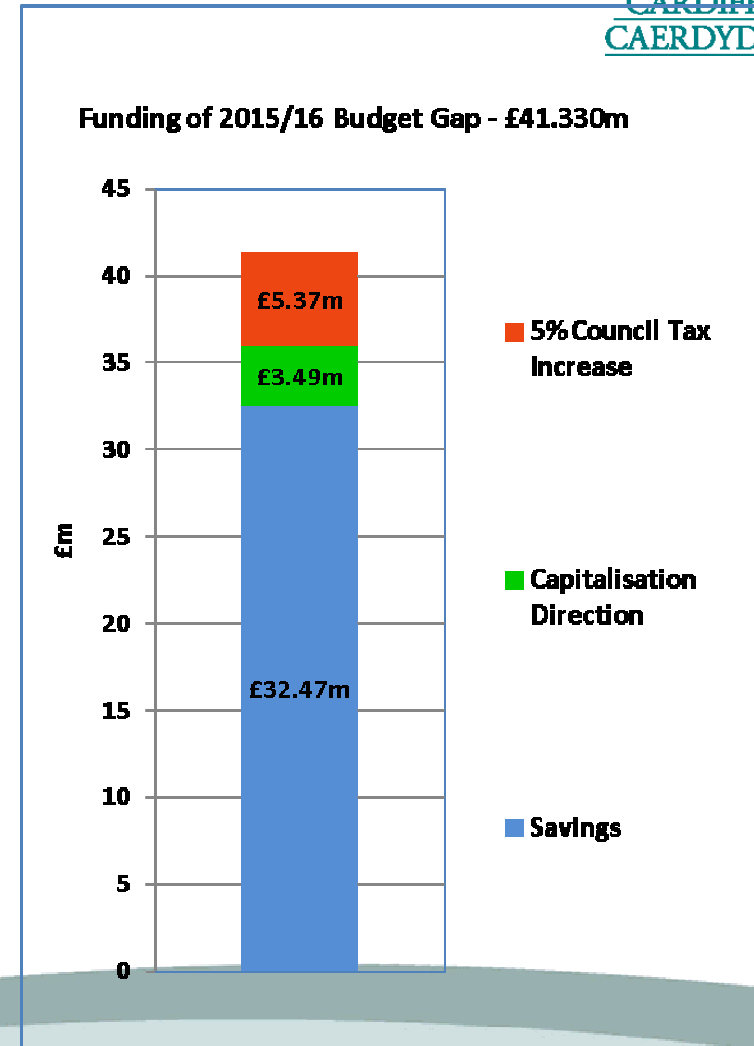


# Budget 2015/16 – Final Overview



- Budget approved at Council on 26 February 2015
- £41.33m budget gap was bridged through savings (£32.47m), 5% council tax increase (£5.37m) and capitalisation direction (£3.49m)
- Capitalisation direction for *one year only*, Council permission to fund specific elements of its day to day running costs through the sale of assets
- Average directorate savings were 14% but this varies significantly (from 6% to 30%+) across directorates
- Variance affected by issues such as increasing demand (e.g. demographic pressures in social care) and statutory duty
- Schools' budgets were not cut in 2015/16 (WG protection) but growth requirements were capped by £1.018m.



# Budget 2015/16 – Amends at Council

- Centred on the reduction / removal of savings to allow further time for transition or for alternative arrangements to be put into place - at earliest possible opportunity.
- Savings re: Day Centre for Older People, Children's Play, and the proposal in respect of the Cardiff Alcohol and Drug Team were removed and the Youth Service saving was reduced to allow more time as above.
- Funding for 6 Neighbourhood Partnership Areas - assist groups taking on services
- Funding was provided for three externally employed 'Development Workers' to support community proposals in relation to Play Services for one year.
- Branch library services will be funded until the end of the Council term, unless and until alternative delivery arrangements are operational
- Changes funded by increase to savings in respect of Central Enterprise Zone, discretionary overtime, further capitalisation and reduction of standby payments.

# Financial Resilience and Risk



- Scale of financial challenge ahead is severe with risk of external intervention
- Informal Cabinet have mandated a directive approach for Chief Executive and Section 151 Officer to apply across directorates
- Key stakeholders need to be briefed on Budget Strategy once developed – All Members/Scrutiny/Audit Committee/Schools Budget Forum/ Trade Unions & Staff
- Informal Cabinet have already been briefed on Finance Resilience key risks:
  - Monitoring position - unachieved savings 2014/15, savings 2015/16 and demand risks
  - Size of budget reduction requirement in 2016/17
  - Financial resilience of the Balance sheet and links to affordability in respect of borrowing and the Capital Programme
- External bodies – Welsh Government and Welsh Audit Office to be briefed

## Appendix 1 – Financial Resilience extracts from the Budget Report



***“...it is important to reiterate the materiality of the service choices ahead for the Council. In particular, anything other than a radical reduction and reset of the Council’s services will over the life of the MTFP lead to financial resilience issues for the Council.***

***Against this backdrop members will need to consider whether the choices made to date and planned for the future are commensurate with the scale of financial challenge over the medium term.***

***Cabinet will need to consider these choices again as part of the 2016/17 Budget Strategy Report in July 2015.***

***As well as highlighting the financial challenges in the medium term, the role of the Section 151 Officer is to advise members if the Council risks setting an unbalanced budget. I do not consider this to be the case in 2015/16.”***

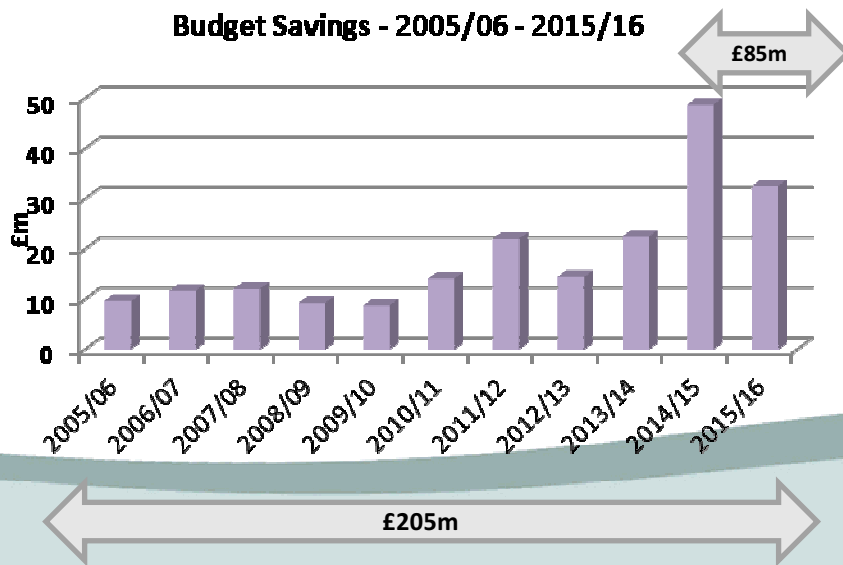
***2015/16 Budget Report – February 2015 – Section 151 Officer – Financial Implications***

# Overview Medium Term Financial Plan 2016/17 – 2018/19



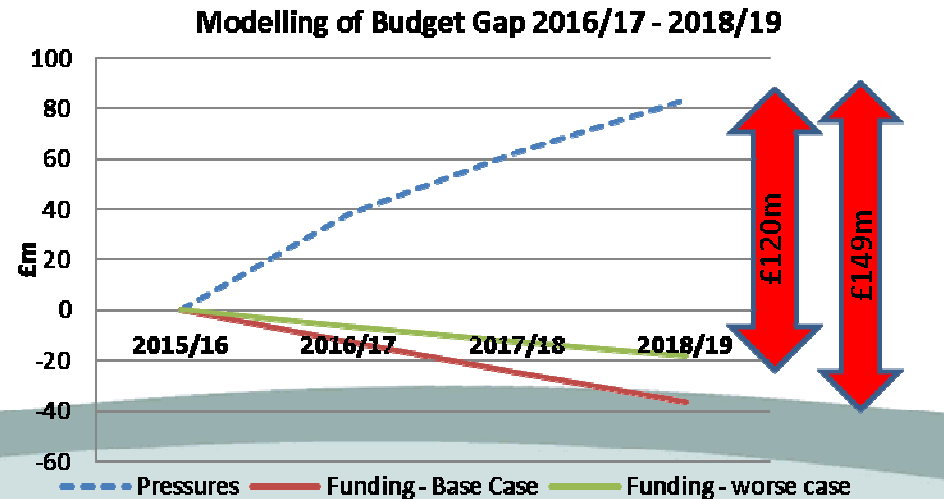
## TO DATE

- The Council has found over £200m in savings over past decade
- Up until 2013/14 funding increased annually but did not keep pace with demand, growth and inflation.
- Cuts were required to redirect funding into pressure areas but overall budgets continued to increase during this period
- From 2014/15 funding started to reduce
- The Council's budget is now contracting annually, protection / serious demand pressure on circa 60% of budget



## THE FUTURE

- The Medium Term Financial Plan identifies a budget gap of £120m
- This is a base case scenario
- If funding reductions are steeper than anticipated, the gap could widen to £149m
- At its simplest, the problem is one of significantly less money and significantly more demand
- This is all building on an already extremely challenging starting point



# Medium Term Financial Plan 2016/17 – 2018/19



## Overview of MTFP

Budget Element	2016/17 £000	2017/18 £000	2018/19 £000	TOTAL £000
Employee Costs	15,453	7,406	7,306	30,164
Specific Inflationary Pressures	1,045	1,040	880	2,965
Capital Financing	515	1,447	(1,183)	779
Commitments	7,180	443	260	7,883
Demographic Growth	8,183	8,089	7,572	23,844
Financial Pressures	6,000	6,000	6,000	18,000
<b>Total Pressures</b>	<b>38,376</b>	<b>24,425</b>	<b>20,835</b>	<b>83,636</b>
<b>Anticipated Funding Reduction (3% p.a)</b>	<b>12,723</b>	<b>12,151</b>	<b>11,604</b>	<b>36,478</b>
<b>BUDGET REDUCTION REQUIREMENT</b>	<b>51,099</b>	<b>36,577</b>	<b>32,439</b>	<b>120,114</b>

## Appendix 2 – further breakdown of MTFP 2016/17 – 2018/19

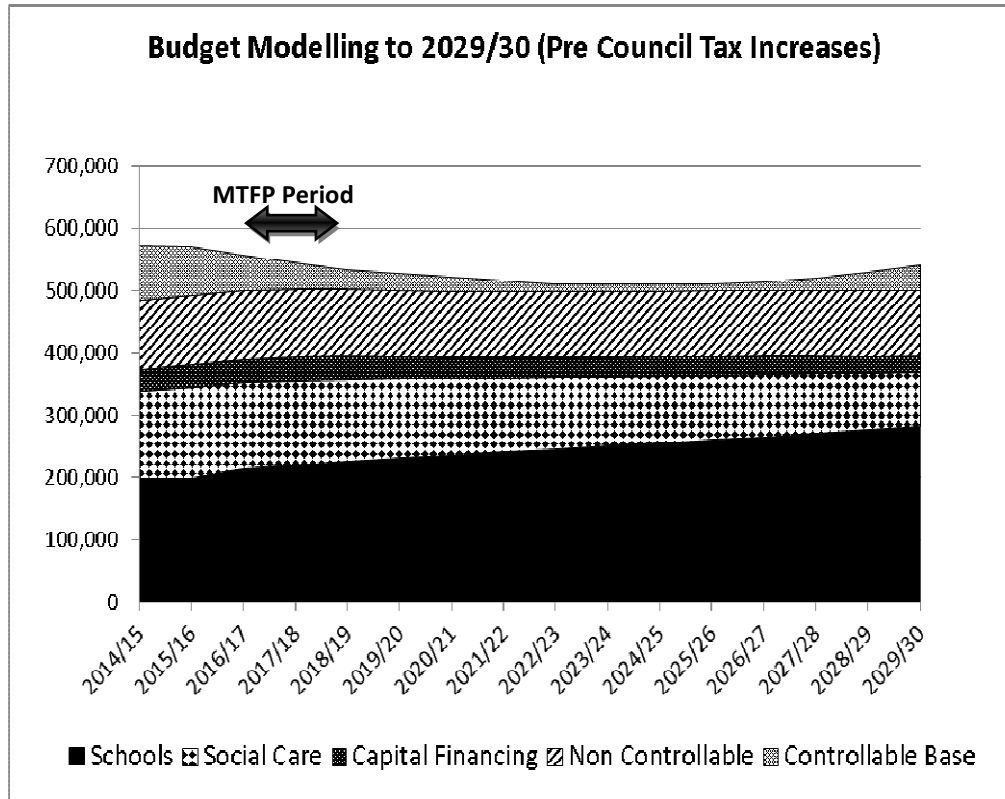
# Further detail in respect of the figures included within the MTFP



Destination of MTFP Sums	2016/17	2016/17 – 2019/20
	£m	£m
WG Funding Reduction	£12.70	£36.47
Fall out of capitalisation	£3.48	£3.48
Growth to schools (before any cap)	£13.60	£29.47
Growth to non-directorate areas	£2.60	£2.08
<b>Sub-Total outside directorates</b>	<b>£32.38</b>	<b>£71.50</b>
Recycled to Social Care	£5.42	£15.33
Recycled to other directorates	£7.29	£15.27
Emerging Financial Pressures	£6.00	£18.00
<b>Sub-Total Recycled within directorates</b>	<b>£18.71</b>	<b>£48.60</b>
<b>MTFP Total</b>	<b>£51.09</b>	<b>£120.11</b>

BASE CASE MTFP	2016/17 £000	2017/18 £000	2018/19 £000	TOTAL £000
Pressures	38,376	24,425	20,835	83,636
Funding Reductions	12,723	12,151	11,604	36,478
<b>TOTAL GAP</b>	<b>51,099</b>	<b>36,576</b>	<b>32,439</b>	<b>120,114</b>
<b>Worse Case Scenario</b>	<b>60,116</b>	<b>46,625</b>	<b>42,166</b>	<b>148,907</b>

# Future Outlook to 2029/30



- Whilst the position beyond 3 year period becomes very difficult to predict this model shows the controllable base with the exception of social care being reduced to minimal levels
- High level modelling based on:
  - Schools cap 30% 15/16 to 18/19
  - Annual schools growth of 2% - £4m on current base
  - Assumes Social Care contributes a net saving of £4m p.a. after life of current MTFP
  - Before any Council Tax increases