



County Hall
Cardiff
CF10 4UW
Tel: (029) 2087 2000

Neuadd y Sir
Caerdydd
CF10 4UW
Ffôn: (029) 2087 2000

CYFLWYNIADA

Pwyllgor PWYLLGOR CRAFFU'R ECONOMI A DIWYLLIANT

Dyddiad ac amser y cyfarfod DYDD MAWRTH, 19 CHWEFROR 2019, 4.30 PM

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

9 **Cyflwyniad** (*Tudalennau 3 - 22*)

Mae'r dudalen hon yn wag yn fwriadol



Cabinet Budget Proposal 2019/20 Scrutiny February 2019

Tudalen 3



Gweithio dros Gaerdydd, gweithio gyda'n gilydd
Working for Cardiff, working together



Eitem Agenda 9

Contents

1. Final Settlement Overview
2. Consultation
3. Draft Revenue Budget
4. Medium Term Outlook
5. Draft Capital Programme

Prifdalenn
4



CONFIDENTIAL - NO STATUS DRAFT



Final Settlement - Specific Grants

- Still a degree of uncertainty – all figures remain at an All Wales level and grants totalling £134 million (16% of total list) are still to be confirmed.

New grants for 2019/20 (figures at All Wales level unless stated)

Social Services (£30 million)

- Cardiff can expect to receive c 10% (c £3million)

Adoption Support (£2.3 million)

Coastal Risk Management Programme (£2.4 million)

Schools (£15 million)

- Anticipated to come with additional requirements

Teachers Pay (£7.5 million)

- Additional to the 2018/19 Teachers Pay Grant that will transfer into RSG for 2019/20
- There is as yet no indication of any funding for Teachers Pensions

Significant grant increases 2019/20 (>£1m)

- Youth Support Grant +£6.2m (to total £9.7m)
- Reducing Infant Class Sizes +£2m (to total £5m)
- High Street Rate Relief +£18.6m (to total £23.6m)
- Concessionary Fares +£2.1m (to total £60m)
- Substance Misuse Action Fund +£2.3m (to total £25.1m)

Significant grant reductions 2019/20 (>£1m)

- Major Events Grant Support -£1.4m (reducing total to £0.3m)
- Waste – Gate Fee Contributions -£3.1m (reducing total to £10.1m)
- Single Revenue Grant - £2.5m (removing this grant)

Tudalen 6



CONFIDENTIAL - NO STATUS DRAFT



Consultation



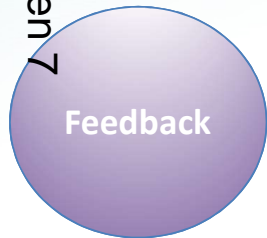
Method

Two Stage Consultation	
Ask Cardiff	Budget Specific
General Themes	Detailed Proposals
Over Six Weeks	Six Weeks
4,587 Responses	2,048 Responses (plus 30 to Youth survey)

Citywide Consultation:

- Mixed methodology to maximise accessibility
- Electronic survey, social media, Facebook boosts, email comments
- Link emailed to Citizens’ Panel (approximately 6,000 residents)
- Distribution of paper copies – leisure centres, libraries, hubs
- Separate shorter survey distributed to secondary schools across Cardiff
- Hand delivered to selected streets (typically areas with poor response rate)

Tudalen 7



Feedback

Strong Support for Budget Themes, for example:

- 92% supported the pursuit of renewable energy production at Lamby Way
- 90% supported increased charges for littering
- 84% supported an increase to “walking routes” to schools
- 78% supported an increase in fees for rehoming dogs & puppies
- 68% supported an increase to school budgets
- 65% supported an increase to the number of automated citizen enquiries
- 65% supported a reduction in the subsidy for entertainment and arts events
- Support for various fee increases

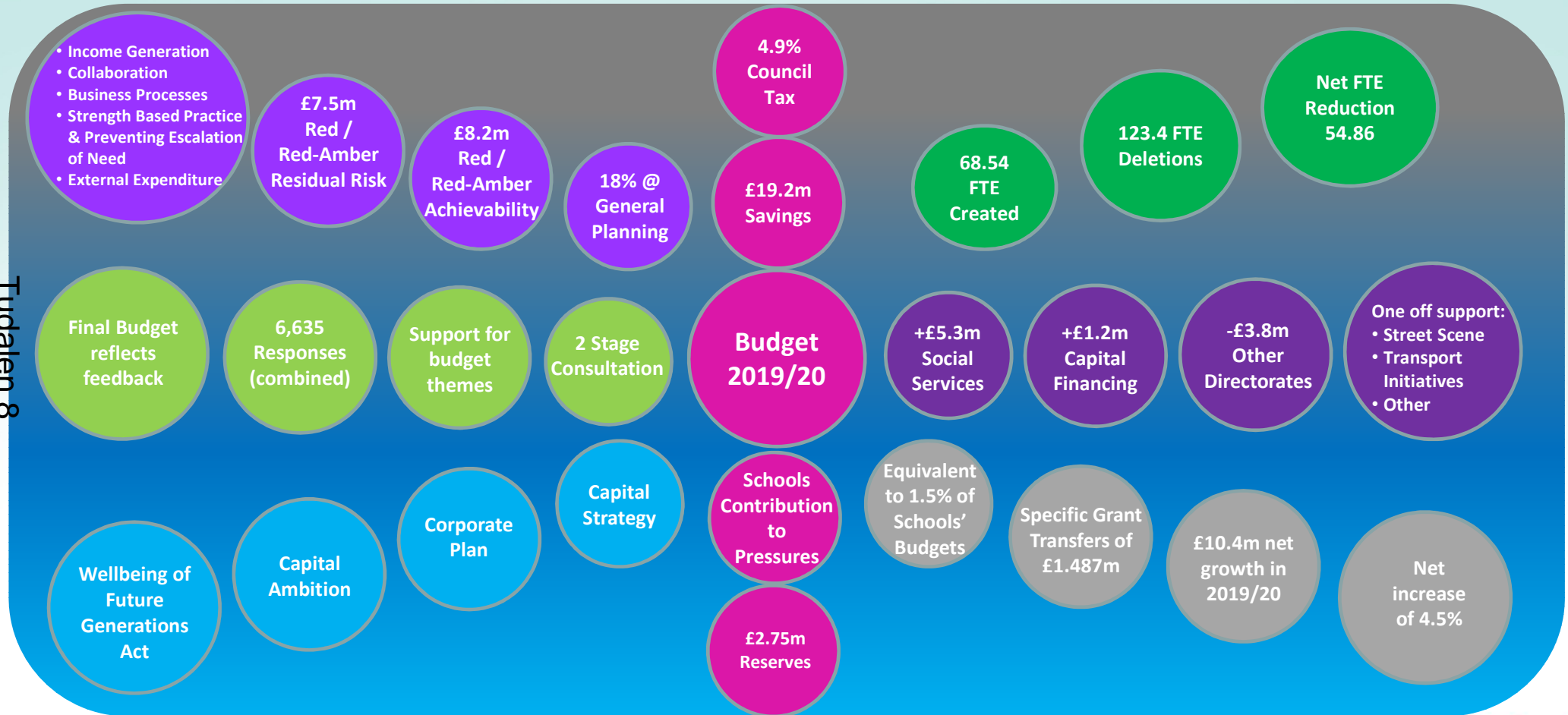


CONFIDENTIAL - NO STATUS DRAFT



Overview of the Revenue Budget

Tudalen 8



CONFIDENTIAL - NO STATUS DRAFT



Revenue Budget 2019/20

Resources Required	£000
2018/19 adjusted base (after transfers)	610,400
New Responsibilities (per settlement)	637
New Specific Grant Funding	(3,000)
Employee Costs	4,412
Demographic Pressures	3,500
Commitments	2,997
Directorate Expenditure Realignments	5,599
Exceptional Inflation	3,186
Schools Pressures	12,520
New Directorate Pressures	4,795
Total	645,046
Resources Available	£000
Aggregate External Finance	444,629
Council Tax at nil increase	167,979
Total	612,608

Tudalen 9

Budget Gap	£000
Resources Required	645,046
Resources Available	612,608
Budget Gap	32,438

Balancing the Budget	£000
Directorate Savings	19,157
Partial deletion of Financial Resilience Mechanism	200
Schools' contribution to meeting pressures	3,586
Council Tax increase at 4.9% (net of CTRS budget)	6,745
Use of Reserves	2,750
Total	32,438



CONFIDENTIAL - NO STATUS DRAFT



Risk Assessment of Savings Proposals - £19.157 million

Tudalen 10

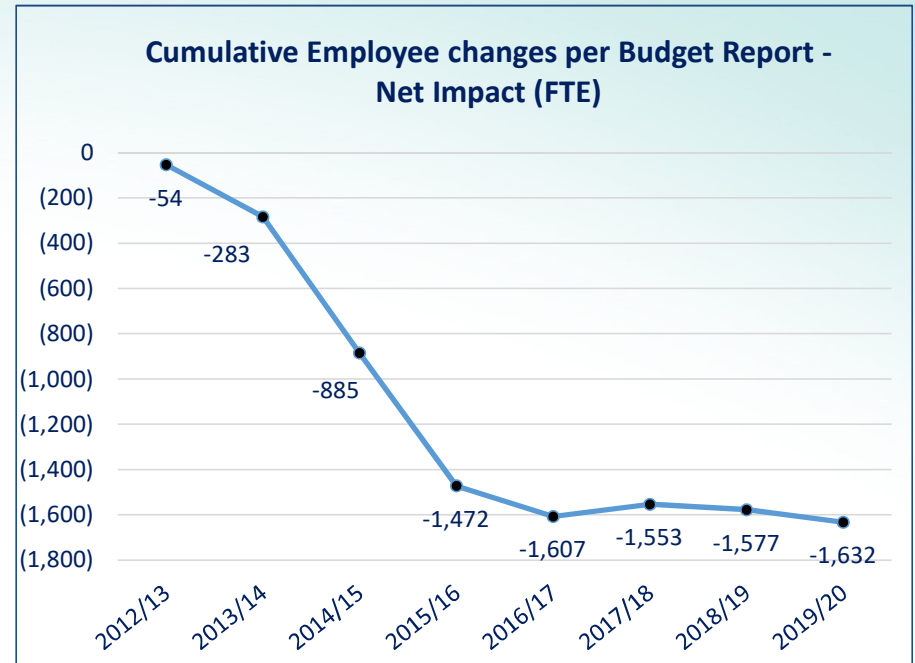


CONFIDENTIAL - NO STATUS DRAFT



Employee Implications of 2019/20 Revenue Budget

Directorate	TOTAL FTEs
Economic Development	(19.00)
Education & Lifelong Learning	2.00
People & Communities - Housing & Communities	(8.90)
People & Communities - Social Services	13.00
Planning, Transport & Environment	4.74
Resources - Governance & Legal Services	1.00
Resources (Resources)	(47.70)
COUNCIL	(54.86)



CONFIDENTIAL - NO STATUS DRAFT



Delegated Schools

- Budget provides £6.751 million in order to meet 70% of the non-demographic pressures facing schools including Grant Transfers of £1.487 million
- In addition, demographic growth of £2.183 million is provided for increasing pupil numbers
- Total growth of £10.421 million (4.5%)

Tudalen 12



CONFIDENTIAL - NO STATUS DRAFT



10

10

Use of Financial Resilience Mechanism in 2019/20

- Following Final Settlement, £200,000 of the FRM will need to be released in 2019/20 leaving £3.8m available for use
- Planned investment for 2019/20 takes account of consultation feedback and financial resilience.

Financial Resilience Mechanism - one-off use for 2019/20	
Category	£000
Visible Street Scene	2,100
Transport Initiatives	1,180
Other	520
Grand Total	3,800

Tudalen 13



CONFIDENTIAL - NO STATUS DRAFT



Reserves and Balances

Tudalen 14

	Actual at 31 March 2018 £000	Projection at 31 March 2019 £000	Projection at 31 March 2020 £000
General Fund Reserve	14,255	14,255	14,255
General Fund Earmarked Reserves	54,809	40,736	29,356
HRA General Reserves	8,983	8,983	8,983
HRA Earmarked Reserves	3,223	1,054	254



CONFIDENTIAL - NO STATUS DRAFT



Medium Term Financial Plan 2020/21 – 2023/24

Tudalen 15

Components of Budget Gap	2020/21	2021/22	2022/23	2023/24	TOTAL
	£000	£000	£000	£000	£000
Financial Pressures	25,909	25,216	22,108	20,851	94,084
Funding Reductions - AEF	2,223	2,212	2,201	2,190	8,826
Funding Reductions - Reserves	2,000	0	0	0	2,000
Budget Requirement Reduction	30,132	27,428	24,309	23,041	104,910

Addressing the Budget Gap

Components of Budget Assumptions	2020/21	2021/22	2022/23	2023/24	TOTAL
	£000	£000	£000	£000	£000
Council Tax (4.5% assumed)	6,464	6,755	7,059	7,376	27,654
Savings	23,668	20,673	17,250	15,665	77,256
Total Strategy	30,132	27,428	24,309	23,041	104,910



CONFIDENTIAL - NO STATUS DRAFT



Capital Programme Development 2019/20 – 2023/24

Tudalen 16

- 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 Strategy new requirement – Informed decision making
- Five year Capital Programme previously set for the period 2018/19 to 2022/23
- The 2019/20 Budget will update the Capital Programme and move it on to 2023/24



CONFIDENTIAL - NO STATUS DRAFT



Welsh Government (WG) Settlement - Capital 2019/20

- General Fund Capital Allocation
 - £13.778m for 2019/20
 - Increase of £157,000 from 2018/19
 - Decrease of 33% from 2010/11
- One-off additional General Capital allocation from WG between 2018/19 and 2020/21 of £9.6m
- Public Housing Major Repairs Allowance Grant - £9.5m (subject to WG approval of business plan)
- WG grants subject to annual bid process – no certainty for 2019/20 or beyond
- Where capital expenditure is incurred without resource to pay for it, this results in the need to borrow
 - Interest & debt repayment costs impact on Revenue Budget

Tudalen 17



CONFIDENTIAL - NO STATUS DRAFT



Capital Programme 2019/20 – 2023/24

Affordability of Borrowing to Fund Capital 1

Key Messages:

- Capital financing costs as a percentage of controllable revenue budgets are increasing. This limits the scope for additional borrowing in future years and reduces the Council's overall flexibility when making decisions on the allocation of its revenue resources.
- New schemes approved in 2019/20 managed within additional General Capital Grant awarded by WG over the period 2018/19 to 2020/21, or are approved on an invest to save basis subject to business case.
- Borrowing is a long term commitment to the revenue budget – Must be Prudent / Sustainable / Affordable now, as well as long term.

Tudalen 18



CONFIDENTIAL - NO STATUS DRAFT



16

Capital Programme 2019/20 – 2023/24

Affordability of Borrowing to Fund Capital 2

Key Messages:

- Non-earmarked capital receipts target of £40m set in 2018/19. Details/progress to be considered as part of annual Corporate Land and Property Plans.
- Significant increase in investment for affordable housing following proposed removal of debt cap. Costs of HRA investment are met from within the HRA.
- The Budget Report includes a proposed Affordability Envelope for Council to consider in relation to the potential investment in respect of an indoor arena. This will be considered by Cabinet during 2019/20 with the Affordability Envelope providing funding flexibility within the limits set.

Tudalen 19



CONFIDENTIAL - NO STATUS DRAFT



17



General Fund Capital Programme - Summary

Tudalen 20

Capital Programme	2019/20*	2020/21	2021/22	2022/23	2023/24	Total
	£000	Indicative £000	Indicative £000	Indicative £000	Indicative £000	£000
Annual Sums Expenditure	28,284	25,277	25,187	18,873	14,815	112,436
Ongoing schemes	14,589	18,335	17,277	9,075	3,224	62,500
New Capital Schemes / Annual Sums	3,269	6,220	4,310	16,590	1,060	31,449
Schemes Funded by External Grants and Contributions	36,772	42,610	88,039	50,998	3,550	221,969
Invest to Save Schemes – Borrowing to be repaid from revenue savings / income	16,257	19,695	36,988	24,190	3,011	100,141
Total General Fund Programme	99,171	112,137	171,801	119,726	25,660	528,495

*Includes estimate of slippage into 2019/20, subject to final outturn 2018/19



CONFIDENTIAL - NO STATUS DRAFT



Public Housing (HRA) Capital Programme - Summary

Tudalen 21

Capital Programme	2019/20 £000	2020/21 Indicative £000	2021/22 Indicative £000	2022/23 Indicative £000	2023/24 Indicative £000	Total £000
Regeneration and Area Improvement Strategies	3,250	2,750	2,750	2,750	2,750	14,250
External and Internal Improvements to Buildings	13,550	15,650	10,750	10,700	10,450	61,100
New Build Council Housing / Acquisitions	27,685	43,360	63,500	52,550	38,400	225,495
Disabled Facilities Service	2,900	2,750	2,750	2,750	2,750	13,900
Total Public Housing Programme	47,385	64,510	79,750	68,750	54,350	314,745



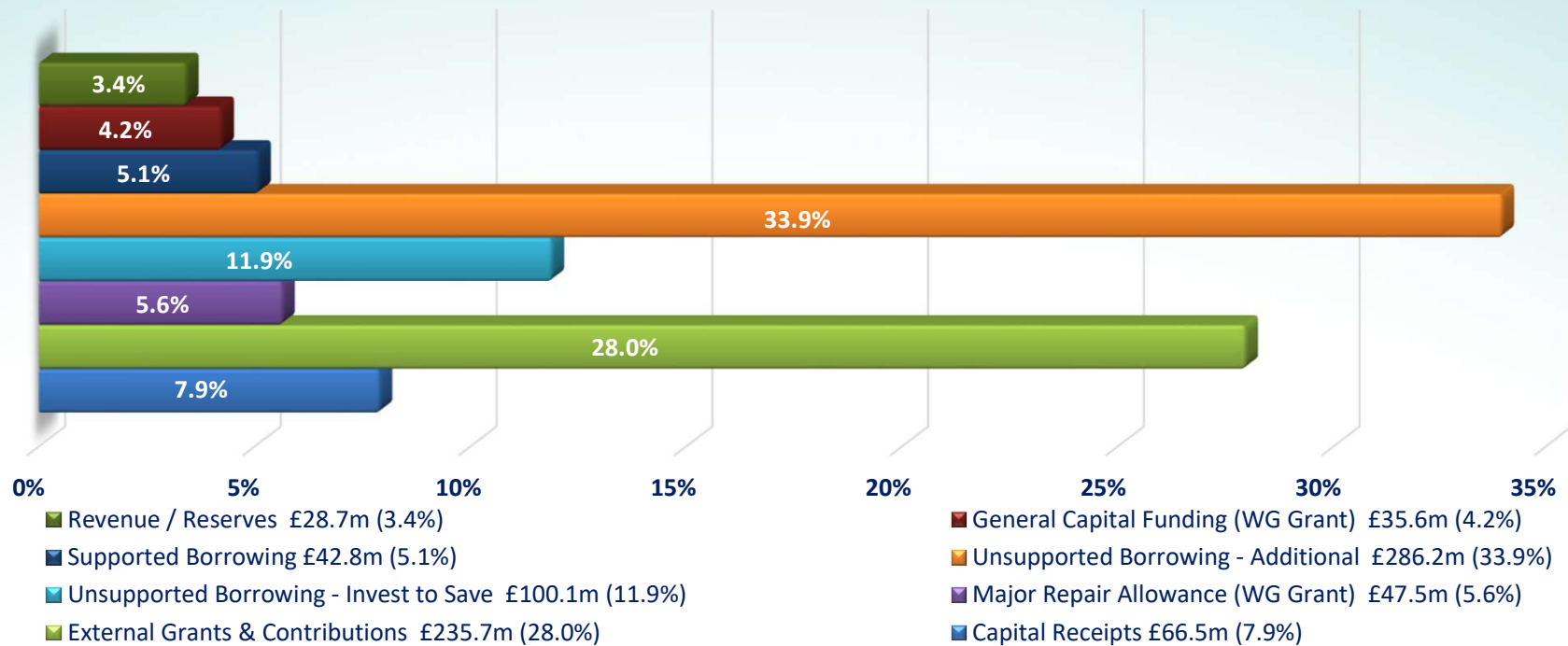
CONFIDENTIAL - NO STATUS DRAFT



Capital Programme Expenditure 5 Years = £843.2 million

- The graph below sets out Capital Resources
- Additional borrowing accounts for over a third of the programme

Tudalen 22



CONFIDENTIAL - NO STATUS DRAFT

