



RHONDDA CYNON TAF COUNTY BOROUGH COUNCIL

RECORD OF DECISIONS OF THE EXECUTIVE

DECISION MADE BY: Cabinet DATE DECISION MADE: 2nd July, 2015.

Agenda Item 2

SUBJECT:
Medium Term Financial & Service Planning

**Cabinet Members Present
County Borough Councillors:**

A.Morgan (Chairman), R.Bevan, A.Crimmings, M.Forey, E.Hanagan,
G Hopkins, K. Montague, J Rosser and M.Webber

**Apology for Absence
County Borough Councillor:**
P Jarman.

Other Councillors in Attendance:-
P Griffiths, G Davies, P Wasley, L Walker, S Pickering & M Powell.

1. DECISION MADE:

Agreed –

- To note the contents and the observations made at the meeting by the Group Director, Corporate & Frontline Services as contained in the attached PowerPoint slides.
- In addition to the contributions made at the meeting by the Cabinet Members, to note the comments made by County Borough Councillors G Davies, P Wasley, M Powell, L Walker and P Griffiths.
- That a further meeting on the subject of Medium Term Financial & Service Planning be convened in the Autumn, with an extended invitation to group leaders to contribute at the discussions at the meeting.

2. REASON FOR THE DECISION BEING MADE:

- The need to provide All Members with the current financial budget position and information on the potential three year gap.

3. CONSULTATION UNDERTAKEN PRIOR TO DECISION BEING MADE:

- N/A

4. PERSONAL INTERESTS DECLARED:

- None

5. DISPENSATION TO SPEAK (AS GRANTED BY STANDARDS COMMITTEE):

N/A

6. (a) IS THE DECISION URGENT AND NOT TO BE THE SUBJECT OF ANY CALL-IN BY THE OVERVIEW AND SCRUTINY COMMITTEE:

N/A as the matter was reported for information and the opportunity for non Members of the Cabinet to make contributions to the discussions.

6. (b) IF YES, REASONS WHY IN THE OPINION OF THE DECISION-MAKER THE DECISION IS URGENT:

N/A

6. (c) SIGNATURE OF MAYOR OR DEPUTY MAYOR OR HEAD OF PAID SERVICE CONFIRMING AGREEMENT THAT THE PROPOSED DECISION IS REASONABLE IN ALL THE CIRCUMSTANCES FOR IT BEING TREATED AS A MATTER OF URGENCY, IN ACCORDANCE WITH THE OVERVIEW AND SCRUTINY PROCEDURE RULE 17.2:

N/A

.....
(Mayor)

.....
(Dated)



.....

(Proper Officer)

02.07.15

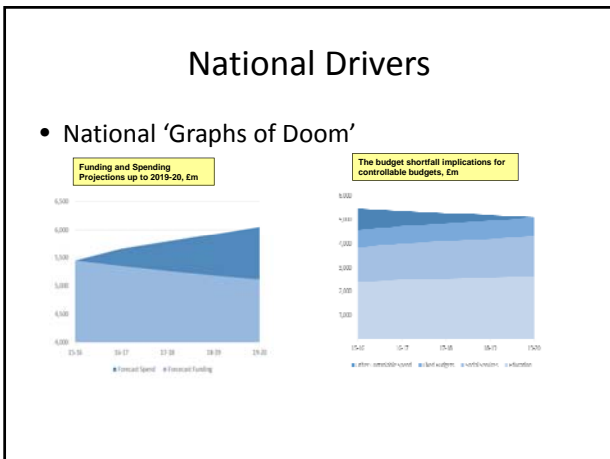
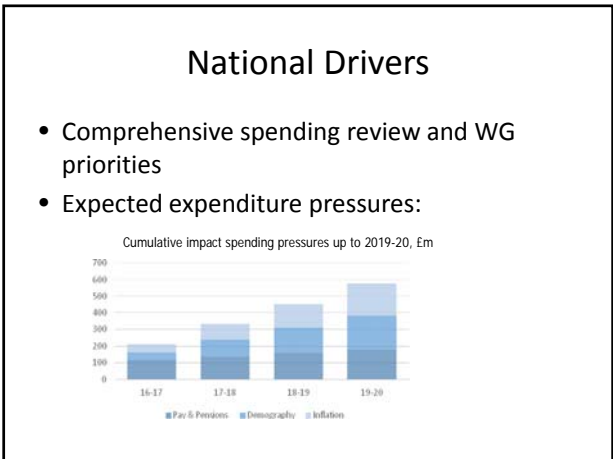
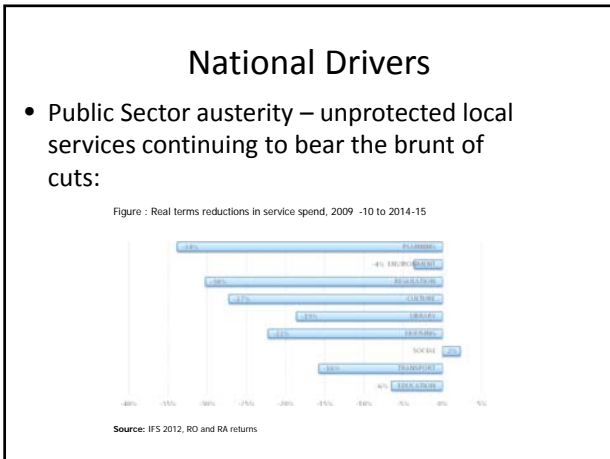
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Contents

- Updating the base
 - National drivers
 - Local drivers
- Financial Forecast to 2018/19 – the gap (plus sensitivity)
- 2015/16 in year actions and Transitional Funding
- Savings forecast to 2018/19 – what we can identify now
- A Framework for Service Transformation / Change
- Key Actions and progress

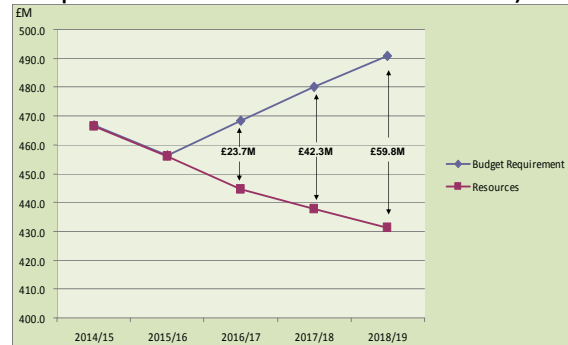


- ## Local Drivers
- Modelling update
 - Additional year 2018/19 added
 - Key assumptions
 - Settlement -3% (to -5%)
 - Pay inflation +1.5% each year
 - LGPS steps +£600K per year (latest valuation runs to 2016/17)
 - General inflation +2%, +2.1%, +2.1%
 - Schools protection applied (+0.6%)
 - Council tax +3% each year

Local Drivers

- Modelling update
 - Budget Pressures
 - Increased National Insurance contributions
 - Pupil Numbers
 - Teachers Pension Increases
 - SSA and Recoupment
 - Independent Sector Fees
 - When I'm Ready
 - DOLS
 - Foster Carer Fees
 - SWMG and DWP funding reductions
 - LGPS
 - Plus Other Pressures being absorbed

Projected Budget Gap to 2018/19 (-3% per annum estimated settlement)

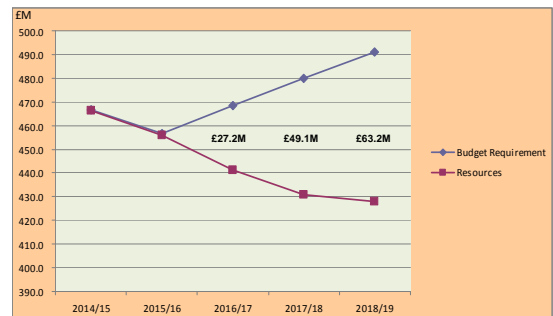


Projected Budget Gap to 2018/19

	2016/17 £'000	2017/18 £'000	2018/19 £'000
Base	456,494	468,400	480,011
Inflation Employees	4,048	4,108	4,170
Inflation General	2,305	2,468	2,520
Inflation Grant Adjust	1,369	1,402	1,455
Inflation Specific	328	328	328
ISB Protection Adjustment	- 2,537	- 1,794	- 1,781
Base Pressures	6,393	5,098	4,262
Budget Requirement for year	468,400	480,011	490,966
Additional Budget Requirement	11,906	11,611	10,955
Resource Availability	444,698	437,727	431,181
GAP - Gross	23,702	42,283	59,785
GAP - Annual	23,702	18,582	17,501

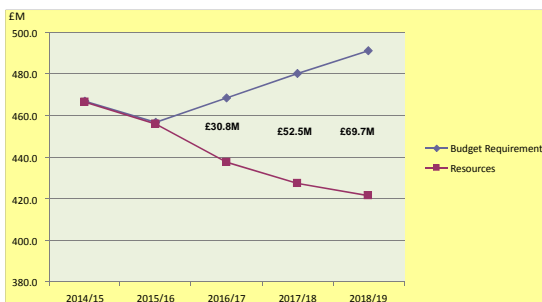
Sensitivity of Forecasts

Projected Budget Gap to 2018/19 (-4%, -4%, -2%)



Sensitivity of Forecasts

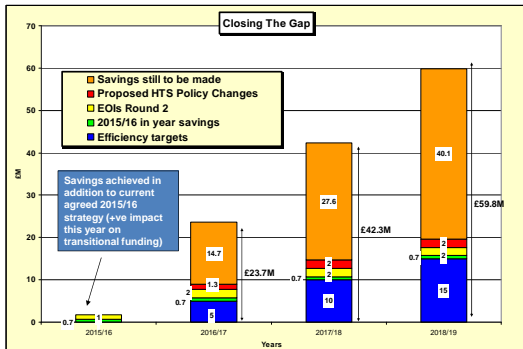
Projected Budget Gap to 2018/19 (Bigger cut next year? = -5%, -4%, -3%)



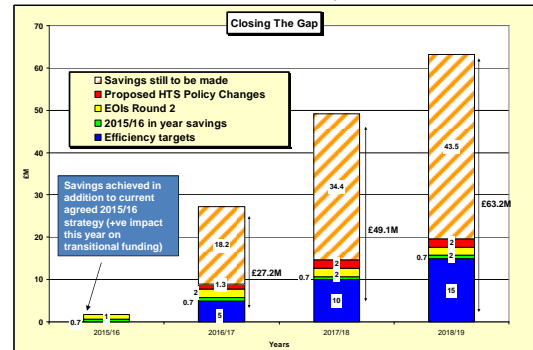
2015/16 in year actions and Transitional Funding

- 2014/15 year end on budget (likely to be approx £800k underspend)
- Year end ability to top up 'Transitional Funding'
 - Early implementation of service changes
 - Review of earmark reserves
 - **Transitional funding at 1st April 2015 £5.13M**
 - In year savings during 2015/16 can further increase the amount available to support the medium term budget strategy

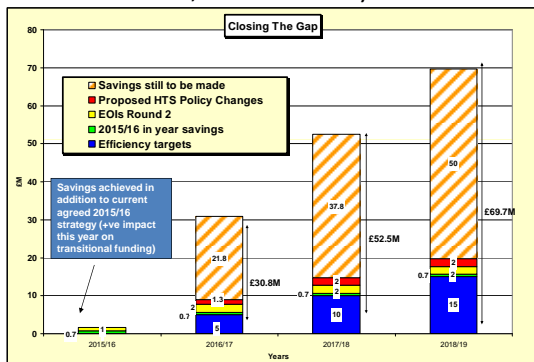
Savings Forecast to 2018/19 (based on -3% per annum scenario)



Savings Forecast to 2018/19 (based on -4%, -4% and -2%)



Savings Forecast to 2018/19 (based on -5%, -4% and -3%)



A framework for Service Transformation / Change

- Activity focussed on:
 - Efficiency
 - Service change
 - Cross cutting areas
 - Social Care
 - Workforce matters

Key Actions & Progress

- Multiple task & finish groups established to pull options / savings together
- Focus on Social Care Transformation given potential for significant cost savings
- Business case review underway
- Identification and delivery of savings ASAP is crucial to top up further our 'Transitional Funding' and create base savings going forward
- Ongoing engagement through 'RCT Together' is a key part of the ongoing strategy