

The Proposal in the Budget Report under Agenda item 13(a) be amended as below:
Conservative Group

Line	Directorate	Description	(Savings)/ Costs £000	Cumulative £000
Directorate Savings				
4	Economic Development	Pest Control Income Generation – exploring further markets, target smaller enterprises for new cases	(30)	(30)
13	Economic Development	Corporate Landlord Model – Cleaning of Operational Buildings	(17)	(47)
14	Economic Development	Restructured Tourism Budget – retain £10,000 for initiatives	10	(37)
25	People & Communities – Housing & Communities	Smart House – Income Generation Target	(30)	(67)
35	People & Communities – Social Services	Maximise use of Community Resources Team to support people to become more independent	100	33
59	Planning, Transport & Environment	Recycling & Waste Management – further efficiencies and income generation	(150)	(117)
98	Resources - Resources	Restructure of Branding & Media Team – general efficiencies from overall budget	(150)	(267)
	Council-Wide	Move to an Income Generation Culture	(200)	(467)
	Council-Wide	Improved Attendance / Reduction of Sickness Absence across the Council (using GLL as best practice)	(250)	(717)
	Council-Wide	Reduction in Agency & Consultancy Spend	(200)	(917)
	Council-Wide	Removal of Budget Contingency Fund	(3,000)	(3,917)
	Council-Wide	Drawdown from General Reserve	(200)	(4,117)
	Council-Wide	Drawdown from Earmarked Insurance Reserve	(150)	(4,267)
	Resources - Resources	Remove Vacant Head of Performance & Partnerships Post	(115)	(4,382)
Additional Expenditure/Financial Pressures				
	Planning, Transport & Environment	Additional Subsidy for Socially Necessary Bus Routes	250	(4,132)
Net Position			(4,132)	(4,132)

Additional Recommendation - The Council instructs the Cabinet to undertake a full review into how it carries out its budget consultation with young people so that future budgets have their full participation.

Proposed by Cllr Gavin Hill-John

Seconded by Cllr Adrian Robson

Statutory Officers Commentary on the Conservative Budget Proposals 2019/20

The amendment from the Conservative Group includes a number of new savings, increases to a number of existing savings, and reductions to two existing savings proposals. In addition, a new financial pressure has been identified. Furthermore, drawdowns from the General Reserve and Insurance Reserve have been proposed. No proposed savings or financial pressures have been rejected and there are no changes to the Capital Programme. Overall, the amendment results in a reduction to the Cabinet's increase to the rate of Council Tax.

The total value of increases to existing savings proposals stands at £377,000 and the new savings proposed total £3.765 million. The reductions to existing savings proposals amount to £110,000 and the financial pressure amounts to £250,000. It is proposed that £200,000 will be drawn down from the General Reserve and £150,000 from the Insurance Reserve. The net effect on the overall budget position is to reduce resources required by £4.132 million and this would facilitate a reduction in the proposed increase to the rate of Council Tax, with the amendment proposing an increase of 1.899%.

The proposals have not been subject to detailed discussions with directorates, nor have equality impact assessments been undertaken in respect of these. However, within this constraint, they have been reviewed as to their financial achievability and risk.

The most significant in value of the new savings proposals is in connection with the general contingency held for savings shortfalls. This contingency totals £3 million and the amendment is to remove this budget in full, which would present a major risk to the ongoing financial resilience of the Council. With the identification of savings becoming increasingly harder each year, the removal of this contingency could significantly impact upon the Council's revenue budget monitoring position in future years and seriously jeopardise the overall financial resilience of the Council. Of the Cabinet's savings proposals, 42% of the value of the savings are rated as red or red-amber in terms of achievability. Therefore, this evidences that there is a risk that some proposals may not be achieved within 2019/20 and, if the contingency was to be removed, this may result in the Council's budget overspending which would need to be funded from the General Reserve at the year end. If this was the case, this would result in a significant weakening of the Council's balance sheet and overall financial resilience.

A number of the changes to existing savings proposals relate to income generation, as well as the inclusion of a new proposal to move to an income generation culture across the Council. These total £360,000 and are in addition to the Cabinet's existing income generation proposals which total £2.114 million. Where an increased target is proposed, this would increase the pressure on the achievability risk which is already red or red-amber. By introducing an income generation culture, totalling £200,000, it would be

essential to understand the details so the potential impact upon achievability can be understood. As this proposal would be categorised as at the general planning stage, and is in addition to a number of existing income generation proposals, it would be appropriate to categorise it as a red risk. In addition, to enable such a proposal to proceed, it would be necessary to receive detailed business cases prior to the start of the new financial year. This would allow a fully informed view of the overall risk to be taken and allow implementation of new income streams as soon as possible, ensuring that as much of the saving is achieved in 2019/20 as is possible.

There are a number of proposals to increase the value of the savings where only general planning has been undertaken to date. General planning suggests that there is further work to be undertaken on these proposals and that there could be risks in terms of achievability. Increasing these proposals further presents an additional risk to their achievement. There are a number of Council-wide savings the detail of which is yet to be defined and, as a result it would be assumed at this point, that there is a red risk to their achievability.

This alternative budget outlines the intended use of both general and earmarked reserves. The first proposal is to drawdown £200,000 from the General Reserve. This reserve is not held for a specific purpose or known commitments and, therefore, exists as part of the Council's financial resilience measures and is required for any unexpected or emergency events. On this basis, reducing the balance in this reserve by any amount weakens the Council's financial resilience and the ability to respond to unexpected financial challenges. In terms of the proposal to utilise £150,000 from the Council's Insurance Reserve, again this presents a risk in terms of financial resilience. The reason for this is that this reserve is held to guard against unexpected insurance events and reducing this balance could present a risk to the Council's ability to meet the costs arising from these events. It could also potentially lead to financial pressures in future years, should the periodic reviews of the Insurance Fund recommend an increase to the overall level of reserve held.

Legal Implications

The legal context and implications set out in the main budget report also apply to these proposals.

Any specific proposals which are developed in relation to these proposals will require appropriate consultation, equality impact assessment, and evaluation in relation to the Council's wellbeing objectives. Where these alternative proposals require consultation and an equality impact assessment, any decision taken to incorporate the proposals into the Council's budget will be an in principle decision, and the details of the implementation proposals will have to be subject to consultation and equality impact assessments which must be taken into account in a final decision on the implementation.

Budget Summary – Conservative Proposal 2019/20

Resources Available:	£000	£000
Welsh Government	(444,629)	
Use of Reserves	(3,100)	
Council Tax at 1.899% Increase	<u>(171,169)</u>	
		(618,898)

Resources Needed:	
2018/19 Adjusted Base Budget	610,400
Commitments, Inflation & Realignments	26,842
New Financial Pressures Accepted	5,045

Less:		
Council Savings	(20,189)	
Removal of Contingency Budget	(3,000)	
Reduction in FRM	<u>(200)</u>	
		618,898

RECOMMENDATIONS – CONSERVATIVE GROUP

(a) Recommendations to Council

The Conservative Group have examined the Cabinet budget proposals and considered the responses received to the Budget Consultation. Having taken account of the comments of the Corporate Director Resources in respect of the robustness of the attached alternative budget and the adequacy of reserves as required under Section 25 of the Local Government Act 2003, the Conservative Group recommend that Council:

- 1.0 Approve the Revenue, Capital and Housing Revenue Account budgets including all proposals and increasing the Council Tax by 1.899% as set out in this report and that the Council resolve the following terms.
- 2.0 That it be noted that at its meeting on 13 December 2018 the Council calculated the following amounts for the year 2019/20 in accordance with the regulations made under Section 33(5) of the Local Government Finance Act 1992:-
 - a) 145,499 being the amount calculated in accordance with Regulation 3 of the Local Authorities (Calculation of Council Tax Base) (Wales) Regulations 1995, as amended, as its Council Tax base for the year.
 - b)

Lisvane	2,409
Pentyrch	3,280
Radyr	3,783
St. Fagans	1,423
Old St. Mellons	1,828
Tongwynlais	817

being the amounts calculated in accordance with Regulation 6 of the Regulations as the amounts of its Council Tax base for the year for dwellings in those parts of its area to which special items relate.

2.1 Agree that the following amounts be now calculated by the County Council of the City and County of Cardiff for the year 2019/20 in accordance with Sections 32 to 36 of the Local Government Finance Act 1992:-

- a) Aggregate of the amounts which the Council estimates for the items set out in Section 32(2)(a) to (d) (including Community Council precepts totalling £396,847).

£1,021,677,847

- b) Aggregate of the amounts which the Council estimates for items set out in Section 32(3)(a) and (c).

£405,883,000

- c) Amount by which the aggregate at 2.1(a) above exceeds the aggregate at 2.1(b) above calculated in accordance with Section 32(4) as the budget requirement for the year.

£615,794,847

- d) Aggregate of the sums which the Council estimates will be payable for the year into its Council Fund in respect of Revenue Support Grant, its council tax reduction scheme, redistributed Non-Domestic Rates.

£444,629,480

- e) The amount at 2.1(c) above less the amount at 2.1(d) (net of the amount for discretionary relief of £400,000), all divided by the amount at 2.0(a) above, calculated in accordance with Section 33(1) as the basic amount of Council Tax for the year.

£1,179.15

- f) Aggregate amount of all special items referred to in Section 34(1).

£396,847

- g) Amount at 2.1(e) above less the result given by dividing the amount at 2.1(f) above by the amount at 2.0(a) above, in accordance with Section 34(2) of the Act, as the basic amount of Council Tax for the year for dwellings in those parts of the area to which no special items relate.

£1,176.42

- h) The amounts given by adding to the amount at 2.1(g) above the amounts of special items relating to dwellings in those parts of the Council's area mentioned below, divided in each case by the amount at 2.0(b) above, calculated in accordance with Section 34(3) as the basic amounts of Council Tax for the year for dwellings in those parts of the area to which special items relate.

	£
Lisvane	1,192.61
Pentyrch	1,223.68
Radyr	1,209.29
St. Fagans	1,190.83
Old St. Mellons	1,196.66
Tongwynlais	1,202.12

- i) The amounts given by multiplying the amounts at 2.1(g) and 2.1(h) above by the number which in the proportion set out in the Council Tax (Valuation Bands) (Wales) Order 2003 is applicable to dwellings listed in a particular valuation band divided by the number which in that proportion is applicable to dwellings listed in valuation band D calculated in accordance with Section 36(1) of the Act as the amounts to be taken into account for the year in respect of categories of dwellings listed in different valuation bands.

VALUATION BANDS

	A £	B £	C £	D £	E £	F £	G £	H £	I £
Area									
Lisvane	795.07	927.58	1,060.10	1,192.61	1,457.64	1,722.67	1,987.68	2,385.22	2,782.76
Pentyrch	815.79	951.75	1,087.72	1,223.68	1,495.61	1,767.54	2,039.47	2,447.36	2,855.25
Radyr	806.19	940.56	1,074.93	1,209.29	1,478.02	1,746.76	2,015.48	2,418.58	2,821.68
St. Fagans	793.89	926.20	1,058.52	1,190.83	1,455.46	1,720.09	1,984.72	2,381.66	2,778.60
Old St. Mellons	797.77	930.73	1,063.70	1,196.66	1,462.59	1,728.52	1,994.43	2,393.32	2,792.21
Tongwynlais	801.41	934.98	1,068.55	1,202.12	1,469.26	1,736.40	2,003.53	2,404.24	2,804.95
All other parts of the Council's Area	784.28	914.99	1,045.71	1,176.42	1,437.85	1,699.28	1,960.70	2,352.84	2,744.98

- 2.2 That it be noted that for the year 2019/20, the Police and Crime Commissioner for South Wales has stated the following amounts in precepts issued to the Council, in accordance with Section 40 of the Local Government Finance Act 1992 for each of the categories of dwelling shown below:-

VALUATION BANDS

A £	B £	C £	D £	E £	F £	G £	H £	I £
171.68	200.29	228.91	257.52	314.75	371.97	429.20	515.04	600.88

- 2.3 Having calculated the aggregate in each case of the amounts at 2.1(i) and 2.2 above, the County Council of the City and County of Cardiff in accordance with Section 30(2) of the Local Government Finance Act 1992 hereby sets the following amounts as the amounts of Council Tax for the year 2019/20 for each of the categories of dwellings shown below:-

Part of Council's Area
VALUATION BANDS

	A	B	C	D	E	F	G	H	I
	£	£	£	£	£	£	£	£	£
Area									
Lisvane	966.75	1,127.87	1,289.01	1,450.13	1,772.39	2,094.64	2,416.88	2,900.26	3,383.64
Pentyrch	987.47	1,152.04	1,316.63	1,481.20	1,810.36	2,139.51	2,468.67	2,962.40	3,456.13
Radyr	977.87	1,140.85	1,303.84	1,466.81	1,792.77	2,118.73	2,444.68	2,933.62	3,422.56
St. Fagans	965.57	1,126.49	1,287.43	1,448.35	1,770.21	2,092.06	2,413.92	2,896.70	3,379.48
Old St.									
Mellons	969.45	1,131.02	1,292.61	1,454.18	1,777.34	2,100.49	2,423.63	2,908.36	3,393.09
Tongwynlais	973.09	1,135.27	1,297.46	1,459.64	1,784.01	2,108.37	2,432.73	2,919.28	3,405.83
All other parts of the Council's Area	955.96	1,115.28	1,274.62	1,433.94	1,752.60	2,071.25	2,389.90	2,867.88	3,345.86

2.4 Authorise the Corporate Director Resources to make payments under Section 38 of the Local Government (Wales) Act 1994 from the Council Fund by equal instalments on the last working day of each month from April 2019 to March 2020 in respect of the precept levied by the Police and Crime Commissioner for South Wales in the sum of £37,469,009.

2.5 That the Common Seal be affixed to the said Council Tax.

2.6 The Common Seal be affixed to precepts for Port Health Expenses for the period 1 April 2019 to 31 March 2020 namely

	£
The County Council of the City and County of Cardiff	113,864
The Vale of Glamorgan County Borough Council	12,736

2.7 Agree that notices of the making of the said Council Taxes signed by the Chief Executive be given by advertisement in the local press under Section 38(2) of the Local Government Finance Act 1992.

3.0 In accordance with the Local Government Act 2003, the Local Authority (Capital Finance and Accounting) (Wales) Regulations 2003 and subsequent amendments and the CIPFA Prudential Code and Treasury Management Codes of Practice:

(a) Approve the Capital Strategy 2019/20

(b) Approve the Treasury Management Strategy 2019/20 and authorise the Section 151 Officer to raise such funds as may be required to finance capital expenditure by temporary or long term borrowing

(c) Approve the Prudential Indicators for 2019/20 to 2023/24 including the affordable borrowing limit

- (d) Delegate to the Section 151 Officer the authority to effect movement between the limits for borrowing and long term liabilities within the limit for any year and to bring forward or delay schemes within the Capital Programme.
 - (e) Approve the Minimum Revenue Provision Policy for 2019/20.
- 4.0 To approve the Budgetary Framework outlined in this report including the Affordability Envelope detailed in this report. This will be subject to the approval of a business case in respect of the indoor arena and the financial implications of such a decision being within the affordability and borrowing implications outlined.
 - 5.0 Maintain the current Council Tax Reduction Scheme as set out in the report.
 - 6.0 Instruct the Cabinet to undertake a full review into how it carries out its budget consultation with young people so that future budget consultations benefit from their full participation.

THE CONSERVATIVE GROUP
26 February 2019