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## CYFLWYNIADA

**Pwyllgor** PWYLLGOR CRAFFU AMGYLCHEDDOL

**Dyddiad ac amser y cyfarfod** DYDD MAWRTH, 14 CHWEFROR 2017, 4.30 PM

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

9 **Cyflwyniad** (*Tudalennau 1 - 48*)

Mae'r dudalen hon yn wag yn fwriadol

**Budget proposals for  
Commercial & Collaboration  
Service**

**Environmental Scrutiny Committee**

**14<sup>th</sup> February 2017**

**difference** make the | **wahaniaeth** gwnewch



# Corporate Plan 2017-19

## Priority 3 – An economy that benefits all our citizens

### Corporate Plan Commitment :

page 2

- Achieve the **statutory recycling / landfill diversion** targets

# Corporate Plan 2017-19

## Priority 4 – Working together to transform services

### Corporate Plan Commitments (continued):

Page 3

- The **Council fleet** to provide 5% alternative fuel-efficient vehicles by April 2018. To continue to increase alternative and efficient fuel usage by 5% per annum thereafter.
- **Commercialise** key Council service to increase gross income

## Savings Proposals for 2017/18

### Budget Lines:

- |     |  |          |
|-----|--|----------|
| 32. | <b>Commercial Trade: Expanding Markets</b> – grown market & partnership working                                    | £100,000 |
| 33. | <b>Pest Control: Expanding Markets</b> – grown market & public/ private sector partnership working                 | £20,000  |
| 36. | <b>Central Transport Services: Income Generation</b> – insource feet maintenance work, new software                | £75,000  |
| 38. | <b>Third Party Treatment: Income Generation</b> – Treatment transfer facilities                                    | £50,000  |
| 39. | <b>Treatment &amp; Disposal: Improved Productivity</b> – remove down time through improved maintenance / schedules | £70,000  |

## Savings Proposals for 2017/18 (continued)

### Budget Lines:

40.	<b>Domestic: Round Performance</b> – new software, round balancing efficiencies	£170,000
41.	<b>Domestic: Improve Attendance</b> – reduce agency spend	£50,000
42.	<b>Commercial Services: Vehicle Costs</b> – reduce damage and insurance claims.	£66,000
43.	<b>Waste Services: Efficiency Improvements</b> – various back office and scheduling approaches	£89,000
44.	<b>Treatment &amp; Disposal : MRF Technology (Auto Sorter)</b> – increasing capacity for further trading	£138,000

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42  
5



# Questions?



Scrutiny Committee

February 2017

Cabinet Draft Budget Proposal 2017/18

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# Presentation Overview Summarising Report

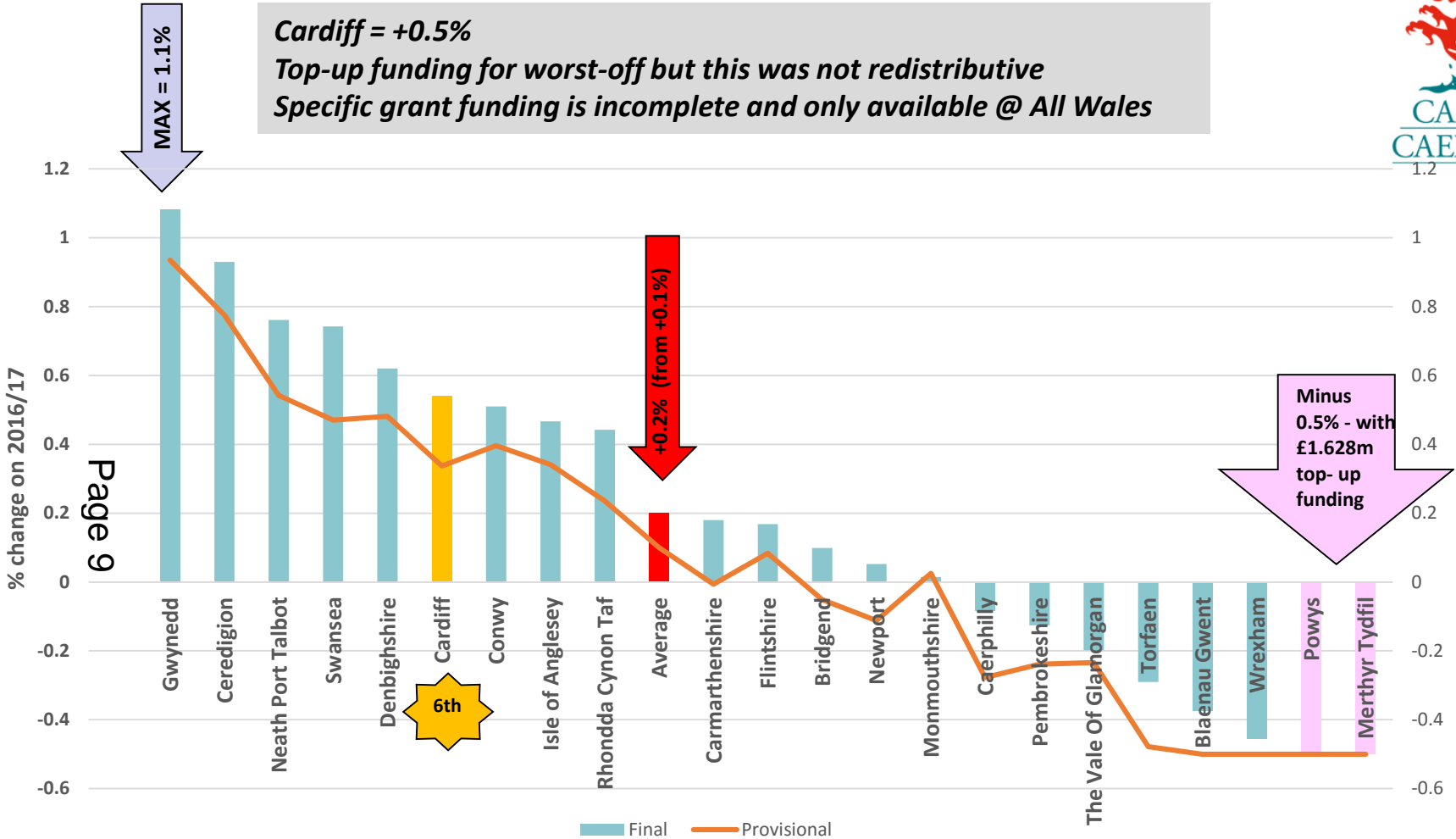


- Final Settlement
- Consultation and Post Consultation Updates
- Page 8 Draft Revenue Budget
- Medium Term Outlook
- Draft Capital Programme

# Settlement Overview - Wales



**Cardiff = +0.5%**  
*Top-up funding for worst-off but this was not redistributive*  
*Specific grant funding is incomplete and only available @ All Wales*



- +£10m for Dom Care "separate" - TBC**
- +£10m for rate relief - "separate" - TBC**
- 4 Transfers In  
1 Transfer Out**
- 3 new responsibilities**
- No Schools Protection**
- No figures beyond 2017/18**

# Final Settlement - Cardiff



## Analysis of Cardiff's 0.5% Settlement Increase - £2.298m Cash

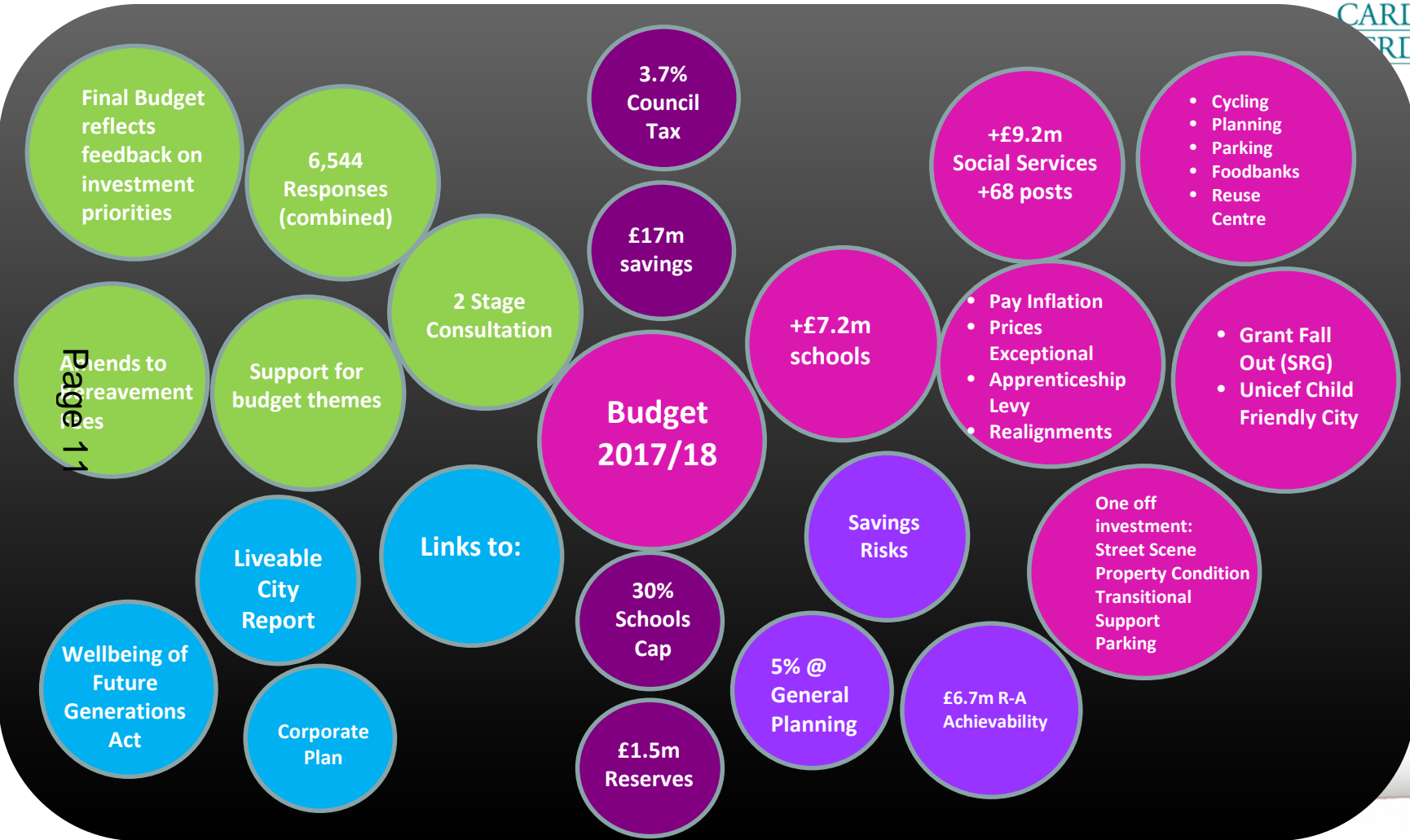
- True Additional Cash - £294,000
- New Responsibilities - £1.278m
- Tax Base Adj - £620,000
- Transfers Out\* - £106,000



- Cardiff's 0.5% increase implies cash of +£2.3m
- This reduces to £294,000 when differentiating year on year factors are taken into account (above)
- Additional Specific Grants - with no visibility on the £10m additional Social Services funding, Cardiff has assumed a share in line with the Social Services IBA - £850,000
- The Council has a £4m Financial Resilience Mechanism (FRM) for release if funding is worse than expected
- Release will not be required in 2017/18 and it is therefore available for one off investment

\* This sum relates to the transfer out of funding but the Council has retained the responsibility.

# Overview of the Revenue Budget



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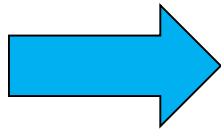
# Consultation



Two Stage Consultation	
Ask Cardiff	Budget Specific
General Themes	Detailed Proposals
Eight Weeks	Five Weeks
4,024 Responses	2,520 Responses



**Firstly** technical changes to take account of final settlement, emerging pressures and most recent price information – details at Appendix 14 of Budget Report



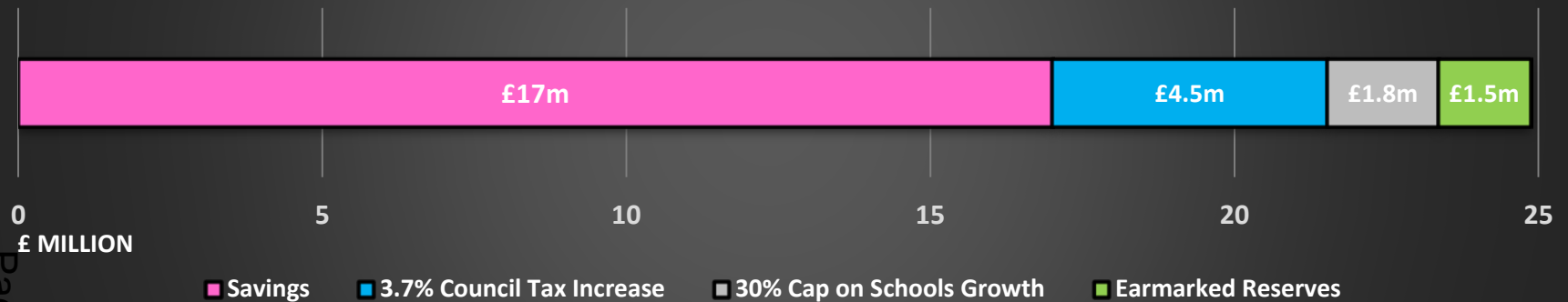
Summary of Post Consultation Changes	£000
Funding	(1,325)
New Specific Grant Funding Stream	(850)
Technical Updates	(1,131)
Emerging Issues	3,072
Savings Amendments	234
<b>Net Overall Impact</b>	<b>0</b>

- **Secondly** in drafting the final Budget Proposal Cabinet took account of consultation feedback
- There was significant support for key budget assumptions and themes via the consultation
- Changes have been made to final proposal to reflect specific comments – e.g. removal of the charge for child burial and cremation
- The Council's FRM has been invested in a way that support priorities identified during the consultation period, including highways improvement and street scene

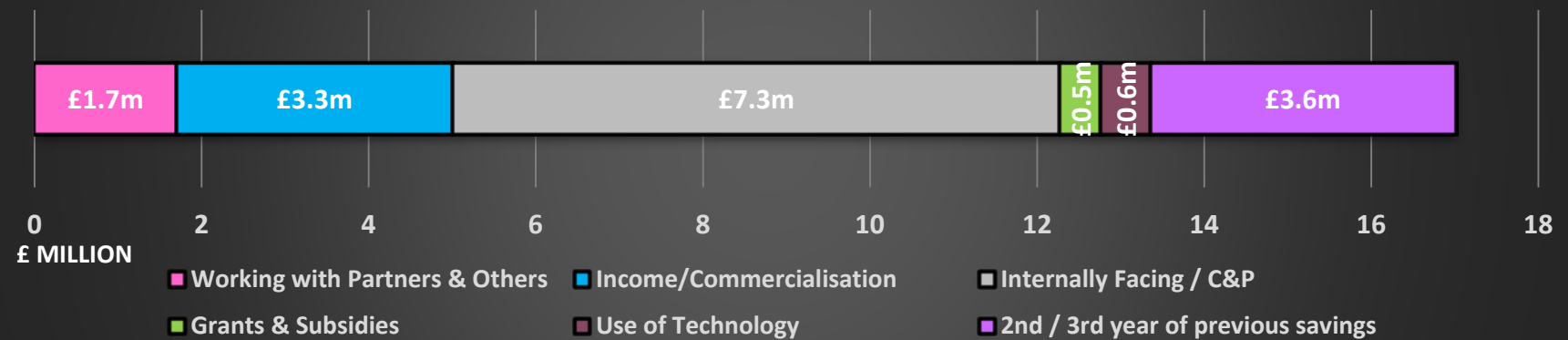
# Draft Budget – Solution to 2017/18 Budget Gap



Solution to £25m Budget Gap - per Cabinet Draft Proposal



Breakdown of £17m Savings by Theme



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# 2017/18 Savings Themes



Theme	Description
<b>Working with Partners and Others</b>	Considering the way in which we work alongside the public, partner organisations and others. There are opportunities to explore new operating models and alternative delivery arrangements, join up services and consider the sharing of assets and the use of multi-agency teams.
<b>Income/ Commercialisation</b>	Identifying how the Council can make better use of its assets and how to offer its services to the public, third sector, or private sector organisations. Examples include opportunities in respect of income generation (in both existing markets and the exploration of new markets) and alternative delivery arrangements.
<b>Internally Facing / C&amp;P</b>	Reviewing internal business processes, covering the need to realign services downwards in non-front line areas, through business process efficiencies and reductions to more closely reflect available resources. Ensuring that we secure value on all our contracts.
<b>Review of Grants &amp; Subsidies</b>	Reviewing those services which are either subsidised by the Council, or those for which a grant is currently given to an outside organisation in order to provide the service. Examples may include exploring the possibility of private corporate sponsorship of events.
<b>Use of Technology</b>	Understanding the ways in which we can make better use of technology, in our internal functions as well as continuing the shift to online services, customer focus and enabling technology, encouraging people who are able to use digital services to do so.
<b>Second/Third Year of Proposals</b>	Considers those proposals where additional savings are planned beyond the financial year in which it was originally proposed.

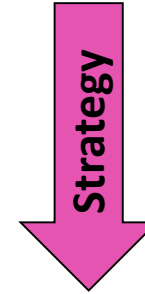
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# Revenue Budget 2017/18



		£000
Required	<b>2016/17 Restated Base Budget</b>	<b>578,846</b>
	New Responsibilities	1,278
	Employee Costs	2,916
	Demographic Pressures (inc schools)	4,610
	Commitments	840
	Directorate Expenditure & Income Realignments (net)	2,699
	Special Inflation	2,507
	Schools Non Pupil Number Growth (net of 30% Cap)	4,565
	<b>Total Resources Required</b>	<b>598,261</b>
Available	AEF	428,217
	Council Tax (at nil increase)	151,655
	<b>Use of Reserves</b>	<b>1,500</b>
	<b>Total Resources Available</b>	<b>581,372</b>
Balancing	Shortfall Before Pressures and Savings	16,889
	ADD New Directorate Pressures	4,638
	<b>LESS Savings</b>	<b>(17,007)</b>
	<b>Net Amount to be raised from Council Tax (NET)</b>	<b>4,520</b>



- This is a 3.7% Council Tax Increase
- It is net of impact on CTRS budget

# Risk Assessment Summary of Savings Proposals



## Risk Assessment Summary of 2017/18 Savings Proposals

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# Employee Implications of Revenue Budget



	Voluntary Redundancy fte	Vacant fte	Redeployment Fte	New Posts fte	Net Change fte
City Operations	0	0	0	10.0	10.0
Communities, Housing & Customer Service	0	0	(8.0)	11.0	3.0
Economic Development	0	0	(3.4)	4.0	0.6
Education	0	0	(10.0)	0.6	(9.4)
Governance & Legal	0	0	0	3.0	3.0
Resources	(3.0)	(10.5)	0	1.0	(12.5)
Social Services	0	(6.0)	(3.0)	67.8	58.8
	(3.0)	(16.5)	(24.4)	97.4	53.5

# Use of Financial Resilience Mechanism in 2017/18



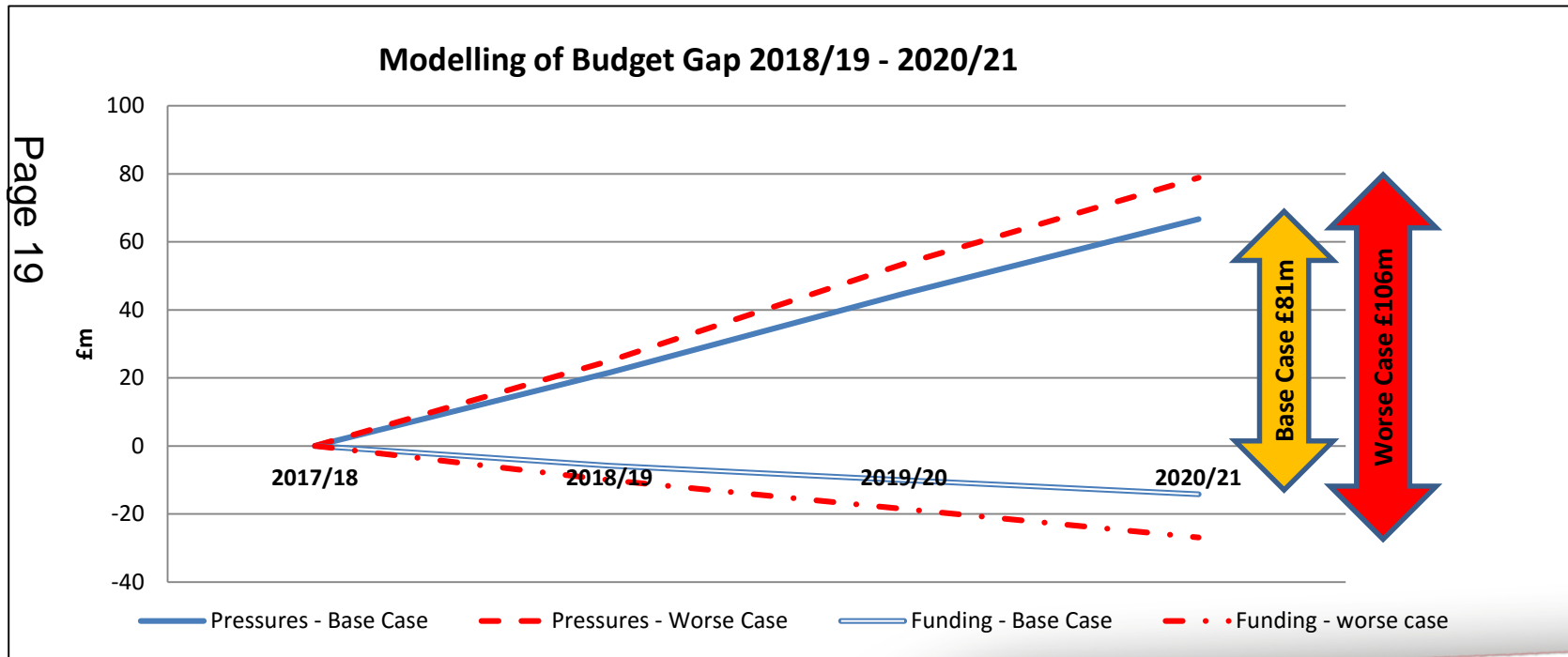
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Use of Financial Resilience Mechanism in 2017/18	Total £000
Visible Street Scene Services	1,710
Property Condition	1,000
Transitional Arrangements (grant fall out) etc.)	660
City Centre Enforcement	290
Parking Strategy	340
<b>TOTAL</b>	<b>4,000</b>

# Medium Term Outlook - Cardiff



Scenario	2018/19 £000	2019/20 £000	2020/21 £000	Total £000
Base Case	27,379	27,457	26,071	<b>80,907</b>
Worse Case	35,059	37,029	33,736	<b>105,824</b>



# Addressing the Medium Term Gap



	2018/19 £m	2019/20 £m	2020/21 £m	TOTAL £m
<b>Budget Gap</b>	<b>27,379</b>	<b>27,457</b>	<b>26,071</b>	<b>80,907</b>

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Addressing the Medium Term Gap				
Council Tax (3.7% = 2017/18 level)	4,686	4,860	5,040	14,586
Earmarked Reserves	1,500			1,500
Cap on Schools (Growth 30%)	1,494	1,979	1,348	4,821
Savings*	19,699	20,618	19,683	60,000
<b>TOTAL</b>	<b>27,379</b>	<b>27,457</b>	<b>26,071</b>	<b>80,907</b>

*\* Savings will be revisited over the Spring – further review of the Base Budget*

# Capital Programme Development 2017/18 – 2021/22



- 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.
- Page 21 Five year Capital Programme previously set for the period 2016/17 to 2020/21
- The 2017/18 Budget will update the Capital Programme and move it on to 2021/22

# Indicative Capital Programme



5 Year Capital Programme includes:-

- Annual Sums
- Ongoing Capital Schemes
- New Capital Schemes
- Capital Schemes funded from Grants Bids/Contributions (assumptions, even for 2017/18 due to uncertainty of allocations)
- Existing/New Schemes Funded on Assumption of Revenue Savings, Revenue Income or Other Sources of Income (Invest to Save)
- Public Housing (HRA) programme

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# WG Settlement - Capital 2017/18

- General Fund Capital Allocation
  - £13.531m for 2017/18
  - Decrease of 35% since 2010/11.
- Public Housing Major Repairs Allowance Grant - £9.6m (subject to WG approval of business plan)
- WG grants subject to annual bid process – no certainty for 2017/18 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

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# Capital Programme 2017/18 – 2021/22

## Affordability of borrowing to fund capital



### Key Messages:

- Council Budget Strategy Report – “As the Council realigns itself strategically to lower funding levels it will need to consider the level of debt and potential financial resilience issues that may be a consequence of increasing borrowing.”
- Council Budget Strategy Report – “Capital financing costs as a percentage of controllable revenue budgets are increasing. This clearly 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”
- Borrowing is a long term commitment to the revenue budget – Must be Prudent / Sustainable / Affordable now as well as long term
- Wellbeing and Future Generations Act
- Strategic Long Term Commitments we will need to fund in addition
  - Cardiff City Region City Deal
  - 21<sup>st</sup> Century Schools Band B from 2019/20
  - Current projects such as Transport Interchange and City Centre Public Realm assumed to be funded by capital receipts and external funding

# Draft General Fund Capital Programme - Summary



Capital Programme	2017/18*	2018/19	2019/20	2020/21	2021/22	Total
	£000	Indicative £000	Indicative £000	Indicative £000	Indicative £000	£000
Annual Sums Expenditure	21,405	14,367	14,192	14,192	13,832	77,988
Ongoing schemes	33,053	38,248	1,285	1,876	243	74,705
New Capital Schemes / Annual Sums	2,942	3,135	2,015	1,715	1,715	11,522
Schemes Funded by External Grants and Contributions	22,684	15,615	285	0	0	38,584
Invest to Save Schemes – Borrowing to be repaid from revenue savings / income	32,960	9,672	500	500	500	44,132
<b>Total General Fund Programme</b>	<b>113,044</b>	<b>81,037</b>	<b>18,277</b>	<b>18,283</b>	<b>16,290</b>	<b>246,931</b>

\*Includes estimate of slippage into 2017/18, subject to final outturn 2016/17

# Draft Public Housing (HRA) Capital Programme - Summary

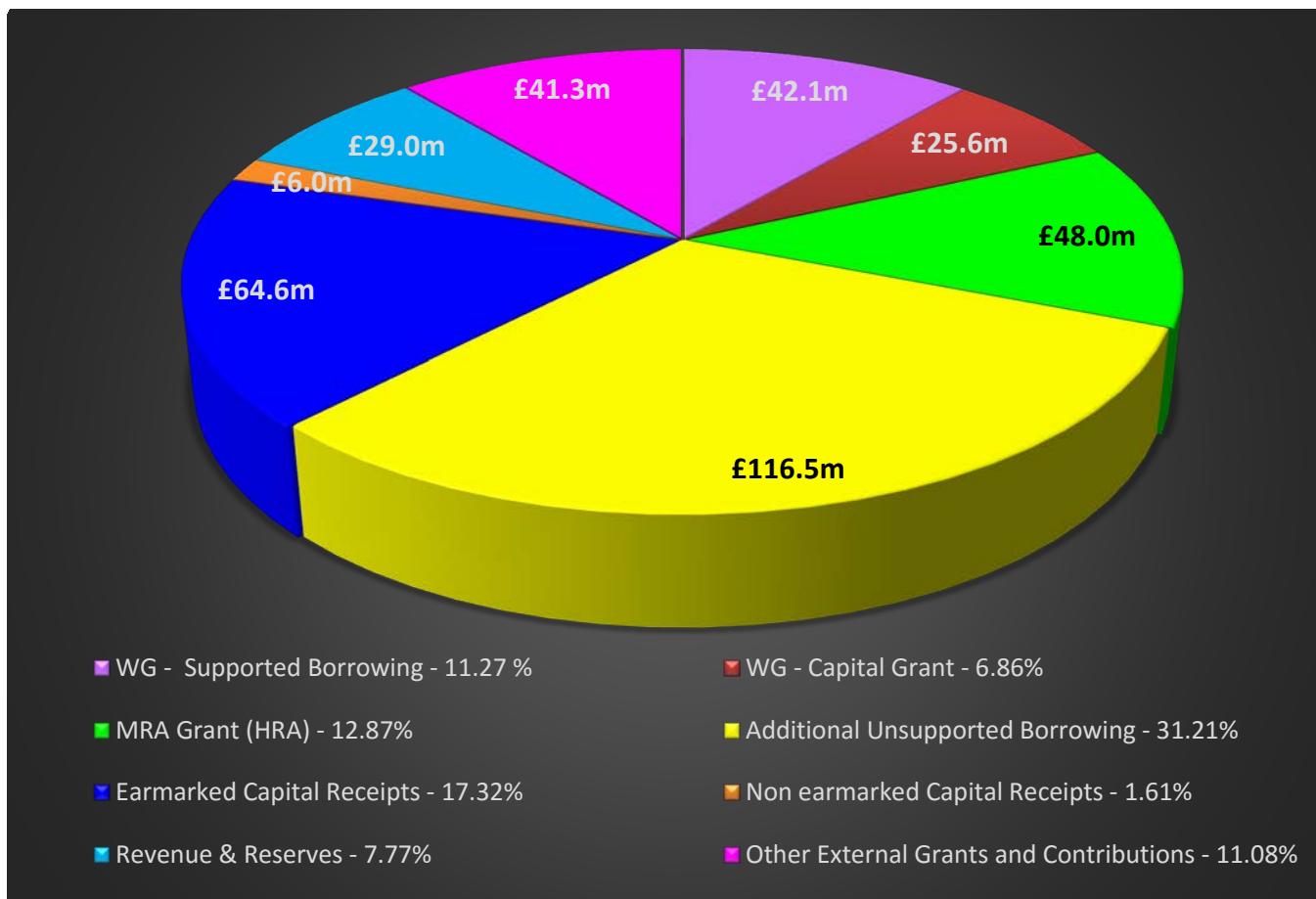


Capital Programme	2017/18*	2018/19 Indicative	2019/20 Indicative	2020/21 Indicative	2021/22 Indicative	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Regeneration and Area Improvement Strategies	4,500	3,400	3,400	3,150	2,400	16,850
External and Internal Improvements to Buildings	14,250	13,100	12,290	10,300	10,150	60,090
New Build Council Housing / Acquisitions	8,500	12,150	6,400	2,400	7,100	36,550
Hub Developments	355	300	0	0	0	655
Disabled Facilities Service	2,300	2,300	2,300	2,300	2,300	11,500
Modernising ICT to Improve Business Processes	100	100	100	100	100	500
<b>Total Public Housing Programme</b>	<b>30,005</b>	<b>31,350</b>	<b>24,490</b>	<b>18,250</b>	<b>22,050</b>	<b>126,145</b>

# Capital Programme Expenditure – 5 Years = £373m



**Reliance on Borrowing and Earmarked Receipts – almost 50%**



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**Excludes Schemes we must do – City Deal/Band B Schools**

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Mae'r dudalen hon yn wag yn fwriadol

# City Operations

## Directorate Budget Savings Proposal 2017/18

### Environment Scrutiny – February 2017

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Version 1.0

# Key Corporate Priorities & Plan

- Create an outstanding Capital City - green and blue spaces and streets
  - Lead to secure investment in Cardiff's transport infrastructure & services allowing people to travel around the city. New integrated transport interchange & gateway, created at the heart of the transport network, is a key priority.
- Delivery high quality vibrant City Centre and new liveable neighbourhoods
- Develop a transformative integrated cycle network.
  - Reduce carbon emissions by investment in sustainable transport solutions & green energy.



# Key Corporate Priorities & Plan

- Transport strategy to encourage a shift towards more sustainable modes of travel, enabling people to get around Cardiff in a convenient, safe & more environmentally way.
- Actively deliver high quality developments & major housing applications through LDP.
- Phased energy retrofit programme for the Council's operational estate & residential schemes across the city & schools solar projects.

# Directorate Revenue Controllable Budget 2016/17



City Operations	Controllable Budget 2016/17		
	Gross Expenditure £000s	Income 000's	Net 000's
Service Management & Support	739	139	600
Waste Strategy, Education & Enforcement	1,291	739	552
Cleaner Cardiff & Collection Services	5,069	432	4,637
Energy & Sustainability	859	756	103
Regulatory Services	3,624	634	2,990
Parks & Sport	7,361	2,442	4,919
Leisure	9,778	9,007	771
Play	822	97	725
Bereavement & Registration	2,778	3,368	(590)
Animal Services	338	49	289
Transport Planning, Policy & Strategy	1,618	541	1,077
Infrastructure, Assets & Engineering	17,726	16,433	1,292
Civil Parking Enforcement	11,279	11,398	(119)
Planning & Building Control	3,007	2,764	244
<b>Total – City Operations Directorate</b>	<b>66,289</b>	<b>48,799</b>	<b>17,490</b>

# City Operations Headlines 2017/18



**£17.4 million Net Controllable Budget**

**17/18 Savings represent 7% of Budget (£1.189 million)**

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## **Risk Levels of 2017/18 Savings**

<b>Red</b>	<b>0</b>
<b>Amber / Red</b>	<b>0</b>
<b>Amber/Green</b>	<b>10</b>
<b>Green/ Amber</b>	<b>7</b>

# Capital Schemes 2017/18



- **Liveable Streets: Footway & Carriageway Investment - £3.260 million**  
Includes additional £965k Highways Investment Strategy & carriageway reconstruction
- **Strategic Cycle Network - £800K** (100% increase on previous years)  
Development of network including Primary Routes e.g. North - South Corridor
- **LED Lighting on Principal Routes - £3.6 million (overall £4.5 million)**  
Continuation of invest to save project
- **Strategic Bus Corridor Imps & Road Safety - £1.510 million**  
Ongoing investment to support safe & sustainable transport & promote modal shift
- **Intelligent Transport Systems & Tunnel - £1.189 million**  
CCTV System upgrade and continuation of installation of Tunnel fans

# Capital Schemes 2017/18



- **Roath Park District Area - £200K**

Development to improve financial sustainability of the park & buildings

- **Greener Grangetown - £1.6K** (incl £1.3K external funding)

Partnership project with Dwr Cymru and Natural Resources Wales

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- **Highways Structure & Bridges - £750K**

Asset renewal programme based on structural & electrical inspections

- **Transport Grant Matchfunding - £375K** (10% minimum contribution)

To support Council Bids to Welsh Government for transport and active travel schemes. Grants include Local Transport Fund, Safe Routes in Communities & Road Safety Capital

# City Operations

## FRM Proposals 2017/18



### Additional £2.1 million to support projects across the City, including:

• Highway & Footway Reconstruction	£500,000
• Potholes/Patching	£320,000
• Road marking & sign refurbishment	£200,000
• Neighbourhood Services Enforcement Team	£150,000
• City Centre - Public Realm improvement	£100,000
• 20mph & Residential Parking	£150,000
• Car Free Day Initiative	£ 40,000
• Electric Vehicle feasibility study	£ 50,000
• Refurbishment of Sports Facilities	£300,000
• Hostile Vehicle mitigation	£250,000
• Taxi Enforcement	£40,000

# Supported Financial Pressures 2017/18



• <b>Winter Service Maintenance Operation</b>	£50,000
Additional vehicle to optimise salting routes	
• <b>Cycling Strategy Delivery</b>	£61,000
Develop a City Cycling culture	
• <b>Additional Planning Resource</b>	£40,000
Ensuring S106 is proportionate & supports Council objectives	
• <b>Parking Strategy Schemes</b>	£180,000
To support parking initiatives e.g. Parking Sensors across the City	
<b>Total</b>	<b>£331,000</b>

# City Operations Savings Proposals 2017/18



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Working with Partners & Other Organisations	£461,000
Income Generation/Commercialisation	£354,000
Internal Facing/C&P Savings	£349,000
Review of Subsidies & Grants	£25,000
<b>Total</b>	<b>£1,189,000</b>



# Savings Proposals for 2017/18



## Explore New Ways of Working with Partners & Other Organisations

De Minimus

COP19: Regulatory Collaboration

£47,000

**Total Partner & Other Organisation Working**

**£47,000**

# Savings Proposals for 2017/18



## Income Generation/Commercialisation

**COP2: Commercialisation – improved charging and income generation projects** **£187,000**

Collaboration with our advertising partner & improved enforcement of highways licensing.

**COP8: Transportation Policy – Improved Recharging** **£32,000**

Maximising opportunities for recharging for services & a set income target for Road Safety, Transport Assessments & Pre Planning Applications.

**COP9: Planning Fee Increase** **£100,000**

An increase in income anticipated due to volume, reflecting LDP

**De Minimus**

**COP14: Registration, BD & M** **£10,000**

**Total Income /Increased Commercialisation** **£329,000**

# Savings Proposals for 2017/18



## Internally Facing/C&P Savings (1)

**COP1: Realignment of Public Transport Income Budget** £130,000  
To reflect the 2016/17 monitoring position.

**COP3: Contract Rationalisation & Improved Business Process Efficiencies** £67,000  
Full Year Effect of Electrical & Structures & Tunnels new contracts.

**COP5: Roads & Pavements Highways Services** £50,000  
Bring external contracts in house especially within Housing & Parks.  
Single approach to asset management, improve performance to allow to  
Additional works to be undertaken.

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# Savings Proposals for 2017/18



## Internally Facing/C&P Savings (2)

### De Minimus

COP6: Highways Transport – vehicle reduction/rationalisation £25,000

COP4: Maintenance Operations – Develop Asset Management System & Shared Depots £20,000

COP18: Improve Driver Training & Awareness – Cleansing  
Resulting in a reduction in accident & damage claims £22,000

COP7: Street Lighting Recharging £10,000

**Total Internal Facing/C&P Savings £324,000**

# Savings Proposals for 2017/18



## Addressable Spend

### Partners & Others

- ALN – Review of Transport for Pupils within 2/3 miles £38,000
- School Transport – Replace Taxis/Buses with Bus Passes for Pupil Referral Units – Phased approach £48,000
- Introduce Travel Support Allowance – Pilot Scheme £100,000  
**Replace taxi/bus provision with an advanced payment to parents.**
- School Transport – Additional Learning Needs Route Optimisation & Retendering of Routes/Mergers. £189,000
- School Transport – Phased increase in Bus Passes £5,000

# Savings Proposals for 2017/18



## Addressable Spend

• <b>Street Lighting – Conversion to LED</b>	<b>£60,000</b>
Replace main route lighting with LED to reduce long term energy expenditure	
<b>Traffic Signals/Bollard – Conversion to LED city wide</b>	<b>£20,000</b>
<b>Total</b>	<b>£460,000</b>

# Key Challenges To Deliver Savings in 2017/18



## Effective Capital Project Delivery

As a result of:

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A relatively positive budgetary position re proposed funding for capital projects

- A more systematically joined up approach to funding across the Directorate

there will be a major challenge in ensuring effective delivery within year of some high complex projects.

# Key Challenges To Deliver Savings in 2017/18



## Increasing Service Efficiency/ Digitisation/ Commercialisation

The Directorate is in the process of a fundamental review of structures, process efficiency, working practices and systems.

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This will result in the Directorate delivering further savings and efficiencies.

Increased digitalisation of services is a major opportunity progressing with AMX (Asset Management) and Chipside (transactional management) to support improvements.



# Next Steps to Progress Planning

A significant number of the savings have detailed plans and are in progress.

Clear Programme Management – all capital projects

The Alternate Delivery Model decision has now allowed work to commence within the Directorate with regards to One Directorate Synergies. This is redesigning the Directorate around a commercial focus whilst ensuring effective and efficient service delivery:

- Aligning core processes
- Aligning digitisation
- Removal of non-adding value processes

Mae'r dudalen hon yn wag yn fwriadol