

**SWYDDFA CYMORTH Y CABINET
CABINET SUPPORT OFFICE**



Appendix 2g

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Dyddiad/Date: 15 February 2018

Appendix 2e (ii)

Councillor Nigel Howells
Chairperson Economy & Culture Scrutiny Committee
Room 270
County Hall
Atlantic Wharf
Cardiff. CF10 4UW

Dear Nigel

Economy & Culture Scrutiny Committee – 12 February 2018

Thank you for your letter dated 13 February 2018 and the useful comments raised. I can assure you that Cabinet was able to reflect on the points raised prior to our meeting on 15 February 2018.

Corporate Overview

In relation to budget consultation, within the Corporate Plan for 2018 – 2021 there is an objective to review and refresh the Council's engagement process and tools including the Citizen Panel by June 2018 in order to improve the robustness of the Council's consultation exercise.

I note that you would like further information regarding the constituent elements of the Medium Term Financial Plan (MTFP) and trust that the following paragraphs will address the specific queries raised in your letter. However, if you would like to review further information in relation to the MTFP, this can be found at Appendix 16a to the 2018/19 Budget Report with commentary on pages 42-53.

The base case MTFP reflects an assumption that AEF will reduce by 1% in each of the years 2019/20 – 2021/22. This equates to £13.1 million in total. The only published indicative information on future years funding was contained in the provisional settlement and set out an average AEF reduction of 1.5% for 2019/20. The final settlement announced that the cash reduction for Welsh Local Government in 2019/20 would be better than had been announced at Provisional Settlement but there is an understanding amongst Welsh Authorities that the position has been ameliorated from a 1.5% reduction to a 1% reduction. Further reasoning behind the funding assumptions within the MTFP is set out in paragraphs 173-176 of the Budget Report which also outlines the risk in relation to specific grants transferring into the settlement with negative financial impact. In recognition of the significant impact that minor fluctuations in funding can have on the MTFP, the worse-case scenario reflects the potential for decreases of 2% per annum. The funding section of the MTFP also

reflects the fall out of earmarked reserves in the first year of the plan although this assumption will be reviewed over time.

The MTFP includes £25.9 million in relation to demand pressures across the three years. Demand figures relate mainly to Schools and Social Services and reflect both increasing client numbers as well as complexity of demand. The figure of £25.9 million also reflects increases to the capital financing budget as a result of meeting demands on the capital programme. The MTFP includes £41 million in relation to pay and price pressure across the three years. Pay figures take account of potential pay awards over the period as well as other pay-related pressures such as anticipated changes to the employers' contribution rate to the Teachers' Pension Scheme. With regard to price inflation, there is an expectation that directorates will absorb most price inflation within their existing resource base except in areas that are exceptional. Inflation is considered exceptional or "special" due to the scale of the inflationary uplift or the size of the budget to which it applies. Most exceptional price inflation occurs in relation to Adult Services and relates to the costs of commissioned care. The MTFP includes £3 million per annum for emerging financial pressures. This sum equates to approximately 0.5% of the Council's budget and is included in recognition that it is impossible to foresee all issues and that additional burdens can arise for example, through legislative change, specific grant fall out or government policy. Review of this sum takes place at each refresh point of the MTFP.

I note your concerns regarding the increase in the percentage, based on value, of proposals at general planning stage within the 2018/19 budget. As you note, it becomes increasingly difficult to identify savings annually. These often require more innovative and flexible solutions and these can take longer to develop to detailed stage. The number of proposals at general planning is comparable to last year with 15 proposals at this stage in 2017/18, compared to 14 proposals in 2018/19.

Economic Development Directorate

In terms of monitoring performance, our approach is focussed on the ability to create jobs. This is our most simple objective, but it is measurable and it is something that has a clear benefit for local residents as well as the wider city-region. From this perspective we can monitor, using National Statistics' Business Register and Employment Survey, the number of jobs as the Lower Super Output Area. In considering Central Square, the appropriate geographic area of coverage would encompass much of St Mary Street and The Hayes, but would still provide a means of independent monitoring of changes in population. The Economic Development Team can explore ways using data such as this to monitor place based interventions, albeit with the inevitable lag in availability (which typically is over a year for the Business Register and Employment Survey). Meanwhile we will continue to monitor the number of jobs created and safeguarded through Economic Development's database of clients. With regard to tourism numbers, monthly numbers are available which can be presented if required. As with jobs data, there is a lag before data is available, and monthly changes reflect seasonality as well as events taking place in the city.

I will raise with the Economic Development Directorate the consideration of the points the scrutiny committee raised regarding the business plan for the city's historic assets.

In respect of the capital investment in parks I do not anticipate there being a strain on revenue funding, as the investment will centre around the refurbishment of

infrastructure / replacement of playground equipment as opposed to the introduction of new features / facilities that would result in revenue implications.

I do note your comments concerning the pressures on the Park Ranger service and challenges faced in terms of our ambition for volunteer engagement, I am however mindful of the Council's overall budgetary position and in view of this no growth bids for new posts have been submitted. As indicated at the meeting, I do believe that we need to be more creative in the way that we support volunteer groups in parks and need to draw on a wider range of staff groups to support such activity.

In terms of access to schools sporting facilities the committee will be well aware of my views, in that it is crucial that we shift from the current model of very limited access to a model of dual use and I will be working with the relevant Cabinet Members to address this matter. With this in mind I would be more than happy to, moving forward, share proposals with the Committee.

With regard to the capital programme for Leisure Centres, the £2,100,000 relates to Phase 2 of our investment plan. At present I am not in a position to provide a detailed breakdown as the procurement process is on-going, however I can confirm that the sites that have been earmarked for investment are Fairwater Leisure Centre and Penylan Library and Community Centre. Once the schemes / costs have been finalised I will share information with the Committee.

With regard to the impact on small businesses of major developments, it is crucial that we recognise that typically major developments would support small businesses throughout the city by providing both a demand for their services as well as the indirect effects of increased employment. In the instances where small businesses may be displaced by major developments, this is relatively rare, but we would work with businesses to support them in their relocation. The same is true in employment terms. We cannot provide local job opportunities without providing job opportunities in the first place. However, through the work of our Into Work Services we are able to link job opportunities with local communities.

Communities, Housing & Customer Services

The Adult Community Learning 'Learning for Life' programme is only proposed to have modest increases in course fees with the full fee rate increasing from £5.20 per hour to £5.35 and the discounted state pension or FT Student rate from £3.82 per hour to £3.95. The budget reduction is being achieved by ensuring that courses are popular and fully attended and by making efficiencies in administration rather than by raising the costs of courses above inflation.

I acknowledge the very good points that committee have raised in relation to volunteering and especially working closer with the universities and this is something that we will explore further. The issue of social isolation and the importance of having activities in the community at low or no cost is fully accepted and you will be pleased to know that there are a significant number of such activities already available in the Hubs. I look forward to reporting back to Committee about how we can further integrate Hubs, Libraries, Into Work and Adult Community Learning to provide a comprehensive programme of activities, events and courses throughout the year.

As you may recall from scrutiny in January Cardiff Council's current performance against the Welsh Public Library Standards is good and that we met all 18 of the core entitlements in full, and then of the 7 quality indicators Cardiff Achieved 4 in full and 3

in part. Cardiff has not achieved the standard for acquisitions for some time, however this is because the target is based on spend per capita. We do however exceed the required replenishment rate, ensuring our stock is updated and relevant. We are happy that the number of books available meets the needs of our customers and this is reflected in the number of active borrowers per capita, which is ranked highest in Wales. I am confident that the reduction in the book fund reflects the historic spend in this area and will not impact on the quality of library provision that our customers receive.

The Service will be carrying out surveys with customers to ensure that books are available meet their needs and would be happy to share information about these surveys with the Committee in due course.

I hope that this letter captures all the points raised in your letter and thank you again for your support in the budget process.

Yours sincerely

A handwritten signature in black ink, appearing to read 'C. Weaver', with a long horizontal flourish extending to the right.

Y Cyngorydd/Councillor Christopher Weaver
Aelod Cabinet dros Gyllid, Moderneiddio a Pherfformiad/Cabinet member for
Finance, Modernisation & Performance