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## CYFLWYNIADA

**Pwyllgor** PWYLLGOR CRAFFU GWASANAETHAU OEDOLION A CHYMUNEDOL

**Dyddiad ac amser  
y cyfarfod** DYDD LLUN, 27 CHWEFROR 2023, 2.00 PM

Os gwelwch yn dda gweler ynghlwm y Cyflwyniad(au) a ddarperir yn y Cyfarfod Pwyllgor

a Cyflwyniad(*Tudalennau 3 - 22*)

Mae'r dudalen hon yn wag yn fwriadol



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# Cabinet 2023/24 Budget Proposals Scrutiny February 2023



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# Corporate Plan Alignment



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- The Council's key strategy financial documents are framed by Capital Ambition and the Corporate Plan.



- This ensures resources are allocated in a way that supports the Council's priorities.
- Given the link between the Corporate Plan and wider Well-being goals, it helps ensure the Budget supports long-term sustainability - in line with the Council's duties under the Well-being of Future Generations (Wales) Act 2015.
- Detail on how the Council's Budget supports Corporate Plan Priorities is set out in Appendix 1 to the Budget Report

Tudalen 5



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# Current Year Context

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Directorate	£000
Corporate Management	(3,377)
Economic Development	1,646
Recycling & Neighbourhood	1,756
Education & Lifelong Learning	4,582
Housing, & Communities	(2,378)
Performance & Partnerships	(464)
Adult Services	(1,820)
Children's Services	6,577
Planning, Transport & Environment	(2)
Governance & Legal Services	620
Resources	(56)
Total Directorate Position	7,084
Capital Financing	(1,700)
General Contingency	(2,000)
Summary Revenue Account / Council Tax	(344)
<b>Total Net Council Position</b>	<b>3,040</b>



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- The Month 9 Monitoring Position is being presented to Cabinet on 2 March 2023
- The Monitoring Position continues to project an overspend of £3.040 million in the event of no further interventions by the end of the year.
- The summarises the Directorate Positions for Month 9



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# Provisional Settlement Overview



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## Provisional Settlement - Timing

- Provisional Settlement - issued 14 December 2022
  - Final Settlement – anticipated post publication for Cabinet , pre Council
- Material changes not anticipated
- Changes (if there are any) anticipated to be managed by an adjustment to/ from Reserves
- Cabinet Recommendations would give authority to Section 151 Officer to issue a Budget Addendum to this effect.

Tudalen 7

## Provisional Settlement – Content and Impact

- Cardiff increase is 9.0%, Welsh average is 7.9%
- Settlement is better than planned for (indicative was 3.5%)
- Comes with additional pressures – Real Living wage, pay increases, rising / high levels of inflation, need to manage the legacy of the pandemic (income impact).



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Resources Required	£000
<b>Base Budget Brought Forward</b>	<b>743,746</b>
Employee Costs	31,094
Price Inflation	27,126
Commitments, Realignments & Capital Financing	10,547
Demographic Pressures	7,651
<b>GROSS PRESSURES</b>	<b>76,418</b>
<b>Impact on CTRS Budget of 3.95% Council Tax</b>	<b>1,383</b>
<b>Savings</b>	<b>(17,666)</b>
<b>Total Resources Required</b>	<b>803,881</b>

Resources Available	£000
AEF	(593,592)
Council Tax – 2023/24 Tax Base and 2022/23 Rate	(200,856)
<b>Council Tax (before impact on CTRS)</b>	<b>(7,933)</b>
Use of Reserves	(1,500)
<b>Total Resources Available</b>	<b>(803,881)</b>

Red lines are the aspects of Budget Strategy that address the £24.216 million budget gap



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# Gross Pressures - £76.418 million



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**Pay Inflation £31.094m:** Includes 2022/23 pay award shortfall, Updated LGPS and NI Rates, assumed awards for 2023/24 (6% NJC), Teachers per IWRPB recommendations plus a margin in recognition of ongoing industrial action

**Price Inflation £27.126m:** Includes energy price increases (£11.8m), Commissioned Care costs (£9.4m), Fire Levy (£2.4m), Fuel (£0.7m), Home to School Transport (£1.4m), plus ICT, Taxi costs (care), Member Remuneration, Butetown Tunnel

**Commitments: £3.677m:** Includes capital financing, painting of structures & maintenance of public realm, SRS pay contribution, vehicle replacement & increase to Voluntary Redundancy budget

**Realignments: £6.870m:** A net figure comprising £16.780m realignments offset by release of £10m Covid-19 Budget

**Realignments** - inflationary & demand pressure inherent in current year's monitoring position. Includes £8.120m Children's Services, £1.000m School Catering, £3.095m HTS Transport, £1.4m Out of County Ed. & £1.7m for Recycling and NS

- **£10m Covid-19 Budget** - created in 22/23 (fall out of WG C19 Hardship Fund). Has been important in managing pressure in 2022/23 - but combination of further recovery, realignments (above) and earmarked reserves - appropriate to release in 2023/24

**Demographic Pressures (£7.651m):** £3.975m Adult Social Services, £0.850m Out of County Education Placements and £2.826m schools



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# Savings



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Savings	£000
Efficiency Savings	(10,090)
Corporate Savings and Measures	(3,000)
Reduction in Financial Resilience Mechanism	(1,800)
Service Change Proposals	(2,776)
<b>TOTAL</b>	<b>(17,666)</b>

Efficiency Savings	£000
Review of Staffing Arrangements	(3,385)
Reduction in Premises Cost	(197)
Reduction in External Spend	(2,813)
Increase in Income	(3,695)
<b>TOTAL</b>	<b>(10,090)</b>

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## Efficiency Savings

- Achieving the same output (or more) for less resource, with no significant impact on the resident / customer.

## Corporate Savings and Measures

- £1m reduction in general contingency (from £2m to £1m)
- £1m reduction in Adult Services contingency (from £3m to £2m)
- £1m savings to corporate budgets – including CTRS and Insurance

## Reduction in FRM

- Proposed to reduce the FRM by £1.8 million in 2023/24 – leaves £2m
- Reduction is specifically linked to minimising the impact of energy price increases that may prove to be temporary in nature.
- FRM will be reinstated if prices subside in 2024/25 and beyond
- One off use of FRM in 2023/24 (see further slide)

## Service Change Proposals

- See next slide



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# Service Change Proposals - £2.776 million



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Dir.	Service Change	£000
ECD	Events Management – Reduce Support for Events	25
ECD	Saint David’s Hall Operating Model (reflects part year)	500
ECD	Cardiff White Water Operating Model (reflects part year)	50
RNS	Recycling Centres – reduce operating hours (one day)	60
EDU	Education – Regional Services	50
RP&P	Reform of Third Sector Infrastructure Grant	65
U&C	Volunteers in Hubs and Libraries	90
ADU	Internal Supported Living – transition to Third Sector	300
CHD	New Trusted Adult Model	100
CHD	Future development of model to deliver residential – to manage the market and increased demand	549
ALL	Pay Award avoided through implementing above	137
<b>TOTAL</b>		<b>1,926</b>

Dir.	Increase Fees and Charges	£000
ECD	Municipal Sports Pitch and Facility Provision in Parks	7
PTE	Bereavement	90
PTE	CPE – Parking Tariffs	447
PTE	Residents’ Permits	306
<b>TOTAL</b>		<b>850</b>



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# Employee Implications of Budget

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Employee Implications of Budget	FTE
Voluntary Redundancy	50.9
Vacant Posts	55.3
Potential Transfer of Posts	48.2
Retirement / Flexi Retirement	1.5
TBC / Redeployment	22.5
<b>Total FTE posts deleted</b>	<b>178.4</b>
<b>Total FTE posts created</b>	<b>(5.5)</b>
<b>Net FTE Reduction</b>	<b>172.9</b>



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# Consultation



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Aspect of 2023/24 Budget	Citywide Consultation Response
Protection of Schools Budget	73% agreement
<b>Income Proposals</b> <ul style="list-style-type: none"> <li>Sports pitch fee increase</li> <li>Pay &amp; Display fee increase</li> <li>Bereavement charges increase</li> <li>School Meal prices - 5% increase</li> </ul>	63% support 66% support 64% support 30% support (35% supported higher increases, 35% supported no increase)
Parking permit increases (£24 first permit & £54 second)	51% felt first permit about right level, 39% felt second about right level (43% felt second too high)
<b>Service Change Proposals Accepted</b> <ul style="list-style-type: none"> <li>New partner to run Saint David's Hall</li> <li>Cardiff International White Water</li> <li>One day closure of recycling centres</li> <li>Hubs – deletion of vacant posts &amp; recruitment of volunteers</li> </ul>	59% support (26% against) 77% support (8% against) 46% support for closure, (40% for reduced opening hours) Highest support of 4 options (37%)
<b>Service Change Proposals Not Taken Forward</b> <ul style="list-style-type: none"> <li>Hubs – reduced hours</li> <li>Hubs – one day closure</li> <li>Mobile operation of museum of Cardiff</li> </ul>	17% (compared with 37% above) 21% (compared with 37% above) 57% support (43% keep where it is)

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## Ask Cardiff

- Budget Priority Question - 3,856 responses
- Top three priorities both short and long term were
  - School & Education including Youth Services
  - Supporting vulnerable children & families
  - Supporting vulnerable adults & older people
- Revenue Budget and Capital Programme support these areas

## Citywide Consultation - 5,932 responses

- Built on findings of Ask Cardiff
- Ran between 23 Dec 2022 to 29 Jan 2023
- Measures included in the 2023/24 Budget are consistent with the outcomes of citywide consultation



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# Financial Resilience Mechanism – One off Sums



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Fudalen 14

	£000	
Stronger	565	<ul style="list-style-type: none"> <li>• £150k Youth Festivals</li> <li>• £75k Little Gigs talent contest for children and young people</li> <li>• £10k blood pressure monitor loan scheme</li> <li>• £100k Community Events</li> <li>• £100k Sport Development Grants</li> <li>• £130k Grassroots Music / Art</li> </ul>
Fairer	715	<ul style="list-style-type: none"> <li>• £100k Targeted youth work projects to create opportunities to enhance informal learning,</li> <li>• £100k Programme of internships for young people with additional learning needs</li> <li>• £130k Gender equality project to engage and empower young girls in Cardiff,</li> <li>• £165k in total to increase children’s access to leisure and recreation activities with priority for Children Looked After and those on the edge of care</li> <li>• £200k Neighbourhood and Community Regeneration</li> <li>• £20k for the Age Friendly Cardiff website and its promotion.</li> </ul>
Greener	720	<ul style="list-style-type: none"> <li>• £0.270 million for carbon reduction schemes</li> <li>• £50,000 One Planet youth and summit events</li> <li>• £0.300 million for the taxi clean air scheme</li> <li>• £50,000 to enhance cleansing education and enforcement</li> <li>• £50,000 to explore opportunities in relation to e-cargo bikes – last mile delivery.</li> </ul>
<b>TOTAL</b>	<b>2,000</b>	



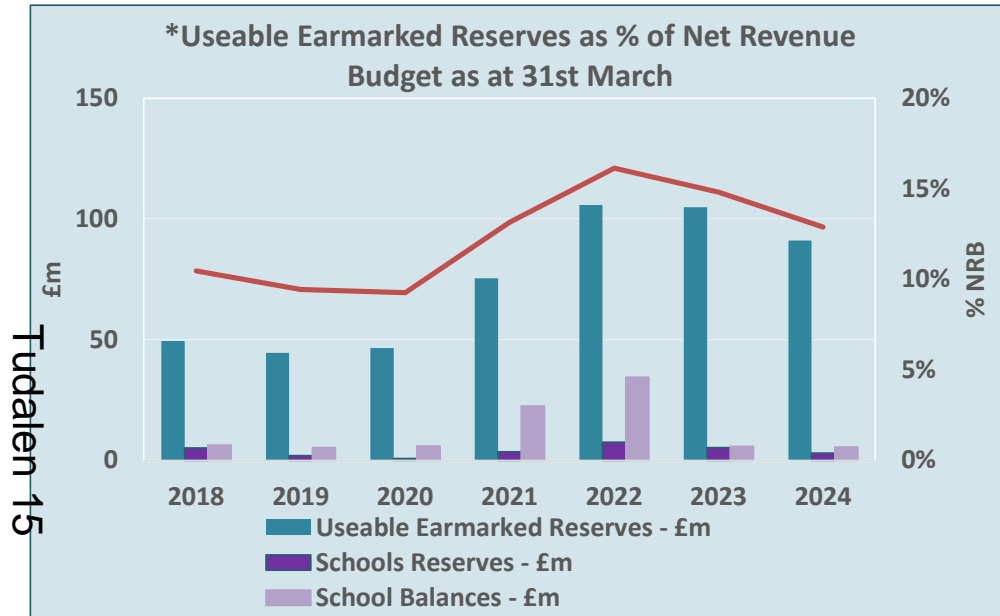
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# Reserves



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	Projection at 31 March 2023 £000	Projection at 31 March 2024 £000
General Fund Reserve	14,255	14,255
General Fund Earmarked Reserves	110,332	94,245
HRA General Reserves	10,200	10,450
HRA Earmarked Reserves	15,502	15,502

- The 2023/24 Budget assumes £1.5 million use of reserves as budget funding
- The S151 officer is content that the level of reserves is sufficient to enable this drawdown and remains adequate to March 2024.



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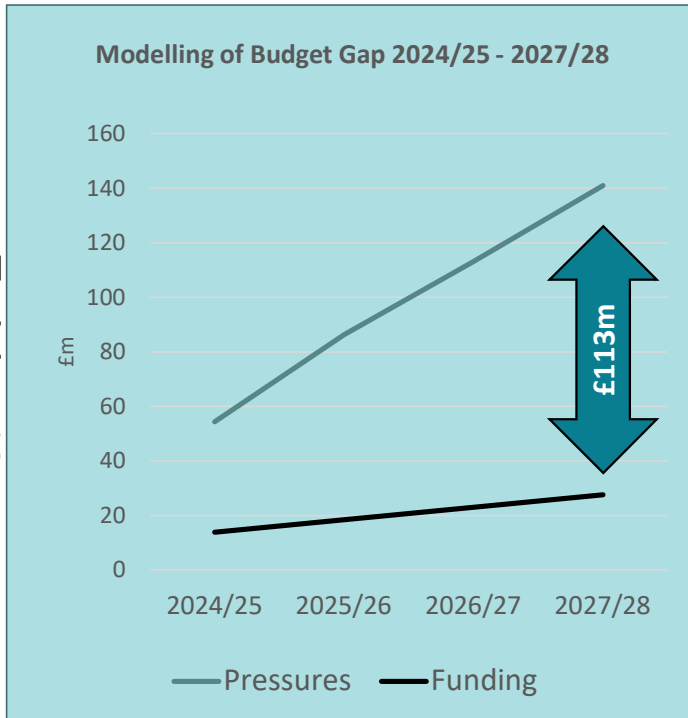
# Medium Term Financial Plan 2024/25 – 2027/28



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Directorate	2024/25 £000	2025/26 £000	2026/27 £000	2027/28 £000	Total £000
Total Pressures	54,361	31,918	26,826	27,844	<b>140,949</b>
Funding - AEF & Reserves	(13,840)	(4,563)	(4,597)	(4,521)	<b>(27,521)</b>
<b>Total Budget Gap</b>	<b>40,521</b>	<b>27,355</b>	<b>22,229</b>	<b>23,323</b>	<b>113,428</b>
Council Tax - Modelled at 3%	(5,172)	(5,327)	(5,487)	(5,652)	<b>(21,638)</b>
Savings	(35,349)	(22,028)	(16,742)	(17,671)	<b>(91,790)</b>
<b>Budget Strategy Requirement</b>	<b>(40,521)</b>	<b>(27,355)</b>	<b>(22,229)</b>	<b>(23,323)</b>	<b>(113,428)</b>

- C-Tax assumptions are used for modelling purposes only
- Need to continue work on identifying savings and opportunities for transformation beyond the one-year budget cycle
- Above is a base case – other scenarios are considered in the MTFP



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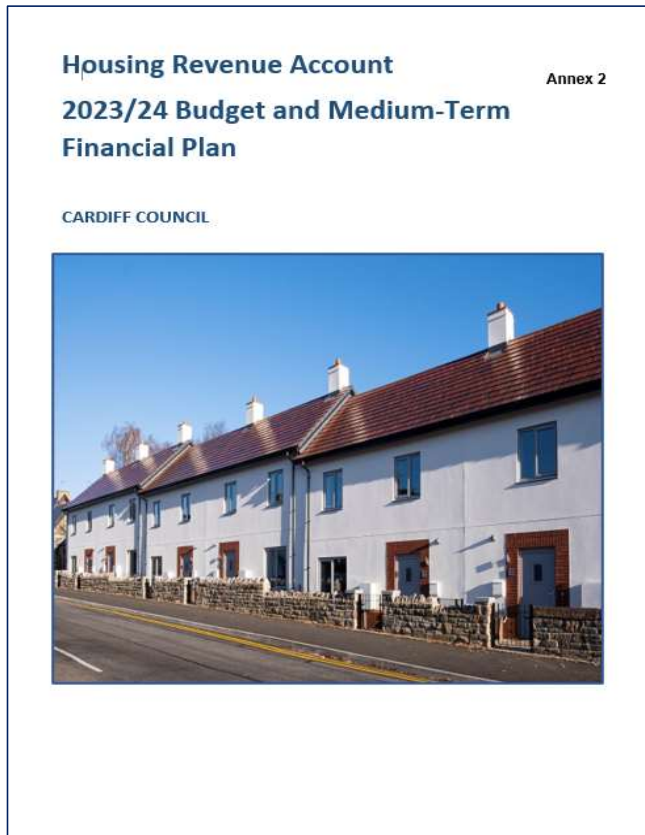
# Housing Revenue Account – MTFP



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- Background, key objectives and service priorities
- Rent policy framework – Average 2023/24 rent increase approved Dec 22 +6.5%: £7.22 per week (£7.67 based on 49 week collection)
- Current WG rent policy of CPI + 1% runs to 2024/25
- Revenue Budget and Capital Investment Programme
- Significant capital investment to meet demand for new affordable housing and regeneration/area improvements
- Key Assumptions
- Affordability and Value for Money
- Financial Resilience
- Risks and Uncertainties
- HRA 30 Year Business Plan to be sent to WG March 2023



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# Capital Programme Development 2023/24 – 2027/28

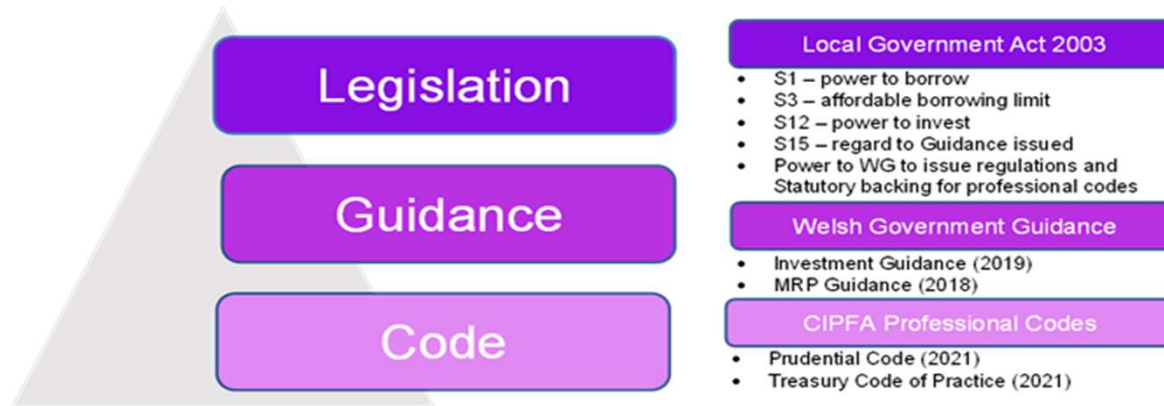


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- Capital expenditure is money spent on an asset being purchased or created that will last for a number of years e.g. schools, buildings and highway infrastructure
- Capital and Treasury Strategy – Informed decision making; compliance with codes and statute.

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- Indicators required to be considered by Council re affordability, prudence and sustainability based on future income assumptions
- Five year Capital Programme previously set for the period 2022/23 to 2026/27
- The 2023/24 Budget will update the Capital Programme and move it on to 2027/28
- Capital Strategy includes detailed investment programme and funding



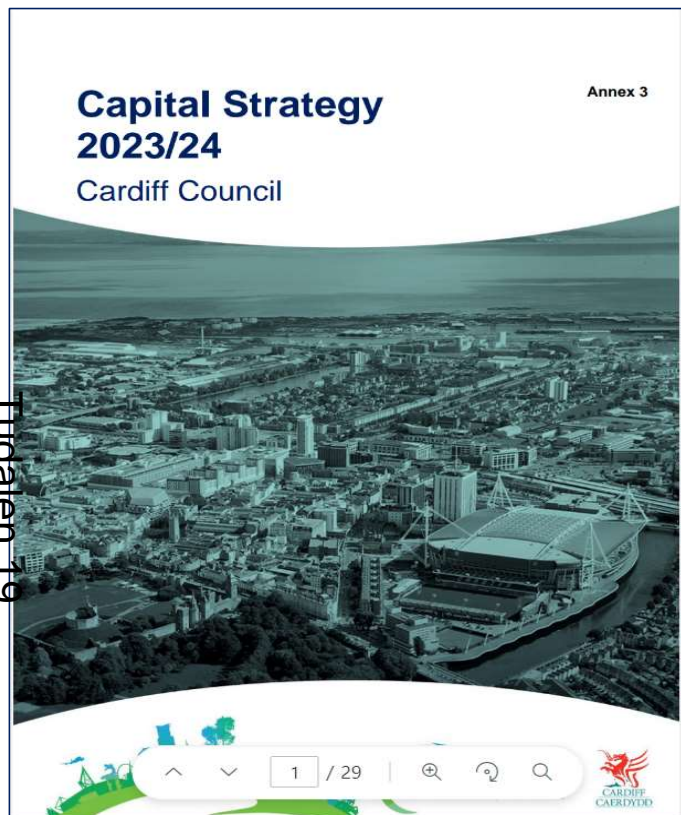
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# Capital Strategy 2023/24



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Sets out Council's approach to:

- Working with partners
- Asset Management Planning
- Risk Appetite
- Governance and decision-making
- Five Year Capital Investment Programme - General Fund and HRA
- Funding the strategy and investment programme
- Managing the borrowing requirement and link to the proposed Treasury Management Strategy
- Prudent Minimum Revenue Provision (MRP) Policy i.e approach to repayment of expenditure to be paid for by borrowing
- Affordability and Prudential indicators.



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# Capital Investment Programme 2023/24 – 2027/28



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Capital Programme Expenditure	2023/24 Including Slippage £000	Indicative 2024/25 £000	Indicative 2025/26 £000	Indicative 2026/27 £000	Indicative 2027/28 £000	Total £000
Annual Sums	28,894	24,675	22,315	19,765	19,665	<b>115,314</b>
Ongoing Schemes	36,381	35,935	25,478	8,891	585	<b>107,270</b>
New Schemes / Additional Annual Sums	6,170	4,000	1,000	0	0	<b>11,170</b>
Schemes funded by Grants & Contributions (Further grants subject to approval of bids)	92,084	161,308	72,488	22,123	6,775	<b>354,778</b>
Invest to Save	39,398	122,044	110,284	42,390	3,500	<b>317,616</b>
<b>Total General Fund</b>	<b>202,927</b>	<b>347,962</b>	<b>231,565</b>	<b>93,169</b>	<b>30,525</b>	<b>906,148</b>
<b>Public Housing</b>	<b>111,000</b>	<b>102,260</b>	<b>85,745</b>	<b>88,720</b>	<b>118,820</b>	<b>506,545</b>
<b>Total Capital Programme Expenditure</b>	<b>313,927</b>	<b>450,222</b>	<b>317,310</b>	<b>181,889</b>	<b>149,345</b>	<b>1,412,693</b>



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# Capital Programme Funding



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	<u>2023/24</u>	<u>Indicative 2024/25</u>	<u>Indicative 2025/26</u>	<u>Indicative 2026/27</u>	<u>Indicative 2027/28</u>	<u>Total</u>	
	£000	£000	£000	£000	£000	£000	%
<b>General Fund</b>							
WG Unhypothecated Supported Borrowing	(8,925)	(8,925)	(8,901)	(8,901)	(8,901)	<b>(44,553)</b>	4.9
WG General Capital Grant	(9,166)	(9,166)	(6,135)	(6,135)	(6,135)	<b>(36,737)</b>	4.1
Additional General Capital Grant unallocated from 2021/22	(4,670)	(1,300)	(1,000)	0	0	<b>(6,970)</b>	0.8
Additional Borrowing to balance existing capital programme	(36,097)	(36,381)	(28,947)	(10,410)	(5,004)	<b>(116,839)</b>	12.9
Additional Borrowing - Invest to save/earn schemes to be repaid from revenue savings/incidental income or directorate budgets	(39,398)	(122,044)	(110,284)	(42,390)	(3,500)	<b>(317,616)</b>	35.1
Earmarked Capital Receipts	(7,877)	(2,500)	(300)	0	0	<b>(10,677)</b>	1.2
Non-Earmarked Capital Receipts assumption	(3,000)	(3,340)	(3,300)	(3,000)	0	<b>(12,640)</b>	1.4
Direct Revenue Financing	(210)	(210)	(210)	(210)	(210)	<b>(1,050)</b>	0.1
Earmarked Reserves	(1,500)	(2,788)	0	0	0	<b>(4,288)</b>	0.5
External grant and contributions estimates	(92,084)	(161,308)	(72,488)	(22,123)	(6,775)	<b>(354,778)</b>	39.2
<b>Total General Fund</b>	<b>(202,927)</b>	<b>(347,962)</b>	<b>(231,565)</b>	<b>(93,169)</b>	<b>(30,525)</b>	<b>(906,148)</b>	<b>100.0</b>
<b>Public Housing (HRA)</b>							
Major Repairs Allowance WG Grant	(9,570)	(9,570)	(9,570)	(9,570)	(9,570)	<b>(47,850)</b>	9.45
Additional Borrowing	(69,250)	(69,215)	(48,543)	(68,050)	(102,750)	<b>(357,808)</b>	70.64
Revenue / Reserves	(5,400)	(1,400)	0	0	0	<b>(6,800)</b>	1.34
External grant and contributions estimates	(24,280)	(21,575)	(27,132)	(10,600)	(6,500)	<b>(90,087)</b>	17.78
Capital Receipts	(2,500)	(500)	(500)	(500)	0	<b>(4,000)</b>	0.79
<b>Total Public Housing</b>	<b>(111,000)</b>	<b>(102,260)</b>	<b>(85,745)</b>	<b>(88,720)</b>	<b>(118,820)</b>	<b>(506,545)</b>	<b>100.0</b>
<b>Total Capital Programme Resources Required</b>	<b>(313,927)</b>	<b>(450,222)</b>	<b>(317,310)</b>	<b>(181,889)</b>	<b>(149,345)</b>	<b>(1,412,693)</b>	



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