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GOHEBIAETH YN DILYN CYFARFOD Y PWYLLGOR

Pwyllgor PWYLLGOR CRAFFU AMGYLCHEDDOL

Dyddiad ac amser y cyfarfod DYDD MERCHER, 14 CHWEFROR 2018, 10.00 AM

Gweler isod gohebiaeth anfon gan Gadeirydd y Pwyllgor ar ôl y cyfarfod , ynghyd ag unrhyw ymatebion a gafwyd

Am unrhyw fanylion pellach, cysylltwch â scrutinyviewpoints@cardiff.gov.uk

9 **Gohebiaeth yn dilyn Cyfarfod y Pwyllgor** (*Tudalennau 3 - 28*)

Mae'r dudalen hon yn wag yn fwriadol

**CYNGOR CAERDYDD
CARDIFF COUNCIL**

ENVIRONMENTAL SCRUTINY COMMITTEE

14 February 2018

**DRAFT CORPORATE PLAN 2018 to 2021 & 2018/19 DRAFT CABINET
BUDGET PROPOSALS**

Purpose of report

1. To provide Members with the context for the scrutiny of those sections of the Council's Draft Corporate Plan 2018 to 2021 and Draft Cabinet 2018/19 budget consultation proposals as they relate to the Directorates which falls under the remit of this Committee.

Structure of Papers

2. Attached to this report, Members will find a copy of relevant sections of the Draft Corporate Plan 2018 to 2021 and Draft Cabinet Budget Papers 2018/19 with sections of the budget that fall within this Committee's remit, and which Members may wish to scrutinise during the meeting. The papers include:
 - Sections of the Draft Corporate Plan 2018 to 2021 relevant to the terms of reference of the Environmental Scrutiny Committee (**Appendix 1**);
 - 2018/19 Proposals Overview – Includes an overview of the 2018/19 savings proposals; (**Appendix 2**);
 - Planning, Transport & Environment Directorate - Draft Budget Savings Proposals relevant to the Strategic Planning & Transport Portfolio (**Appendix 3**);
 - Planning, Transport & Environment Directorate – Capital Programme relevant to the Strategic Planning & Transport Portfolio (**Appendix 4**);

- Planning, Transport & Environment Directorate – Fees & Charges relevant to the Strategic Planning & Transport Portfolio (**Appendix 5**);
- Planning, Transport & Environment Directorate - Draft Budget Savings Proposals relevant to the Clean Streets, Recycling & Environment Portfolio (**Appendix 6**);
- Planning, Transport & Environment Directorate - Financial Pressures relevant to the Clean Streets, Recycling & Environment Portfolio (**Appendix 7**);
- Planning, Transport & Environment Directorate – Capital Programme relevant to the Clean Streets, Recycling & Environment Portfolio (**Appendix 8**);
- Planning, Transport & Environment Directorate – Fees & Charges relevant to the Clean Streets, Recycling & Environment Portfolio (**Appendix 9**);
- Planning, Transport & Environment Directorate – Exempt Fees & Charges relevant to the Clean Streets, Recycling & Environment Portfolio – on yellow papers (**Appendix 10**);
- Planning, Transport & Environment Directorate – Controllable Budget Analysis (**Appendix 11**);
- ‘Changes for Cardiff – Consultation Results & Feedback Report on the City of Cardiff Council’s 2018/19 Budget Proposals – Executive Summary’ & relevant sections from the report (**Appendix 12**).

Structure of Meeting

3. The following Cabinet Members have been invited to attend the Committee:

- Councillor Chris Weaver – Cabinet Member for Finance, Modernisation & Performance;
- Councillor Caro Wild – Cabinet Member for Strategic Planning & Transport;
- Councillor Michael Michael – Cabinet Member for Clean Streets, Recycling & Environment.

4. The Cabinet Members will be supported by officers from the Resources Directorate and officers responsible for delivering services that will be provided by the newly formed Planning, Transport and Environment Directorate.
5. At the meeting an officer from the Resources Directorate will deliver a presentation on the Draft Budget Proposals 2018/19; in doing this they will provide a summary of the outline Welsh Government funding proposals and comment on how these will impact on services delivered within the Environmental Scrutiny Committee's terms of reference. The Resources Directorate representative and Councillor Chris Weaver will then be available to answer any Member questions on the overall budget position.
6. The budget corporate overview will be followed by scrutiny of the Draft Budget Proposals 2018/19 for the Strategic Planning & Transport Portfolio and Clean Streets, Recycling & Environment Portfolio. This will provide Councillor Caro Wild and Councillor Michael Michael with the opportunity to brief the Committee on the impact that the Draft Corporate Plan 2018 to 2021 and Draft Budget Proposals 2018/19 will have on their areas of responsibility. The proposals for both of these portfolios will be managed from within the newly formed Planning, Transport & Environment Directorate. The Cabinet Members will be supported by officers responsible for services that will transfer into the Planning, Transport & Environment Directorate in April 2018.

Background

7. The Council's constitution allows for Scrutiny Committees to consider the Draft Cabinet budget proposals prior to their consideration by the Cabinet and then Council.
8. The Scrutiny Committee's comments or recommendations will be considered by the Cabinet prior to finalising their budget proposals. The budget information provided for consideration alongside this report is for

the purpose of consultation only. The Draft Cabinet budget proposals will be considered by Cabinet on 15 February 2018 for agreement; at this meeting a formal decision will also be taken determining the Cabinet's budget recommendations for consideration by Council at its meeting on 22 February 2018.

9. This meeting will focus on those areas of the Council's budget that fall within this Committee's terms of reference together with the budget proposals alignment with those areas of the Draft Corporate Plan 2018 to 2021. Members will, therefore, be presented with the budget proposals for the Planning, Transport & Environment Directorate.

Summary of Draft Corporate Plan 2018 – 2021

10. In July 2017, the Council's new Administration set out a policy programme and associated delivery commitments entitled 'Capital Ambition' establishing the Cabinet's key priorities for the municipal term, and outlining a programme of action to continue to drive the city economy forward, whilst ensuring that the benefits of success are felt by all residents. It focussed on four main areas, which form the basis for the Corporate Plan 2018-21 :
 - **Working for Cardiff** – Making sure that all citizens can contribute to, and benefit from, the city's success;
 - **Working for Wales** – A successful Wales needs a successful capital city;
 - **Working for the Future** – Managing the city's growth in a sustainable way;
 - **Working for Public Services** – Making sure public services are delivered efficiently, effectively and sustainably in the face of rising demand and reducing budgets.
11. The Corporate Plan and the Well-being Plan are key documents in delivering Capital Ambition, as they translate the administration's priorities into deliverable organisational objectives. The Well-being of

Future Generations act also places a statutory duty on Public Bodies to publish well-being objectives. In Cardiff, the Council and the Public Service Board have adopted the same seven Well-being Objectives, reflecting their shared aspirations for the city and a common understanding of challenges. The Corporate Plan is, therefore, structured around Capital Ambition priorities and seven well-being objectives. The Corporate Plan also makes clear the steps the Council will undertake to make progress in achieving these objectives, these are:

- **Working for Cardiff Well-being Objectives:** Cardiff is a great place to grow up; Cardiff is a great place to grow older; Supporting people out of poverty; Cardiff has Safe, Confident and Empowered Communities.
- **Working for Wales Well-being Objective:** A Capital City that Works for Wales.
- **Working for the Future Well-being Objective:** Cardiff's Population Growth is managed in a Resilient Way.
- **Working for Public Services Well-being Objective:** Modernising and Integrating Our Public Services.

12. The Corporate Plan also sets out the Performance Measures and targets that will enable the Council, and its scrutiny committees, to monitor delivery. The example below demonstrates how the Well-being Objectives, Steps and Performance Measures relate to one another as part of a coherent policy framework:

- **Capital Ambition Priority:** Working for the Future
- **Well-being Objective:** Cardiff Grows in a Resilient Way
- **Steps:** The actions we will take to make progress are:
 - Develop options for long-term regional partnership recycling infrastructure arrangements by March 2019;
 - Consult on amendments to Recycling Waste Strategy and collections - including introducing wheelie bins into new areas of

the city and asking households to separate glass from their recycling - and implement the new approach in order to meet new Welsh Government blueprint for increasing recycling;

- Explore opportunities for a new Household Waste Recycling Centre by reviewing all site options within Local Development Plan allocated areas as well as established communities;
 - Undertake targeted education campaigns in communities where recycling rates are low and increase performance of the recycling centres through education initiatives;
 - Continue to build on the partnership with British Heart Foundation to support re-use in the city by expanding the usage of Re-use centres.
- **Performance Measure (KPI):** The percentage of municipal waste collected and prepared for re-use and / or recycled.
 - **Target:** 62%

13. This Cover Report is structured by Cabinet Portfolio and considers the sections of the Corporate Plan 2018-2021 relevant to this Committee's terms of reference, setting out the relevant Well Being Objectives, Steps and Performance Measures.

Summary of Budgetary Position

14. As at 6 February 2018, the Council finds itself with a funding shortfall of approximately £19 million for 2018/19 before savings and new pressures have been accounted for. The shortfall comprises of:

BUDGETARY GAP	£000
Resources Available	601,026
Resources Required	620,254
Shortfall before savings and new pressures	19,228

15. The resources available to finance the budget before any increase in the rate of Council Tax are made up as follows:

Resources Available	£000
Resources from WG	440,947
Council Tax (at nil increase)	157,729
Use of reserves to support the budget	2,350
Total Resources Available	601,026

16. The following table summarises the resources required to cover base expenditure, commitments and budget realignments.

Resources Required	£000
2018/19 adjusted base budget (after transfers)	595,674
New Responsibilities (per settlement)	1,472
Employees (pay awards, increments, NI etc.)	3,361
Demographic pressures	5,308
Commitments	3,656
Directorate expenditure and income realignments (net)	1,194
Special inflation	4,550
Schools non-pupil number growth (net)	5,039
Total Resources Required	620,254

17. In addition to the budget shortfall of £19.228 million, the Council has identified new directorate pressures of £1.474 million bringing the shortfall to £20.702 million. Overall savings of £14.296 million have been identified, resulting in £6.406 million to be raised from additional Council Tax, as set out below:

Budget Shortfall	£000
Shortfall before directorate pressures and savings	19,228
New directorate pressures	1,474
Sub total	20,702
Less	
Total Savings	14,296
Net amount to be raised from additional Council Tax	6,406

18. In terms of the Directorate savings proposals of **£14.296** million as shown in **Appendix 2**:
- a. **£1.879 million** are savings from **employee costs**;
 - b. **£9.391 million** are saving from **other spend**; and
 - c. **£3.026 million** from increased **income**.
19. The net additional increase in Council Tax and the savings identified in the above table account for two of four components that the Council identified as part of its 2018/19 Budget Strategy. The other two components, a 30% cap on schools non-pupil number-growth and use of earmarked reserves have already been accounted for within the calculations of the Resources Required and the Resources Available for 2018/19. The table below sets out in full, the four components of the 2018/19 Budget Strategy along with their respective contributions to balancing this budget.

	£000
30% cap on schools growth (non-pupil number)	2,196
Use of Earmarked Reserves	2,350
Savings	14,296
Council Tax at 5% (net)	6,406
TOTAL	25,248

20. The tables above outline the position as stated in the draft Cabinet budget savings proposals. The position for Cardiff is a funding increase of 0.5% which equates to additional cash of £2.3 million compared with 2017/18. However, the actual increase in spending power for Cardiff reduces to £294,000 once new responsibilities and other differentiating year on year factors are taken into account. This, coupled with consideration of the responses to the consultation undertaken on draft proposals, has led to revised proposals. These additional sums, along with updates of commitments, pressures and due diligence considerations will form part of the balanced position in February 2018.

21. City of Cardiff Council commitments are listed as comprising the following:

- New Responsibilities (per Settlement);
- Increased employee costs;
- Demographic Pressures;
- Commitments;
- Directorate expenditure and income realignment;
- Special inflation;
- Schools non-pupil number growth (net).

22. To enable the Committee to understand the prioritisation of proposed consultation savings across Directorates, the table below sets out the level of savings proposals as a percentage of overall consultation budgets for each Directorate, as per the table below.

Total Savings	Employee Costs £000	Other Spend £000	Income £000	Total £000	% of overall saving
Corporate Management	21	230	0	251	2
Economic Development	328	1369	789	2,486	17
Education and Lifelong Learning	455	713	110	1,278	9
People & Communities – Communities and Housing	92	191	406	689	5
People & Communities – Social Services	0	4810	350	5,160	36
Planning, Transport & Environment	273	812	753	1,838	13
Resources – Governance & Legal	73	123	246	442	3
Resources - Resources	637	517	372	1,526	11
Council Wide	0	626	0	626	4
Total	1,879	9,391	3,026	14,296	100%

23. Members will be aware that there is a requirement for every savings proposal to have an equality screening or (if the screening identifies a red or red/amber risk) a full equality impact assessment. Members have the opportunity to view those equality impact assessments that were identified as potentially having a significant negative impact on the various protected characteristics on the Council's website; the link to the relevant webpage can be accessed below:

<https://www.cardiff.gov.uk/ENG/Your-Council/Council-finance/Council-Budget/2018-19/equality-impact-assessments-2018-19/Pages/default.aspx>

24. **Appendices 4 & 8** contain details of the capital programme proposals relevant to the terms of reference of the Environment Scrutiny Committee. It sets out the following capital expenditure proposals 2018/19 to 2022/23 financial years:

- **Strategic Planning & Transportation Portfolio** - £21,446,000 for 2018/19 and £73,369,000 for the whole five year period, i.e. financial years 2018/19 to 2022/23;
- **Clean Streets, Recycling & Environment Portfolio** - £4,218,000 for 2018/19 and £21,793,000 for the whole five year period, i.e. financial years 2018/19 to 2022/23.

Budget Information relevant to the Strategic Planning & Transport Portfolio

25. **Draft Corporate Plan** - The Draft Corporate Plan 2018 to 2021 sets out the key issues, priorities, resources and most importantly outcomes for the Strategic Planning & Transport Portfolio. A copy of an extract of the Draft Corporate Plan 2018 to 2021 relevant to the terms of reference of the Environmental Scrutiny Committee is attached to this report as **Appendix 1**.

26. Councillor Caro Wild, the Cabinet Member for Strategic Planning & Transport has a number of commitments that are required to address the actions to deliver the well-being objective: Cardiff Grows in a Resilient Way, these are:

- Develop and launch a new Transport & Clean Air Vision for the city by September 2018 – following the Green Paper consultation which includes a consideration of Clean Air Strategy & Active Travel Solutions;
- Undertake a scoping assessment for a Clean Air Zone in Cardiff by December 2019;
- Improve the condition of the highways and address issues such as potholes by delivering active programmes of work from minor road repairs through to full scale resurfacing works;
- Develop an electric vehicles strategy by December 2019;
- Develop a spatial masterplan to create new high quality shared space for pedestrians, cyclists and vehicles throughout the city centre and key neighbourhoods by 2018/19;
- Support the delivery of the Council's Active Travel agenda by working with the Active Travel Advisory Groups;
- Make Cardiff roads safer by implementing 20mph speed limits through a phased programme delivery, focusing on Gabalfa, Butetown & Grangetown during 2018-19;
- Improve the cycling and walking network in Cardiff by delivering prioritised routes within the Active Travel Integrated Network Map, including Phase 1 of the Cycle Super Highway by 2021 - Phase 1: Connecting the Heath Hospital, City Centre (Dumfries Place) and Newport Road/Broadway;
- Launch the On-Street Bike Hire Scheme in May 2018;
- Ensure every school in Cardiff has developed an Active Travel plan- including training and/or infrastructure improvements-by 2020;
- Support the delivery of high-quality and well-connected communities – as described by the Council's Master Planning Principles – by using

the Planning, Transport & Place-making services to secure Section 106 Agreements on Local Development Plan strategic sites;

- Increase the delivery of new houses to meet housing need through the development of Local Development Plan strategic sites, including 6,500 new affordable homes by 2026;
- Deliver the Annual Parking Report by August 2018 that includes enforcement activity, progress on the parking strategy and an assessment of pavement parking, by December 2018.
- Convene regular Design Review Meetings to consider and make recommendations to development proposals submitted to the Local Planning authority, and publish an annual Design Review Monitoring document by January 2019.

Strategic Planning & Transport Portfolio - Draft Budget Savings Proposals, Capital Programme and Fees & Charges

27. This report provides the Committee with an opportunity to consider the Draft Cabinet Savings Proposals and their alignment to the Corporate Plan 2018 to 2021 for the Planning, Transport & Environment Directorate that relate to this Committee's terms of reference. The proposals for the Planning, Transport & Environment Directorate are referenced below:

- **Appendix 3: Planning, Transport & Environment Directorate– Draft Budget Savings Proposals relevant to the Strategic Planning & Transport Portfolio** – This document provides a detailed analysis of the budget savings proposed for the Planning, Transport & Environment Directorate relevant to the Strategic Planning & Transport Portfolio. The Planning, Transport & Environment Directorate has total proposed savings of £534,000 that are relevant to the Strategic Planning & Transport Portfolio. Total savings are split across two general savings areas – 'Income' £290,000 and 'Other Costs' £244,000.

- **Appendix 4: Planning, Transport & Environment Directorate - Budget 2018/19 - 2022/23 – Capital Programme** – The extract from the draft Capital Programme provides an analysis of the Directorates capital projects proposed over the next five years relevant to the Strategic Planning & Transport Portfolio.
- **Appendix 5: Planning, Transport & Environment Directorate – Fees & Charges relevant to the Strategic Planning & Transport Portfolio** – Appendix 5 provides a summary of the proposed fees and charges relevant to the Strategic Planning & Transport Portfolio for 2018/19.

Budget Information relevant to the Clean Streets, Recycling & Environment Portfolio

28. **Draft Corporate Plan** - The Draft Corporate Plan 2018 to 2021 sets out the key issues, priorities, resources and most importantly outcomes for the Clean Streets, Recycling & Environment Portfolio. A copy of an extract of the Draft Corporate Plan 2018 to 2021 relevant to the terms of reference of the Environmental Scrutiny Committee is attached to this report as **Appendix 1**.
29. Councillor Michael Michael, the Cabinet Member for Clean Streets, Recycling & Environment has a number of commitments to address the actions to deliver the well-being objective: Cardiff Grows in a Resilient Way, these are:
- Develop options for long-term regional partnership recycling infrastructure arrangements by March 2019;
 - Consult on amendments to Recycling Waste Strategy and collections - including introducing wheelie bins into new areas of the city and asking households to separate glass from their recycling - and implement the new approach in order to meet new Welsh Government blueprint for increasing recycling;

- Explore opportunities for a new Household Waste Recycling Centre by reviewing all site options within Local Development Plan allocated areas as well as established communities;
- Undertake targeted education campaigns in communities where recycling rates are low and increase performance of the recycling centres through education initiatives;
- Continue to build on the partnership with British Heart Foundation to support re-use in the city by expanding the usage of Re-use centres;
- Develop a 'Total Street' delivery Plan by September 2018 to keep streets and public spaces clean and well maintained, through Joining-up Council services and aligning resources; and delivering added value services such as deep cleansing, blitzes, patching and local active travel improvements;
- Tackle fly-tipping, littering and highway licensing by: Enhancing the 'Love Where You Live' campaign- in partnership with Keep Wales Tidy- to encourage local volunteering; Undertaking education and citizen engagement campaigns; Developing and implementing ward Action Plans; Using new enforcement powers and adopting new technology (Cabinet Report April 2018);
- Explore and develop a commercial and collaboration strategy for key services by looking at how Cardiff can work in partnership to deliver services providing positive outcomes by December 2018;
- Develop a City Food Strategy - supporting local food growth, sustainable use and street food - by July 2018;
- Progress a 5 Megawatt Solar Farm at Lamby Way by submitting a bid for planning consent by July 2018 in order to generate clean renewable energy and help Cardiff Council become Carbon Neutral;
- Approve an outline business case for the District Heat Network proposal, subject to National Government Capital Grant award and Capital Budget approval from the Council, by Spring 2018.

Clean Streets, Recycling & Environment Portfolio - Draft Budget Savings Proposals, Capital Programme and Fees & Charges

30. This report provides the Committee with an opportunity to consider the Draft Cabinet Savings Proposals and their alignment to the Corporate Plan 2018 to 2021 for the Planning, Transport & Environment Directorate that relate to this Committee's terms of reference. The proposals for the Planning, Transport & Environment Directorate relevant to the Clean Streets, Recycling & Environment Portfolio are referenced below:

- **Appendix 6: Planning, Transport & Environment Directorate – Draft Budget Savings Proposals relevant to the Clean Streets, Recycling & Environment Portfolio** – This document provides a detailed analysis of the budget savings proposed for the Planning, Transport & Environment Directorate relevant to the Clean Streets, Recycling & Environment Portfolio. The Planning, Transport & Environment Directorate has total proposed savings of £1,147,000 that are relevant to the Clean Streets, Recycling & Environment Portfolio. The total saving is split across three general savings areas – ‘Income’ £458,000; ‘Other Costs’ £416,000 and ‘Employee Costs’ £273,000.
- **Appendix 7: Planning, Transport & Environment Directorate – Financial Pressures relevant to the Clean Streets, Recycling & Environment Directorate** – This document provides detail on the one financial pressure bid submitted by the Planning, Transport & Environment Directorate. The financial pressure bid is described as *‘Recycling - to support the growth of dry recycling processing and compensate for the reduction on income received due to global market decline in prices’* and has a value of £523,000.
- **Appendix 8: Planning, Transport & Environment Directorate - Budget 2018/19 - 2022/23 – Capital Programme** – The extract from the draft Capital Programme provides an analysis of the Directorates capital projects proposed over the next five years relevant to the Clean Streets, Recycling & Environment Portfolio.

- **Appendix 9: Planning, Transport & Environment Directorate – Fees & Charges relevant to the Strategic Planning & Transport Portfolio** – Appendix 9 provides a summary of the proposed fees and charges relevant to the Clean Streets, Recycling & Environment Portfolio for 2018/19.
- **Appendix 10: Planning, Transport & Environment Directorate – Exempt Fees & Charges relevant to the Clean Streets, Recycling & Environment Portfolio** – Appendix 10 has been provided to Members on yellow papers and relates to a range of fees and charges for 2018/19. These are deemed to be exempt from public publication by virtue of paragraph(s) 14, 21 of Part(s) 4 and 5 of Schedule 12A of the Local Government Act 1972. Members will need to decide if they have any questions that they would like to ask on the proposals contained in Appendix 10. Should Members wish to ask any questions on the proposals contained within **Appendix 10** then the meeting will need to be temporarily closed so that scrutiny is undertaken in a closed session.
- **Appendix 11: Planning, Transport & Environment Directorate – Controllable Budget Analysis** - The financial information element of the pack has been updated to include the relationship between the 2017/18 budget lines and savings proposed against each line as part of the 2018/19 budget for the Planning, Transport & Environment Directorate.

Consultation and Engagement

31. The Cabinet report setting out the 2018/19 Budget Proposals – For Consultation was approved on 2 November 2017, including details of the consultation and engagement used in the development and consideration of the budget proposals.
32. In consultation with both the public and partners a range of ideas have been explored as to how savings and income can be maximised,

although the scale of cuts required means that consideration must be given to the level of services provided, and in some instances whether the resources remain to enable them to continue. The reality of this is that to maintain or improve some services, reductions will need to be made in other areas.

33. An on-line consultation document 'Changes for Cardiff' was launched on the 10 November and hard copies were distributed across libraries and hubs, postal delivery to selected households across the City, face to face engagement with targeted groups and selected locations across the city.
34. The timetable for the budget consultation process ran from 10 November 2016 until midnight on 14 December 2017. The results of this exercise have now been analysed in a document 'Changes for Cardiff 2018/19'; a copy of this document has been attached to this report as **Appendix 12**.

Way Forward

35. Officers will make a presentation on the budget position, draft Cabinet proposals, financial pressures and capital items falling within the terms of reference of this Committee. The Cabinet Members and Officers will also be available to answer questions arising from their presentations and the attached papers.
36. Following consideration of the budget proposals, presentations and answers to Member questions, the Committee may wish to provide its comments, concerns and recommendations for the Cabinet at its business meeting on 15 February 2018. The Committee will also have the opportunity to pass on any comments or observations made during the meeting to the Policy Review and Performance Scrutiny Committee that starts shortly after the end of this meeting.

Legal Implications

37. The Scrutiny Committee is empowered to enquire, consider, review and recommend but not to make policy decisions. As the recommendations in this report are to consider and review matters there are no direct legal

implications. However, legal implications may arise if and when the matters under review are implemented with or without any modifications. Any report with recommendations for decision that goes to Cabinet/Council will set out any legal implications arising from those recommendations. All decisions taken by or on behalf of the Council must (a) be within the legal powers of the Council; (b) comply with any procedural requirement imposed by law; (c) be within the powers of the body or person exercising powers of behalf of the Council; (d) be undertaken in accordance with the procedural requirements imposed by the Council e.g. Scrutiny Procedure Rules; (e) be fully and properly informed; (f) be properly motivated; (g) be taken having regard to the Council's fiduciary duty to its taxpayers; and (h) be reasonable and proper in all the circumstances.

Financial Implications

38. The Scrutiny Committee is empowered to enquire, consider, review and recommend but not to make policy decisions. As the recommendations in this report are to consider and review matters there are no direct financial implications at this stage in relation to any of the work programme. However, financial implications may arise if and when the matters under review are implemented with or without any modifications. Any report with recommendations for decision that goes to Cabinet/Council will set out any financial implications arising from those recommendations.

RECOMMENDATION

39. The Committee is recommended to give consideration to the information received at this meeting and to submit any recommendations or comments to the Cabinet prior to its consideration of the final budget proposals.

DAVINA FIORE

Director for Governance & Legal Services

8th February 2018

Ref: RDB/RP/CW/14.02.2018

15 February 2018

Councillor Chris Weaver,
Cabinet Member for Finance, Modernisation & Performance,
Room 519,
County Hall,
Atlantic Wharf,
Cardiff CF10 4UW.



Dear Councillor Weaver,

Environmental Scrutiny Committee – 14 February 2018

On behalf of the Environmental Scrutiny Committee I would like to thank you and the officers for attending the Committee meeting on Tuesday 14 February 2018. As you are aware the meeting received items titled 'Draft Budget Proposals 2018/19 – Corporate Overview' and 'Draft Corporate Plan 2018 to 2021 & 2018/19 Draft Budget Proposals'.

The meeting initially considered the Corporate Overview and was followed by scrutiny of the draft budget proposals and sections of the draft corporate plan relevant to the terms of reference of the Environmental Scrutiny Committee. Presentations were made by officers from the Resources Directorate, the City Operations Directorate and the Economic Development Directorate on a range of services that will be delivered from the Transport, Planning & Environment Directorate as of April 2018. Following the presentations Members had the opportunity to question the relevant Cabinet portfolio holders and supporting officers. The comments and observations made by Members following this item are set out in this letter.

Corporate Overview

- The Committee is concerned at the increasing borrowing costs associated with the Capital Programme – it was explained at the meeting that interest payments could account for 16.5% of the Council's revenue budget by 2022/23. While Members support the majority of the proposals contained in the Capital Programme they are conscious of not spending tomorrow's

money today. At the same time they acknowledge that interest rates are exceptionally low at the moment and so some of the Committee were of the view that now would appear to be a good time to borrow and invest. It is clear that the whole decision making process is a very difficult balancing act. Members concluded that it would be prudent that a review of the Capital Programme is undertaken so that essential projects can be prioritised. If a project is deemed non-essential then serious thought should be given to it remaining on the Capital Programme.

Strategic Planning & Transport Portfolio - Draft Budget Proposals 2018/19 – Corporate Overview

- During questioning, I asked if there was a monitoring programme for the implementation of 20 mph zones in Cardiff. The Director for City Operations explained that a monitoring programme did not currently exist, however, he would be happy to look into introducing one. The Committee felt that this would be a good idea as it would provide an evidence base to support future decision making for 20 mph zones. Members felt that a 20 mph monitoring scheme should focus on speed reduction and not necessarily the number of people breaking the speed limit, it was also suggested that the data could be used to identify sites that might benefit from the implementation of traffic calming measures. The Cabinet Member for Strategic Planning & Transport mentioned that he was due to receive a report from South Wales Police which would publish new speeding results for one of the newly implemented 20 mph zones, I would appreciate it if a copy of this report could be provided to the Committee.
- At the meeting there was some discussion on the capital investment of £440,000 for intelligent transport systems and the tunnel. It was explained that this was a continuation of the CCTV system upgrade in Control Room and an asset renewal of the essential tunnel & telematics infrastructure. At this point the Cabinet Member for Strategic Planning & Transport explained that the Control Room in County Hall was worth a visit and offered to arrange it for the Members of the Committee. I can confirm that

the Committee would like to take him up on the offer and I will ask the Principal Scrutiny Officer for the Committee to liaise with the Cabinet Member and service area to arrange a convenient date for the visit.

- Line 9 of the Capital Programme set out the 'Carriageway Investment' for the years 2018/19 to 2022/23 and prompted a discussion around why proposed funding fell from £3.517 million in 2018/19 to £1.95 million in 2019/20. During the discussion there was some debate around how and why funding was applied to different sections of highway asset. Despite some differences of opinion the Committee concluded during the way forward that investment should be driven by an evidence based methodology. They also concluded that as a group they would benefit from some Member training on how highway asset funding decisions are taken. With this in mind the Committee would be grateful if the Cabinet Member for Strategic Planning & Transport could liaise with the City Operations Directorate and Scrutiny Services to arrange Member training on the topic.
- It was pleasing to see that £1.4 million had been included in the Capital Programme for the delivery of the Western Transport Bus Interchange. We agreed during the way forward that the creation of a series of transport hubs for the city were essential to keep the city moving and that they would support the operation of the new integrated transport hub in the city centre. The Committee noted that the funding was allocated for 2019/20 and were informed that some positive developments had taken place in terms of delivering the new development with a housing association that would substantially reduce any risks facing the Council – the only potential stumbling block was the potential cost of remediation works that would be identified in a a feasibility report that the Director for City Operations stated would be received next week. Taking all of this into consideration the Committee supports this capital investment, but at the same time urges the Council to ensure that at least some of the satellite transport hubs are operational by the time the new integrated transport hub is completed. In addition to this the Committee would be grateful if you could provide them


with a copy of the feasibility study for remediation work at the Western Transport Interchange site once it is available.

Clean Streets, Recycling & Environment Portfolio - Draft Budget Proposals 2018/19 – Corporate Overview

- At the meeting Members commented on Line 99 of the Capital Programme that referenced £3 million in funds for the design and construction of a solar farm at Lamby Way. The Cabinet Member for Clean Streets, Recycling & Environment explained that the project was complicated and that work was still ongoing in terms of finalising arrangements. He went on to state that a paper on the Lamby Way Solar Farm would be published in the coming months and that he would be happy to bring the proposal to scrutiny. The Committee welcome this offer and look forward to receiving the report at scrutiny in the near future.
- The Committee is concerned by the reduction in recycling income due to the global decline in prices. They agree with the provision of the financial pressure bid for £523,000 that will support the growth of dry recycling processing and compensate for the reduction in income. Members understand that this presents a difficult challenge for the Council and commend the Cabinet Member for Clean Streets, Recycling & Environment and officers from Commercial & Collaboration Services for taking positive steps to mitigate and solve the problem.

I would be grateful if you would consider the above comments and work with the relevant Cabinet portfolio holders to provide a response to the content of this letter.

Regards,



Councillor Ramesh Patel

Chairperson Environmental Scrutiny Committee

Cc:

- Councillor Huw Thomas, Leader, Cardiff Council;
- Councillor Caro Wild, Cabinet Member Strategic Planning & Transport;
- Councillor Michael Michael, Cabinet Member Clean Streets, Recycling & Environment;
- Christine Salter, Corporate Director Resources;
- Ian Allwood, Head of Finance;
- Andrew Gregory, Director for City Operations;
- Tara King, Assistant Director for Commercial & Collaborative Services;
- Matt Wakelam, Operational Manager, Infrastructure & Operations;
- Davina Fiore, Director of Governance & Legal Services;
- Members of Cardiff's Environmental Scrutiny Committee.

Mae'r dudalen hon yn wag yn fwriadol

**SWYDDFA CYMORTH Y CABINET
CABINET SUPPORT OFFICE**

Fy Nghyf / My Ref:
Eich Cyf / Your ref: RDB/RP/CW/14.02.2018

Dyddiad / Date: 15 February 2018



Appendix 2i
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Councillor Patel
Chairperson – Environmental Scrutiny Committee
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Dear Ramesh

Environmental Scrutiny Committee – 14 February 2018

Thank you for your letter dated 15 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

To begin, it would be helpful to bring Members attention to paragraph 437 of the Budget Report which states that whilst approving the Capital Programme for the period up to 2022/23, members should be aware that the later years of the programme will be subject to an on-going review of the Council's financial resilience

To elaborate further in relation to the committee's comments, the Capital Programme as set out in the Cabinet Budget Proposal has been thoroughly reviewed both by officers and in discussions with Cabinet members over an extensive period of time prior to finalising the budget proposals. As set out in the Budget Report, the S151 Officer is content that the Programme is affordable both in relation to 2018/19 and over the longer term. There are clearly significant financial challenges in the future though and these are set out in the Medium Term Financial Plan overview within the report. In this regard any further capital investment over this period and in the future will need to be carefully considered within the overall context of future budgets and the financial resilience of the Council. This is made clear by the S151 Officer within the report.

It was explained to the Committee that in line with the CIPFA Prudential Code for Capital Finance in Local Authorities a number of financial indicators are included within the Budget Report. This includes an additional local indicator to identify the trend in relation to the level of capital financing costs expressed as a percentage of the Council's controllable budget. This shows that by 2022/23 the net capital financing cost is estimated to be 16.65% of the controllable budget. This is an important indicator for members to note when setting the budget and whilst the S151 Officer is content

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that this can be managed within the current budget proposal it is clear that further increases in this percentage in the future will put added pressure on the Council's Revenue Account. The Prudential Code was updated in December 2017 and as part of the 2019/20 Budget full Council will receive and be asked to approve a Capital Strategy that sets out the long term context in which both capital expenditure and investment decisions are made. The Budget Strategy Report in July 2018 will consider the main requirements of the Capital Strategy and set out the timescales for approval by Council.

With regard to borrowing decisions and the current position in relation to interest rates I would remind the Committee that the Budget Report includes the Treasury Management Strategy for 2018/19 and this will be considered by and requires approval from Council. This Strategy sets out the basis on which decisions around borrowing and investment will be made in the forthcoming year. I would also remind the Committee that as previously stated by the S151 Officer, the Council can only borrow in line with this strategy and is precluded from borrowing in advance of need.

Strategic Planning & Transport Portfolio

Your comments on these points are noted. The Directorate will arrange for any further information or presentations to be provided as required. With regard to member training on how highway asset funding decisions are taken Finance staff have agreed to support the Directorate in providing this training.

Clean Streets, Recycling & Environment Portfolio

Your comments on these points are noted. The Directorate will arrange for any further information or presentations to be provided as required.

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

Yn gwyir/Yours sincerely



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