



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

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

SUPPLEMENTARY PAPERS

Committee	GOVERNANCE AND AUDIT COMMITTEE
Date and Time of Meeting	TUESDAY, 27 SEPTEMBER 2022, 4.30 PM
Venue	CR4, COUNTY HALL - MULTI LOCATION MEETING
Membership	Hugh Thomas (Chairperson) Gavin McArthur, David Price, Dr. Janet Wademan, Councillors Ahmed, Carr, Goodway, Lewis, Moultrie, Palmer, Waldron and Williams

The following papers were marked 'to follow' on the agenda circulated previously

- 6.1 Financial Update including Resilience Issues (*Pages 3 - 12*)

Davina Fiore

Director Governance & Legal Services

Date: Wednesday, 21 September 2022

Contact: Graham Porter, 02920 873401, g.porter@cardiff.gov.uk

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Financial Update

Governance & Audit Committee

27th September 2022





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2022/23



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Summary of Month 4 Position 2022/23



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Division	Net Budget £000	Projected Outturn £000	Variance £000
Corporate Management	37,488	31,014	(6,474)
Economic Development	9,100	11,960	2,860
Education (Retained)	310,235	315,659	5,424
Governance & Legal Services	6,802	7,202	400
Housing & Communities	48,457	48,140	(317)
Performance and Partnerships	3,319	3,238	(81)
Planning, Transport, Environment	7,402	7,832	430
Recycling & NS	36,024	36,413	389
Resources	16,275	16,070	(205)
Social Services - Adult's	132,487	132,364	(123)
Social Services - Children's	78,977	87,927	8,950
Capital Financing	34,309	32,609	(1,700)
Contingency	2,000	0	(2,000)
Summary Revenue Account	20,471	20,759	288
Discretionary Rate Relief	400	410	10
Council Tax Collection	0	(483)	(483)
Total	743,746	751,114	7,368

Page 5

Main Variances

Corporate Management

- Utilisation of COVID/energy budget contingency at month 4

Economic Development

- Income shortfalls within Culture, Venues & Events
- High cost of energy across council buildings.
- Pressures within Property Services, and Sport, Leisure & Dev.

Education

- School Transport - rising costs in fuel & driver supply plus increased no. of pupils with ALN requiring transport.
- Out of area placement pressures
- School catering services - price increases in relation to food & transport costs combined with reduced income from paid school meals.

Children's Services

- Majority relates to additional bespoke placements that have arisen this year reflecting the complexity of need and the limited spaces available in the residential market.

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Further Work Needed / In year savings



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- Ongoing challenge / review of COVID transition costs and Energy pressures
- Treasury Management review and updates where appropriate
- Targeted action in Children’s Services, including:
 - Manging placement requests
 - Maximising the current placement options
 - Looking at options for move on
 - Developing the support market in Cardiff
 - Developing Foster Care options to meet complex needs
 - Addressing specific issues around unaccompanied asylum-seeking children
 - Improving data reporting and financial analysis arrangements
 - Maximising opportunities for additional grant funding and appropriate partner contributions
- Services tasked with identifying in year efficiencies - linked to budget work already underway for 2023/24

Page 6



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In year Financial Resilience Issues



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- Given bottom line position, significant levels of in year savings required to mitigate overspend
- Availability of funding to deal with further COVID and Energy costs is a risk
- Contingency budgets already being used in full or part at Month 4
- Month 4 does not reflect any impact of pay awards to be agreed for 2022/23
- Flow through of current year issues into 2023/24 means that budget setting is going to be extremely challenging for next year

Page 7



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2023/24



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Reminder of Context: Budget Gap 2023/24



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Page 9

Elements of 2023/24 Budget Gap	Mar 2022 £000	July Update £000	July Revised £000
Employee Costs	21,375	(7,825)	13,550
Price Inflation	7,175	10,221	17,396
Capital Financing	4,803	(675)	4,128
Commitments	1,120	100	1,220
Demographic Pressures	5,523	3,328	8,851
Emerging Financial Pressures	3,500	0	3,500
AEF – Indicative All Wales +3.5%	(19,065)	0	(19,065)
Earmarked Reserves	(500)	0	(500)
TOTAL	23,931	5,149	29,080

- **Since July – position will have worsened:**
- **Pay Award** - Teachers and significantly NJC - award not final yet
- **Energy** – position has significantly worsened in recent months - waiting to see full impact of potential offsetting business price cap
- **Current year pressures** - impacting on next financial year if not fully mitigated



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Ongoing Risk Areas Under Review



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- Effective budgetary management in the current year to mitigate overspend
- Achievement of in-year savings - and where they are not on track, robust, immediate plans to bring them back on course
- Careful management of income-funded areas
- Development of a robust set of savings proposals for 2023/24
- Updated modelling - Revenue Budget key sensitives – Pay, Non Pay Inflation, demand, income assumptions etc..
- Development in parallel of our Capital Programme and Strategy



Next Steps



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- Cabinet Review of Month 4 position 28th September
- Mitigation actions and review at Month 6
- Budget strategy work
 - Assessment of updated bottom line budget gap
 - Timing of the Welsh Government settlement announcement not yet confirmed
 - Services seeking to identify opportunities to deliver Efficiency savings - deliver early / in year where possible
 - Likely requirement for significant service change / transformation given the scale of the budget gap faced





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Questions?



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