



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

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

CYFLWYNIADA

Pwyllgor PWYLLGOR CRAFFU PLANT A PHOBL IFANC

Dyddiad ac amser y cyfarfod DYDD MAWRTH, 22 CHWEFROR 2022, 10.30 AM

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

Eitem 4 **Cynllun Corfforaethol Drafft 2020 - 2025 a Chynigion Cyllidebol Drafft 2022 – 2023 Cyflwyniad** (*Tudalennau 3 - 20*)

Mae'r dudalen hon yn wag yn fwriadol



Cabinet Budget Proposal 2022/23

Scrutiny

February 2022

Tudalen 3



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



Contents

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1. Corporate Plan
2. COVID19
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4. Draft Revenue Budget (savings, employee imps, fees & charges)
5. Consultation and Engagement
6. Financial Resilience Mechanism
7. Reserves
8. HRA – Medium Term Financial Plan
9. Capital Programme Development
10. Capital Strategy 2022/23
11. Detailed Capital Investment Programme and Funding



Strategic Context

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



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- 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



COVID19 – Current Year Context and WG Support

- The COVID-19 pandemic has had significant financial implications for the Council - additional costs and loss of income.
- During 2020/21, the Welsh Government put in place a COVID-19 Hardship Fund to support Local Authorities in managing additional costs and income loss directly resulting from the pandemic.
- The table below summarises the level of support the Council has required from the Fund to date.

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	Additional Expenditure £000	Income Loss £000	Total £000
2020/21	47,704	38,155	85,859
2021/22 (M1-9)	21,235	12,955	34,190
TOTAL	68,939	51,110	120,049

* Including sums pending approval

- The fund has been extended until the end of the 2021/22 financial year, but will not be in place during 2022/23.
- This represents a significant financial risk to the Council and the 2022/23 Budget will need to be sufficiently robust to ensure that the Council can continue to cope with COVID-10 related financial pressures.



Provisional Settlement Overview

Provisional Settlement - Timing

- Provisional Settlement - issued 21st December 2021
- Final Settlement - 3 March 2022 (post 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.

Provisional Settlement – Content and Impact

- Cardiff increase is 10.7%, Welsh average is 9.4%
- Settlement is better than planned for
- Comes with additional pressures – Real Living wage in Care Sector, pay increases, impact of Health and Social Care Levy on Employer's NI, need to manage without resource to Hardship Fund Support.
- Specific Grants – some transfers, some notable new grants linked to WG policy including Free School Meals.

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Revenue Budget 2022/23

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Resources Required	£000	Notes
Base Budget Brought Forward	686,734	
Employee Costs	6,034	Assumed 3% NJC award, VLW
Price Inflation	10,664	Commissioned Care including RLW impact, Energy, Out of County Education, ICT
Financial Pressures	4,413	Social Services staffing, support for organisational change, committee services & elections
COVID Recovery Budget	10,000	No Hardship Fund Support in 2022/23
Policy Growth	5,500	See next slide
Commitments, Realignments & Capital Financing	10,471	£3.338m Capital Financing, Realignments & Commitments next slide
Demographic Pressures	8,318	Adult Services, Children's Services, School Transport, Waste Streams
Schools Growth	9,309	Employee costs & changes in pupil numbers
Savings	(7,708)	See later slide
Total Resources Required	743,735	
Resources Available	£000	
AEF	(544,715)	Per Provisional Settlement
Council Tax	(199,020)	2022/23 tax base and 1.9% rate increase
Total Resources Available	(743,735)	



Revenue Budget 2021/22 - Policy Growth Commitments and Realignment

The better than anticipated settlement has allowed targeted investment in policy growth – supporting key priorities:

Policy Growth	£000
Young People	1,225
Community Improvement & Safety	861
Cleaner Streets	1,202
One Planet Cardiff	519
City Recovery and Infrastructure	1,693
Total Policy Growth	5,500

Commitments (£1.545 million)

These include the financial implications of previous Cabinet / Council decisions as well as levies payable to other bodies. Includes:

- £0.558 million levies and contributions payable to other bodies
- £0.513 million full year costs of Children’s Review Hub
- £0.100 million Corporate Apprentice Scheme
- £0.144 million replacement vehicles
- £0.230 million Member Remuneration and additional Member numbers

Realignments (£4.942 million)

The 2022/23 Budget also addresses base budget structural issues. These include:

- £4.687 million Children’s Services- placements, staff, domiciliary care
- -£0.750 million to remove post JRS Council Tax Support contingency
- £0.350 million External Legal Fees and Legal Case Management System
- £0.100 million Renewable Energy
- £0.160 million regradings in Social Services
- £0.400 million to address SLA issues re: the HRA
- -£0.060 million in Recycling & Neighbourhood Services – net impact of expenditure and income realignments



Revenue Budget 2022/23 – Efficiency Savings

Nature of Saving	£000
Review of staffing arrangements	1,063
Reductions in premises costs	340
Reductions in external spend	3,980
Increase in Income	1,325
Reduction in General Contingency	1,000
TOTAL	7,708

- Efficiency savings - achieving the same output (or more) for less resource, with no significant impact on the resident / customer.
- Proposals have been reviewed to ensure they have minimal impact on service delivery, and that they are deliverable and appropriate.
- All proposals have been screened for their equalities impact. All were classed as Green / Amber-Green with no significant concerns identified.
- To improve the deliverability of savings and maximise the chances of securing full year savings in 2022/23, proposals are being implemented in the current financial year where possible.
- Of the £7.708 million non-school savings required next year, £2.785 million have already been implemented.



Revenue Budget 2021/22 - Employee Implications of Savings & Policy Growth

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Directorate	Deletions	Creations	Net
Economic Development (incl. RNS)	(3.0)	32.3	29.3
Education	0.0	9.0	9.0
Housing and Communities	(9.4)	16.4	7.0
Performance and Partnerships	(0.5)	8.0	7.5
Planning, Transport & Environment	(2.4)	11.0	8.6
Resources	(3.0)	0	(3.0)
TOTAL	(18.3)	76.7	58.4



Consultation

Consultation

- Ask Cardiff - Budget Priority Question - 2,704 responses

Citywide Consultation - 1,547 responses

- Built on findings of Ask Cardiff
- Ran between 14th January to 6th February 2022
- Pandemic - consultation conducted electronically

Top 3 Priorities:

- Vulnerable Children & Families
- Vulnerable Adults & Older People
- Schools (Teaching)

The Budget and Capital Programme provide support for these areas

Young People Engagement

- Despite targeted survey for younger people response was low
- Reflects historical trends - younger people having proven to be a hard group to reach through the use of traditional corporate engagement approaches, particularly on the Council's budget consultation.
- Face to face engagement opportunities limited
- Despite the above, Cardiff's Child Friendly City work helps ensure young peoples' voices are heard in terms of their priorities for the city:
 - Child Friendly City Survey (2019) – over 6,000 responses
 - Coronavirus and Me Surveys – 2020 and 2021



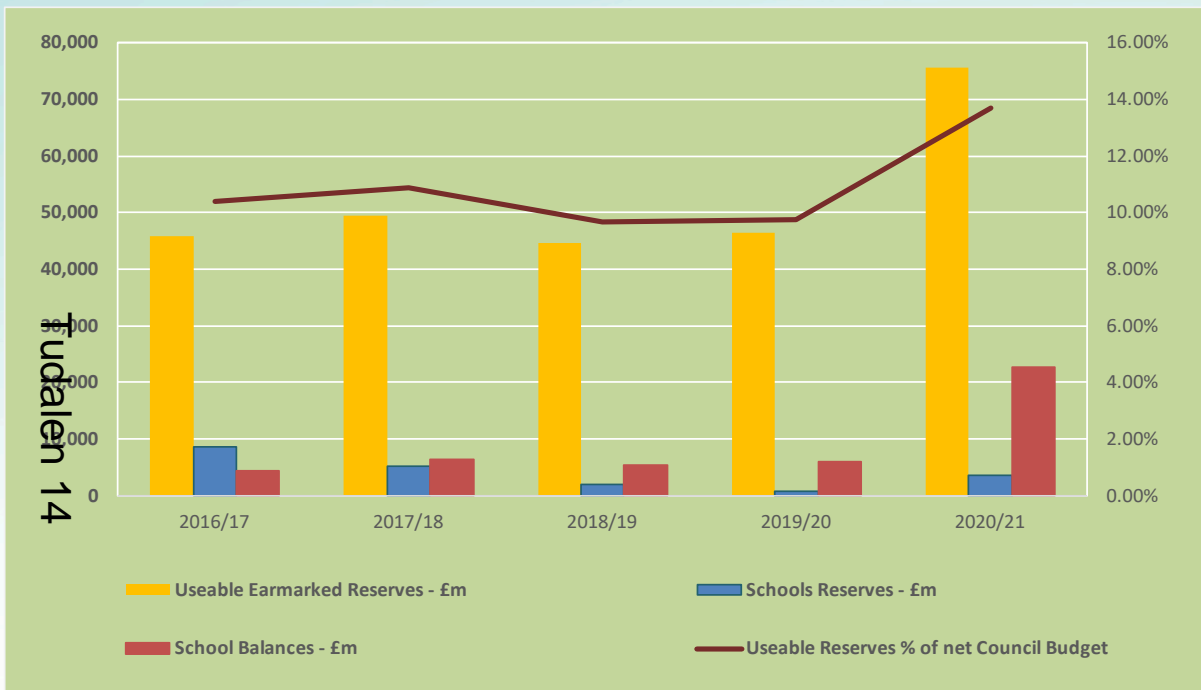
Use of Financial Resilience Mechanism in 2021/22

One off Growth for 2022/23	£000	
Young People	1,210	Youth Service (£250k), Summer of Smiles (£500k), Preparation for new curriculum (£250k), Edible Playgrounds (£250k), Bilingual Cardiff Youth Forum (£10k)
Community Improvement and Safety	1,648	Money Advice (£245k), Into Work Services (£398k), Sport Development Fund (£300k plus £200k from reserves), Parks lighting (£250k), Community Safety (£25k), Socially Valuable Bus Routes (£430k)
Cleaner and Greener Cardiff	670	Taxi Grants (£500k), Segregated Waste (170k)
City Infrastructure	272	Enforcement Teams (£150k), Localised Highways Asset Improvements (£122k)
TOTAL	3,800	

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Reserves

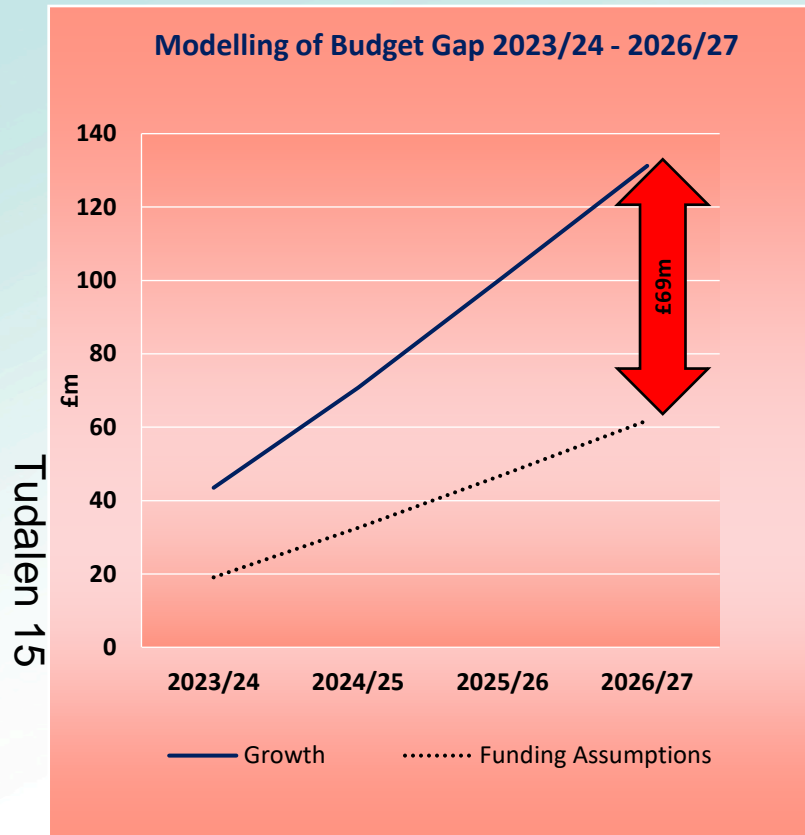


	Projection at 31 March 2022 £000	Projection at 31 March 2023 £000
General Fund Reserve	14,255	14,255
General Fund Earmarked Reserves	76,478	64,514
HRA General Reserves	13,126	13,126
HRA Earmarked Reserves	8,383	4,183

- The 2022/23 Budget does not assume use of reserves as budget funding
- The Section 151 officer is content that the level of reserves is sufficient to enable this drawdown and remains adequate to March 2023.



Medium Term Financial Plan 2023/24 – 2026/27



	2023/24 £000	2024/25 £000	2025/26 £000	2026/27 £000	TOTAL £000
Total Pressures	43,496	27,331	30,260	30,434	131,521
Funding Assumptions	(19,565)	(13,531)	(14,433)	(14,794)	(62,323)
Budget Requirement Reduction	23,931	13,800	15,827	15,640	69,198
Council Tax Assumptions - at 3%	4,931	5,079	5,232	5,388	20,630
Total Savings	19,000	8,721	10,595	10,252	48,568
Budget Requirement Strategy	23,931	13,800	15,827	15,640	69,198

- CTax assumptions are used for modelling purposes only
- Need to continue work on identifying savings and opportunities for transformation beyond the one-year budget cycle



Housing Revenue Account – Medium Term Financial Plan

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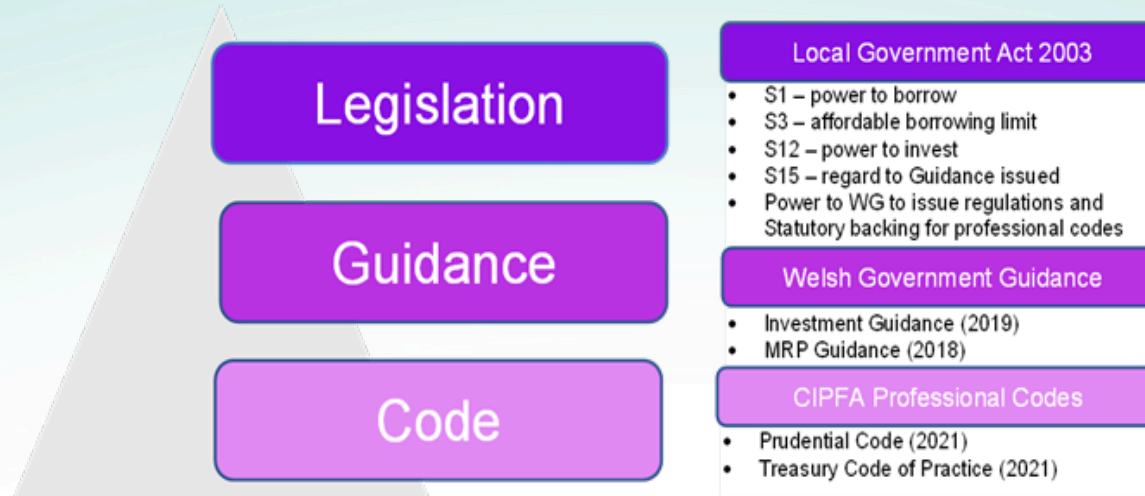
- Background, objectives and demand for social housing
- Rent policy framework – Average 2022/23 rent increase proposed +3.1%: £3.34 per week (£3.55 based on 49 week collection)
- Current WG rent policy of CPI + 1% runs to 2024/25
- Revenue Budget for 2022/23 and Capital Investment Programme
- Significant capital investment to meet demand for new affordable housing
- Affordability and Value for Money
- Risks and Uncertainties
- HRA 30 Year Business Plan to be sent to WG March 2022



Capital Programme Development 2022/23 – 2026/27

- 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 2021/22 to 2025/26
- The 2022/23 Budget will update the Capital Programme and move it on to 2026/27
- Capital Strategy includes detailed investment programme and funding



Capital Strategy 2022/23

Annex 3

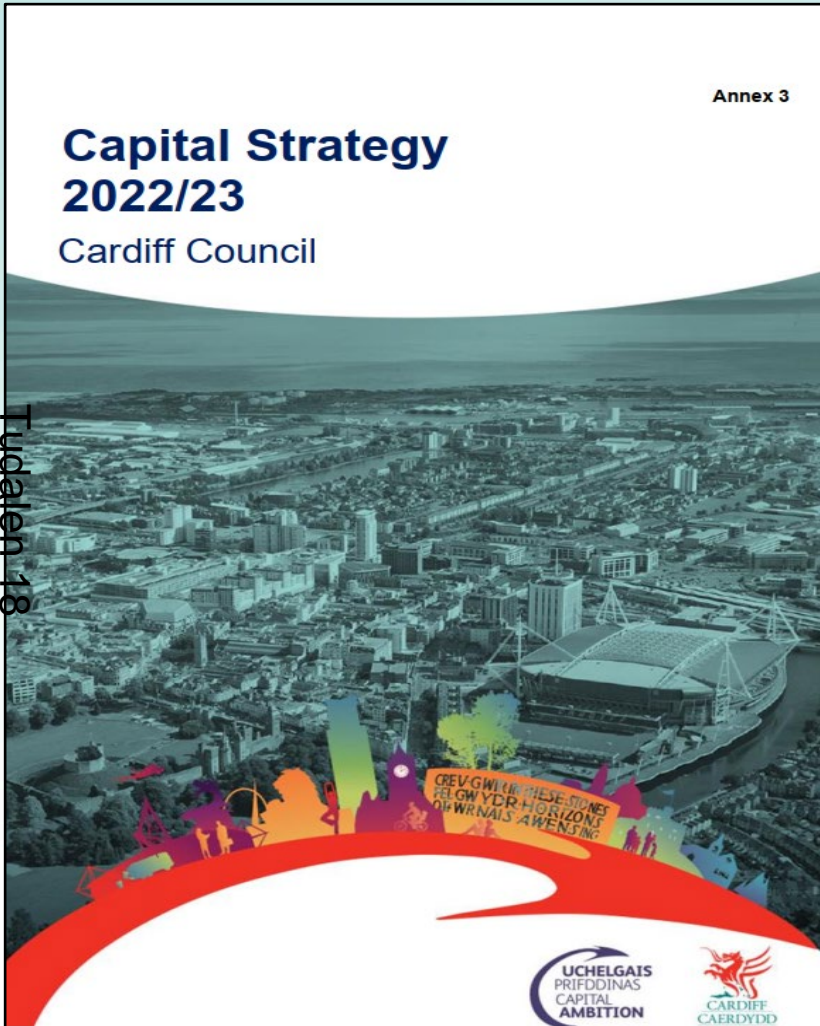
Capital Strategy 2022/23

Cardiff Council

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 2022/23 – 2026/27

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Capital Programme Expenditure	2022/23 Including Slippage £000	Indicative 2023/24 £000	Indicative 2024/25 £000	Indicative 2025/26 £000	Indicative 2026/27 £000	Total £000
Annual Sums	24,275	26,500	23,515	22,915	19,715	116,920
Ongoing Schemes	45,216	32,712	20,981	20,050	6,336	125,295
New Schemes / Additional Annual Sums	125	175	100	250	225	875
Schemes funded by Grants and Contributions (Further grants subject to approval of bids)	55,554	43,916	77,590	34,701	664	212,425
Invest to Save	63,601	158,922	90,270	10,500	12,240	335,533
Total General Fund	188,771	262,225	212,456	88,416	39,180	791,048
Public Housing	74,610	111,250	106,135	69,605	53,700	415,300
Total Capital Programme Expenditure	263,381	373,475	318,591	158,021	92,880	1,206,348



Capital Programme Funding

Capital Funding 2022/23 - 2026/27

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	<u>2022/23</u> £000	Indicative <u>2023/24</u> £000	Indicative <u>2024/25</u> £000	Indicative <u>2025/26</u> £000	Indicative <u>2026/27</u> £000	<u>Total</u> £000	%
General Fund							
WG Unhypothesized Supported Borrowing	(8,901)	(10,630)	(10,630)	(8,901)	(8,901)	(47,963)	6.1
WG General Capital Grant	(6,135)	(7,326)	(7,326)	(6,135)	(6,135)	(33,057)	4.2
Additional Borrowing to balance existing capital programme	(34,953)	(33,901)	(17,690)	(25,719)	(10,805)	(123,068)	15.6
Additional Borrowing - Invest to save/earn schemes to be repaid from revenue savings/incidental income or directorate budgets	(63,601)	(158,922)	(90,270)	(10,500)	(12,240)	(335,533)	42.4
Earmarked Capital Receipts	(14,242)	(2,000)	(5,000)	(2,000)	0	(23,242)	2.9
Non Earmarked Capital Receipts assumption	(5,000)	(5,000)	(3,640)	0	0	(13,640)	1.7
Direct Revenue Financing	(210)	(210)	(210)	(210)	(210)	(1,050)	0.1
Earmarked Reserves	(175)	(320)	(100)	(250)	(225)	(1,070)	0.1
External funding estimates and contributions	(55,554)	(43,916)	(77,590)	(34,701)	(664)	(212,425)	26.9
Total General Fund	(188,771)	(262,225)	(212,456)	(88,416)	(39,180)	(791,048)	100.0
Public Housing (HRA)							
Major Repairs Allowance WG Grant	(9,550)	(9,550)	(9,550)	(9,550)	(9,550)	(47,750)	11.5
Additional Borrowing	(44,415)	(81,595)	(81,685)	(46,615)	(39,650)	(293,960)	70.8
Direct Revenue Financing / Earmarked Reserves	(5,500)	(2,400)	(2,400)	(2,400)	(2,400)	(15,100)	3.6
External funding estimates and contributions	(10,545)	(12,705)	(9,000)	(6,040)	(2,100)	(40,390)	9.7
Capital Receipts	(4,600)	(5,000)	(3,500)	(5,000)	0	(18,100)	4.4
Total Public Housing	(74,610)	(111,250)	(106,135)	(69,605)	(53,700)	(415,300)	100.0
Total Capital Programme Resources Required	(263,381)	(373,475)	(318,591)	(158,021)	(92,880)	(1,206,348)	

