



RHONDDA CYNON TAF

RHONDDA CYNON TAF COUNTY BOROUGH COUNCIL

RECORD OF DECISIONS OF THE EXECUTIVE

DECISION MADE BY: Cabinet DATE DECISION MADE: 3rd July, 2014

Agenda Item 1

SUBJECT:

Medium Term Financial and Service Planning

Cabinet Members Present County Borough Councillors:

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

Apology for Absence County Borough Councillor:

P.Cannon

Other Members in Attendance County Borough Councillors:

P.Baccara, J.Bonetto, S.Bradwick, (Mrs.)J.Cass, S.Carter,
W.J.David, M.Griffiths, P.Griffiths, P.Jarman, (Mrs.)S.J.Jones,
B.Morgan, S.Pickering, M.J.Powell, A.Roberts, G.Stacey,
B.Stephens, (Mrs.)J.S.Ward, P.Wasley, D.Weeks and T.Williams.

1. DECISION MADE:

Agreed –

- To note the contents and the observations made at the meeting by Mr.C.Lee, Group Director, Corporate Services as contained in the **attached** PowerPoint slides.
- In addition to the comments made at the meeting by the Cabinet Members, to note and acknowledge the contributions made by County Borough Councillors P.Jarman, M.J.Powell, P.Baccara and P.Wasley.
- That the queries raised at the meeting by Mr.David Stoneman and which are to be circulated to Members, that the responses made by the Group Director, Corporate Services be confirmed in writing to Mr.Stoneman.
- To further note that in response to a further query made by Mr.Stoneman, the Leader of the Council indicated that work was in progress for members of the public to make suggestions on the Council's website in respect of bridging the budget gap.

2. REASON FOR THE DECISION BEING MADE:

- The need to provide Members with the current financial budget position and information on the potential three year gap to 2017/18.

3. CONSULTATION UNDERTAKEN PRIOR TO DECISION BEING MADE:

- Report to Council – 25th June, 2014.

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 discussion.

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)

4th July, 2014

.....
(Dated)

Medium Term Service Planning

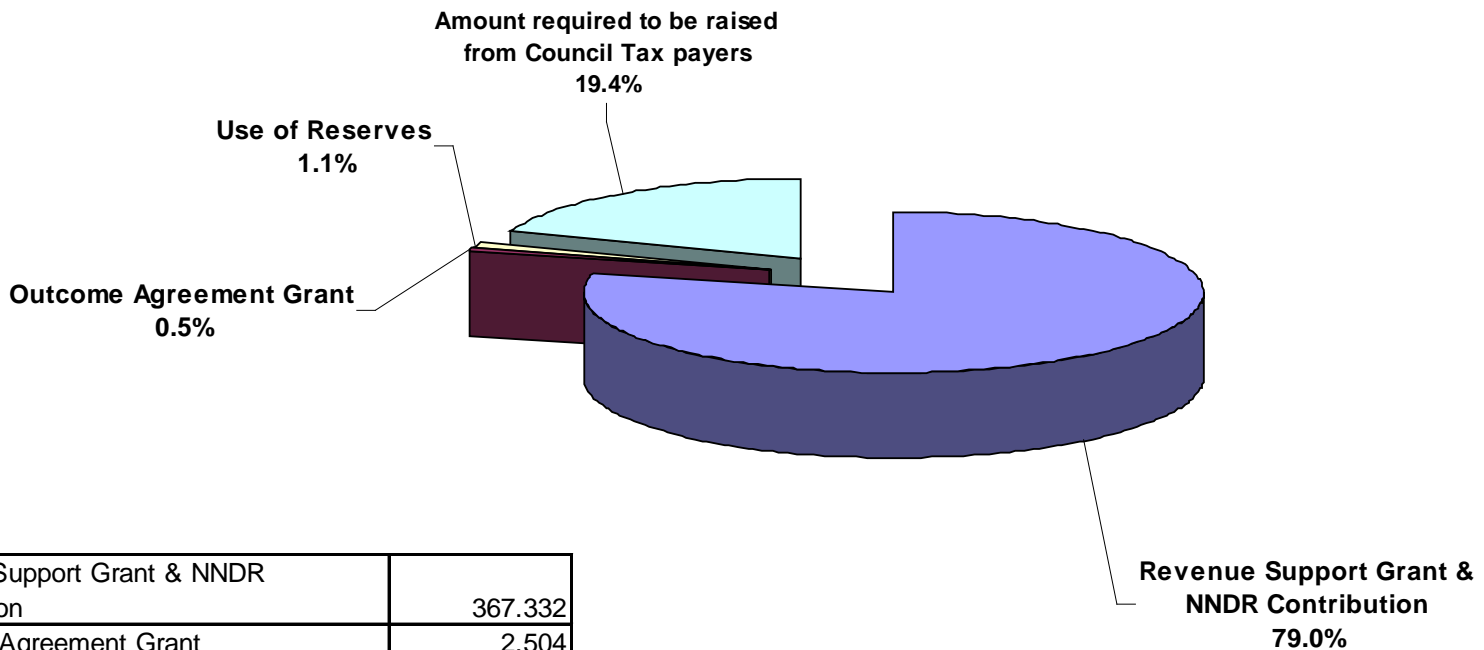
2014/15 – 2017/18

Budget Update

To Cover

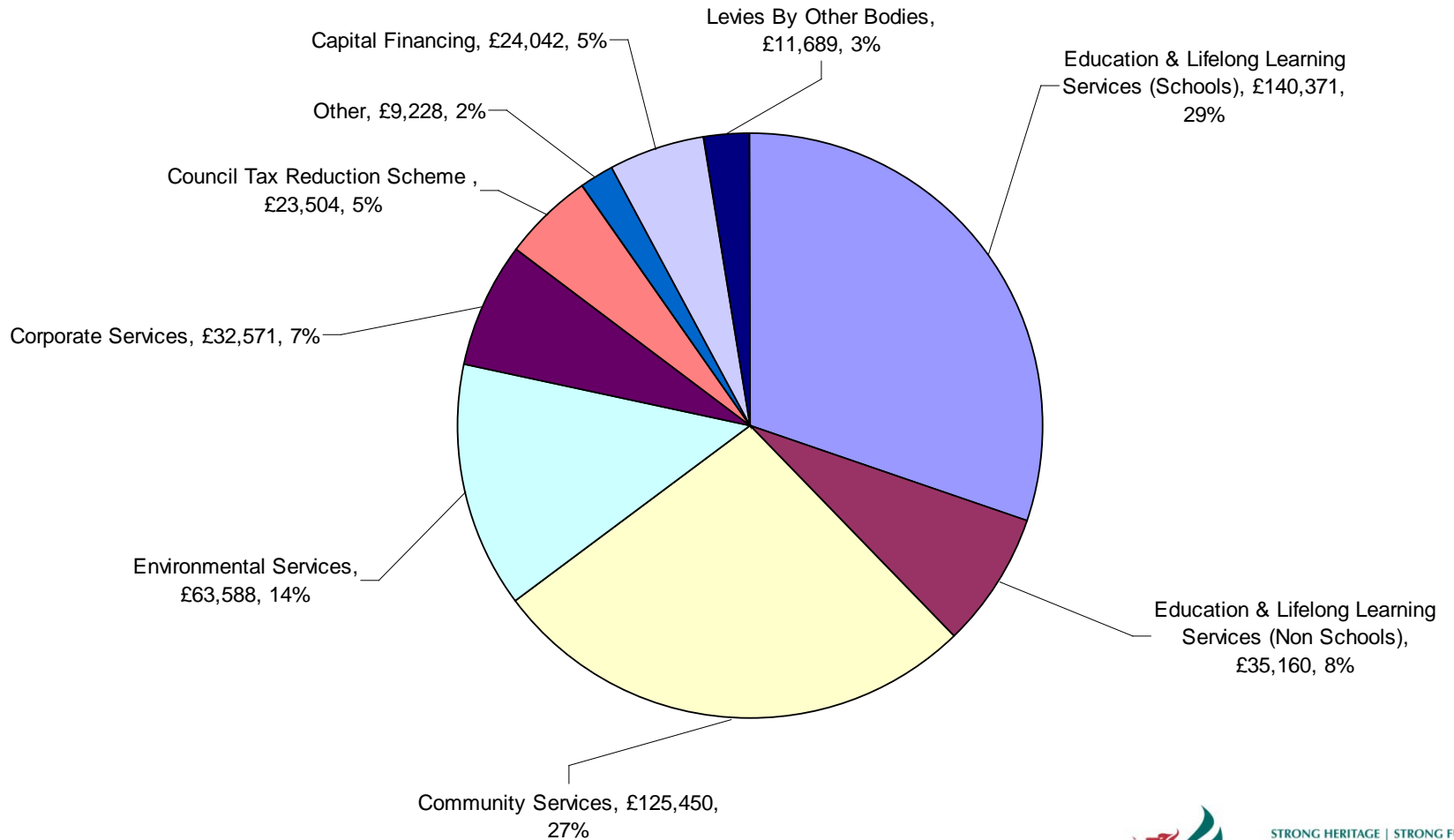
- Setting the Budget in Context
- 2014/15 current position
- Updated 3 year gap to 2017/18
- Early modelling for 2015/16 –
‘bottom up’ and ‘top down’
approaches
- A way forward

Budget Funding 2014/15 (Original Basis)



Revenue Support Grant & NNDR Contribution	367.332
Outcome Agreement Grant	2.504
Use of Reserves	5.216
Amount required to be raised from Council Tax payers	90.551
	465.603

Budget Spend 2014/15 (£000)



2014/15 Current Position

- Original strategy (£14.4M gap after Council Tax inc):
 - Efficiencies £4M
 - Service Change £5.2M (full year £7.6M)
 - Transitional Funding £5.2M
- Budget 'gap' now given decision of Judicial Review - must also reflect impact of budget strategy funding changes and Phase 2
- Report to Cabinet / Council – use of additional transitional funding to underwrite and reset a balanced budget
- Actions required to replenish transitional funding resource:
 - Phase 2 implementation plans / timing
 - Ongoing service reviews / challenge

2014/15 Current Position

- Cabinet / Council Report in June
- Rebalance 2014/15 budget:
 - Phase 2 Service Changes part year impact
 - Impact of Judicial review – School admission arrangements
- Additional allocation of £1.2M from transitional funding
- Impact on Transitional Funding Reserve :

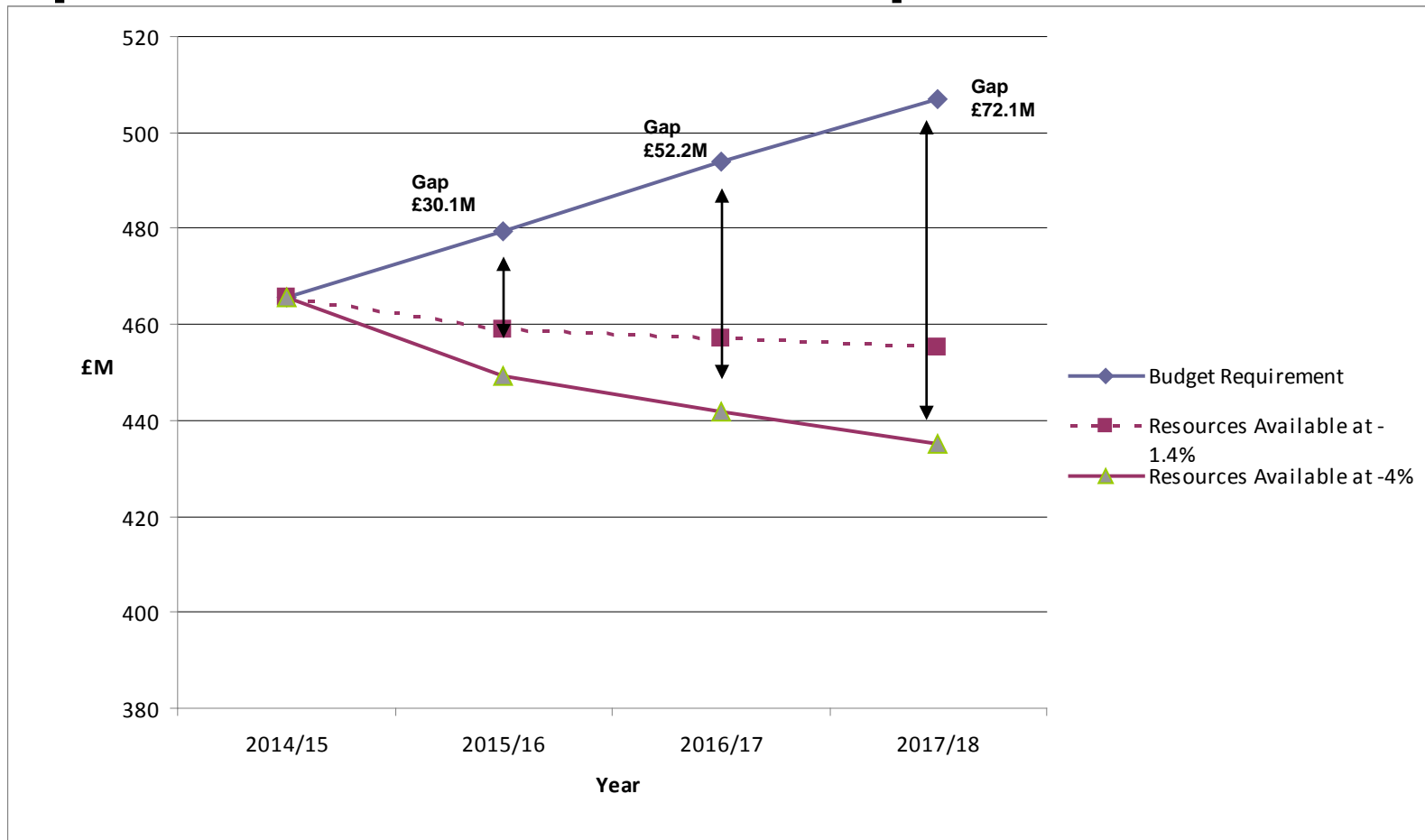
Transitional Funding balance post Budget Strategy (Feb 14)	£4.8M
Further allocation Required 2014/15	(£1.2M)
Balance Remaining	£3.6M

Note balance remaining is pre risk assessment of earmarked reserves as part of year end accounts closure 2013/14.

Updated 3 year gap to 2017/18

- Important to note sensitivity of base update analysis:
 - Impact of worse settlement than indicative from Welsh Government - £3.5M for 1% difference per year
 - Settlement assumptions – recent volatility:
 - Settlement indicative (15/16) -1.4%
 - WLGA modelling advice (12th June) -3%
 - Ministers / WLGA letter (25th June) -4%
 - Impact of additional / potential cost pressures, eg pension costs, Community Care costs etc.
 - Basis of Council Tax increase levels, schools protection etc..

Updated 3 Year Gap to 2017/18



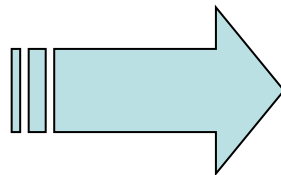
Note: The £30.1M gap includes the requirement to address the base shortfall of £5.2M given use of transitional funding in 2014/15

It also assumes a full year impact of planned nursery admissions changes i.e. implementation pre 1st April 2015

Early Modelling for 2015/16

	£M	£M
Budget Gap		30.1
Efficiencies	-4	
Phase 2 (excluding leisure)	-2.7	
		-6.7
Remaining Gap		23.4

Service challenge / review process underway ('bottom up')



- Strategic Service Changes
- Operational Changes, to include:
 - Further Base Budget opportunities?
 - Assets?
 - Workforce?
 - IT / Modernisation?
 - Collaboration?
 - Third sector / Private Sector engagement?
 - Others?
- Efficiency savings
 - Target levels and three year plans

Medium Term Service Planning

- As well as 'bottom up', also a strategic, 'top down' approach – Medium Term Service Planning
- Strategy includes:
 - Financial management and procurement opportunities
 - Workforce planning
 - Managing our assets
 - Partnership working
 - Governance

A Way Forward

- Further Reports to Cabinet:
 - Already addressed requirements to close the budget gap through use of additional one off transitional funding in 2014/15 and today's update of MTFP Base
 - Consideration shortly of next steps in relation to Nursery Admission arrangements
- Implementation of Phase 2 Service Changes
- Consideration of further Service Change proposals to come forward in the summer
- Immediate service actions in 2014/15 to reduce spend and replenish Transitional Funding resource