

Budget Strategy Options 2016/17

Finance & Performance Scrutiny
Committee

27th January 2016



Budget 2016/17 Pre Scrutiny

Strategy options contained in this presentation are the Senior Leadership Team views.

Constitution sets out the requirement for officers to first set out the options and for Cabinet to consider and determine it's budget strategy that is recommended to full Council.

Consultation and Pre Scrutiny work will be a key component of this work and will be fed through when Cabinet first meets to consider options in February.

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Council's Current Financial Position

- Audited Accounts for 2014/15 – General Fund Balance £11.001M
- Medium Term Financial Planning & Service Transformation Reserve (Transitional Funding)
 - 31st March 2015 - £5.127M
 - In year savings 2015/16 - £1.075M
 - Proposed allocation from General Fund - £0.500M (view remains that we should hold £10M as minimum level)
 - Level of reserve for budget strategy considerations **£6.702M**

The 2016/17 Provisional Settlement

- Announced on 9th December 2015
- All Wales Decrease in RSG/NDR at -1.4%
- RCT Decrease at -0.9%
- Range -0.1% to -4.1%
- No Funding Floor Protection
- Includes Transfer in of £31.1M re Outcome Agreement Grant (£2.467M RCT)
- Reference to additional funding for Social Services (£21M) and Education (£35M)

The 2016/17 Provisional Settlement

- Schools Protection at +1.85%
- No future year indications
- Many Specific Grants not finalised, reduction of 5% in overall terms
- General Capital Funding increase by £0.005M to £11.159 for RCT

The Starting Point Budget Gap

- Position as at December Council, Budget Gap - £17.515M
- Budget updates:

	£M
Fire Service Levy	0.157
Expressions of Interest Exercise	1.682
Waste Services	0.750
Ongoing Reassessment of Base Budget Pressures	0.600
Miscellaneous Items	0.025
Total Reduction in Base Budget Requirement	3.214

- Starting Point Budget Gap now **£14.301M**

Budget Consultation Outcomes

<https://rctcouncil.budgetsimulator.com/> Resident RCT Budget Challenge

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Help set the RCT budget!

Faced with a significant budget gap over the next 3 years due to UK Government cuts to public sector funding, the Council wants your views on how it could close an estimated initial budget gap of approximately £20M for 2016/17.

This short video provides information on the budget challenge facing the Council, RCT Together and how you can have your say

RCT Together Episode 2

The Council has to set a legally balanced budget each year and the budget simulator has been set up to give you the opportunity to balance the budget the way you see fit and according to your preferences. You may want to see savings made in Leisure to allow increased spending in Education and the budget simulator allows you to do that whilst always reminding you how far you have to go to set a legally balanced budget.

For all you need to know about completing the Budget Simulator please click [more info](#)

Runs from:
December 16, 2015

Until:
January 18, 2016

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[Welsh Budget Challenge](#)

10:39 11/01/2016

Budget Consultation Outcomes

The screenshot displays a web browser window with the URL <https://rctcouncil.budgetsimulator.com/bi>. The page features a dark green header with the following information:

- Target: Your target is to reduce spending by £20M to balance the budget.
- Overspend: £20.00m
- Over Budget: 5.5%
- Total expenses: £384.02m

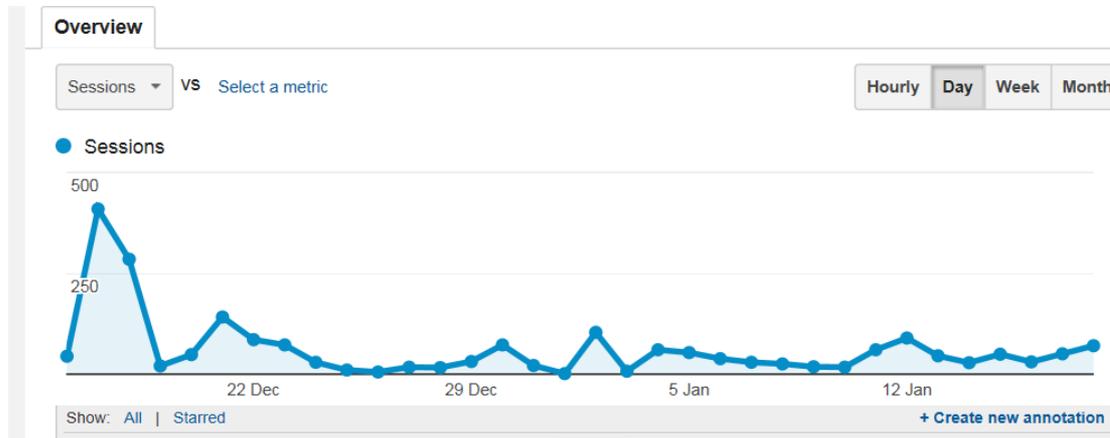
Below the header is a navigation bar with percentage options: -3%, -1%, 0%, 1%, and 2%. The main content area is divided into a left sidebar and a main panel:

- Left Sidebar:** A list of service categories with expandable arrows:
 - Council Tax
 - Education and Skills
 - Adult Social Care
 - Children's Services and Wellbeing
 - Frontline Services
 - Leisure, Culture and Regeneration
 - Central Support
- Main Panel:**
 - Council Tax:** Includes an information icon, a slider control, and a text box for "Your comments on Council Tax".
 - Consequences:** A text box stating: "No additional revenue will be raised via Council Tax, in addition to the 3% used for modelling purposes meaning reductions will need to be made to services elsewhere. [More](#)"

At the bottom of the page, there are two buttons: "« Back" and "Review and Finish »". The Windows taskbar at the bottom shows the system tray with the time 10:39 and date 11/01/2016.

Budget Consultation Outcomes

- Key feedback / issues:
 - 213 responses were received with submitted budgets. In addition, 1577 people viewed the simulator



Budget Consultation Outcomes

The top 10 services that received the highest % decrease were;

Service Item	Original Budget	Average Change %
Support Services	£ 28,011,000	-6.97%
Music	£ 261,000	-6.81%
Cultural Services	£ 929,000	-6.76%
Customer Care	£ 2,297,000	-6.34%
Tourism & Heritage	£ 409,000	-6.08%
Libraries & Adult Learning	£ 2,524,000	-5.96%
Youth Provision	£ 2,325,000	-5.82%
Leisure	£ 4,592,000	-5.77%
Waste (Black bags)	£ 6,494,000	-5.47%
Transport	£ 13,767,000	-5.47%

Budget Consultation Outcomes

The bottom 10 services that received the lowest % decrease were;

Service Item	Original Budget	Average Change %
Schools	£ 147,216,000	-1.46%
Children's Services	£ 18,981,000	-1.78%
Looked after Children	£ 26,324,000	-2.18%
Highways	£ 7,881,000	-2.56%
Equipment and Adaptations	£ 2,280,000	-3.05%
Public Health	£ 4,960,000	-3.19%
Assessment Care Management	£ 8,085,000	-3.36%
Homecare	£ 20,860,000	-3.36%
Residential & Nursing Services	£ 24,121,000	-3.50%
Housing	£ 986,000	-3.52%

Budget Consultation Outcomes

- Finance and Performance Scrutiny Committee minutes 6th January 2016 (see notes)
- School Budget Forum (12th January 2016)
 - Supported continued protection of schools
 - Positive feedback in terms of investment in schools infrastructure
 - Positive feedback in terms of pupil attainment
 - Wanted notification of budget position as early as possible to support planning

Key Building Blocks (1)

- Council Tax
 - 2015/16 increase 3.8%
 - 1% increase = net additional income £724K
 - Modelled budget gap on 3%
 - Proposed increase given feedback 2.75%
 - Impact is additional £0.181M to gap
 - Gap now **£14.482M**

Key Building Blocks (2)

- Schools
 - WG protection 1.85%
 - Proposal is to fully meet protection requirements
 - Schools Budget up £3.1M (£141.8M to £144.9M)
 - Overall impact on budget gap is positive by £2.323M
 - Gap now **£12.159M**

The Final Budget Gap and Strategy Options

- Gap £12.159M
- Strategy options
 - Efficiencies – target higher for 2016/17 at £6.350M
 - Fees & Charges – apply RPI+3%
 - Social Care Transformation Programme
 - Focus on early intervention / prevention
 - Success being achieved in 2015/16 forecast to continue
 - Savings estimated £2.985M for 2016/17
 - Further Management Cost Savings
 - Savings delivered £0.123M
 - Service Changes
 - Nothing included as Cabinet have not yet determined way forward post consultation
 - Transitional Funding – balance budget by using £2.701M (would leave £4M available currently into the medium term)

The Final Budget Gap and Strategy Options

- Financial Impact of Proposed Options :

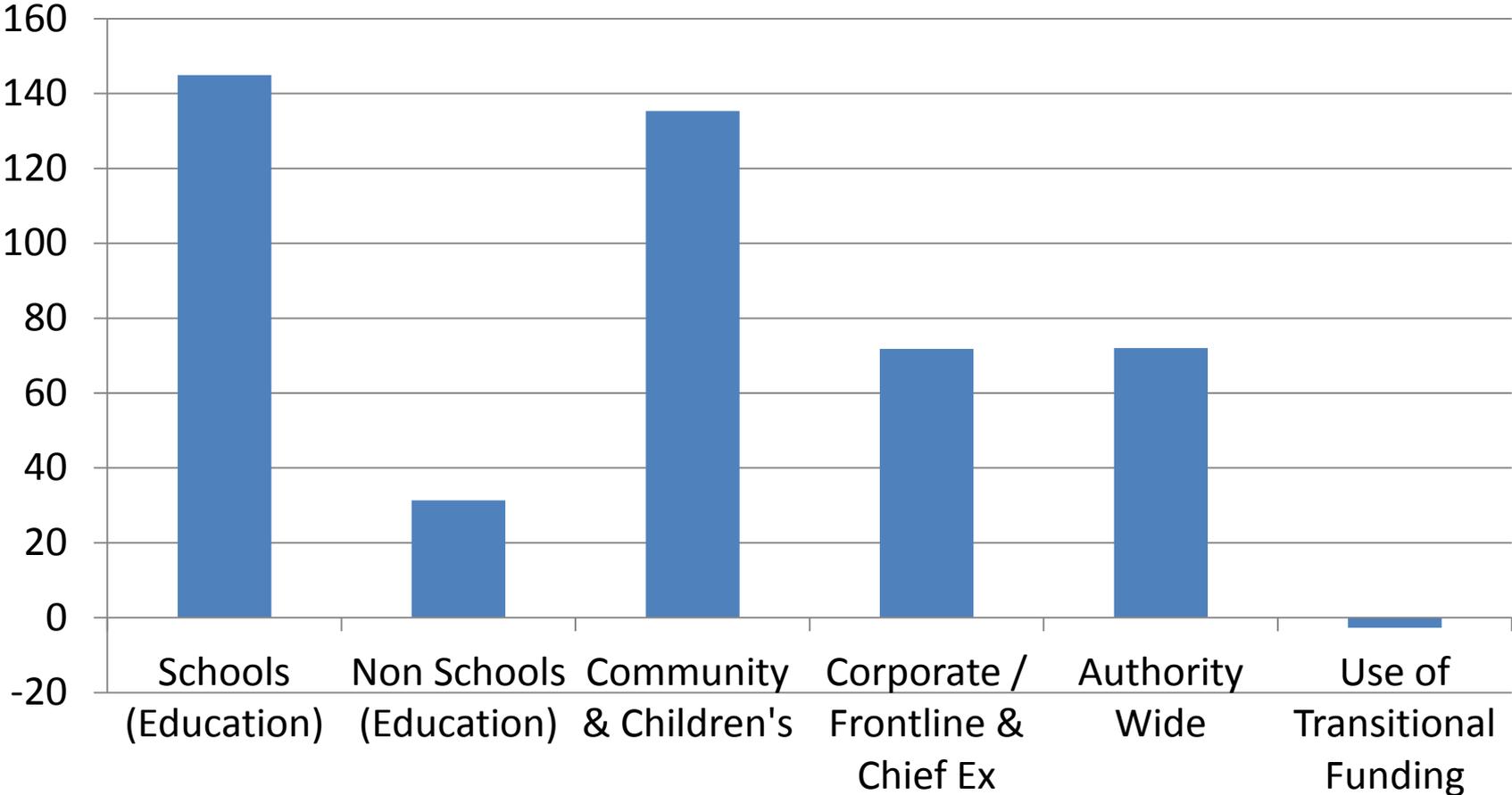
	£M	£M
Budget Gap		12.159
<i>Strategy Proposals:</i>		
General Efficiencies	(6.350)	
Social Care Transformation Programme	(2.985)	
Management Cost Savings	(0.123)	
		(9.458)
Remaining Budget Gap		2.701
<i>Use of 'One Off' Funding</i>		
Medium Term Financial Planning & Service Transformation Reserve		(2.701)
Total		0.000

Proposed Service Group Budgets

- Commitment to continue to deliver key services in line with aspirations of draft Corporate Plan
- Self assessment process across services has strengthened delivery plan focus
- Council also seeking to invest in key areas e.g. £12M investment programme agreed 28th October 2015
- Focus remains on addressing medium term pressures and financial stability

Proposed Service Group Budgets 2016/17

£M



Conclusions & Next Steps

- Views / feedback welcome on draft proposals
- F&P feedback, strategy options plus consultation feedback to Cabinet in February
- Cabinet's proposals due into Council 24th February

QuestionsComments.....Thank you