



County Hall  
Cardiff  
CF10 4UW  
Tel: (029) 2087 2000  
  
Neuadd y Sir  
Caerdydd  
CF10 4UW  
Ffôn: (029) 2087 2000

## AGENDA

<b>Committee</b>	POLICY REVIEW AND PERFORMANCE SCRUTINY COMMITTEE
<b>Date and Time of Meeting</b>	WEDNESDAY, 13 JULY 2022, 4.30 PM
<b>Venue</b>	CR 4, COUNTY HALL - MULTI LOCATION MEETING
<b>Membership</b>	Councillor Williams (Chair) Councillors Ash-Edwards, Chowdhury, Ferguson-Thorne, Henshaw, Hunt, Stubbs, Thomson and Waldron

*Time  
approx.*

### 1 **Appointment of Chairperson & Committee Membership**

To note that Council on 26<sup>th</sup> May 2022 appointed the following members to the Committee:

Councillor Joel Williams (Chair)  
Councillor Jasmin Chowdhury  
Councillor Grace Ferguson-Thorne  
Councillor Jane Henshaw  
Councillor Garry Hunt  
Councillor Ed Stubbs  
Councillor Leonora Thomson  
Councillor Daniel Waldron

### 2 **Terms of Reference** (Pages 5 - 6)

To note the Terms of Reference for the Committee.

### 3 **Apologies for Absence**

To receive apologies for absence.

### 4 **Declarations of Interest**

To be made at the start of the agenda item in question, in accordance with the Members' Code of Conduct.

*This document is available in Welsh / Mae'r ddogfen hon ar gael yn Gymraeg*

- 5 **Minutes** (*Pages 7 - 10*)  
To approve as a correct record the minutes of the previous meeting.
- 6 **Delivering a Stronger, Fairer, Greener Cardiff** (*Pages 11 - 50*) 4.35 pm  
Scrutiny briefing on the new Administration's policy statement that will be the foundation of the Corporate Plan 2023/26.
- 7 **Budget Strategy 2023/24** (*Pages 51 - 118*) 5.20 pm  
Pre-decision scrutiny of a report to Cabinet explaining the Council's strategy for developing the 2023/24 budget.
- 8 **Committee Business - Work Programme 2022/23** (*Pages 119 - 122*) 6.00 pm
- 9 **Urgent Items (if any)**
- 10 **Way Forward**
- 11 **Date of next meeting** TBC

**Davina Fiore**

**Director Governance & Legal Services**

Date: Thursday, 7 July 2022

Contact: Andrea Redmond, 029 2087 2434, [a.redmond@cardiff.gov.uk](mailto:a.redmond@cardiff.gov.uk)

## **WEBCASTING**

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**Policy Review and Performance Scrutiny Committee – Terms of Reference**

The role of this Committee is to scrutinise, monitor and review the overall operation of the Cardiff Programme for Improvement and the effectiveness of the general implementation of the Council's policies, aims and objectives, including:

Council Business Management and Constitutional Issues  
Cardiff Council Corporate Plan  
Strategic Policy Development  
Strategic Programmes  
Community Planning & Vision Forum  
Voluntary Sector Relations  
Citizen Engagement & Consultation  
Corporate Communications  
International Policy  
Cardiff Local Development Plan  
Equalities  
Finance and Corporate Grants  
Organisational Development  
Cardiff Efficiencies Programme  
E-Government  
Information and Communication Technology  
Council Property  
Commissioning and Procurement  
Carbon Management  
Contact Centre Services and Service Access  
Legal Services  
Public Services Board

To scrutinise, monitor and review the effectiveness of the Council's systems of financial control and administration and use of human resources.

To assess the impact of partnerships with and resources and services provided by external organisations including the Welsh Government, joint local government services, Welsh Government Sponsored Public Bodies and quasi-departmental non-government bodies on the effectiveness of Council service delivery.

To report to an appropriate Cabinet or Council meeting on its findings and to make recommendations on measures which may enhance Council performance and service delivery in this area.

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POLICY REVIEW AND PERFORMANCE SCRUTINY COMMITTEE

8 MARCH 2022

Present: Councillor Walker(Chairperson)  
Councillors Ahmed, Berman, Bowen-Thomson, Cowan,  
Henshaw, Mackie and Williams

70 : APOLOGIES FOR ABSENCE

Apologies had been received from Cllr Lister.

71 : DECLARATIONS OF INTEREST

Cllr Bowen-Thomson declared a personal interest Item 4 as she was a member of the Race Equality Justice Sub-group in her role with Safer Wales.

72 : MINUTES

The minutes of the meetings held on 18 January 2022 and 23 February 2022 were agreed as correct records.

73 : RACE EQUALITY TASK FORCE

Members were reminded that in 2020 the Leader established a Race Equality Taskforce for Cardiff. This Committee received a useful update on the taskforce plans in January 2021, noting its direction of travel. The report before Committee is the culmination of approximately 18 months' work, capturing the work of its 5 sub-groups and identifying practical opportunities for change to improve race equality in the city.

The Chairperson welcomed Cllr Saeed Ebrahim, Chair of the Race Equality Taskforce; Cllr Lynda Thorne, Cabinet Member; Gareth Newell, Head of Performance & Partnerships; Sian Sanders, OM Community Cohesion & Equalities and Charlotte Amiss, Senior Policy Officer for this item.

Councillor Ramesh Patel had also been invited as a Scrutiny Chair and Member of the Covid-19 Scrutiny Panel with a particular interest in this area.

The Chairperson invited Cllr Ebrahim to make a statement after which Members were provided with a presentation by Officers. Members were invited to ask questions and make comments and observations.

Members welcomed the report and acknowledged that it was a snapshot of the work of the taskforce over the past 18 months and creates a starting point that shapes the Council and partners' aspirations for serving the one in five Cardiff residents with an ethnic minority background.

Members considered that the report sets out clearly the high level aims to improve lived experiences of ethnic minority residents. However, Members found that the governance arrangements for oversight of progress going forward were unclear in the

Report with regards to whether the Cabinet would be responding to the recommendations in the report. Members were advised that the first point of accountability would be the Public Services Board, this was an update report, and a more formal response could be expected in the summer.

Members noted that monitoring any actions would be dealt with as a part of the corporate policy programme. Members welcomed the offer of returning with proposals as to how the governance and accountability arrangements may work in the summer of 2022

Members were assured that the recommendations set out in the report were achievable but noted that a partnership approach would need to be required and there would be a need to embed the recommendations in partners' plans.

Members were keen to establish when action plans would emerge to deliver the recommendations, whether there would be KPI's to monitor progress and whether the Committee would have the opportunity of scrutinising the plans.

Members noted that most ethnic minority employees were in lower paid jobs and considered that the Council has a role to play in ensuring PSB partners were on board and that there needs to be a shift across the city, with organisations asking why more senior roles are not held by ethnic minorities.

Members were encouraged that ethnic minority staff from the BAME community currently constitute 10.26% of the workforce at Cardiff Council, representing an increase from 9.87% in 2020. However, this is clearly still lower than the 15% of ethnic minorities that make up Cardiff's population. Members noted there was work to be done in raising the confidence of ethnic minorities to apply for Council jobs, that workshops have started at Council Hubs, and the importance of raising expectations from an early age.

RESOLVED: The Committee AGREED that the Chairperson writes to the Chair of the Race Equality Task Force on behalf of the Committee to convey their comments and observations.

#### 74 : HOME & AGILE WORKING

Members were asked to recall that over the past year a task group of this committee had been gathering evidence with a view to examining how the experience of managing remotely during the pandemic can inform future policy on working styles. The task force specifically focussed on the management/leadership challenges of supporting home & agile working.

The Chairperson, along with Cllrs Mackie and Henshaw met with several witnesses representing organisations that had adopted homeworking well before the emergency pandemic. They also interviewed a good cross section of Cardiff Council managers about their experiences.

The Principal Scrutiny Officer provided a presentation that outlined the Key Findings and the recommendations made.

The Chairperson invited questions and comments from Members.



Members considered that from discussions with the Leader and Chief Executive, they seemed generally happy with the direction taken.

Members liked the focus on leadership and culture, a coaching culture and that wellbeing was considered. Members noted the reorganisation challenges.

Members hoped that findings and recommendations would continue to look to the future and ask questions, particularly in light of emerging issues such as the Energy Crisis and Cost of Living Crisis.

RESOLVED: that the report and its recommendations be submitted to Cabinet.

## 75 : COMMITTEE BUSINESS

Scrutiny Annual Report.

Members were reminded that the five scrutiny committees produce a joint Annual Report, each committee contributing a page on its achievements. A draft page for this Committee was attached at Appendix 1 for approval. As previously the page would set out membership, purpose, and achievements over the year.

Members were asked for any comments they wished to add to the draft proposed.

Members were also asked for any highlights they would like to see referenced in the final Annual Report of this five-year Administration.

Replacement Local Development Plan Joint Task & Finish group.

Cllrs Mackie and Williams had been taking part in the Replacement Local Development Plan Joint Task & Finish group. Members were asked to note the way forward for collating the findings and recommendations to date for the inquiry into the RLDP Strategic Options.

Correspondence

Members were referred to the correspondence generated by the Committee since January 2022, and where required the Cabinet responses received to date.

## 76 : URGENT ITEMS (IF ANY)

None received.

## 77 : DATE OF NEXT MEETING

To be arranged.

The meeting terminated at 6.10 pm

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**CYNGOR CAERDYDD  
CARDIFF COUNCIL**

**POLICY REVIEW & PERFORMANCE  
SCRUTINY COMMITTEE**

**13 July 2022**

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**Stronger Fairer Greener**

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**Reason for the Report**

1. To brief Members on the policy priorities for Cardiff Council's new administration, 'Stronger, Fairer, Greener,' prior to consideration by the Cabinet.

**Structure of the Papers**

2. Attached to this scrutiny cover report are the papers to be considered by Cabinet on 14 July 2022.

**Appendix 1:** Cabinet report – Stronger, Fairer, Greener

Appended to this report

**Appendix A:** Policy statement titled 'Stronger Fairer Greener' Cardiff Council 2022

**Context**

3. At the start of a new administration a statement of policy intention sets the agenda for the programme of policies to be delivered over the forthcoming 5 years. The statement captures the priorities of the administration and forms the basis of future corporate planning.
4. The statement of policy priorities attached at **Appendix A** will be endorsed by Cabinet on 14 July 2022. Consideration of the document at this scrutiny meeting is to ensure early scrutiny member familiarity with the administration's priorities, in preparation for

the committee's engagement in developing the Corporate Plan and agreeing its work programme for 2022/23.

5. The Council's Corporate Plan is the key strategic document that sets out detailed delivery milestones, key performance measures and targets. It is supported by Delivery Plans developed by each Directorate, which set out in greater detail how the administration's priorities will be delivered, as well as how Directorate business will be taken forward.
6. This Committee's Terms of Reference confers responsibility for scrutiny of the overall direction set out in the Corporate Plan and the process for its development. As the Council's key strategic document, the Plan will aim to link the priorities set out in the 'Stronger Fairer Greener' statement, with the Public Services Board Well-being Objectives and Directorate Delivery Plans.

### **Structure of the Policy Statement – Stronger Fairer Greener**

7. The Policy Statement attached at **Appendix A** allocates a two-page spread to each named Cabinet portfolio holder and clearly states the vision for that portfolio, together with a list of priorities that will be delivered to achieve the vision. This list will be fundamental to the work programming of all five scrutiny committees over the five-year term in holding Cabinet to account for its delivery and performance in achieving the vision.

### **The Policy Statement**

8. The Cabinet report makes clear that this policy programme is delivered in a challenging external environment that is likely to generate increasing demand pressures on statutory services. The cost of living is of particular concern both because of the impact on vulnerable residents and increased demand for Council statutory services and increasing cost pressures on the Council relating to the rising cost of energy, raw materials, and wages.

9. The Council's MTFP identifies a potential budget gap of £69 million over the period 2023/24 – 2026/27, and the administration's priorities will need to be translated into the Council's policy and budgetary frameworks, backed up by robust governance and performance management arrangements and strong partnership working.
10. Taking the administration's priorities as set out in the document attached at **Appendix A**, the Council's policy framework will translate these into clear organisational objectives with associated delivery milestones, key performance indicators and the necessary resources to ensure progress.
11. The Corporate Plan will be the key document that translates the administration's policy ambitions into clear organisational objectives. It will be developed alongside the Council's Budget, thereby ensuring that the Council's resources are aligned behind the delivery of its policy priorities. The Corporate Plan and Budget are approved alongside one another by Council in February of each financial year.
12. Members will be aware that the Cardiff Public Services Board<sup>1</sup> (PSB) brings together the city's public and third sector leaders. The Cabinet report stresses that to deliver its 'Stronger Fairer Greener' policy agenda the Council will need to coordinate with its partners, to ensure that the priorities identified in the PSB's Wellbeing Plan reflect the priorities set out in 'Stronger Fairer Greener.' Members are advised that this Committee has been designated as the scrutiny committee with statutory responsibility for scrutiny of the effectiveness of PSB arrangements. It will therefore be important to evaluate whether the partnership governance and delivery arrangements ensure that they are well placed to deliver against these priorities.
13. For clarity, the refreshed policy and delivery framework will consist of the Corporate Plan, the Budget Strategy, Partnership Planning and Delivery, and the Performance Management Framework. Scrutiny of these four pillars of the framework will fall to this Committee and as such should form the core of the committee's work programme.

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<sup>1</sup> Statutory Membership of the Cardiff PSB extends to Cardiff Council, Cardiff & Vale Health Board, South Wales Police, South Wales Fire & Rescue, Natural Resources Wales. The Cardiff Third Sector Council is a statutory invitee.

## **Scope of the Scrutiny**

14. The Committee has an opportunity to offer comments and observations on the statement of policy intent before it is presented to Cabinet, and then to Full Council for approval. This scrutiny offers an opportunity to test the strength of the links between Budget Strategy, Partnership Planning and Delivery and how the Council's Performance Management Framework will support the delivery of the vision.

## **Way Forward**

15. The Leader of the Council, Councillor Huw Thomas; Cabinet Member Finance, Modernisation and Performance, Councillor Chris Weaver, the Chief Executive, Paul Orders; and Head of Performance and Partnerships, Gareth Newell; will attend to present the administrations statement of policy priorities, Stronger Fairer Greener, and to answer Members' questions.

## **Legal Implications**

16. 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 on 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**

17. 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**

18. To consider the Stronger Fairer Greener statement of policy intent and agree any comments and observations to inform Cabinet's consideration.

## **DAVINA FIORE**

Director of Governance and Legal Services

7 July 2022

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**BY SUBMITTING THIS REPORT TO THE CABINET OFFICE, I, PAUL ORDERS, CHIEF EXECUTIVE, AM CONFIRMING THAT THE RELEVANT CABINET MEMBER(S) ARE BRIEFED ON THIS REPORT**

**CARDIFF COUNCIL  
CYNGOR CAERDYDD**

**CABINET MEETING: 14 JULY 2022**

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**STRONGER, FAIRER, GREENER**

**LEADER (COUNCILLOR HUW THOMAS)**

**AGENDA ITEM:**

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**Reason for this Report**

1. The reason for the report is to set out:
  - The administration's policy agenda for Cardiff during the current municipal term, from 2022 to 2027.
  - How this will be translated into the Council's strategic policy, partnership, and budgetary framework.

**Background**

2. Following the local government elections on 5 May 2022, a new Council administration was formed. To make clear its ambitions for the city, the Council's administration has set out a new policy programme and associated delivery commitments for the coming municipal term, entitled 'Stronger, Fairer, Greener' (attached as **Appendix A**).

**Stronger, Fairer, Greener:**

3. 'Stronger, Fairer, Greener' sets out a new policy agenda and programme for delivery for the next five years, based on the following commitments to make Cardiff:
  - **A stronger city**, with an economy creating and sustaining well-paid jobs, with an education system that helps our young people reach their potential, with good, affordable housing in safe, confident and

empowered communities, all supported by well-resourced, efficient public services.

- **A fairer city**, where the opportunities of living in Cardiff can be enjoyed by everyone, whatever their background, where those suffering the effects of poverty are protected and supported, where a fair day's work receives a fair day's pay, and where every citizen is valued and feels valued.
  - **A greener city** which, through our One Planet programme, takes a lead on responding to the climate emergency, which celebrates and nurtures biodiversity, with high-quality open spaces within easy reach for rest and play that are connected by convenient, accessible, safe sustainable transport options.
4. The new policy programme must be delivered in the context of a challenging and rapidly changing external environment. Though the Covid-19 pandemic is now in abeyance, its medium-term impact is still being felt in key sectors of the city economy, as well as in several public services, and is likely to deepen existing inequalities across the city. Demand pressures across statutory services are increasing in volume and complexity, and new risks and issues continue to emerge across public services which demand a city-wide response from the Council and partners.
  5. The cost-of-living crisis, in particular, represents an immediate and escalating challenge. Consumer price inflation is currently at 9.1% in the 12 months to May 2022, with the UK experiencing the highest level of inflation in 40 years. This will impact upon the most vulnerable families and individuals, leading to a likely deepening of inequality and a further increase in demand on statutory services in the short to medium-term, while also increasing cost pressures on the Council relating to the rising cost of energy, raw materials, and wages.
  6. Despite an improved financial settlement in 2022/23, the Council's Medium Term Financial Plan (MTFP) identifies a potential budget gap of £90.6 million over the period 2023/24 – 2026/27. Delivering the administration's policy priorities as set out in 'Stronger, Fairer, Greener', in this challenging and dynamic environment, will require a continued focus on effective planning and resource allocation. The administration's priorities must therefore be translated into the Council's policy and budgetary frameworks and be allied with robust governance, performance management arrangements and strong partnership working.

### **Translating 'Stronger, Fairer, Greener' into the Council's Policy and Budgetary Framework**

7. As a politically led, professionally managed and policy driven organisation, the Council's policy framework is crucial in ensuring the effective delivery of the administration's priorities. Where 'Stronger, Fairer, Greener' provides a clear articulation of the administration's policy

priorities, the Council's policy framework will translate these into organisational objectives with associated delivery milestones, key performance indicators and the necessary resources to ensure progress.

8. The Corporate Plan translates the administration's policy ambitions into clear organisational objectives. In this way, the Corporate Plan sets out what the Council wants to achieve, and how it will organise itself to achieve it. The Corporate Plan is set at a strategic level and is supported by directorate delivery plans, which set out in greater detail how Corporate Plan objectives will be delivered, as well as how directorate business will be taken forward.
9. The Corporate Plan is developed alongside the Council's Budget, thereby ensuring that the Council's resources are aligned behind the delivery of its policy priorities. The Corporate Plan and Budget are approved alongside one another by Council in February of each financial year. Progress against the existing objectives set out in the Corporate Plan will continue to be monitored and reported through the Council's strengthened Planning and Performance Framework, which was approved by the previous Cabinet on 24 February 2022.
10. Delivering the 'Stronger, Fairer, Greener' policy agenda will also require coordinated action by the Council and its partners. The Cardiff Public Services Board (PSB), chaired by the Leader of the Council, brings together the city's public and third sector leaders, and builds on the long-established platform of partnership working in the city. The Well-being of Future Generations Act has placed in statute the role of PSBs and requires PSBs to publish an assessment of local wellbeing, a local wellbeing plan and annual progress reports. The Cardiff PSB has produced its statutory Well-being Assessment, which sets out how Cardiff is performing across the partnership's seven city outcomes. This assessment was approved by the Cardiff PSB on 9 March 2022 for publication by May 2022. Using the evidence provided in the Well-being Assessment, the Cardiff PSB is required to review its objectives for improving the well-being of Cardiff and develop a revised PSB Well-being Plan for 2023-27 by 5 May 2023, which will set out how public services will work in partnership to address the major long-term challenges facing the city. The Council will work with PSB members to ensure that the priorities identified in the Wellbeing Plan reflect the priorities set out in 'Stronger, Fairer, Greener' and that the partnership governance and delivery arrangements are reviewed and refocussed to ensure that they are ready to deliver against these priorities.
11. The refreshed policy and delivery framework will therefore be characterised by the following key components:
  - **Corporate Plan:** The Corporate Plan 2023-26 will set out the Council's objectives in order to deliver the administration's ambitions.
  - **Budget Strategy:** The Council's Budget Strategy will be reworked to support the delivery of the administration's priorities.

- **Partnership Planning and Delivery:** The Council's policy position will inform the development of the Cardiff Public Services Board's Well-being Plan, which will be launched for public consultation in Autumn 2022 and considered by the Council and all PSB members by April 2023.
- **Performance Management Framework:** The delivery of the Corporate Plan will be monitored through the Council's strengthened performance management framework.

## **Reason for Recommendations**

12. To enable the Cabinet to approve the Administration's policy priorities and commitments as set out in the 'Stronger, Fairer, Greener' policy statement (Appendix A).

## **Financial Implications**

The covering report sets out in Paragraphs 4 – 6 the main economic and financial challenges alongside the anticipated funding gap facing the Council over the next three years. Set out in the body of the report in paragraph 4 – 6 is the extent of the financial budgetary challenges facing the Council over the next three years. Further detail on the financial challenges can be found within the Budget update report that is considered by Cabinet on 14 July 2022.

This report sets out the key priorities for the coming municipal year and the medium term and in the event of there being a financial impact in the current year then this will be considered in future budget monitoring reports. In respect to the medium term, where a financial impact is identified then this will form part of the detailed work in delivering the Council's Budget for 2023/24 and beyond.

## **Legal Implications**

As noted in the body of the report, the ambitions and priorities of the new administration represent the start of the policy planning process, whereby those ambitions and priorities will be developed into objectives and policies.

The Cabinet is responsible for recommending the Council's key policies, referred to as the Policy Framework (comprising of the Wellbeing Plan, the Corporate Plan and a number of other statutory plans and strategies), for approval by full Council.

Legal advice will be provided in respect of specific policy proposals as they arise.

## **HR Implications**

As noted in the body of the report, the ambitions and priorities of the new administration represent the start of the policy planning process, whereby those ambitions and priorities will be developed into objectives and policies. Any HR implications will be provided in respect of specific policy proposals as they arise.

## **Property Implications**

There are no direct property implications within this report however the Corporate Property Strategy 2021-26 aligns closely with the Stronger, Fairer, Greener policy statement. Particularly the four key components of the policy – Corporate Plan, Budget Strategy, Partnership and performance. It will be important to ensure the governance and reporting of the Property Strategy feeds into the delivery of the Stronger, Fairer, Greener policy statement

## **RECOMMENDATIONS**

Cabinet is recommended to:

- Approve the ‘Stronger, Fairer, Greener’ policy statement, which is attached as Appendix A to this report; and
- Submit the ‘Stronger, Fairer, Greener’ policy statement to Full Council for noting.

<b>SENIOR RESPONSIBLE OFFICER</b>	<b>PAUL ORDERS</b> <b>CHIEF EXECUTIVE</b>
	8 July 2022

*The following appendices are attached:*

Appendix A: ‘Stronger, Fairer, Greener’ Policy Statement

*The following background papers have been taken into account:*

Cabinet Report, 24 February 2022 – Performance Management and Data Strategy

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# Stronger Fairer Greener

Cardiff Council 2022



# STRONGER. FAIRER. GREENER.

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These are the themes that have defined the work of the Council over the past decade, and they will be at the heart of everything we do over the next five years.

**A stronger city**, with an economy creating and sustaining well-paid jobs, with an education system that helps our young people reach their potential, with good, affordable housing in safe, confident and empowered communities, all supported by well-resourced, efficient public services.

**A fairer city**, where the opportunities of living in Cardiff can be enjoyed by everyone, whatever their background, where those suffering the effects of poverty are protected and supported, where a fair day's work receives a fair day's pay, and where every citizen is valued and feels valued.

**A greener city** which, through our One Planet Cardiff programme, takes a lead on responding to the climate emergency, which celebrates and nurtures biodiversity, with high-quality open spaces within easy reach for rest and play which are connected by convenient, accessible, safe sustainable transport options.

In this report, we set out the practical steps we will take over the next five years to turn this ambition into reality.

On each page of this document, in each portfolio, you will see commitments to our city's young people. Our commitments are based on providing early help and family support to all that need it, on taking school investment and education improvement to new levels and supporting the transition to the world of work and further education. They are based on caring for our most vulnerable young people and making sure that Cardiff is a great place to grow up for all young people. They are based on having great parks, green spaces and play areas for our young people, access to the sporting and cultural assets of our capital city and making sure that the voice of young people is heard in our decision-making. In short, we are putting children and young people front and centre of our ambitions for the city.

Similarly, our programme contains commitments to close the gap between rich and poor in our city and, most urgently, tackle the cost-of-living crisis. We have been clear that education is the surest route out of poverty, and this needs to be complemented by a programme that will make sure that good jobs continue to be available in Cardiff – good jobs, paying a fair wage, with security and the offer of career progression – with the right support available to access them.

We will tackle the city's housing crisis. Not only have we built the first Council homes in Cardiff in a generation, but they have been award-winning homes delivered as part of one of the largest Council house-building programmes in the UK. But we know that we need to go further and faster if we are to meet the scale of the housing challenge facing the city. That is why we are raising our ambitions even further and pledging to deliver 4,000 new homes by 2030.

From a high of over 130 people, and the scandal of tens of people living in tents on our streets and parks, there are now only 11 people sleeping rough on our streets. That is still 11 too many, but we are committed to making sure that the radical approach – that we adopted with partners during the pandemic – remains 'business as usual.' There will be no going back.

This administration is committed to leading a response to the climate emergency. We are already delivering our One Planet Cardiff Strategy. A solar farm, the first in a programme of energy schemes under development, is now providing the city with clean, renewable energy, and our housing schemes are winning national awards for their climate resilience and low-carbon footprint. Nowhere is the shift to net zero more evident than in our approach to transport. Over 15 kilometres of new cycleways will soon be delivered, 36 new electric buses have been added to the municipal bus fleet, and communities across the city are safer for pedestrians and cyclists thanks to the roll-out of 20mph zones. All of this forms part of a transformative transport agenda that will change how people move around the city, by making it easier, safer, healthier and cheaper to use active travel and public transport.





We have come through one of the most challenging periods in living memory. As leader of this city, I could not be prouder of how we came together in response to the pandemic. For all the challenges that the pandemic brought, and continues to bring in its wake, there is equally no doubt in my mind that it has brought out the best in our public services, our businesses, our communities, and our city. On behalf of the Council and of the citizens of Cardiff, my deepest thanks go to everyone who played their part.

Now is the time to look to the future with optimism, taking the dynamism and drive, the partnership working and innovation, the passion and commitment of our pandemic response into the great work of renewal.

As leader of this Council, I am privileged to work with talented and dedicated people committed to the success of this city: my Cabinet colleagues and fellow Councillors; our public service partners; businesses and community and faith leaders; my trade union colleagues; our universities, schools, and further education leaders. And most importantly, the people of our great city.

Together, Team Cardiff.

I'm looking forward to working with you all to make Cardiff a Stronger, Fairer, Greener capital city.

Diolch,



**Councillor Huw Thomas**  
**Leader of Cardiff Council**



**LEADER OF CARDIFF COUNCIL**

**COUNCILLOR**

**HUW THOMAS**

Building on the progress of the last five years, we will continue to develop a powerhouse economy that delivers economic prosperity, not just for the residents of Cardiff, but for the people of Wales. We will also continue to lead the response to the climate emergency by accelerating the transition to a net zero Council and convening a city-wide approach to climate change. And, crucially, we will make Cardiff a fairer city, where the opportunities and advantages of living here can be enjoyed by everyone, whatever their background.

This will mean working with partners – across all sectors, across all levels of Government and across regional and national boundaries- to deliver a stronger, fairer, greener city.



**Councillor Huw Thomas**  
**Leader of Cardiff Council**



## WE WILL:

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- Work with Welsh Government and UK Government to ensure that Cardiff is supported and the capital's economic and cultural assets are fully leveraged in the post-pandemic recovery.
- Through the Cardiff Public Services Board, play a leading role in convening cross public service collaboration to address complex problems that can only be tackled by working together.
- Play a leading role in the Capital Region, including developing strategic economic development, transport and planning strategies, as well as governance and delivery arrangements that support Cardiff's role as the economic, cultural and leisure centre of the region.
- Support Cardiff and the Capital Region economy by ensuring the Levelling Up Fund and Shared Prosperity Fund are focused on strategic projects that deliver for the city and its region.
- Work with the Western Gateway to deliver investment into strategic infrastructure across South Wales and South West England, including improving train connectivity and reducing journey times to Bristol, Swansea and London.
- Work alongside Core Cities UK to ensure that the voice of British cities is heard by decision makers in Welsh and UK Government.
- Lead a bilingual capital city where Welsh is spoken and supported in our schools, our workplaces and our communities.
- Deliver the 'One Planet Cardiff' response to the climate emergency, accelerating the transition to net zero by putting sustainable development at the heart of everything we do as a Council.
- Lead a partnership with our city's universities and higher education sector, focussing on student and community life, economic development, student mental health and safety, and the transition to net zero.
- Continue to modernise and join up our public services, taking the innovation of the Covid-19 response into the work of recovery and renewal.



**EDUCATION PORTFOLIO**

**COUNCILLOR**

**SARAH MERRY**

We firmly believe that a good education is the surest route out of poverty and, in turn that, the long-term prosperity of the city relies on us supporting our children and young people to reach their potential. That is why we are committed to making every school in Cardiff a good school, where every child can receive a great education. We will continue our investment programme into new and existing school buildings, continue to drive up educational attainment, and deliver our commitment to put the views of children and young people at the heart of our policy agenda through becoming the first British city to be awarded Child Friendly City status. In doing so, we will place a particular focus on supporting our most vulnerable children, from supporting them and their families in their early years and through school, to the world of work and higher education.



**Councillor Sarah Merry**  
Education



## WE WILL:

- Secure UNICEF Child Friendly City status by the end of 2022.
- Support all schools in Cardiff to become Rights Respecting Schools by 2025.
- Establish a young persons' citizens panel to ensure that the voice of children and young people is heard in Council decision-making.
- Set a new vision and strategy for education in Cardiff by refreshing the Cardiff 2030 strategy.
- Support all schools to be ready to deliver the new curriculum for Wales.
- Close the attainment gap for our most vulnerable learners, with a particular focus on children in care, those educated other than at school and children from the most deprived communities.
- Support schools to improve pupil attendance following the Covid-19 pandemic, focusing on tackling persistent absenteeism.
- Ensure that all primary schools are prepared and able to provide Free School Meals to all children.
- Open new campuses for Willows, Cathays, Cantonian, Fitzalan, and Cardiff High Schools through 'Band B' of the 21st Century Schools programme.
- Open up to eight new primary schools and two new secondary schools by 2030, funded through the Local Development Plan.
- Provide additional funding to support maintenance in schools not covered by Bands A-C.
- Invest in digital infrastructure, equipment and new learning technologies for schools – aiming for a pupil to ICT devices ratio of 1:1.
- Promote the benefits of bilingualism, expanding uptake of Welsh-medium education in line with Cymraeg 2050.
- Develop a Community Focused Schools programme so that the excellent facilities available within schools are made available to the wider community.
- Expand and enhance the Cardiff Commitment, recruit new employers, and provide new ways for school pupils to engage with the fast-changing world of work.
- Further embed the Starting Well Partnership, a child-centred, whole-school and multi-agency approach to supporting emotional wellbeing and mental health.
- Implement the recommendations of the Cardiff Race Equality Task Force, including:
  - Supporting the diversification of the teaching workforce through a teaching assistant 'Step into Teaching' programme.
  - Increasing representation of ethnic minority residents in school leadership through a School Governors entry programme.
  - Strengthening the local approach to bullying and prejudice-related incidents at school.
  - Extending the work of Schools of Sanctuary to a broader network of schools and supporting the participation of refugee and asylum-seeking communities.
- Implement a Whole School Approach to preventing gender-based violence and abuse in education and other youth settings.

**CLIMATE CHANGE PORTFOLIO**

**COUNCILLOR**

**CARO WILD**



We are living in a climate emergency. We understand that urgent action is needed if we are to avert the dangers ahead and, through our One Planet Cardiff Strategy, have set out a wide range of ambitious actions that will deliver the transition to a net zero Council and net zero Cardiff in a way that supports new green economies and greater social wellbeing in the city.

The coming five years will be crucial. Achieving our One Planet aspirations will require action across everything we do. We will need to identify local sources of renewable energy, invest in sustainable transport and retrofit housing. We will need to enhance our city's already excellent green spaces, upgrade our flood defences and improve our recycling rates to be amongst the highest for any city anywhere. In doing so, we can make Cardiff a city known across the world for action on climate change and as a world-leading centre for low carbon industries and innovation.



Councillor Caro Wild  
Climate Change



## WE WILL:

- Develop more large-scale renewable energy generation projects such as the Lamby Way Solar Farm.
- Complete a new sustainable Heat Network, using the heat produced in the Energy from Waste plant to heat buildings in Cardiff Bay.
- Work with businesses and universities to position the region as a world-leading centre for low carbon industries and innovation.
- Lead the debate on the potential for tidal energy in the Severn Estuary through the Western Gateway's Independent Commission.
- Replace all 24,000 residential lights to low-energy LED lighting, saving 836 tonnes of CO<sub>2</sub> and over £400k per annum.
- Publish an action plan, including a set of annual carbon reduction targets, that will set Cardiff Council on the path to being a net zero organization by 2030, including:
  - Reducing the carbon impact of our core offices, wider estate and Council vehicles.
  - Transitioning our fleet to electric or low-emission vehicles.
  - Reducing the carbon footprint of the food served across our estate and services.
  - Decarbonising our supply chain.
- Work with government to strengthen Cardiff's coastal flood defences, particularly in the east of the city.
- Deliver the Council's ambitious green infrastructure plan, ensuring our approach to green infrastructure and biodiversity responds to the One Planet Cardiff Strategy and the nature emergency.
- Reduce the likelihood of river and waterway flooding and ensuring a regional catchment approach is taken to water management.
- Invest in further local, sustainable drainage schemes to protect our communities from extreme weather events and flash flooding.
- Make Cardiff a world-leading city for recycling by achieving 70% recycling performance
- Move towards a more circular economy and reduce the volume of waste by ensuring more resources are re-used and resources stay in Wales. This includes:
  - Removing 27m waste recycling bags from the Council's waste service each year.
  - Working with major venues to remove single-use plastic products.
  - Developing plans for Reuse and Upcycling Centres.
- Work alongside citizens and communities to unlock civic action, and provide additional support for local litter-picking and community-led initiatives.
- Make sure every ward in Cardiff meets the highest standards of street cleanliness, supported by a comprehensive programme of realignment to the Council's Street Scene services.
- Crack down on littering and fly-tipping by recruiting extra front-line staff to strengthen education and enforcement activity and exploring further measures, such as piloting Community Protection Officers.
- Lead a public engagement programme to understand the barriers to behaviour change and design innovative approaches to support people to reduce their carbon footprint.

A photograph of two women standing in a park. The woman on the left has long, curly brown hair and is wearing a dark leather jacket over a maroon turtleneck. The woman on the right has shoulder-length brown hair and is wearing a grey sweater with a red scarf. They are both smiling and looking at each other. The background shows trees with autumn foliage and a building with a blue roof.

**CULTURE, PARKS & EVENTS PORTFOLIO**

**COUNCILLOR JENNIFER**

**BURKE-DAVIES**

Our parks and green spaces, as well as our capital city's culture, entertainment and sports scene, are a big part of what makes Cardiff such a great place to live. The pandemic and the lockdowns underlined how important our parks are to our health, happiness and wellbeing. That is why we will invest in our parks and green spaces, with a focus on improving those in our most deprived communities.

In Cardiff, we have a cultural and sporting infrastructure that can host major international events, and local creative and sporting talent, and venues to rival any city. As we rebuild the cultural, sporting and events economy post-Covid, we will set out a new programme to bring major events to Wales, and through working with local artists and musicians, we will promote local talent, preserve local venues and develop a new signature event that presents the best of Cardiff and Wales to the world.





**Councillor Jennifer Burke-Davies**  
Culture, Parks & Events



## WE WILL:

- Secure an additional Green Flag Award each year of the administration – focusing on areas of high deprivation – taking the number of Green Flag Parks from 15 to 20.
- Keep Cardiff Castle open as a public park.
- Roll out our Coed Caerdydd project with continued mass tree-planting and the creation of new woodlands, raising the city's tree canopy and biodiverse areas from 19% to 25% of total land use.
- Grow our park and woodland workforce through additional investment and support for apprenticeships and volunteer groups.
- Complete a playground mapping exercise and act on its recommendations to ensure investment in new play equipment and play spaces is directed to the areas of greatest need.
- Work with partners to develop new nature-focused opportunities for Flat Holm.
- Support Cardiff to become a National Park City.
- Continue to deliver our Music City Strategy to support and nurture music-making at all levels, supporting the Cardiff Music Board to implement the agreed recommendations of the Sound Diplomacy report.
- Use our work on the Music Strategy as a template for a new Cultural Strategy focused on supporting and celebrating Cardiff's creative talent.
- Develop a new pipeline of major events anchored around a homegrown music festival.
- Bid to be a host city for the Euro 2028 football championships, including establishing a legacy programme focused on young people.
- Work with arts and cultural venues to become more accessible to families and children as part of the 'Passport to the city' initiative.
- Ensure St David's Hall retains its position as a world-class auditorium.
- Work with the Royal Welsh College of Music and Drama to deliver a new future for the Old Library as a performance and learning space.
- Investigate a public art endowment fund.
- Seek to better tell the stories of underrepresented groups in the city's statues and public art.
- Introduce a new sports participation strategy focused on increasing physical activity amongst communities and groups with fewer opportunities to take part in sport.
- Prioritise public space and assets for local clubs and organisations and support community sports clubs, with a particular emphasis on under-represented groups, such as women and girls, ethnic minority communities, disabled people, and the LGBTQ+ community.
- Continue our investment in leisure centres, including the refurbishment of Pentwyn Leisure Centre, and provide additional 3G pitch facilities.

## FINANCE, MODERNISATION & PERFORMANCE PORTFOLIO

# COUNCILLOR

# CHRIS WEAVER



Successful cities, with healthy, safe and confident communities, are built on a bedrock of excellent public services. As a Council, we will continue to focus on getting the basics right and on the delivery of good performance that we have seen over the past five years, ensuring that, when residents use our services, they receive the best possible customer experience.

The Covid-19 pandemic was a period of great challenge and great innovation in our public services. The complexity of the issues we were grappling with reached across service and organisational boundaries. Technical experts and managers from multiple disciplines, working in a range of organisations, needed to work together to solve problems on a daily basis, often using digital technologies in new ways. We will take this culture of innovation into the work of recovery and renewal, with digital technologies, skills and leadership to the fore.

We will also continue to use the full size and scale of the Council as a force for social and environmental good, setting the standard for all other organisations to follow. This will mean maximising the social impact of our spend, accelerating the move to net zero and leading the way as a 'Fair Work' employer.



**Councillor Chris Weaver**  
Finance, Modernisation & Performance



## WE WILL:

- Build on the change and innovation of the past two years to continue to modernise the way the Council operates.
- Close the budget gap over the next four years and support services disrupted by the long-term impact of Covid to adapt to new sustainable ways of working.
- Deliver hybrid working as ‘business as usual’ across all areas of the Council, providing a more responsive and flexible service for staff and citizens while driving down the Council’s assets, energy and transport costs.
- Place renewed focus on the citizen experience of our services in our service planning and performance, and set high standards for customer care across all Council departments.
- Increase the number of Council services available to citizens via digital platforms and, where appropriate, ensure digital and automation solutions are used to give digital ‘end to end’ services.
- Deliver the Council’s Data Strategy, making the best use of Council data to support performance improvement, solve problems and enhance evidence-based decision-making.
- Continue to champion the Real Living Wage across all sectors and employers, increasing the number of accredited living wage employers in the city to 260 by April 2024.
- Ensure Cardiff Council is a ‘Fair Work’ employer and reduce further our use of agency staff by transferring them onto permanent contracts.
- Deliver the recommendations of the Race Equality Task force, supporting career progression routes for ethnic minority employees and ensuring an inclusive and engaged workforce that reflects the great diversity of Cardiff’s communities.
- Decarbonise the Council’s supply chains by reviewing the carbon imported through our procurement programme.
- Strengthen our Socially Responsible Procurement Strategy to keep Council spending local and more accessible to SMEs (Small and Medium-Sized Enterprises), while generating new training and employment opportunities.
- Use our purchasing power to drive up workers’ rights and improve environmental standards.
- Support staff wellbeing, placing a particular focus on supporting mental health.



**HOUSING & COMMUNITIES PORTFOLIO**

**COUNCILLOR**

**LYNDA THORNE**

To tackle the housing crisis in Cardiff, my priority will be expanding our award-winning Council house building programme. Over the past five years we have built 706 Council homes, but over the next five we need to go further and faster. We will focus too on helping those renting in the private sector, where rents are rising and standards are too often too low, including supporting those who are suffering as a result of the cladding scandal.

During the pandemic, we took radical action to help people off our streets. Rough sleeper numbers fell from over 100 to under 10, and we intend to keep it low, with our preventative, multi-agency approach to supporting people off the streets.

We will continue to invest in our communities, through our expanding network of Community and Wellbeing Hubs and through an enhanced programme of community and district centre regeneration schemes. Allied to this, we will continue to work with the Police to make sure communities in Cardiff are safe, tackle anti-social behaviour and, together, do all we can to prevent people, particularly our young people, from falling into crime or being exploited by criminals.



**Councillor Lynda Thorne**  
Housing & Communities



## WE WILL:

- Deliver an expanded Council housebuilding programme to increase the Council's housing stock by a further 1,500 units minimum, focusing on zero-carbon homes.
- Increase energy efficiency and reduce carbon emissions through a Housing Energy Efficiency Retrofit programme across all tenures of housing, reaching 2,000 domestic retrofits per year by 2024.
- Work with Welsh Government and partners to help address the cost of renting in the private sector and raise standards, including exploring the feasibility of community-led housing and introducing further charges on empty properties.
- Continue to support victims of the Cladding/Fire Safety scandal, working with Welsh Government to provide practical interventions, such as installing fire sprinkler systems where appropriate and pressuring developers to provide redress.
- Continue our 'No Going Back' approach to keep rough sleeping at record low levels.
- Deliver a trauma-informed, public health-based approach to positively impact the lives of vulnerable people, especially those with street-based lifestyles.
- Improve the quality of our supported accommodation, including delivering the supported housing schemes for single people at Adams Court and for families at Harrison Drive.
- Prevent youth homelessness and ensure that young people leaving care are supported by:
  - Reviewing and advancing advice in mediation services.
  - Reviewing and increasing capacity within the young person's gateway accommodation.
  - Developing the Citadel supported housing scheme for young people with complex needs.
- Expand our Neighbourhood Regeneration programme and publish a new strategy to support district and local centres, based on 15-minute city placemaking principles.
- Deliver even more Community and Wellbeing Hubs with partners, focused on areas with lower access levels, including a Youth Hub in the city centre and new provision at the Ely Youth Hub. We will also deliver new Health and Wellbeing Hubs at Maelfa, Ely & Caerau and on strategic planning sites.
- Deliver the 'Michaelston College' multi-generational wellbeing village, bringing older person and family housing, as well as health, housing and community facilities, together into one sustainable and transformational project.
- Develop older persons housing that supports independent living across the city, including care ready flats in Rumney, Maelfa and St Mellons, and apartments and flats in Canton, Bute Street and Moorland Road.
- Create more resilient communities by expanding the targeted multi-agency problem-solving group approach to anti-social behaviour hotspots, including deploying CCTV in problem areas.
- Approve, in partnership with Community Safety Partnership members, a new Violence Prevention Strategy focused on preventing young people from falling into crime or criminal exploitation.
- Work with partners to tackle all forms of violence against women and girls, domestic abuse and sexual violence, and take action to strengthen the support available to victims, including agreeing an updated Violence against Women, Domestic Abuse and Sexual Violence strategy and undertaking a full review of refuge accommodation in the city by March 2023.
- Continue to make the case to UK Government for additional funding to cover the cost of policing our capital city, as is the case in other UK capitals.

**INVESTMENT & DEVELOPMENT PORTFOLIO**

**COUNCILLOR**

**RUSSELL GOODWAY**



News of the death of cities, much reported over the pandemic, has been greatly exaggerated. While home and agile working will impact on how cities are used by businesses and workers, and city centres will have to adapt to the shift to online retail, agglomeration, innovation and creativity will continue to drive economic growth and jobs. As Wales' core city, Cardiff will continue to play a leadership role in the Welsh economy post-Covid.

The Council will work with local businesses and investors to lead the city economy's recovery and renewal. Momentum will be rebuilt with an ambitious programme of city centre regeneration, completing the transformation of Cardiff Bay and developing a new industrial park in the east of the city. We will create the right environment for our home-grown business to succeed, while working with partners to attract new, innovative companies to Cardiff. Together, we will build a stronger, greener and fairer economy, delivering greater investment, stronger businesses and, ultimately, more and better jobs for the people of Cardiff.



**Councillor Russell Goodway**  
Investment & Development



## WE WILL:

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- Deliver the new 17,000-seater Indoor Arena in Cardiff Bay.
- Facilitate the redevelopment of Metro Central and Central Quay.
- Facilitate the comprehensive redevelopment of the Canal Quarter, including reopening the canal and creating new public and commercial spaces on Churchill Way.
- Work with partners to establish new city centre management arrangements to keep the city centre safe, clean and vibrant.
- Deliver a new velodrome as part of a new phase of development in the Sports Village.
- Bring forward proposals to protect and revitalise historic buildings in the Bay.
- Explore the potential for improvements in Cardiff's business tourism offer.
- Work with City Deal partners, the private sector and the University Health Board to bring forward a proposal for a new Science Park Campus at Coryton.
- Support the completion of Cardiff Parkway and deliver a new Llanrumney Bridge as part of our Industrial Strategy for the east of the city.
- Support local businesses and start-ups as part of a focus on the foundational economy, including working with partners to attract investment into innovation and start-up space across the city.
- Engage closely with the retail and hospitality sectors to enable their successful renewal post-Covid and enhance the promotion of Cardiff as a visitor destination by establishing a new events strategy.
- Deliver a leaner and greener Council property estate, including reducing its carbon footprint by 30% and generating £25m in capital receipts through land and asset sales by the end of 2025/26.



**SOCIAL SERVICES PORTFOLIO**

**COUNCILLOR NORMA MACKIE**

**COUNCILLOR ASH LISTER**

Our ambition is for Cardiff to be a place where everyone can start well, live well and age well, and social services will play a crucial role in making this a reality. We will ensure Cardiff is a great place to grow old. As people grow older, we will help keep them in good physical and mental health for as long as possible. For those who are unfortunately suffering poor health, we will do all we can to help them live in their own homes and communities – and out of hospital or a care setting – for as long as possible.

We will also work with partners to improve the depth and reach of our mental health services and critically, seek to invest in a greater level of early help and counselling to prevent, not respond, to crises. We will support those with learning difficulties and support those who care for people with learning difficulties by ensuring that our day services meet what their children and dependants need. Doing all this will require continuing the ever-closer partnership working with the University Health Board, with care providers, with civic society and those receiving care. And, above all else, it will require investing in, celebrating and valuing our tireless, committed and compassionate social care workforce.





**Councillor Norma Mackie**  
Social Services  
(Lead responsibility for Adult Services)



**Councillor Ash Lister**  
Social Services (Lead responsibility for Children's Services)



## Adult Services

### WE WILL:

- Work with partners to ensure that Cardiff is an Age Friendly City, where older people can enjoy all aspects of life and continue to play a valued and active role.
- Promote and celebrate Cardiff becoming the first Welsh city to join the World Health Organization's Global Network for Age-friendly Cities, and work with the network to better connect cities, communities, and organisations who share a commitment to making their communities a great place to grow older.
- Ensure effective adult protection systems are in place across the city.
- Build resilient and vibrant communities, providing opportunities for all people to get involved, volunteer and support others to stay connected.
- Deliver a city that is open and accessible to all, and work towards a transport system that all people have the confidence to use.
- Continue to work towards becoming a Dementia Friendly City which helps people living with dementia and their families to thrive.
- Listen to the voices of older people, providing the right help at the right time to support them to live independently at home and be active in their communities for as long as possible, including the use of technology, aids and adaptations.
- Improve access to early help and wellbeing services for people suffering with poor mental wellbeing, identifying those who need help and providing a wide range of support to prevent crisis.
- Support those with significant mental health issues to regain their confidence and rebuild their lives, enhancing current services and using best practice from elsewhere to identify and develop the support required.
- Support people with learning disabilities to live as independently as possible and to engage in their communities by developing a range of local accommodation and support options, also supporting their carers by expanding our complex needs day services and overnight respite provision.
- Improve awareness and further develop services for people with autism, ensuring appropriate help is available and tailored to individual needs.
- Support care experienced young people as they transition to adulthood, enhancing our services as a corporate parent to support them to reach their full potential.
- Listen to unpaid carers and families to better provide the help they need.
- Celebrate and support the social care workforce, recognising the value of the work that they do and ensuring that the way we commission services provides opportunities for job satisfaction and career development.
- Further develop the successful Cardiff Cares Academy to build capacity in the care sector.
- Continue to move towards locality working, bringing together multi-disciplinary services based in local communities to promote health and wellbeing, support independence and prevent unnecessary hospital admissions.
- Work with care providers to actively shape the care market, ensuring that it meets the needs of the people of Cardiff today, and responds to the needs of tomorrow, including increasing the amount of high-quality specialist care for people living with dementia or other complex health conditions.
- Put in place additional support to recruit and retain social workers, occupational therapists and other specialist staff, involving them in the development of good quality and effective social care services.

A photograph of a man and a young boy. The man, on the right, has dark hair and a beard, wearing a dark denim shirt and a watch. He is smiling and hugging the boy from behind. The boy, on the left, has reddish hair and is wearing large white headphones and a denim jacket. He is also smiling. They are in a room with a grey paneled wall.

## SOCIAL SERVICES PORTFOLIO

Cardiff should be a great place to grow up for all children, without exception. Sadly, this is currently not the case. Too many children and families in our city live in poverty and the number of children coming into care is increasing year on year. Helping families stay together will be our first priority, because we know that outcomes for children are best when they are supported to grow up within their own families. When children do need our care, we will do all we can to keep them with their families and as close to home as possible. Again, we know that this leads to better outcomes for children and young people, and is a far more cost-effective approach, making sure that the resource we have goes to the place it is needed most – supporting young people and their families.

We will continue our work with partners to improve services for those children who are in, or have come into, the youth justice system, reducing the number of children entering the system and those re-offending. At the heart of our work will be the knowledge that these are first of all children and only secondly are they children in the youth justice system. We are committed to working alongside all the people in the city – our social workers, teachers, youth workers, nurses, doctors and police officers- who work each day with children and young people, particularly those children who are most vulnerable, to help make Cardiff a great place to grow up.

## Children's Services

### WE WILL:

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- Provide children and families with the best start in life through our Early Help and Support Programme.
- Work to keep children safely with their families, supporting their growth and development needs and helping to prevent the need for care.
- Increase the number of children looked after who are placed with their wider families or community, and reduce the number of children placed in out of county, residential care placements.
- Increase the number of Local Authority Foster Carers and reduce our reliance on independent fostering agency placements.
- Continue to develop and embed a locality approach to service provision across case management teams.
- Celebrate the work of our children's social workers and promote social work as a great career.
- Continue to develop and support the Children's Services' workforce, recruiting and retaining more social workers in Cardiff.
- Work with schools and the health service to deliver an enhanced and joined-up approach – from school counselling to crisis support – for children and young people who are suffering with poor mental health.
- Complete the delivery of 'All Our Futures' development plan and set a new strategy for continuing to improve the Youth Justice Service.
- Protect vulnerable young people from exploitation and address the recent rise in serious youth violence through developing a robust, integrated, data-led approach across Council and partner services that work with young people.
- Deliver the Corporate Parenting Strategy 2021-24 to ensure children in our care are safe, receive the support they need, have high aspirations, can express their views and are ready for independent living.
- Enable all young people who are known to Children's Services to be empowered to play an active and central role in planning for their transition to adulthood.
- Use the information, intelligence and data we have across the Council and public services to develop a 'single view' of the contacts each child or young person has with our services.
- Work closely with Welsh Government to reform the children social care market, driving up quality and removing profit from looking after children.

**TACKLING POVERTY, EQUALITY & PUBLIC HEALTH PORTFOLIO**

**COUNCILLOR JULIE SANGANI**

**COUNCILLOR PETER BRADBURY**



Tackling long-term poverty and inequality is at the heart of all our policy commitments. The priority over the next 5 years will be to help our residents with the cost-of-living crisis and close the inequality gap that, in many cases, has been made worse by the recent pandemic. As we did throughout the Covid pandemic, we will make sure that the long-term prospects of children and young people are front and centre of our thinking and decision making.

We will therefore make sure that we have a great youth service offer available across the city, meeting the needs of children across our different communities. We will provide opportunities for them to access modern play facilities, gain experiences and be supported into training and employment when they leave school. This will mean that the jobs and opportunities that become available through our ambitious programme of house building and city regeneration deliver for young people and local communities.

Building on the excellent public service collaboration over the past two years that helped Cardiff respond to the public health crisis, we will continue to work collaboratively to address the wider harms caused by the pandemic and the pre-existing issues which impact on the health and wellbeing of our population.

We will also continue to celebrate the diversity of its communities. Our city's many languages, cultures, faiths – and cuisines! – are a source of great strength and what makes Cardiff such a welcoming and generous place to live. And we will continue, as we always have, to welcome people to make their homes and build new lives in our city, most urgently supporting those fleeing the conflict in Ukraine.



**Councillor Julie Sangani**  
Tackling Poverty,  
Equality &  
Public Health  
(Equalities &  
Public Health)



**Councillor Peter Bradbury**  
Tackling Poverty,  
Equality & Public  
Health (Tackling  
Poverty & Supporting  
Young People)



## WE WILL:

- Introduce a new Community Participation Strategy, amplifying the voices of people who are currently less likely to get involved in the decision-making process.
- As a City of Sanctuary, welcome refugees and asylum seekers to Cardiff and Wales, supporting them to participate in and contribute to the economic, social and cultural life of the capital city, including continuing to lead the city's response to the Ukraine and Afghanistan crises.
- Work with Public Health Wales and other partners to carry out targeted activity to reduce health inequalities across the city, focused on:
  - Increasing uptake of childhood immunisation.
  - Increasing uptake of bowel cancer screening.
  - Tackling childhood obesity.
- Respond to and implement in full the recommendations of the Race Equality Taskforce.
- Develop a city-wide 'Equality and Diversity' network for employers to encourage good practice and collaboration, particularly to support action in the workplace.
- Build on our Stonewall Gold Status award as part of our commitment to LGBTQ+ inclusivity, aiming to become a Stonewall top 100 employer and the highest ranked local authority in Wales in the Stonewall Index.
- Adopt the principles of the Convention on the Elimination of All Forms of Discrimination Against Women and become a CEDAW City.
- Promote healthy, low-carbon food, with an increased focus on working with partners to tackle food poverty.
- Work with partners to support Cardiff's bid to become the first Gold Sustainable Food Place in Wales.
- Develop plans to ensure that school meals are healthy and rely on more sustainable and lower-carbon supply chains.
- Deliver a Youth Zone in Ely and explore other innovative partnerships to support youth services in the city.
- Respond to the recommendations of the independent review of Youth Services, ensuring that access to the service is available equitably across the city based on need, and is responsive to the different needs of different communities and groups of young people.
- Better integrate play services into our wider offer for young people.
- Scale up the 'Passport to the City' programme to ensure young people from all backgrounds can enjoy the world-class amenities Cardiff has to offer.
- Strengthen the availability of support during holidays, including by repeating the Summer of Smiles programme and growing the School Holiday Enrichment Programme.
- Respond to the cost-of-living crisis, making sure people are aware of and are claiming the maximum amount of benefits that they are entitled to.
- Invest in our Into Work Services and bring together wider employment support services under a single service that can help people into employment or training.
- Use the success of the Cardiff Cares Academy and Cardiff Works Ready schemes as a blueprint to meet any new or emerging workforce demands in the city.
- Work alongside major regeneration projects, including the new Indoor Arena, to support local people into the new jobs the projects create.
- Roll out the new Adult Learning service that can help people get the skills they need to succeed.
- Support the high demand of job vacancies in the construction industry by further developing the Onsite Construction Academy and creating a Taskforce Group, with representation from contactors, recruitment agencies, trade associations and housing associations, to consider the future of work and skills in the sector
- Continue to support new apprenticeships and trainee opportunities within the Council, with a goal of over 500 apprenticeships by 2025.

## TRANSPORT AND STRATEGIC PLANNING PORTFOLIO

# COUNCILLOR

# DAN DE'ATH



Our ambition for transport is to fundamentally transform the way people move around the city, reducing the dependency on private cars whilst making it easier, safer and cheaper for people to walk, cycle or use public transport. This will mean more bike lanes, bus lanes, and 20mph roads, new metro stations and routes, and a commitment to new low-cost bus fares. This will all make a decisive contribution to tackling the climate emergency, addressing inequality and promoting inclusive economic growth.

As a Council, we also have an important role to play in shaping how the city is developed. We need to plan today for the Cardiff of tomorrow, one which is an even better place to live, work and study than it is now, and that is resilient to the challenges of the coming decade, most importantly the climate emergency. We will therefore bring forward a new Local Development Plan to help shape Cardiff for the next 15 years, ensuring the right development – housing, transport and employment land – happens in the right place, at the right time, in a coherent way that can benefit communities, protect the environment, and grow the economy in a sustainable way.



**Councillor Dan De'Ath**  
Transport & Strategic Planning



## WE WILL:

- Complete the first phase of Crossrail, strengthening links between the city centre and bay.
- Set out plans for new stations at Crwys Road, Butetown, St Mellons, Velindre, Ely Mill, Roath Park, Gabalfa and Newport Road.
- Radically improve bus transport through introducing more priority measures, new services, and work with partners to introduce a standard £1 bus fare.
- Develop and agree a new Bus Strategy for Cardiff.
- Complete the five strategic cycleways, including a full route to Newport.
- Ensure compliance with the EU Limit value for NO<sub>2</sub> is maintained on Castle Street and take action wherever necessary to ensure good air quality across Cardiff.
- Continue to progress transport and clean air improvements in the city centre, including completing the redesign in and around Central Square, in the east of the city centre and on Boulevard de Nantes.
- Continue to support both bus and taxi sectors to accelerate towards achieving 'Zero Tailpipe' emission fleets in advance of 2028.
- Make our communities healthier and safer by adopting a people-first preventative approach to road safety by making all residential areas 20mph and exploring new enforcement approaches.
- Nurture a strong active travel culture in every Cardiff school by delivering infrastructure schemes to facilitate active journeys to schools and introducing measures to deter car travel to school.
- Continue to deliver an extensive programme of localised improvements to our roads and footways to remove defects such as potholes.
- Consider and review road user charging options to identify opportunities and benefits for Cardiff residents and deliver transport improvements.
- Identify opportunities for secure cycle parking across key local centres.
- Develop a city-wide campaign to promote active travel.
- Develop park and ride sites across the city.
- Protect the green wedge around Cardiff.
- Deliver a new Local Development Plan for Cardiff that will help create a fair, healthy, more liveable, sustainable and low carbon city.
- Work with neighbouring authorities to agree a new Regional Development Plan built around the principle of transit-orientated development.
- Protect local spaces for nature – especially in urban areas – through stricter planning guidance and identification of local land for local growing projects.
- Adopt much stricter controls on Houses of Multiple Occupation (HMOs) and press for reform of the Planning Inspectorate System, engaging with Welsh Government and Planning and Environment Division Wales.
- Adopt robust master-planning principles to ensure that developers in Cardiff can be held to account for their contribution to meeting community needs, improving transport, providing affordable housing and delivering green infrastructure.
- Tackle properties that are long term empty by exploring the application of a 300% Council Tax Premium.
- Protect and celebrate local buildings such as pubs, community spaces and music venues – particularly those rich in the city's working-class history – by strengthening our planning regulations and continuing to lobby the Welsh Government for stronger powers.
- Adopt the principles of a 15-minute city approach, focusing on sustainability, placemaking, and the density of development that this vision requires.
- Broaden participation and accessibility in city planning and ensure there are appropriate platforms for engagement and community voice in the design of the city.
- Publish a Cardiff Smart City strategy which sets out how digital technologies and data will improve city services and infrastructures.
- Integrate great design, placemaking, greening and sustainability principles into all proposals for development and public spaces.
- Deliver a significantly enhanced and modern dogs home.







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**CYNGOR CAERDYDD  
CARDIFF COUNCIL**

**POLICY REVIEW & PERFORMANCE  
SCRUTINY COMMITTEE**

**13 July 2022**

**Budget Strategy 2023/24 and Updated Medium Term Financial Plan**

**Reason for this Report**

1. To provide an opportunity for the Committee to consider the Council's Budget Strategy for 2023/24 and timetable for delivering the budget. In addition to consider an update on the Medium-Term Financial Plan and the Council's financial resilience.

**Structure of the Papers**

2. To facilitate the scrutiny the following appendices are attached to this report:
  - Appendix A** – Cabinet report – Budget 2023/24 and the Medium-Term Financial Plan: Update Report

*Appended to the Cabinet report are:*

  - Annex 1:** Medium Term Financial Plan
  - Appendix 1:** Budget Strategy Overview - Questions & Answers
  - Appendix 2:** Outline Budget Timetable
  - Appendix 3:** Finance Resilience Snapshot

**Background**

3. Scrutiny of the Council's financial planning, policy and control falls within this Committee's Terms of Reference. The Committee also scrutinises budget proposals annually and monitors financial performance throughout the year.
4. The Budget Strategy Cabinet report attached at **Appendix A** will be considered by Cabinet at its meeting on 14 July 2022. The report sets out the Council's financial strategy and timetable for developing the 2023/24 capital and revenue budget proposals and provides an updated Medium Term Financial Plan (MTFP).

5. The report outlines the external environment within which the Council is operating, including the economic context, the impact of the Covid-19 virus; future funding indications, the organisation context and BREXIT. It models the Medium-Term savings requirements to secure the required Budget Reduction, indicates consultation and engagement plans for budget proposals, and outlines the five-year Capital Investment Programme with a view to developing the Council's Investment Plan from 2022/23 to 2026/27.

## **Context**

6. In terms of financial resilience planning, Members will note the budget strategy report highlights the following key factors:
  - **Economic Context** – A challenging current economic context, inflation at a forty-year high and forecast to continue rising, due to high energy prices and disruption to supply chains linked to geopolitical issues including Russia's invasion of Ukraine, and COVID-19 lockdowns in China. A cost-of-living crisis has led to increasing requests for government support and significant pressure for wage increases that keep pace with inflation. A general expectation of further interest rate increases as the year progresses. Falling unemployment, a shrinking workforce where there are currently more job vacancies than unemployed. All of which have significant implications for the Council's financial planning.
  - **Covid-19 pandemic** – An ongoing financial impact of COVID-19 in 2022/23 and beyond is anticipated. The 2022/23 Budget Strategy included a £10 million COVID-19 recovery budget, it is too early to assess whether this may be reduced for 2023/24. The important message is that presently there is a real risk that the cost-of-living crisis will slow any progress towards recovery that would otherwise have resulted from the lifting of COVID-19 restrictions.
  - **Future funding** – The indicative funding allocations from Welsh Government beyond the current financial year are +3.5% for 2023/24 and +2.4% for 2024/25. A key date in the budget-setting process will be the

announcement of the Provisional Local Government Settlement, traditionally in October but in recent years in December.

- **Organisation Context** – the financial strategy approach seeks alignment with the Corporate Plan to ensure resources are spent in a way that maximises support for priorities. The 2023/24 Budget will be developed alongside the updated Corporate Plan, in readiness for approval of both in February / March 2023.

## **Medium Term Financial Plan**

7. The estimated budget gap for 2023/24 is **£29,080 million** and **£90,602 million** over the next three years. (See **table at point 26 of Appendix A**).
8. This gap assumes:
  - a 3% pay award for both teaching and NJC staff.
  - increasing inflationary pressure, including projections for energy, fuel, school transport, and commissioned care costs. Details of the analysis undertaken on price inflation projections can be found at **points 31-35 of Appendix A**.
9. Members are referred to the table at **point 40 of Appendix A** for details of factors that will be closely monitored for their impact on the 2023/24 Budget going forward.
10. In addition, the MTFP will need to keep the following under review:
  - The ongoing economic outlook.
  - Ongoing financial recovery from the COVID-19 pandemic, particularly in income funded areas.
  - The impact of the Local Development Plan on school places.
  - Population figures, demographic changes, and emerging post-pandemic trends.
  - Welsh Government's Programme for Government, including the intention to instigate council tax reform, the potential for a tourism tax and plans for music services.
  - Free School Meals - roll out beyond the cohorts of pupils planned in 2023/24, together with implications for infrastructure and staffing
  - Annual refresh of the Corporate Plan.

11. **Points 44 – 47** set out the proposed model to achieve the savings required to close the budget gap. The model is framed around two assumptions;

- a Council Tax Increase of 3% generating **£4.931m**; and
- Directorate savings required of **£24,149m**.

Over the summer Directorates will be asked to identify options for savings.

12. The approach to closing the gap by generating income through fees and charges will be used cautiously for 2023/24, focussing on income maintenance as markets and income levels continue to recover from the pandemic.

13. As in previous years it is the Council's intention to consult with residents on what is important to them and their communities for the 2023/24 Budget, following the receipt of the Provisional Local Government Settlement. Prior to this, the report states that consultation and engagement across all aspects of the Council's business will inform budget planning.

14. For quick reference, appended to the Cabinet report at **Appendix 2** is the proposed Budget Timetable Framework for 2023/24, and at **Appendix 1** a particularly useful question and answer summary.

### **Capital Investment Programme**

15. **Points 53-79** detail matters relating to updating the Council's five-year rolling Capital Investment Programme, a strategy aiming to meet the long-term challenges facing the city. The Capital Programme comprises the General Fund, Housing Revenue Account, and major strategic projects, such as the Atlantic Wharf Master Plan including development of an Indoor Arena in Cardiff Bay, projects arising from the Transport White Paper including the Metro; International Sports Village; Core Office Strategy; 21st Century Schools and responding to the climate emergency. Members are advised that an allowance is made in the revenue budget for feasibility and options appraisal for several potential future projects. This includes projects such as alternative locations for the dogs' home; review of the Materials Recycling Facility; ensuring sustainable burial space in the city; working with partners to secure funding to create a Youth Zone; options in respect to assets with significant backlogs of maintenance such as St David's Hall

and City Hall as considered by Cabinet in the Corporate Property Strategy in December 2021; and renewable energy projects following a post project appraisal of existing schemes.

16. The report explains the importance of option appraisal, business cases, and due diligence, capital programme affordability, borrowing and capital receipts (**points 60-76**)
17. The approach to be taken in formulating Capital Programme investment priorities for 2023/24 to 2027/28 will be as follows:
  - review schemes already included in the programme;
  - manage and prioritise emerging pressures and increased costs;
  - consider new expenditure requests in the context of external funding or robust invest to save business cases;
  - for the HRA model long term business plan affordability;
  - support directorate asset management plans,
  - support the Capital Ambition delivery programme,
  - be evidence based and risk prioritised,
  - considered all alternative funding possibilities; and
  - demonstrate value for money.

### **Financial Resilience**

18. **Points 80 - 90** analyse key points relating the financial resilience of the Council, with further details provided in **Appendix 3**. The report analyses performance against budget trends at the outturn of 2021/22, external income streams since 2017/18, and Net Revenue Funding and Budget Strategy. Over the past five years, savings have consistently bridged the budget gap with around £75 million made over five years. The report highlights that finding such significant levels of savings year on year becomes increasingly challenging.
19. In 2020/21 unachieved savings were largely associated with the pandemic. The Council's general contingency fund supports, the non-achievement of savings and has been reduced over time from £4million to £2million. This report states that further reductions should be approached with caution given inflationary uncertainty and estimated savings requirements over the medium term.

## **Scope of the Scrutiny**

20. This item will give Members the opportunity to consider the Council's strategy and approach to developing the 2023/24 budget proposals, and specifically a fuller understanding of the financial resilience work underway to tackle the challenges posed by inflation, the energy crisis, interest rates, the labour market and weak economic growth that may curtail public sector funding.

21. To facilitate the scrutiny, the following witnesses have been invited to attend Committee to answer Members questions:

- Councillor Chris Weaver, Cabinet Member for Finance, Modernisation & Performance
- Christopher Lee, Corporate Director – Resources, and
- Ian Allwood, Head of Financial Services.

## **Legal Implications**

22. 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 on 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**

23. 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.

## **RECOMMENDATIONS**

24. The Committee is recommended to:

- i. note the Budget Strategy for 2023/24;
- ii. consider whether it wishes to relay any comments or observations for consideration by the Cabinet Member for Finance, Modernisation & Performance.

## **DAVINA FIORE**

Director, Governance & Legal Services

7 July 2022

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**CABINET MEETING: 14 JULY 2022**

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**BUDGET 2023/24 AND THE MEDIUM TERM FINANCIAL PLAN:  
UPDATE REPORT**

**PORTFOLIO: FINANCE, MODERNISATION & PERFORMANCE  
(COUNCILLOR CHRISTOPHER WEAVER)**

**AGENDA ITEM:**

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**Reason for this Report**

1. To provide an update in relation to the 2023/24 Budget Gap, Medium Term Financial Plan and Capital Programme.
2. To outline the budget timetable that will be followed in order to present the 2023/24 Budget to Council in February/March 2023.
3. To provide an update in relation to the Council's financial resilience.

**General Background**

4. The Medium Term Financial Plan (MTFP) included within the Council's 2022/23 Budget Report, presented in March, identified a potential budget gap of £69 million over the period 2023/24 – 2026/27. This Report updates the MTFP for more recent information, outlines the timetable associated with the 2023/24 Budget Strategy and sets out the approach to rolling forward the Capital Programme. Finally, it includes an assessment of the Council's financial resilience. Annex 1 contains the Council's updated MTFP whilst Appendix 1 provides an overview of the Budget Update in a summarised question and answer format.

**Issues**

5. Before the 11<sup>th</sup> March 2023, Cabinet Members have a collective duty to place before the Council proposals which, if approved, would result in a balanced budget for 2023/24. As part of planning for that position, this Report provides an update on the key factors likely to affect the 2023/24 Budget.

**Context**

6. The following paragraphs outline key contextual considerations in planning an approach for the preparation of the 2023/24 Budget.

## Economic Context

7. The current economic context is challenging. Latest Gross Domestic Product (GDP) figures indicate that the UK economy contracted for the second month in a row during April 2022, and inflation is at a forty year high. Economic forecasts for the remainder of the year have been dampened, and there is speculation that the UK may be heading for a recession.
8. The May 2022 CPI inflation rate is 9.1%, an increase from 9% in April. Contributory factors include high energy prices and disruption to supply chains linked to geopolitical issues including Russia's invasion of Ukraine, and COVID-19 lockdowns in China. In May, the Bank of England (BoE) forecast that CPI would reach a peak of 10% in the final quarter of 2022, following the next energy price cap increase in the autumn. However, by mid-June the Bank had updated its forecasts to reflect rates potentially surpassing 11%.
9. Specific elements of the basket of goods upon which CPI is based are exceptionally high. These include food (6.7%), household costs including energy (19%) and transport costs including fuel (13%). The situation where prices for everyday necessities are increasing faster than peoples' incomes - the cost of living crisis - has led to increasing requests for government support.
10. It is difficult to predict what current inflation levels and the cost of living crisis may mean for pay awards. There is significant pressure for wage increases that keep pace with inflation. However, the Treasury has issued repeated warnings that wage increases aligned to inflation, may risk intensifying the crisis, referencing the potential for a wage-price spiral.
11. Following the anticipated CPI peak in the final quarter of 2022, the BoE predicts that upward inflationary pressure will subside rapidly with CPI expected to normalise to much nearer its 2% target in two years' time. This assumes no further rises in global commodity prices, the easing of global bottlenecks and weakening demand.
12. One of the tools available to the BoE to try to stabilise inflation is to increase interest rates. In June 2022, rates increased from 1% to 1.25%, their fifth consecutive monthly rise and the highest rate in 13 years. The Bank has indicated that it will react "forcefully" to any signs that inflation is becoming persistent, and there is a general expectation of further interest rate increases as the year progresses.
13. Unemployment has been falling in the UK with recent rates at 3.8% (Feb-Apr 2022). Since the start of the pandemic, the UK workforce has shrunk, leading to a tight labour market in which there are currently more job vacancies than unemployed. This is having a contributory effect to price increases in some areas, requiring higher wages being paid to attract staff. In the near term, the BoE expects unemployment rates to continue to fall slightly, before increasing to 5.5% over the medium term.

14. The economic context outlined above has significant implications for the Council's financial planning. These are summarised below and are key factors in framing assumptions and cost drivers in 2023/24 and over the medium term. Each is considered in further detail later in the report.

Factor	Planning Implications
Inflation	<ul style="list-style-type: none"> <li>Impact of specific elements of the CPI basket of goods on Council supplies and services</li> <li>Pay awards - the impact of high inflation on potential pay awards will need to be considered. This relates to the Council's own pay awards (Teachers, NJC etc.) as well as awards in sectors where the Council commissions services - notably the impact of Real Living Wage increases in the Care Sector.</li> </ul>
Energy crisis	<ul style="list-style-type: none"> <li>Expected to have significant cost implications for the Council across schools, street lighting, and wider estate.</li> <li>Prices remain volatile and will require close review.</li> </ul>
Interest Rates	<ul style="list-style-type: none"> <li>Rising interest rates will affect the cost of borrowing &amp; capital programme affordability – both existing programme and new schemes.</li> </ul>
Labour market	<ul style="list-style-type: none"> <li>May increase the cost of commissioning services in areas particularly affected by labour shortages.</li> </ul>
Economic Growth	<ul style="list-style-type: none"> <li>Weak economic growth may curtail public sector funding.</li> </ul>

## COVID-19

15. The COVID-19 virus and associated public health measures have resulted in significant financial implications for the Council. The Welsh Government put in place a COVID-19 Hardship Fund to support Local Authorities with additional costs and income loss directly resulting from the pandemic. During the financial years 2020/21 and 2021/22, Cardiff Council received £134 million support from the fund, as summarised in the table below.

	2020/21	2021/22				
	Total £000	Q1 £000	Q2 £000	Q3 £000	Q4 £000	Total £000
Homelessness	3,713	184	228	566	1,164	2,142
Free School Meals	7,842	529	1,996	942	342	3,809
Adult Social Care	13,963	3,493	3,088	1,847	1,324	9,752
Self-Isolation	823	192	865	2,120	3,897	7,074
Winter Fuel	0	0	0	0	4,606	4,606
Other Expenditure*	21,363	1,591	1,616	1,995	1,804	7,006
Income Loss*	38,155	4,805	4,928	3,223	1,055	14,011
<b>Total</b>	<b>85,859</b>	<b>10,794</b>	<b>12,721</b>	<b>10,693</b>	<b>14,192</b>	<b>48,400</b>

- *These lines represent the greatest ongoing risk to the Council, as other lines include support administered on behalf of WG, or initiatives where other funding is now in place.*

16. The COVID-19 Hardship Fund ended on 31<sup>st</sup> March 2022. Despite a declining level of reliance on the Fund over the two year period, the Council was still in

receipt of a significant level of support at the end of 2021/22. A longer tail financial impact of COVID-19 in 2022/23 and beyond is anticipated. In recognition of this, the 2022/23 Budget Strategy included a £10 million COVID-19 recovery budget with the potential for this to be supplemented from earmarked reserves if required.

17. In time, as recovery continues, there may be potential to reduce the £10 million budget. However, at present, it is too early to assess what, if any, may be an appropriate reduction for 2023/24. This will need to be informed by the current financial year as it progresses. The Month 4 monitoring position due to be reported to Cabinet in September 2022 will provide an early indication, but close monitoring will be required throughout the year.
18. One key factor in assessing the ongoing need for the recovery budget, will be the extent to which income-funded areas approach pre-pandemic levels of income during 2022/23. At present, there is a real risk that the cost of living crisis will slow any progress towards recovery that would otherwise have resulted from the lifting of COVID-19 restrictions.

#### Future Funding

19. For the first time in a number of years, the Council has indicative funding allocations beyond the current financial year. These are at an All-Wales level of +3.5% for 2023/24 and +2.4% in 2024/25. Whilst welcome from a planning perspective, it is important to emphasise the indicative nature of these figures and their potential to change. In the past, changing circumstances have resulted in final funding allocations being significantly less favourable than indicative amounts. In the context of 2023/24 Budget setting, this must be viewed as a real risk given the degree of economic uncertainty outlined earlier in the Report.
20. A key date in the budget-setting process will be Provisional Local Government Settlement (Provisional Settlement.) At present, it is uncertain whether Provisional Settlement will follow the later timescales of recent years (i.e. December), or revert back to its more traditional October timeframe. Settlement dates are likely to be influenced by the timing of the confirmation of the Welsh block grant for 2023/24. This is because prior to that, any Local Government funding announcements would be liable to change. This may suggest a continuation with later timescales in the interest of certainty.

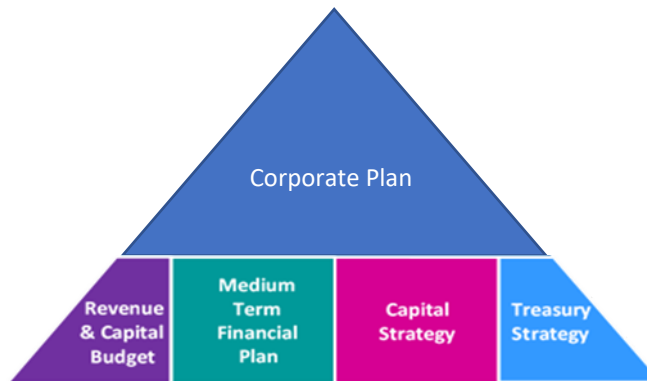
#### **CIPFA FM CODE**

21. The CIPFA Financial Management (FM) Code is intended to support good practice in financial management and assist Local Authorities in demonstrating their financial sustainability. The Code translates principles of good financial management into a series of standards against which Local Authorities should measure themselves. Standards emphasise that financial planning over the medium term should contain a robust assessment of drivers of cost and

demand, with associated sensitivity analysis. The requirements of the FM Code and the need for evidence has been a major consideration in the development of the Council's key financial strategies such as the Medium Term Financial Plan, Capital Strategy and the Treasury Management Strategy.

## Organisation Context

22. The Corporate Plan provides the framework for the Council's core financial strategy documents. This ensures that resources are spent in a way that maximises support for priorities. Given the Corporate Plan's alignment with wider national goals to create a more sustainable Wales, this also helps to ensure that the financial strategy supports the Council's duties under the Well-being of Future Generations (Wales) Act 2015.
23. The Council's financial strategies need to provide a financial foundation to progress the organisation's goals as illustrated below.



24. The 2023/24 Budget will be developed alongside the updated Corporate Plan, in readiness for approval of both next February / March. Continued work will be required to ensure that financial resources are available as and when required, to deliver Plan objectives. Given the challenging financial outlook, this will include seeking to maximise external support in the form of grant funding opportunities and working with partners. Financial planning will continue to evolve alongside business case work on strategies, plans and initiatives linked with delivery.

## BREXIT

25. Another factor, which forms part of the background to the 2023/24 Budget Strategy is the impact of BREXIT and the agreed Trade Deal with the European Union. Potential risks in this regard are captured as part of the Council's Corporate Risk Register. Implications across a range of services continue to be monitored, and will be factored into the MTFP at appropriate refresh points if required. An emerging area to factor into planning assumptions will be any funding opportunities via the recently launched Shared Prosperity Fund.

## The Medium Term Budget Reduction Requirement

26. The MTFP undergoes regular review to ensure it reflects the most up to date information. It was last reported in March 2022, alongside the 2022/23 Budget Report. Updates made to the 2023/24 budget gap are summarised in the table below and explained in paragraphs 28-43.

	<b>Mar 2022 £000</b>	<b>Updates £000</b>	<b>Revised £000</b>
Employee Costs	21,375	(7,825)	13,550
Price Inflation	7,175	10,221	17,396
Capital Financing	4,803	(675)	4,128
Commitments & Realignments	1,120	100	1,220
Demographic Pressures	5,523	3,328	8,851
Emerging Financial Pressures	3,500	0	3,500
AEF* - assumes +1%	(19,065)	0	(19,065)
Earmarked Reserves	(500)	0	(500)
<b>TOTAL</b>	<b>23,931</b>	<b>5,149</b>	<b>29,080</b>

*\*AEF or Aggregate External Finance, refers to the Council's general funding – Revenue Support Grant and Redistributed Non-Domestic Rates*

27. The changes outlined in the preceding table reflect the following assumptions and updates:

### Employee Costs

28. Budget planning reflects the assumption of a 3% pay award for both teaching and NJC staff. Whilst there is significant pressure for pay awards that match inflation, the Treasury has warned this could intensify inflationary pressure, and has made specific reference to the public sector in not expecting “unrealistic awards.” Ultimately, the NJC award will be decided by a collective bargaining process, and the Teachers’ award by the Welsh Government. At this stage, the assumption of 3% awards has been retained. Should pay awards in 2022/23 or 2023/24 be higher than budgeted for, this will be a call on the sum included within the budget gap for emerging pressures.
29. The table at paragraph 26 indicates a reduction in anticipated employee costs since the March 2022 iteration of the 2023/24 Budget Gap. This reflects a timing update with regards the actuarial review of the Teachers’ Pensions Scheme. Latest information from the Local Government Association is that any increase in Employers superannuation contributions linked to the review are now likely to take effect in 2024/25. Current suggestions are that increases could be at least as much as those experienced following the last actuarial review and will therefore require close ongoing monitoring.



30. Updates to the 2023/24 Budget Gap also reflect the impact of updated Real Living Wage (RLW) assumptions on the bottom of the Council's pay spine. These are relatively minor for 2023/24 but have a greater effect in later years of the MTFP as incrementally more staff are brought within the remit of the RLW. This is based on assumptions that RLW rates will increase by more than NJC pay awards over the medium term.

#### Price Inflation

31. There has been an increase in anticipated inflationary pressure since the March 2022 iteration of the Budget Gap. This reflects the situation outlined in the economic context section of the report. Key elements of change to the budget gap include projections for energy, fuel, school transport, and commissioned care costs.
32. The 2022/23 Local Government Settlement included funding to support the payment of the RLW to registered workers in the care sector. In future, annual fee uplifts for commissioned care will need to consider RLW increases. The RLW is usually announced in November, to be implemented by RLW employers before the following May. In setting RLW rates, the RLW Foundation take account of inflation the preceding spring (on a more specific basket of goods than CPI), along with other information such as level of benefits and council tax.
33. At the time of setting the Budget Report, CPI was around 6%, and whilst it was expected to rise during the year, at that point it was not anticipated to reach 9% by April 2022. In view of actual inflation levels this spring, assumptions for RLW in 2023/24, and therefore estimated care costs, have been increased. Small percentage changes in this area can have a significant impact on costs as the Council's commissioned care budget is over £120 million. The RLW Foundation have brought forward the timing of the RLW announcement in 2022, to September. This will assist with financial planning, as it removes the uncertainty around one of the key variables affecting the 2023/24 Budget.
34. The Council purchases its energy via Crown Commercial Services (CCS). Energy commodity markets have experienced unprecedented price increases for both electricity and gas. Whilst pressures commenced last Autumn, they have been exacerbated by the impact of Russia's invasion of Ukraine. This has resulted in a worsening of energy price projections via CCS in recent months. Gas prices have increased by a further 45% on February 2022 projections, with overall projections now standing above 150%. There is a similar position on electricity and whilst increases are not quite as high (c78% overall), this is having an even bigger impact as the Council's energy usage is weighted towards electricity. Energy costs are expected to increase by more than £6.5 million in 2023/24 across schools, street lighting and the Council's other estate. The situation will require careful monitoring as prices are susceptible to further change, and there will be a need to proactively plan for mitigating actions, including review of energy usage.

35. Estimates for 2023/24 fuel costs have also been revised upwards since March, based on most recent information. As well as implications for the cost of the Council's own vehicle fleet, the cost of fuel is also causing upward price pressure in commissioned school transport costs, and these have also been factored into the budget update.

### Capital Financing

36. The £0.675m reduction in capital financing figures since March 2022 relates to a two-year limited pressure in relation to Schools Asset Renewal. At outturn 2021/22, a earmarked reserve was created to fund this pressure, negating the need to identify base budget funding.
37. The capital financing figure will be updated as the year progresses, following updates on the timing and cost of approved projects in the existing programme, as well as the timing of any new borrowing required in line with the Treasury Management Strategy. Interest rates on borrowing are currently the subject of increases from historic lows seen over the last few years. Increases are a result of inflation expectations, national debt levels and international uncertainties. However, rates do rise and fall and remain unpredictable. Whilst any sustained increase is not anticipated to have a significant impact in 2023/24, it would affect this budget in the medium to long term. Accordingly, this will be an important consideration in updating and prioritising new investment commitments and affordability considerations, including for the Housing Revenue Account, and business cases for projects assumed to pay for themselves.

### Commitments and Realignments

38. Commitments and realignments include anticipated increases to levies (such as the Fire Service levy), increases to revenue maintenance budgets linked with the capital programme, and a marker for Non-Domestic Rates revaluation, although this is difficult to predict until the Valuation Office concludes its review later this year. Minor updates have been made to earlier assumptions around some of these issues.

### Demographic Pressures

39. Demographic pressures reflect fluctuations in demand. These include changes in pupil numbers, the cost of running Local Development Plan schools as they open, and increasing demand in Social Services. Updates made to this line since March reflect most recent pupil number projections, pressure on the school transport budget in terms of additional routes, together with early indications of pressure on Children's Services placements in the current year. These issues will need to be kept under close review.

### Ongoing Review

40. Regular review of budget planning is a key part of financial resilience. It ensures assumptions reflect most up to date information and that emerging

issues are captured at the earliest opportunity. Given the uncertain and volatile contextual backdrop outlined earlier in the report, regular review will be a critical part of planning for the 2023/24 Budget. The absence of agreed pay awards, the energy crisis, wider inflationary challenges, and their impact on partners and suppliers as well as on the Council itself, are all key factors. The table below summarises areas that will require ongoing review:

<b>Factors to be closely monitored for their impact on the 2023/24 Budget</b>	
<b>Employee Costs</b>	<ul style="list-style-type: none"> <li>• <b>2022/23 pay award:</b> announcements in relation to current year pay awards and their ongoing implications if they are higher than budgeted.</li> <li>• <b>2023/24 pay award:</b> indications regarding 2023/24 awards which are currently based on a 3% assumption for both NJC and teaching staff.</li> <li>• <b>LGPS Superannuation</b> - conclusion of the actuarial review of the LGPS Pension Fund and its implications for Employer's Pensions Contributions from 1<sup>st</sup> April 2023 onwards. It is considered prudent to assume no increase in contributions, but this will be confirmed during 2022/23.</li> <li>• <b>Employer's NI Contributions</b> - Any announcements regarding changes to rates and thresholds applicable to Employers National Insurance Contributions. No significant changes are anticipated for 2023/24.</li> <li>• <b>Real Living Wage</b> - the September 2022 announcement on the RLW rate and its impact on the Council's pay spine in 2023/24.</li> </ul>
<b>Commissioned Costs</b>	<ul style="list-style-type: none"> <li>• <b>Real Living Wage</b> - the September 2022 announcement on the RLW rate and its impact on commissioned Social Care costs in 2023/24.</li> <li>• <b>CPI</b> - forecasts for 2023/24 and their impact in applicable areas.</li> <li>• <b>Energy</b> - removal of the energy price cap in the autumn and any further fluctuations in energy pricing generally.</li> <li>• <b>Fuel costs</b> - fluctuations in petrol and diesel prices.</li> <li>• <b>Cost of Care</b> - the outcome of the exercise due to be undertaken in 2022/23 on the future cost of Older People Residential and Nursing placements.</li> </ul>
<b>Other</b>	<ul style="list-style-type: none"> <li>• <b>Capital Financing</b> - the impact of rolling forward the capital programme including the Housing development programme, the timing of any new borrowing required and any changes in interest rates assumptions.</li> <li>• <b>In year issues</b> - the 2022/23 monitoring position as the year progresses, including post-pandemic recovery of income-funded areas and the extent of reliance on the Council's £10 million COVID recovery budget.</li> <li>• <b>NDR Revaluation</b> - the outcome of the revaluation due to take place during 2022/23 and its impact on NDR payable on Council premises from 1<sup>st</sup> April 2023.</li> <li>• <b>Universal Free School Meals</b> - any implications of the roll-out due to commence with elements of the primary sector in September 2022. Further clarity is required around scheme operation to fully assess potential implications for infrastructure, staffing etc - assumed will be met by grant.</li> <li>• <b>Demand</b> - updates to demand forecasts, taking into account the emerging in-year position in areas including Social Care and homelessness.</li> <li>• <b>Additional Learning Needs</b> - funding responsibility for post-16 ALN is due to transfer to Local Government. There will be a need to assess the implications of this are further clarity is provided.</li> <li>• <b>School Transport / Taxis</b> - the impact of additional demand for routes, the condition of the market and underlying price pressures.</li> <li>• <b>School Funding Formula</b> - ensuring that it remains fit for purpose and reflects the cost priorities for schools.</li> </ul>

<b>Funding</b>	<ul style="list-style-type: none"> <li>• <b>AEF</b> - Provisional Local Government Financial Settlement and the extent to which this differs from indicative funding allocations.</li> <li>• <b>Council Tax Base</b> - the tax base for 2023/24 due for Cabinet consideration in December 2022, and any related AEF redistribution.</li> <li>• <b>Specific grant streams</b> - including any potential risks from grant reductions or fall-out, but also considering any grant-funding opportunities including the Shared Prosperity Fund.</li> </ul>
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41. The preceding paragraphs covered the forthcoming financial year in more detail. The table below sets out the revised position over the medium term, and indicates an estimated budget gap of £29 million for 2023/24 and £91 million over the period 2023/24 – 2026/27. Further detail on each component of the gap, along with information on key assumptions is included in the MTFP at Annex 1.

	<b>Medium Term Budget Gap</b>				
	<b>2023/24 £000</b>	<b>2024/25 £000</b>	<b>2025/26 £000</b>	<b>2026/27 £000</b>	<b>TOTAL £000</b>
Employee Related	13,550	20,615	12,595	12,630	<b>59,390</b>
Prices	17,396	6,477	5,976	4,896	<b>34,745</b>
Commitments	4,128	504	1,202	546	<b>6,380</b>
Capital Financing	1,220	2,168	2,036	3,259	<b>8,683</b>
Demographic Pressures	8,851	4,711	7,968	8,197	<b>29,727</b>
Financial Pressures	3,500	3,500	3,500	3,500	<b>14,000</b>
Funding	(19,565)	(13,531)	(14,433)	(14,794)	<b>(62,323)</b>
<b>Total</b>	<b>29,080</b>	<b>24,444</b>	<b>18,844</b>	<b>18,234</b>	<b>90,602</b>

42. Paragraph 40 outlined some key issues that will require close consideration in respect of the 2023/24 Budget Gap. There are also issues that will need to be kept under review over the later years of the MTFP and these are summarised below.

- The ongoing economic outlook.
- Ongoing financial recovery from the COVID-19 pandemic, particularly in income funded areas.
- The impact of the Local Development Plan on school places across the city.
- Population figures, other demographic changes, and any emerging post-pandemic trends.
- Welsh Government's Programme for Government, including the intention to instigate council tax reform, the potential for a tourism tax and plans for music services.
- Free School Meals - roll out beyond the cohorts of pupils planned in 2023/24, together with implications for infrastructure and staffing
- Annual refresh of the Corporate Plan.

43. Current assumptions within the MTFP are prudent and based on best available information. However, there is always a risk of change. If certain assumptions

within the MTFP fluctuate by small margins, they have the potential to affect the forecast significantly. The MTFP at annex 1 considers a range of scenarios around the medium term.

## Modelling Savings Requirements

44. The table below models the potential savings requirement over the medium term. These assumptions will be reviewed as the budget process progresses, not least because the budget gap itself may change. Council tax levels included are purely for modelling purposes at this stage, and have been maintained at levels modelled previously notwithstanding that the gap has increased.

	2023/24 £000	2024/25 £000	2025/26 £000	2026/27 £000	TOTAL £000
Modelled Council Tax (+3%)*	(4,931)	(5,079)	(5,232)	(5,388)	(20,630)
Savings Required	(24,149)	(19,365)	(13,612)	(12,846)	(69,972)
<b>Total</b>	<b>(29,080)</b>	<b>(24,444)</b>	<b>(18,844)</b>	<b>(18,234)</b>	<b>(90,602)</b>

*\*Levels are for modelling purposes and are subject to ongoing review and Member approval*

45. Over the summer, directorates will be asked to identify options for savings. For efficiency savings where no policy decision is required, (defined as achieving the same output (or more) for less resource, with no significant impact on the resident / customer), they will be implemented during the current financial year wherever feasible, in order to maximise the possibility of securing full year savings in 2022/23.

## Fees and Charges

46. In previous years, income generation proposals have formed part of the Council's strategy to address the budget gap. This will require a very cautious approach for 2023/24, as it is highly likely that the focus will need to be maintained on achieving pre-pandemic levels of income. Any further increase in income targets would need to be based on significant improvements to income achievement during 2022/23, and a robust assessment of future risk, in terms of both market and cost-base.
47. The inflationary factors outlined earlier in the report will impact Council services that are funded by income. Where this is the case, as part of 2023/24 Budget development, a clear strategy will need to be developed for each of these areas, setting out the approach to managing cost-base pressures. Factors to be considered in setting fees and charges for 2023/24 include:
- Any applicable statutory frameworks
  - Whether existing income budgets are being met
  - Any specific inflationary cost pressures that will need to be met
  - Adequacy of charges relative to cost of provision
  - Any potential impact on demand for services.
  - Appropriate benchmarking of both cost and fee levels

## **Consultation and Engagement**

48. In order to provide an opportunity for people to have their say on what is important to them and their communities, consultation on the 2023/24 Budget will take place. Given the significant impact that funding has for budget plans, this will take place following the receipt of the Provisional Local Government Settlement. As outlined earlier in the report, it is yet to be confirmed whether the Provisional Settlement will be during December, or if it will revert to October timescales. Prior to this, consultation and engagement across all aspects of the Council's business will inform budget planning.
49. The proposed Budget Timetable Framework for 2023/24 is included at Appendix 2. Over this period, consultation and engagement will also take place with the third sector, Scrutiny Committees, Governance and Audit Committee, Schools (via the School Budget Forum) and Trade Unions. In addition, employee engagement at all levels within the organisation continues to be given high priority.
50. The Council has various mechanisms in place to engage directly with employees including staff information emails, team briefings and the staff app. Employees will continue to receive briefings on the overall position through these channels at all key stages of the budget process. In addition, managers will ensure that there is appropriate engagement and consultation with employees who may be affected by any proposals.

## **Housing Revenue Account**

51. The Council sets a five-year budget for the Housing Revenue Account (HRA). This aligns to a 30-year business plan which is updated annually and submitted to the WG for approval. The current five-year budget inclusive of the rent uplift for 2022/23 was approved by Council in February 2022. The current business plan was approved in March 2022.
52. Key risks and uncertainties in the medium term include but are not limited to the following:
  - The potential for a restricted rent uplift in future years due to any changes to the WG rent policy beyond 2024/25 and/or the impact of CPI levels.
  - Cost inflation increases above rent uplifts impacting on net resources available.
  - Interest rate rises resulting in increased costs of borrowing undertaken for capital expenditure proposed including the significant borrowing for the new build housing programme.
  - A reduction in the WG Major Repairs Allowance grant which could impact the achievability of the planned Capital Programme.
  - The ongoing impact of Welfare Reform and universal Credit which could affect tenants' ability to pay rent along with increased costs of collection and

recovery and an increased requirement for tenant support and advice services.

- The challenge of decarbonisation targets without additional funding and the ongoing impact on energy costs for tenants.

## Capital Investment Programme

53. The Council sets a five-year rolling capital investment programme, which is updated annually. The current five-year programme was approved by Council in March 2022 and is summarised below. The 2022/23 Budget Strategy will roll the programme forward a year, to cover 2027/28.

Capital Programme Expenditure						
	2022/23*	2023/24	2024/25	2025/26	2026/27	Total
	£000	Indicative £000	Indicative £000	Indicative £000	Indicative £000	£000
Annual Sums Expenditure	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 Capital Schemes (exc. ITS)	125	175	100	250	225	875
Schemes Funded by External Grants and Contributions	55,554	43,916	77,590	34,701	664	212,425
Invest to Save (ITS) / Earn Schemes	63,601	158,922	90,270	10,500	12,240	335,533
<b>Total General Fund</b>	<b>188,771</b>	<b>262,225</b>	<b>212,456</b>	<b>88,416</b>	<b>39,180</b>	<b>791,048</b>
<b>Total Public Housing (HRA)</b>	<b>74,610</b>	<b>111,250</b>	<b>106,135</b>	<b>69,605</b>	<b>53,700</b>	<b>415,300</b>
<b>Total Capital Programme</b>	<b>263,381</b>	<b>373,475</b>	<b>318,591</b>	<b>158,021</b>	<b>92,880</b>	<b>1,206,348</b>

\* The final slippage figure will be reflected in the Month 4 2022/23 budget monitoring report.

54. Under the CIPFA Prudential Code for Capital Finance in Local Authorities, the Council must approve a Capital Strategy that sets out the long-term context in which capital investment decisions are made. It must also approve a Treasury Management Strategy that includes the approach to managing the borrowing implications arising. The Council's Capital Budget Strategy approved in March 2022 will be updated as part of the 2023/24 budget process and includes the approach to:

- Working with partners
- Asset Management Planning
- Risk Appetite
- Governance and decision-making
- Capital Investment Programme
- Funding the strategy
- Managing the borrowing requirement
- Prudent Minimum Revenue Provision (MRP) Policy Statement
- Affordability of the investment plan

55. The resulting investment programme maintains momentum in city regeneration and economic development, tackling inequality and inclusive growth, modernising school buildings, delivering a significant house building programme and responding to the climate emergency and public service reform. It is also a key response to the public health crisis and its consequent economic impact, by including a programme of work to lead recovery and successfully reposition Cardiff as a successful global city over the longer term.
56. Construction prices have historically outpaced the general increase in prices, however as the UK emerges from the pandemic and because of wider geopolitical factors, materials supply, increases in construction costs, interest rates for borrowing and supplier availability are significant factors to consider in the update of the programme. This is in addition to the Council's own capacity and skills available to deliver the investment programme.

## **Major Projects**

57. The Budget Report for 2022/23 provided an update on the Indoor Arena, following approval of the Final Business Case in September 2021. The proposed programme includes enabling costs and an approach to direct funding of the arena construction by the Council as an alternative for third party funding. This will be fully funded by annual lease income from the Arena Operator. The Arena is a key component of several projects forming the wider Atlantic Wharf Master Plan, with the arena business case predicated on an affordability envelope assumed to pay for itself over the medium term. The budget report for 2023/24 will include the short, medium, and long-term impacts arising following the entering into a financial agreement with the developer.
58. The Council is also continuing to develop several other strategic projects, which, subject to approval of business cases, due diligence and affordability may be considered for approval as part of future iterations of the detailed investment programme. These include projects arising from the Transport White Paper including Metro; International Sports Village; Core Office Strategy; 21st Century Schools and responding to the climate emergency. To support a robust business case approach and inform the next iteration of the capital programme, allowance is made in the revenue budget for feasibility and options appraisal for several potential future projects. This includes:
  - Enhanced service delivery options from alternative locations for the dogs' home
  - Review of the Materials Recycling Facility
  - Ensuring sustainable burial space in the city
  - Working with partners to secure funding to create a Youth Zone
  - Options in respect to assets with significant backlogs of maintenance such as St David's Hall and City Hall as considered by Cabinet in the Corporate Property Strategy in December 2021, and,
  - Renewable energy projects following a post project appraisal of existing schemes.
59. As options, business cases, risks and financial implications are determined;



these will be able to be considered as part of annual updates to the Capital Strategy, the detailed Capital Programme and the Medium-Term Financial Plan in future years.

### **Importance of Option Appraisal, Business Cases and Due Diligence**

60. Implementation of capital schemes approved as part of the budget framework will need to be subject to the governance, financial, procurement and contract procedure rules set out in the constitution, as well as required Cabinet or Officer decision approval of business cases as relevant.
61. The size and complexity of Capital Projects including unanticipated taxation, wider financial and operating risks makes it essential that due diligence is undertaken on business cases and viability assessments for capital projects, with sourcing of external expertise where relevant, to support decision-making and to understand key risks and financial liabilities that could arise from such investment. There must also be consideration of whether investment could be better made by, or together with, others as part of thorough options appraisal exercises. It is essential that such best practice is embedded in Council processes, an area of improvement identified as part of the CIPFA Financial Management Code requirements. *“The approach of Cabinet approval of proportionate business cases for significant projects funded by the Council, prior to full inclusion in the capital programme is an essential tool to ensure financial resilience and understanding of affordability and risk.”*
62. Such practices are a key requirement of the Prudential Code and should be in place for all projects including those predicated on undertaking borrowing to be repaid over a period from future income or savings. It should be noted that recent updates to the professional codes and regulatory changes set out clear guidelines geared to constraining investment in physical or financial assets primarily for yield.

### **Capital Programme Affordability**

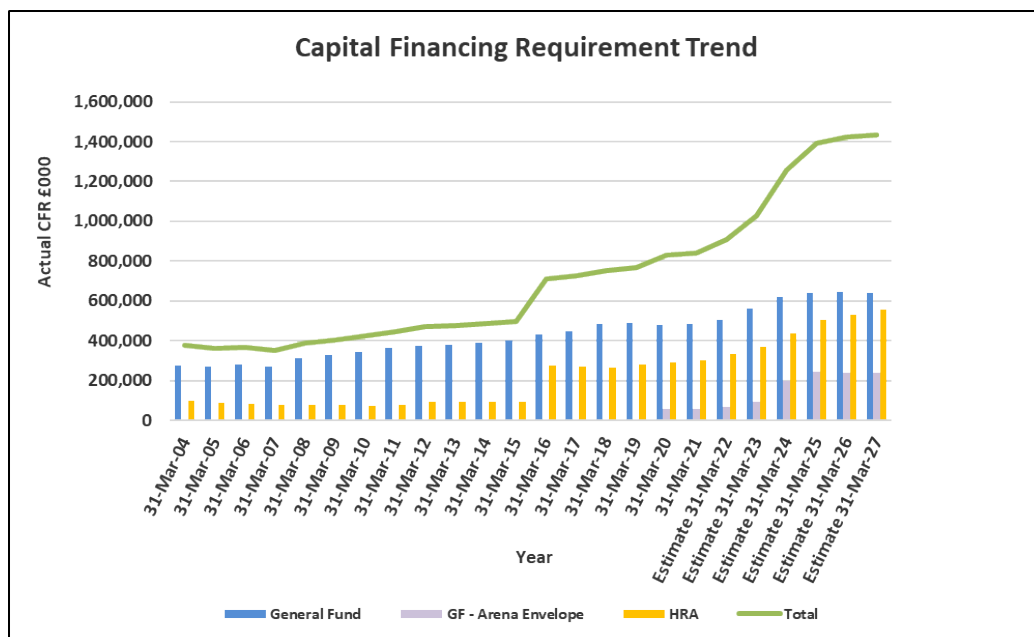
63. The existing capital programme has been set based on a long-term view of the Council’s investment requirements. The affordability of the programme is reviewed annually considering the impacts of the issues highlighted above, with the revenue budget impact of borrowing and operating costs, where significant, included in the MTFP and to be considered along with other financial pressures. The programme is currently being delivered within the parameters of key Prudential Indicators, agreed by Council as part of the annual budget setting process.
64. The Council continues to be successful in bidding for external grants for specific capital schemes from Welsh Government and other external bodies. This external funding is essential to support affordability of meeting policy objectives set by National Government but is often only available on a bid basis and has short term timescales. This makes long-term planning difficult.

65. However, the demand and need for investment in our critical infrastructure and to improve service delivery and outcomes for the City has a significant impact on affordability, requiring prioritisation and consideration of alternative ways of achieving the same outcome. The Council has two main resources that it can directly influence to fund investment - capital receipts and borrowing. Both are considered in further detail below.

### Borrowing

66. Borrowing has long-term financial consequences, and costs span generations. When the Council incurs capital expenditure without an immediate resource to pay for it (e.g., grant, revenue or capital receipt), it results in a need to borrow. While it may not be necessary to take additional external borrowing immediately, the Council’s underlying need to borrow, called its Capital Financing Requirement (CFR), increases. In other words, there will ultimately be a requirement to borrow money, which will need to be repaid.

67. The Council’s CFR highlights two stepped increases since the measure was introduced in 2004. One in 2015/16 which reflects payments to HM Treasury to exit the Housing Revenue Account (HRA) Subsidy System. The other, starting in 2022/23 reflecting the approach to funding the Indoor Arena.



68. To reduce the CFR, the Council has a statutory duty to make “prudent provision” for the repayment of debt. This takes the form of a charge to the revenue account, called the Minimum Revenue Provision (MRP.) The MRP spreads the costs of borrowing, helping to ensure that the Council can service the debt associated with the current and historic capital programmes.

69. Generally, assuming a 25-year asset life, every £1 million of capital expenditure funded by borrowing places an additional pressure of £75,000 on the revenue budget in the initial years (assets with a shorter life result in a higher charge). This excludes any additional operating costs.

70. Any increase in the amount of borrowing must consider the affordability implications for the revenue budget, not only now but in future, particularly in the context of the level of savings to be found, financial resilience risks, and the Section 151 Officer view on the deliverability, affordability and risk associated with the Capital Strategy.
71. Based on the existing programme, the medium-term financial plans for the General Fund and Housing Revenue Account shows the capital financing budgets increasing into the long term. This assumes no further increases in unsupported borrowing beyond that to which there is already commitment. In addition, it assumes capital receipts targets will be met and all projects approved on an invest to save basis continue to do so and represent no risk to the revenue budget. The increase in the levels of borrowing predicated on such projects makes the preparation, approval and monitoring of robust business cases an important tool in mitigating financial resilience risk.
72. As can be seen throughout the Capital Strategy, Treasury Management Strategy and Housing Medium Term Financial Plan produced as part of the Budget proposals in 2022, a number of indicators are prepared to support the assessment of affordability, prudence and sustainability of borrowing. These will be updated in the Budget Proposals for 2023/24, including any amendments recommended by CIPFA as part of its update of guidance. One of the suite of indicators highlighting the Ratio of Financing Costs to Net Revenue Stream is shown below for the General Fund and Housing Revenue Account. For the General Fund, the net revenue stream is the amount to be met from non-specific WG grants and Council Tax, whilst for the HRA it is the amount to be met from rent payers and service charges. These are clearly based on future assumptions in respect to AEF, council tax income and housing rent policy. Any adverse change in these variables may have a significant impact on the outlook for this indicator.

Indicator							
Ratio of Financing Costs to Net Revenue Budget Stream							
	2020/21 Actual %	2021/22 Actual %	2022/23 Estimate %	2023/24 Estimate %	2024/25 Estimate %	2025/26 Estimate %	2026/27 Estimate %
<b>General Fund</b> Net CF Budget	4.73	4.77	4.58	4.69	4.71	4.70	4.90
<b>General Fund</b> Gross CF Budget	6.99	7.18	6.90	7.50	8.22	8.39	8.44
<b>HRA</b> Gross CF Budget	32.72	32.24	32.16	33.36	36.23	38.49	37.72

*CF – Capital Financing*

73. The net capital financing percentages shown above assume that income or savings associated with Invest to Save (ITS) or Invest to Earn (ITE) Schemes will all be fully realised. The difference between the gross and net indicators highlights that there would be significant revenue implications if the level of income, savings or capital receipts associated with ITS/ITE schemes does not ultimately materialise. This additional risk to borrowing levels and affordability requires robust due diligence and risk assessment of business cases before approval, as well as ensuring that schemes are essential to meet strategic

objectives.

### Capital Receipts

74. Capital receipts are an important means of increasing the affordability of the Capital Programme. The generation of capital receipts is also consistent with the need to accelerate a reduction in the Council's asset base where this can support savings requirements.
75. The Capital Programme approved by Council in February 2018 set a target for non-earmarked General Fund Capital receipts of £40 million, with a subsequent increase of £1 million to this target in 2019/20, after making a deduction for eligible revenue costs of disposal. Total receipts against the target up to 31 March 2022 are £10.060 million. Updates to the receipts target are included in the Annual Property Plan.
76. The Council's Capital investment plans also includes several major development projects which assume that future capital receipts will be received to pay towards expenditure incurred on those projects such as land acquisition at the International Sports Village. Expenditure incurred in advance of realisation of receipts represents a risk of both abortive costs and to the level of borrowing and should be reviewed regularly as part of the overall annual property plan and relevant project governance processes.

### **Developing the Capital Programme 2023/24 to 2027/28**

77. As mentioned above the capital investment programme is a strategy, aiming to meet the long-term challenges facing the city. As such the programme should not change significantly because of short-term disruptors. However, the update of the investment programme will have regard to the challenges outlined above namely, longer term affordability in the context of the overall Medium Term Financial Plans; Materials and supply cost pressures; proportionate business cases in place prior to inclusion of schemes in the programme and review of resources available to pay for capital commitments.
78. For General Fund, no new schemes nor additional investment in asset renewal funded by borrowing over the medium term unless: reprioritised from existing programme, is accompanied by significant confirmed external match funding or is on an invest to save basis following a business case approved by Cabinet
79. In updating and formulating the five-year Capital Programme for 2023/24 to 2027/28, the approach to formulating investment priorities will be as follows:
  - Schemes already included in the indicative programme to be reviewed for increased cost pressures, mitigation options and timing having regard also to capacity to deliver.
  - Emerging pressures and increased costs to be managed and prioritised within existing resources allocated in the current capital programme.
  - Any new expenditure requests will only be considered in the context of external funding or robust Invest to Save / Invest to Earn business cases,

approved by Cabinet.

- Housing Revenue Account investment to consider long term business plan affordability modelling, with new build schemes approved subject to individual viability assessments. Key to affordability will be approach to rent-setting and demonstrating value for money within the Welsh Government policy framework.
- All investment to be in accordance with Directorate Asset Management Plans, Corporate Plan and:
  - be evidence based
  - be risk prioritised
  - have considered all alternative solutions for funding and achieving the same outcome before requesting council funding
  - demonstrate value for money in expenditure and approach to delivering outcomes.

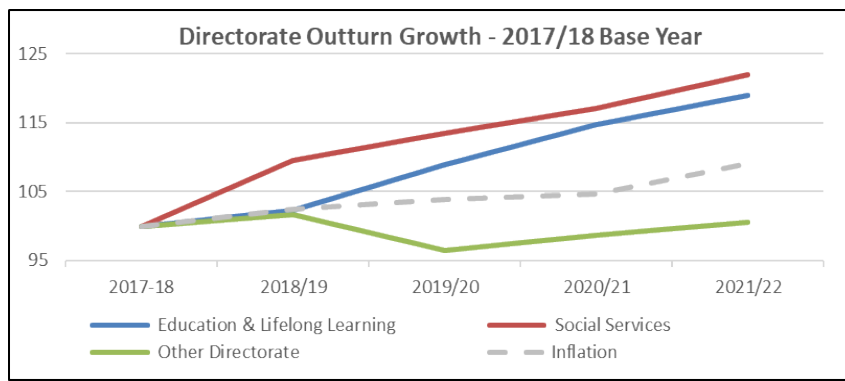
## **Financial Resilience**

80. Given the challenges identified, it is important to undertake regular review of the Council's financial standing and resilience. The snapshot included at Appendix 3 provides a high-level overview of the financial health of the Council. The snapshot has been regularly produced and reported for a number of years. However, for this and future iterations, its content has been extended, and its format revised, to capture most current issues. Additional content includes new areas, as well as further trend analysis over time in relation to areas previously included. Given the new details included, and the importance of considering resilience in the context of budget setting, the following paragraphs provide some further explanatory narrative.

### Performance against budget - trends

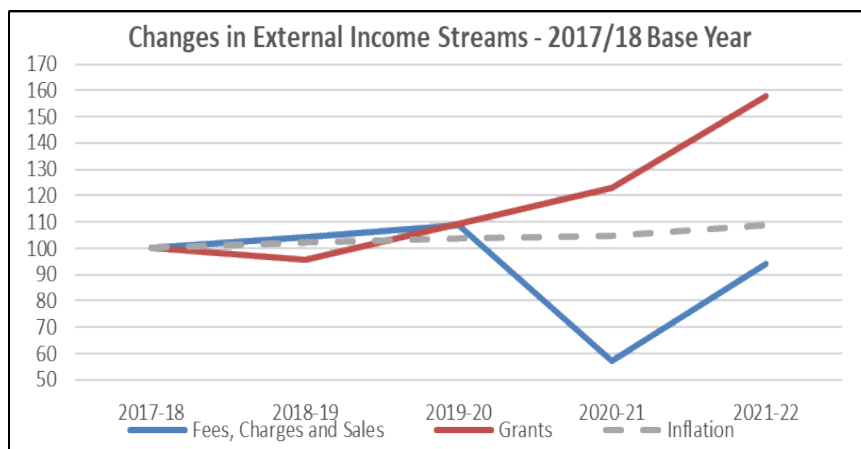
81. Whilst the outturn position has been balanced in each of the past five years, the snapshot highlights that at a directorate level (before contingencies and other measures) there were increasing levels of overspend between 2017/18 and 2019/20. The underlying reasons for this vary over time and corrective action is taken where appropriate to mitigate ongoing impact in future years. From 2020/21 onwards the position has improved significantly.
82. With regards the most recent year's outturn (2021/22), the revenue position indicated that except for Governance and Legal Services, and Education, all directorates were either balanced or underspent. Contributory factors to overspends included external legal costs and school transport, both of which received additional funding in the 2022/23 Budget. The capital outturn for 2021/22 indicated significant slippage, some of which is attributable to the receipt of grant support late in the financial year. However, slippage also emphasises the need for robust assessment of the timing of capital schemes and capacity for their delivery. In further iterations of the snapshot when the year is more advanced, in-year monitoring information will also be reflected in this section.

83. The graph replicated below indicates the actual expenditure on relevant services over a five year period, relative to inflation. This shows that Education and Social Services have increased by approximately 20% (in cash terms) over this period. This has been a product of both inflationary and demand pressure in these services. By comparison, there was a sharp fall in other services initially, followed by an uptick from 2020/21 onwards, which aligns with more favourable funding settlements and hence lower savings requirements. Notwithstanding this recent increase, other services were still not at their 2017/18 baseline in cash terms at the end of 2021/22. This margin widens in real terms (i.e. once inflation is taken into account, as depicted by the difference between the green and dotted lines).



### External Income

84. The graph replicated below sets out the impact that the pandemic has had on the Council's fees and charges. Whilst recovery commenced in 2021/22, there is still a long way to go to reach pre-pandemic levels of income. It should also be noted that the dotted inflation line will see a sharp uptick in 2022/23 because inflation is so high. This means that achieving pre-pandemic income levels (a significant challenge in itself) will not be sufficient to cover cost-base pressures that are likely to increase in coming months.



85. The graph also depicts the Council's increasing reliance on hypothecated funding (specific grants.) Specific grants must be used for a particular purpose which is defined by the funding provider and the Council is audited to ensure

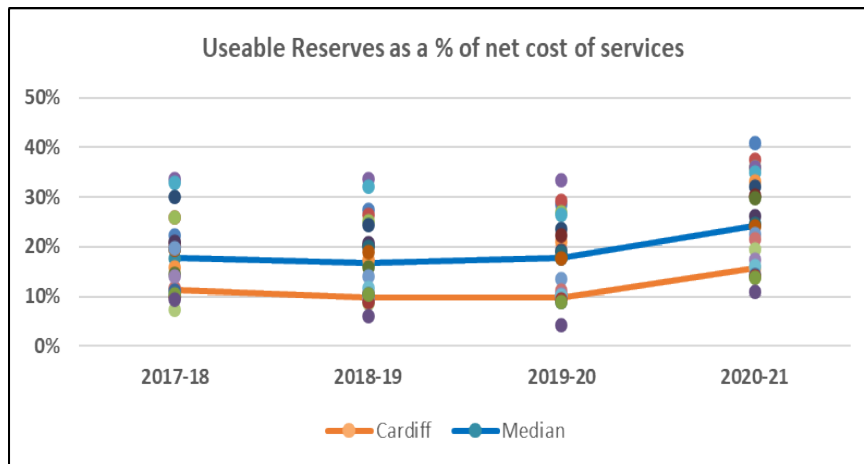
appropriate use. Whilst any increase in funding streams is welcome, there is a risk that specific grants may reduce in cash or real terms or be discontinued altogether. This risk increases where grants are supporting core activity. There is a need to be alert to, and plan for this risk over the medium term. In instances where it is already known that grant levels are expected to taper (e.g. Regional Integration Fund), it will be important to fully develop a strategy for managing the reduction in funding.

### Net Revenue Funding and Budget Strategy

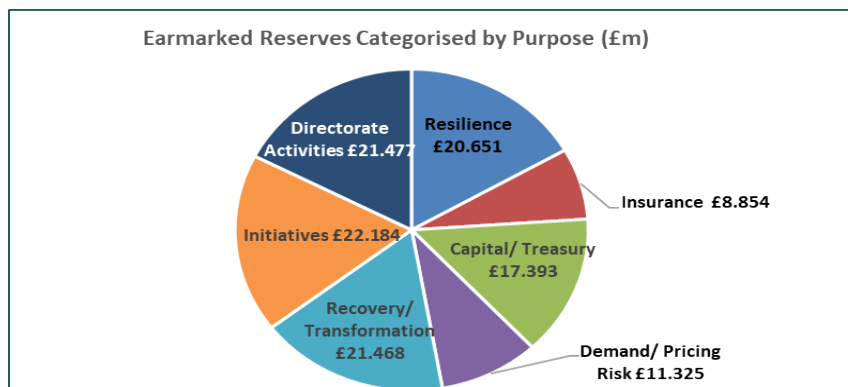
86. In balancing the budget over the past five past five years, savings have consistently been the largest contributory factor to bridging the gap with c£75 million over five years. Were this graph to be extended it would show £210 million savings over ten years. The need to find such significant levels of savings year on year, becomes increasingly challenging and savings requirements over the medium term will require early planning.
87. The financial resilience snapshot indicates performance on achievement of savings over the same period. Unachieved savings in 2020/21 were largely associated with the pandemic. The Council has a general contingency to support amongst other issues, the non-achievement of savings. The contingency, (originally £4 million) has been reduced over time to £2 million. Further reductions should be approached with caution given inflationary uncertainty and estimated savings requirements over the medium term.

### Ratios and Reserves

88. The financial ratios included in the financial resilience snapshot are consistent with ratios reviewed by Audit Wales in their annual review of financial sustainability across the 22 Welsh Authorities. Whilst this can facilitate benchmarking, specific features of individual authorities need to be borne in mind – e.g. whether or not an Authority has a Housing Revenue Account and associated single pool of debt. The ratios present no cause for concern.
89. Whilst the Council has increased its levels of earmarked reserves over recent years, and levels are considered adequate, they are still comparably low for an Authority of its size. This is illustrated in the graph below which summarises Cardiff's position relative to the other 21 Welsh Authorities.



90. The graph below categorises reserves by their intended purpose. The resilience segment captures the Council’s General balance together with the Strategic Budget Reserve, the purpose of which is to support budgetary planning and interim support from reserves linked to the Budget Strategy. The graph also highlights that coverage in reserves exists in relation to some of the key risk factors outlined in earlier sections of the report, including demand and pricing risk.



**Scrutiny Consideration**

91. The Policy Review and Performance Scrutiny Committee is due to consider this issue on 13<sup>th</sup> July 2022. Any comments will be circulated at the Cabinet meeting.

**Reasons for Recommendations**

- 92. To note the 2023/24 Budget and MTFP Update and to approve the next steps
- 93. To note the Budget Timetable Framework and forward this to Council for approval.



## **Legal Implications**

94. It is the responsibility of the Cabinet to receive financial forecasts and develop a medium term financial strategy with a view to proposing a Budget for the Council to approve. Any specific legal issues arising will be addressed as part of the proposed budget preparation. These implications do not contain legal advice on the individual projects referred to in the report, which will be provided on the respective projects as and when considered.
95. The report provides that the proposed Budget Timetable framework for 2023/24 will make provision for consultation. In order for there to be robust consultation, the process must occur when proposals are at a formative stage; it should give sufficient reasons for any proposal to permit proper consideration; and it should allow adequate time for consideration and response. There must be clear evidence that the decision maker has considered the consultation responses before taking its decision. It is important to note that the consultation raises the legitimate expectation that any feedback received from the consultation will be taken into account in developing the proposals consulted upon.

## **General legal requirements**

### **Equality Requirements**

96. In considering this matter the decision maker must have regard to the Council's duties under the Equality Act 2010. Pursuant to these legal duties Councils must, in making decisions, have due regard to the need to (1) eliminate unlawful discrimination, (2) advance equality of opportunity and (3) foster good relations on the basis of protected characteristics. Protected characteristics are: (a) Age, (b) Gender reassignment (c) Sex (d) Race – including ethnic or national origin, colour or nationality, (e) Disability, (f) Pregnancy and maternity, (g) Marriage and civil partnership, (h) Sexual orientation (i) Religion or belief – including lack of belief.
97. When taking strategic decisions, the Council also has a statutory duty to have due regard to the need to reduce inequalities of outcome resulting from socio-economic disadvantage ('the Socio-Economic Duty' imposed under section 1 of the Equality Act 2010). In considering this, the Council must take into account the statutory guidance issued by the Welsh Ministers (WG42004 A More Equal Wales The Socio-economic Duty Equality Act 2010 (gov.wales) and must be able to demonstrate how it has discharged its duty.

### **Well Being of Future Generations (Wales) Act 2015**

98. The Well-Being of Future Generations (Wales) Act 2015 ('the Act') places a 'well-being duty' on public bodies aimed at achieving 7 national well-being goals for Wales - a Wales that is prosperous, resilient, healthier, more equal, has cohesive communities, a vibrant culture and thriving Welsh language, and is globally responsible.

99. In discharging its duties under the Act, the Council has set and published well being objectives designed to maximise its contribution to achieving the national well being goals. The well being objectives are set out in Cardiff's Corporate Plan 2022-25 . When exercising its functions, the Council is required to take all reasonable steps to meet its well being objectives. This means that the decision makers should consider how the proposed decision will contribute towards meeting the well being objectives and must be satisfied that all reasonable steps have been taken to meet those objectives.
100. The well being duty also requires the Council to act in accordance with a 'sustainable development principle'. This principle requires the Council to act in a way which seeks to ensure that the needs of the present are met without compromising the ability of future generations to meet their own needs. Put simply, this means that Council decision makers must take account of the impact of their decisions on people living their lives in Wales in the future. In doing so, the Council must:
- Look to the long term
  - Focus on prevention by understanding the root causes of problems
  - Deliver an integrated approach to achieving the 7 national well-being goals
  - Work in collaboration with others to find shared sustainable solutions
  - Involve people from all sections of the community in the decisions which affect them
101. The decision maker must be satisfied that the proposed decision accords with the principles above; and due regard must be given to the Statutory Guidance issued by the Welsh Ministers, which is accessible using the link below:  
<http://gov.wales/topics/people-and-communities/people/future-generations-act/statutory-guidance/?lang=en>

#### Welsh Language.

102. The decision maker should also have regard, when making its decision, to the Council's wider obligations under the Welsh Language (Wales) Measure 2011 and the Welsh Language Standards.

#### **Financial Implications**

103. The financial implications are set out in the detail of the report. In summary, the report refreshes the MTFP and sets out the Budget Strategy for 2023/24. It outlines a likely budget reduction requirement of £90.6 million over the period 2023/24 – 2026/27, of which £29.1 million relates to 2023/24. Further detail on the elements of the budget gap is included at Annex 1. The current outline modelled strategy to address the budget gap is a combination of council tax increases (£20.6 million) and savings (£70.0 million.) The gap will continue to be reviewed during the current year to reflect most recent information.

#### **HR Implications**

104. The report outlines the contexts under which the budget is being set together with the continued financial challenges faced by the Council in balancing

reducing finances with increasing demands, the challenges that the COVID pandemic has created and the current cost of living crisis and its effects on the Council's finances. The Council will continue to review the shape and scope of the organisation and the way in which services are delivered and efficiencies achieved. New service delivery models will need to meet demand pressures and reflect budgetary realities alongside securing further efficiency savings through better collaboration and partnerships, integration of service delivery and reducing duplication of effort and resources.

105. Given the level of savings required in 2023/24 and beyond, it will be key that the savings proposals identified are robust and deliverable. The extent of financial challenge in a continued period of restraint will result in savings targets for controllable budgets that will be considerably challenging and will result in significant changes to how local government services are delivered. The availability of resources to support the delivery of these sustained changes will be key.
106. Whilst it is not possible to provide specific HR implications on any changes at this time, it is clear that the ongoing budget difficulties will continue to have significant people implications associated with actions necessary to manage the financial pressures facing the Council. As service delivery proposals are brought forward, there will be consultation with employees (those directly and indirectly impacted) and the Trade Unions so that they are fully aware of the proposals, have the opportunity to respond to them and understand the impact that the new model of service will have on them. Further and specific HR implications will be provided when relevant models are proposed.
107. Any proposed reductions in resource levels will be managed in accordance with the Council's recognised policies for restructuring which include, where appropriate, redeployment and voluntary redundancy. The Council's Voluntary Redundancy Scheme is always available, however, whilst those interested in leaving on this basis (with a post subsequently deleted) should express an interest to do so, a business case to support the exit will still need to be made and signed off. Flexible retirement continues to be another option available and a Sabbatical policy is in place as well as ability to request voluntary reductions in working hours. Training and development to support new skill requirements will remain available in order to place employees in the best possible position for potential redeployment.
108. Initial Trade Union consultation has taken place on this report. The Trade Union Partnership Meeting will be utilised to facilitate early discussion with Trade Unions on any key organisational proposals, with more detailed discussion continuing with employees and trade unions at local directorate level. It is essential that there continues to be appropriate consultation on proposals that are taken forward, as and when they are developed. This could include early proposals which are required to be implemented in preparation for the 2023/24 financial year. Many of these will have people implications that will need to be considered at an early stage in consultation with the Trade Unions and employees affected.

## **Property Implications**

109. There are no further specific property implications in respect of the Budget Update Report. The Corporate Property Strategy 2021-26 approved at Cabinet in December 2021 set out in detail progress against Capital Programme receipts targets and certain anticipated disposals and capital investments, with an update of in year progress to be provided to Cabinet in the early Autumn via the Annual Property Plan for 2022/23.
110. More generally, the Covid Pandemic had an impact on property income and certain transactions and the Strategic Estates team continues to work closely with Finance, as well as the Council's tenant base, to mitigate and recover from the impact of these effects on the Budget position. It is also noted from the Budget that inflation has picked up significantly this year and the Estates department will endeavour to monitor and consider the impact of this on the performance of the Council's property portfolio, particularly where any leases have an index linked component.
111. The Strategic Estates Department will continue to assist where necessary in supporting delivery in relevant areas such as the Capital Programme and Major Projects. Where there are property transactions or valuations required to deliver any proposals, they should be done so in accordance with the Council's Asset Management process and in consultation with Strategic Estates and relevant service areas.

## **RECOMMENDATIONS**

The Cabinet is recommended to:

1. Agree the budget principles on which the Budget Strategy Report will be based and the approach to meeting the Budget Reduction Requirement both in 2023/24 and across the period of the Medium Term Financial Plan.
2. Agree that directorates work with the relevant Portfolio Cabinet Member(s), in consultation with the Corporate Director Resources and Cabinet Member for Finance, Modernisation and Performance to identify potential savings to assist in addressing the indicative budget gap of £29 million for 2023/24 and £91 million across the period of the Medium Term Financial Plan.
3. Delegate to the Chief Executive, in consultation with the Leader and Cabinet Member for Finance, Modernisation and Performance, the authority to implement any saving proposal in advance of 2023/24 where no policy recommendation is required or where a policy decision has already been taken.
4. Note that work will continue to update and refresh the MTFP and that this will be reported to Members as appropriate.

5. Propose that Council agree that the Budget Timetable Framework set out in Appendix 2 be adopted, and that the work outlined is progressed with a view to informing budget preparation.
6. Agree that consultation on the 2023/24 budget proposals will take place when the detail of options is available in order to inform the preparation of the draft 2023/24 Budget.

**CHRIS LEE**  
**Corporate Director Resources**  
14 July 2022

*The following Annexes are attached:*

Annex 1: Medium Term Financial Plan

*The following Appendices are attached:*

Appendix 1: Budget Strategy Overview - Questions & Answers

Appendix 2: Proposed Budget Timetable Framework 2023/24

Appendix 3: Finance Resilience Snapshot

### **Background Documents**

2022/23 Budget Report – March 2022

Capital Strategy 2022/23

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# Cardiff Council

## Medium Term Financial Plan

*2023/24 – 2026/27*



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# Section 1. Introduction

## 1.1 Aims and Purpose of MTFP

The Medium Term Financial Plan (MTFP) forecasts the Council's future financial position to:

- Help ensure that the Council understands, and can prepare for, the challenges in setting a balanced budget.
- Encourage discussion about the allocation of resources, so that they are directed towards delivering core responsibilities and policy objectives.
- Inform understanding the Council's financial resilience, helping to protect the Council's long term financial health and viability.

## 1.2 Governance

The MTFP process is an integral part of the Council's financial planning framework. It closely aligns with other key aspects of the financial planning process, including the Council's Capital Strategy. It is formally reported twice a year, with the Council's Budget Report and Budget Update Report.

Regular review of the MTFP is required to ensure it is responsive to changing circumstances, including in relation to the economy, local priorities, legislative change, as well as other emerging pressures, risks, and opportunities. Elected Members and Senior Management are engaged in the process through a series of regular briefings, to scope, inform and review the plan.

The MTFP does not constitute a formal budget. In accordance with legislation, the Council's annual budget must be approved by full Council each year before the 11<sup>th</sup> March. The MTFP supports the arrival at that position, setting out the parameters within which more detailed planning takes place.

The transition from high-level planning principles, to detailed budgets that are aligned to the Council's priorities, is shaped by Elected Members with support and advice from senior management. As proposals develop, engagement is extended to a wider range of partners including citizens, Scrutiny, staff, School Budget Forum and Trade Unions. Consultation feedback is considered as part of the finalisation of annual budget proposals.

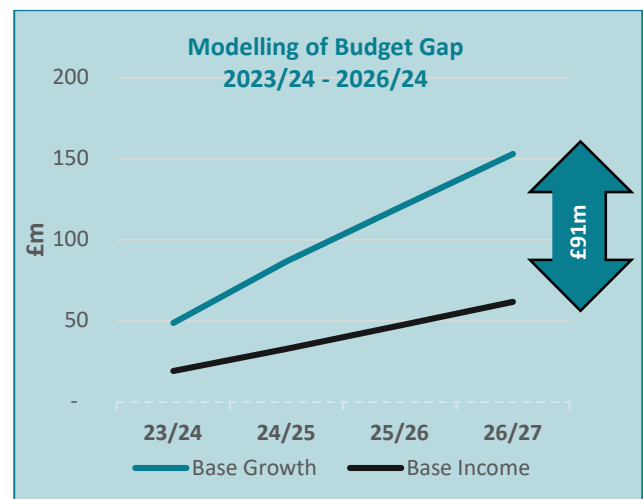
## 1.3 CIPFA FM Code

The CIPFA Financial Management Code is intended to support good practice in financial management and assist Local Authorities in demonstrating their financial sustainability. The Code translates principles of good financial management into a series of standards against which Local Authorities should measure themselves.

One of the key areas covered by the Code is medium to longer term financial management, with the MTFP being an important factor in this regard. Code standards emphasise that a robust MTFP should have clear links to Service Plans and Capital Strategy. It should also contain a sound assessment of drivers of cost and demand, with associated sensitivity analysis. The MTFP is developed with this in mind.

## 1.3 MTFP Overview

The MTFP currently estimates a budget gap of £91 million over the period 2023/24 – 2026/27. This is a base case scenario, with sensitivity considered in a later section.



“Budget Gap” describes the difference between the funding the Council expects to receive, and the estimated cost of continuing to deliver services at the current level. Put simply, the budget gap results from funding failing to keep pace with demand, inflation, and other financial pressures. The Council must develop a strategy to address the gap to deliver a balanced budget each year.

# Section 2. Key Considerations

## 2.1 Council Priorities

The Corporate Plan sets out how the Council will respond to the challenges facing the city and shape its future in line with the following objectives:

- Cardiff is a great place to grow up
- Cardiff is a great place to grow older
- Supporting people out of poverty
- Safe confident, and empowered communities
- A capital city that works for Wales
- Cardiff grows in a resilient way
- Modernising and integrating our public services

The Corporate Plan set out plans to invest in schools, protect the city’s most vulnerable, respond to the climate emergency and create opportunity and equality for the citizens of Cardiff. It provides the framework for the Council’s financial strategy documents. This ensures limited resources are spent in a way that maximises support for priorities. Given the Corporate Plan’s alignment with wider national goals to create a more sustainable Wales, it also helps ensure that the financial strategy supports the Council’s duties under the Well-being of Future Generations (Wales) Act 2015.

The transition from high level planning to short-term detail takes place in the annual Budget and Corporate Plan. These are developed in tandem to ensure that financial resources are available as and when required, to deliver objectives.

Given the challenging financial outlook, a funding strategy may not always mean a revenue budget or capital programme allocation. In developing a financial strategy that supports policy delivery, there will be a need to draw on earmarked reserves set aside to support change, and to continue to proactively seek external funding and work with partners.

Much of the investment required to support the city’s future has a longer term focus and is capital in nature. The Capital Strategy sets out how the capital investment programme supports these aims. It also provides a framework that the Council can rely on to develop a clear, consistent, and informed process to make investment decisions. The MTFP is closely linked to the Capital Strategy and reflects the capital financing requirements of approved schemes. This and the MTFP’s wider support for priorities is summarised on the next page.



The MTFP looks beyond a one year horizon. Medium to long term financial planning will continue to evolve and will be informed by business case work on strategies, plans and initiatives linked with the shaping the city’s future as these are developed.

## Section 2. Key Considerations

Cardiff is a great place to grow up	Cardiff is a great place to grow older	A Capital City that works for Wales
<p>Education &amp; Children's Services represent 52% of the Council's budget. Unlike most directorates, they have consistently seen net budgetary increases over the last decade and current figures indicate that is likely to continue over the medium term.</p> <p>In the current year, additional funding was provided for Cardiff Commitment, the Youth Service, Youth Justice and Child Friendly Cities, and funding is included in the MTFP to consolidate arrangements for Child Friendly Cities.</p> <p>The MTFP includes ongoing revenue support for the capital financing of the Band B programme and improvements to the school estate.</p> <p>In developing the 2023/24 and future Budgets, effort will be made to improve the engagement of children and young people in the Budget consultation to inform the organisation's financial plans.</p>	<p>18% of the Council's budget is spent on Adult Services. Like Education &amp; Children's Services, this area has also seen consistent net budgetary increases over the last decade, with a similar picture over the medium term.</p> <p>In 2022/23 additional funding was received from WG to support the implementation of the RLW in the care sector. The MTFP factors in the likely cost of RLW increases in future to support continued recognition of the value of the workforce supporting vulnerable older people.</p> <p>The MTFP also factors in demographic growth, recognising potential increases in demand for services for older people and pressure on over-18s Learning Disabilities budgets.</p>	<p>Investment associated with developing the city in a way that works for Wales is primarily capital in nature. The MTFP factors in capital financing requirements of approved schemes and includes funding to support financing of the Arena, in line with the previously agreed affordability envelope. It includes additional sums for revenue maintenance of the city centre public realm to enable its ongoing upkeep following investment.</p> <p>Schemes of a scale required to take forward city-change require appropriate due diligence. In recognition of this, earmarked reserve funding has been set aside to support feasibility studies of new schemes in the medium term.</p>
<p><b>Supporting People out of Poverty</b></p>	<p><b>Safe Confident &amp; Empowered Communities</b></p>	<p>Additional funding was provided in the current year to enhance future capacity to support city recovery and progress key schemes, including in planning, transport and business &amp; investment.</p>
	<p>The current year's budget included additional funding for youth sport, community engagement and safety in parks as well as wider community safety and violence prevention.</p> <p>The MTFP reflects sums to operate a youth zone aligned with capital programme timings.</p>	
<p>Key to this aim is supporting people into work. The MTFP contains sums to provide core funding to continue the Council's apprenticeship scheme once the earmarked reserve supporting the scheme is fully depleted.</p> <p>Opportunities for the Shared Prosperity Fund to support advice services formerly funded by ESF grant will be explored.</p> <p>As a RLW employer, the MTFP reflects sums to continue to pay the RLW to staff, and within the care sector.</p>	<p><b>Modernising &amp; integrating our public services</b></p>	<p>The current year's budget included additional funding for posts to support the delivery of One Planet Cardiff, as well as significant additional funding for cleaner streets.</p> <p>The MTFP contains funding for the operating costs of a recycling centre, consistent with capital programme timescales for its delivery.</p> <p>Over the MTFP, contributions to earmarked reserve are planned to assist with volatility in recycling pricing and waste tonnages.</p>
	<p>The MTFP indicates significant savings requirements over the medium term. As well as improving services for our customers, ongoing modernisation will be an important part of continuing to drive efficiencies.</p>	

## Section 2. Key Considerations

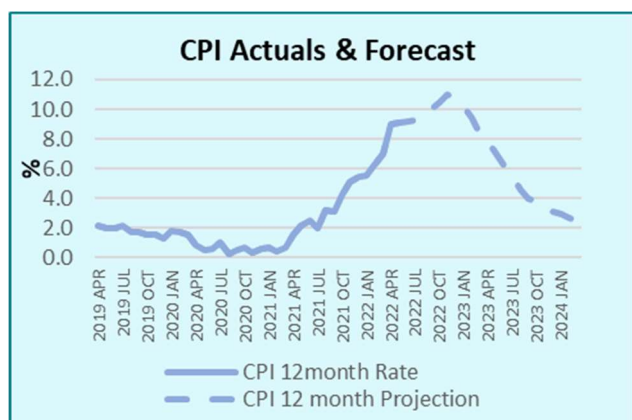
### 2.2 Economic and Financial Outlook

Local financial planning is linked to the economic context. As the UK emerges from the pandemic and with ongoing geopolitical issues, there is currently significant uncertainty.

#### UK Context

The current economic context is challenging. Latest GDP figures indicate that the UK economy contracted for the second month in a row during April 2022, and inflation is at a forty year high. Economic forecasts for the remainder of the year have been dampened, and there is speculation that the UK may be heading for a recession.

Inflation has increased incrementally since April 2021. The 12 month CPI rate stood at 9.1% in May, an increase from 9% in April. Contributory factors include high energy prices and disruption to supply chains linked to geopolitical issues including Russia's invasion of Ukraine, and COVID-19 lockdowns in China. In May, the Bank of England (BoE) forecast that CPI would reach a peak of 10% by the end of the calendar year, following the next energy price cap increase in the autumn. However, by mid-June the Bank had updated its forecasts to reflect rates potentially surpassing 11%.



Specific elements of the basket of goods upon which CPI is based are exceptionally high. These include food (6.7%), household costs including energy (19%) and transport costs including fuel (13%). The situation where prices for everyday necessities are increasing faster than peoples' incomes - the cost of living crisis - has led to government support, and the Council is currently administering the Welsh Government's cost

of living support scheme to citizens, alongside the locally determined scheme.

Following the anticipated CPI peak in the final quarter of 2022, the BoE predicts that upward inflationary pressure will subside rapidly with CPI expected to normalise to much nearer its 2% target in two years' time. However, this assumes no further rises in global commodity prices, the easing of global bottlenecks and weakening demand.

One of the tools available to the BoE to try to stabilise inflation is to increase interest rates. In June 2022, rates increase from 1% to 1.25%, their fifth consecutive rise and the highest rate in 13 years. The Bank has indicated that it will react "forcefully" to any signs that inflation is becoming persistent, and there is a general expectation of further interest rate increases as the year progresses. Interest rate increases will be kept under close review in terms of their potential impact on the cost of borrowing and future capital financing budgets.

There is uncertainty regarding future UK economic performance. Alongside the UK Spring Statement 2022, the Office for Budget Responsibility (OBR) in its Fiscal and Economic Outlook report, projected continuing economic growth of 3.8% of GDP in 2022 with lower growth in subsequent years. It predicted the UK Government would meet its fiscal targets, with increased departmental resource spending being offset by higher public sector receipts due to increased GDP, but stressed this was a volatile position. Subsequent projections from the Bank of England in the Monetary Policy report (May 2022), suggest a deteriorating economic position with forecasts of a 0.25% contraction in 2023. The situation will be kept under close review, as from a financial planning perspective, weak economic growth could mean a less favourable outlook for public sector spending.

#### BREXIT

The Council's Corporate Risk Register captures potential risks in relation to BREXIT and the agreed Trade Deal with the European Union. Implications across a range of services continue to be monitored, and will be factored into the MTFP at appropriate refresh points if required. An emerging area to factor into planning assumptions will be any funding

## Section 2. Key Considerations

opportunities via the recently launched Shared Prosperity Fund.

### 2.3 City Growth

#### Population

Recently released 2021 census information indicates Cardiff's population as 362,000. Whilst this is a continued increase (the second highest in Wales), it is not as high as previously estimated. The picture across Wales is mixed. Many Authorities are seeing population growth albeit at very different rates, whilst others have seen a decline in population.

Population data is a key factor in the Local Government funding formula. It therefore has the potential to affect future funding allocations. It will be important to unpack the recently released data to understand what future impacts it may have. Cardiff's position relative to the rest of Wales does not immediately suggest the potential for an adverse funding impact. However, there is a lot to consider, including the position for specific age groups, and the potential for any stabilisation mechanisms to support those Authorities with declining populations.

#### Housing

Cardiff's Local Development Plan (LDP) is a 20 year Plan from 2006 – 2026 which set a target for 41,000 additional homes. Statutory periodic review of the LDP will take place over the next few years. The Council also has an ambitious Housing Strategy to build affordable, high quality, energy sustainable homes. The financing costs of the Council's house building programme are reflected in the Housing Revenue Account (HRA) business plan (as the HRA as a ring-fenced account).

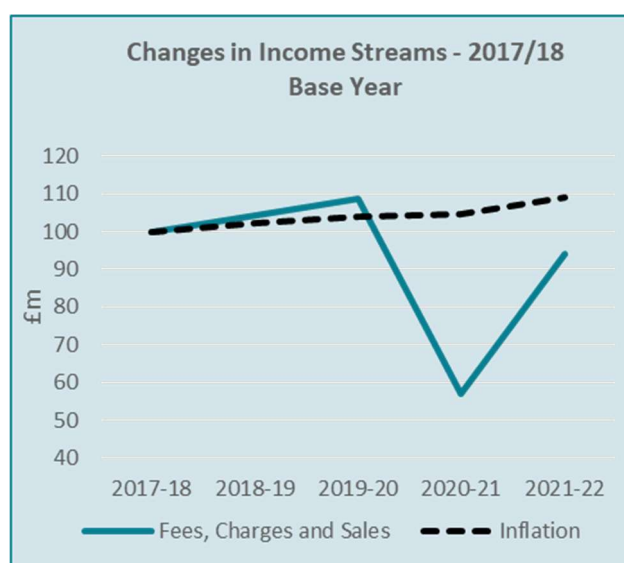
From a general fund perspective, planned housing growth will mean that new communities will need the support of Council services such as waste and schools. Demand for these services will require careful modelling, including the extent to which additional Council Tax from more dwellings may offset cost. There is a need to gauge how demand for services in new communities, including schools' places, might affect demand in other parts of the city.

### 2.4 COVID-19 and Ongoing Recovery

The COVID-19 virus and associated public health measures had significant financial implications for the Council. Over 2020/21 and 2021/22, the Council received £134 million support from the Welsh Government's COVID-19 Hardship Fund for additional costs and income loss. The Hardship Fund ended on 31<sup>st</sup> March 2022.

At the end of 2021/22, the amount claimed for areas supporting the Council's *own* additional costs and income loss was £2.8 million (i.e. excluding sums claimed to support providers or to administer WG schemes). In recognition of ongoing risk in this area, the 2022/23, Budget included a £10 million COVID recovery budget, with the potential for this to be supplemented from earmarked reserves if required. As recovery continues, it may be possible to reduce this budget. However, at present, it is too early to judge when, and at what level would be a prudent reduction.

A key area to monitor will be the recovery of income funded areas. The graph below shows a significant increase is required to reach pre-pandemic income levels in 2022/23. It is also of note that the inflationary line will tick upwards sharply in 2022/23, reflecting the added challenge of the increase in cost base associated with the income generated.



# Section 3. Medium Term Financial Plan

## 3.1 Forecast Financial Position

The Council's forecast financial pressures, funding and resultant £91 million budget gap are set out below.

	2023/24 £000	2024/25 £000	2025/26 £000	2026/27 £000
<b>Base Budget Brought Forward</b>	<b>743,735</b>	<b>763,300</b>	<b>776,831</b>	<b>791,264</b>
<b>Schools</b>				
Pay Costs	8,160	15,780	7,650	7,760
Price Inflation	3,214	120	125	105
Pupil Numbers & Commitments	2,451	991	3,348	3,397
Contribution to Band B & Asset Renewal	(1,090)	(1,090)	(1,090)	(1,090)
<b>Total Schools Pressures</b>	<b>12,735</b>	<b>15,801</b>	<b>10,033</b>	<b>10,172</b>
<b>Social Services</b>				
Pay Costs	1,775	1,545	1,585	1,465
Price Inflation	9,400	4,717	4,426	3,551
Demographic - Adult Social Services	2,200	2,000	2,000	2,000
Demographic - Children's Social Services	2,500	770	2,420	2,600
<b>Total Social Services Pressures</b>	<b>15,875</b>	<b>9,032</b>	<b>10,431</b>	<b>9,616</b>
<b>Other Services</b>				
Pay Costs	3,615	3,290	3,360	3,405
Price Inflation	4,782	1,640	1,425	1,240
Commitments	1,910	1,594	2,292	1,636
Demographic Growth	2,100	950	200	200
<b>Total Other Services Pressures</b>	<b>12,407</b>	<b>7,474</b>	<b>7,277</b>	<b>6,481</b>
<b>Capital Financing</b>	<b>4,128</b>	<b>2,168</b>	<b>2,036</b>	<b>3,259</b>
<b>Emerging Financial Pressures</b>	<b>3,500</b>	<b>3,500</b>	<b>3,500</b>	<b>3,500</b>
<b>Resources Required</b>	<b>792,380</b>	<b>801,275</b>	<b>810,108</b>	<b>824,292</b>
<b>Resources Available:</b>				
Aggregate External Finance	563,780	577,311	591,744	606,538
Council Tax before any future increases	199,020	199,020	199,020	199,020
Earmarked Reserves at £0.5m per annum	500	500	500	500
<b>Total Resources Available</b>	<b>763,300</b>	<b>776,831</b>	<b>791,264</b>	<b>806,058</b>
<b>BUDGET REDUCTION REQUIREMENT</b>	<b>29,080</b>	<b>24,444</b>	<b>18,844</b>	<b>18,234</b>

# Section 3. Medium Term Financial Plan

## 3.2 Key Assumptions – Expenditure & Income

### Employee Costs

The Council is a service based organisation, and employee costs account for around 40% of gross costs. They are therefore a key cost consideration in Medium Term Financial Planning.

Key factors to consider in planning for future employee costs include annual pay awards, incremental pay progressions, Employer’s oncosts (Superannuation and National Insurance) and the Apprenticeship Levy.

### Pay awards

There are no agreed pay awards for the period covered by the MTFP. The figures in the table below indicate our planning assumptions for the period. At the time of writing, the NJC award for 2022/23 and the Teachers Award for September 2023 are also yet to be confirmed. There is a risk these may add to future budget gaps should they come in higher than budgeted.

Award	2023/24	2024/25	2025/26	2026/27
NJC	3%	2.5%	2.5%	2.5%
Teachers	3%	2.5%	2.5%	2.5%

At present, across the UK there is pressure for pay awards that align with inflation. The Treasury has warned this could intensify inflationary pressure, and has made specific reference to the public sector in not expecting “unrealistic awards.” Ultimately however, Local Government Pay is a matter for collective bargaining through the National Joint Committee, and Teachers’ Pay Awards are set by Welsh Government. It is not possible to pre-empt the outcome of these processes and so assumptions will undergo regular review.

### Real Living Wage

The Council is a Real Living Wage (RLW) Employer. Staff at the bottom of the Council’s pay spine receive a Living Wage supplement to ensure they are paid the RLW. Cost projections over the medium term reflect the RLW increasing higher than NJC pay awards. This means that over time, incrementally more staff will be brought within the remit of the RLW. Current

modelling suggests this having a more significant impact from 2024/25 onwards.

### National Insurance

The Employers’ National Insurance changes associated with the move to the Health Social Care Levy are factored into the Council’s 2022/23 Budget. No further significant changes to National Insurance rates or thresholds are currently anticipated over the period to 2026/27 but this position will be kept under review.

### Employer’s Superannuation Contributions

Actuarial review of the Local Government Pension Scheme took place as at 31<sup>st</sup> March 2022 and any resultant changes in Employers’ contributions would be due to take effect from April 2023. Current Employer’s contributions are 20.7% having decreased from 23.5% at the last actuarial review. At this stage, it is considered prudent to assume no further change in contribution rate is assumed but this will be kept under close review.

The Teachers’ Pension Scheme (TPS) is an unfunded public service pension scheme. Employers’ contributions to the scheme increased significantly in September 2019 due to an actuarial review and change in the discount rate used to set scheme contributions. The implications of the next actuarial review of the fund were previously anticipated to take effect from April 2023, but recent indications from the Local Government Association are that this is now likely to be 2024/25. At present, contribution rates are not known, but early indications are that there is a risk of a significant increase. This is reflected in 2024/25 within the plan, but will be kept under review in coming months, both to understand what mitigating actions may be taken at a UK level, as well as the potential for any specific funding to assist with this issue.

### Incremental Pay Progression

Forecast pay pressures include an allowance for teachers’ pay progression. Estimates are reduced year on year, in recognition that over time, budgets should be sufficient to cover the top of each pay grade. No pressures are anticipated in respect of pay progression for non-teaching staff for this reason, except in exceptional circumstances.

## Section 3. Medium Term Financial Plan

### Apprenticeship Levy

Forecast pay pressures allow for the Council's Apprenticeship Levy to increase in line with general pay uplifts. The Apprenticeship Levy is a Government levy payable by larger employers at 0.5% of annual pay bill.

### Redundancy Costs

The Council has a base budget and earmarked reserve set aside to meet these costs. Current modelling indicates that this model is adequate over the medium term.

### NJC Pay Spine

The impact of potential pay awards, including RLW increases, has the potential to impact on the Council's pay spine in terms of erosion of pay differential, particularly at the lower end of the spine. This is an area that will need to be closely monitored.

### Price Inflation

The Council's budgetary approach is that directorates must manage price inflation within existing resources, except in exceptional circumstances. These may relate to the scale of the increase, or the quantum of the budget to which the increase applies. Areas deemed exceptional and included as forecast price pressures include energy, out of county placement costs, NDR and Social Services commissioned care costs.

### Consumer Price Index (CPI) Assumptions

The economic context section has already outlined the significant volatility with regards inflation. CPI assumptions reflected in the MTFP period are captured in the table below.

2023/24	2024/25	2025/26	2026/27
4.0	2.5	2.0	2.0

The MTFP also takes account of the extremely high inflation rates anticipated for the latter part of the 2022 calendar year, and reflects the impact on pricing where anniversary dates for large contracts specifying a CPI uplift fall into that period.

### Energy

Energy prices will be a key area to keep under review, particularly during the early years of the MTFP.

Currently the gas wholesale commodity market is experiencing unprecedented increase in prices due to shifts in global demand, uncertainty surrounding future supply to Europe (partly due to the war in Ukraine), and poor electricity production from renewables. Energy prices are generally expected to come under further pressure in the Autumn following the next increase to the energy price cap.

The Council's energy is procured via the National Procurement Service and Crown Commercial Services. At the start of 2022, indicative energy increases for 2023/24 were in the region of 30%-40%. In the interceding 6 months, indicatives have increased to circa 90% for electricity and to over 150% for gas.

These increases will have a material cost impact for the Council, currently estimated at over £6 million in 2023/24. Whilst gas increases are more material in percentage terms, the cost impact for the Council is higher for electricity, because this accounts for a much greater proportion of the Council's overall energy usage. Street lighting and Schools are key electricity users.

At present, the Council's energy prices are projected to fall back slightly in 2024/25. Consequently, the strategy for managing increased energy costs reflects part of the 2023/24 pressure being met through earmarked reserves. As prices remain volatile and susceptible to further change, they will be kept under close review. Work will also take place during 2022/23 to identify any mitigating actions. As it is not possible to influence the price of energy, this will involve a review of usage.

In other years, the expectation has been that schools will manage price inflation within existing resources, supported by energy efficiency schemes across the school estate. However, in recognition that energy costs in 2023/24 will be exceptional, the MTFP assumes that budgetary provision will be allocated to schools.

### Commissioned Care Costs

The 2022/23 Local Government Settlement included funding to support the payment of the RLW to registered workers in the care sector. In support of the continuation of this position, the MTFP takes into



## Section 3. Medium Term Financial Plan

account potential RLW increases when estimating the future annual cost of commissioned care.

The RLW is usually announced in November, to be implemented by RLW employers before the following May. In setting RLW rates, the RLW Foundation take account of inflation the preceding spring (on a more specific basket of goods than CPI), along with other information such as level of benefits and council tax.

In view of actual inflation levels this spring, assumptions for RLW in 2023/24, RLW assumptions, and therefore estimated care costs over the medium term, have been increased. Small percentage changes in this area can have a significant impact on costs as the Council's commissioned care budget is over £120 million. Current assumptions are set out in the table below, the current RLW rate is £9.90.

	Rate	% Increase
2023/24	£10.80	9
2024/25	£11.34	5
2025/26	£11.74	3.5
2026/27	£12.09	3

The RLW Foundation have brought forward the timing of the RLW announcement in 2022, to September. This will assist with financial planning, as it removes the uncertainty around one of the key variables affecting the 2023/24 Budget.

### Recyclate Income

Prices received by the Council for recyclate material have historically been extremely volatile. At present, there are world-wide shortages for these materials due to the loss of processing plants for aluminium and plastics in Ukraine. This has significantly increased the prices received, and surpluses in this budget are modelled in the short term. Over a few years, assuming the stabilisation of global issues, prices are expected to return to nearer their pre-war levels resulting in a pressure on this budget. The MTFP assumes that the strategy for recyclate income will be to transfer surpluses to an earmarked reserve to help assist with future volatility on this budget.

### Fees and Charges (Income)

The Council's budget setting policy is not to assume a blanket uplift across all fees and charges. This is in

recognition that the position for income is more nuanced and requires consideration of a wide range of factors. In determining the future level for fees and charges directorates are advised to consider:

- Current progress to attaining pre-pandemic levels of income.
- Any applicable statutory frameworks.
- Whether existing income budgets are being met.
- Any specific inflationary cost pressures that will need to be met.
- The adequacy of charges relative to cost of provision.
- Any potential impact on demand for services.
- Appropriate benchmarking of both cost and fee levels.

### Commitments

Forecast financial commitments include capital-financing costs, increases to levies the Council is committed to paying and the future implications of previous Cabinet or Council decisions. Further detail on each area is set out below.

### Capital Financing Costs

Forecast capital-financing costs reflect the 2022/23 – 2026/27 Capital Programme and the cost of commitments made in previous years. They reflect the following key assumptions:

- No new commitments funded by additional borrowing unless on an invest to save basis.
- Borrowing predicated on incidental revenue income or savings achieve the outcomes expected in order to pay for themselves in the intended timescales.
- Operating models such as for 21<sup>st</sup> century schools and Arena remain in surplus
- The timing and delivery of expenditure will be as profiled in the capital programme.
- The assumed interest rate for new borrowing is circa 2.5% by the end of the MTFP period.
- Capital receipt targets will be met
- The timing and value of capital receipts will be in line with assumptions
- The timing and method of managing borrowing repayments will be determined in accordance with the Treasury Management Strategy

## Section 3. Medium Term Financial Plan

- There remains one pool of debt for the General Fund and HRA, with the consideration of a separate pool for the arena.

Interest rates on borrowing are currently the subject of increases from the historic lows seen over the last few years. There is the potential for these to increase given inflation expectations, national debt levels and international uncertainties. However, rates rise and fall, and remain unpredictable. Whilst any sustained increase is not anticipated to have a significant impact in 2023/24, it may affect the capital financing budget in later years of the MTFP. This will be an important consideration in updating and prioritising new investment commitments and affordability considerations, including for the Housing Revenue Account, and business cases for projects assumed to pay for themselves.

The Capital Programme includes a number of major projects including the development of a new Indoor Arena. Whilst it is anticipated that capital-financing costs will be recovered through new income streams over the life of the project, the MTFP reflects an element of interim support commencing in 2024/25 in line with the previously determined affordability envelope.

### Levies

Forecast financial commitments include estimated increases to levies and contributions. The most significant of these is the South Wales Fire Services (SWFS), with a current Council contribution level of just under £19 million. The budget for the SWFS is levied across constituent local authorities on a population basis. Estimates reflect potential future levy increases due to population fluctuations as well as potential increases to the SWFS' overall budget. Assumptions take into account the SWFS most recent MTFP.

### Other Commitments

These include:

- Additional base budget funding for the Council's Corporate Apprentice Scheme in 2025/26, which is when remaining reserve funding will be almost fully depleted.
- The operating costs of a Household Waste Recycling Centre, consistent with the timescales in the capital programme.

- Additional maintenance costs associated with the future upkeep of capital programme investment in the public realm.
- Revenue funding to operate a youth zone, consistent with capital programme timescales.

### Demographic Pressures

Key areas of forecast demographic growth, and the associated financial impact are summarised below:

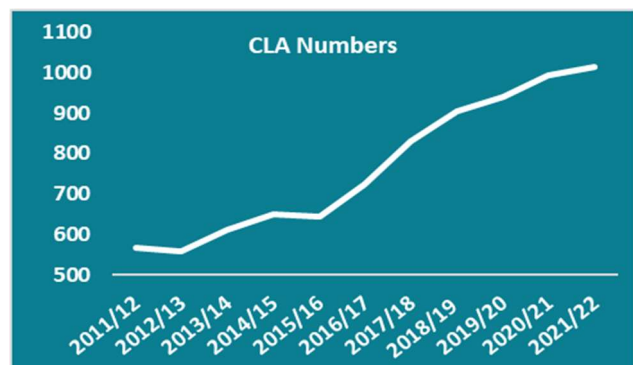
Demographic Increases	£m
Adults Social Services	8.2
Children's Social Services	8.3
Pupil Numbers & New School Costs	9.8
Out of County Education Placements	1.5
Other	2.0
<b>TOTAL</b>	<b>29.8</b>

### Adults Social Services

Estimated growth in Adult Social Services is particularly difficult to predict at present. The MTFP includes an annual allowance for demographic growth in this area. This will need to be closely reviewed in coming months as the immediate impacts of the pandemic subside, and its lasting impact on placement numbers and market sustainability becomes clearer. Historically, most significant growth has been in relation to the Older Persons budget. However, at present, there are also emerging pressures in relation to Adults Learning Disability budget that will need to be kept under close review.

### Children's Social Services

Estimated growth in Children's Services is also difficult to predict. The graph below sets out annual increases in the number of Children Looked After since 2011/12.



## Section 3. Medium Term Financial Plan

During the course of the Covid pandemic significant additional pressure has been placed on Children's Services, with demand for services projected to continue to rise. Whilst it is difficult to predict numbers of placements required over the Medium Term, forecasts take account of both the impact of the pandemic, and preventative strategies introduced in 2021/22 as well as those funded to be implemented in 2022/23. Financial forecasts will continue to be kept under regular close review.

### Pupil Numbers & Associated Learning Needs

Pupil number projections reflect the existing pupil population moving up a year group each year. They are adjusted to take account of historic retention rates. Pupil intake in nursery and reception is modelled using Schools Organisation Plan data, which includes published birth rates.

Up until September 2027, projections show a continued reduction in primary pupil numbers and an increase in secondary pupils. Following this, the recent fall off in primary numbers begins to feed through into secondary schools.

Costs associated with the Associated Learning Needs (ALN) of pupils are more difficult to model. As well as estimating predicted demand, there is also a need to consider complexity of need, as different types of support have different costs. It is also necessary to consider movement of pupils within the school system. Estimates will be regularly reviewed to take account of most recent information.

Future operating cost of schools in LDP areas are difficult to predict and subject to change. Forecast figures have been amended to reflect schools beginning to open in LDP areas from September 2023. Each new school may take a different form, with some being starter schools, which refer to schools that begin with reception and year one groups only and then grow year on year, and others offering places in all year groups from the outset. Assumptions are high level and will need refinement as development within the city progresses and demand for school places becomes clearer. There will also be a need to gauge whether the take up of school places in LDP areas affects demand in other areas of the city.

Forecasts for 2025/26 reflect an increase in the number of special school pupil numbers. This reflects

the anticipated completion of SOP expansion works. Figures currently assume that those places would become available in September.

During the interceding years, there will be a need to model to what extent the costs associated with the availability of additional special school places could be offset by savings in other areas, in particular Out of County placement budgets.

Forecasts currently allow for consistent annual growth in the number of Out of County Placements between 2022/23 and 2024/25. No further growth is assumed for 2025/26, on the basis that the availability of additional capacity within Cardiff may avoid the need to place Out of County. As noted in the preceding paragraph, as well as limiting future demographic growth, there will be a need to consider whether the additional capacity may enable savings on existing Out of County budgets.

### Council Tax Reduction Scheme

This budget reflects the payment of Council Tax Support to eligible recipients. At over £35 million, future demand on this budget is a key consideration in medium term planning. During the pandemic, there were concerns that the ending of the Job Retention Scheme (JRS or furlough) may increase unemployment. In recognition this would be likely to increase demand on CTRS, the Council set aside funding to support the CTRS budget. However, the ending of the JRS did not have as significant an impact as originally feared. Although some sums have since been released as part of the 2022/23 Budget, a degree of protection was retained, and this is considered to provide an adequate level of resilience to any shifts in demand on this budget over the medium term.

Any changes to Council Tax levels impact on this budget. In recognition of this, within the MTFP, modelled council tax increases are shown net of their impact on CTRS.

### Homelessness

Homelessness is another area that will require close review over the medium term. This area has been supported by additional grant funding in recent years, now confirmed for the next few years. There are however emerging pressures on this budget that will

## Section 3. Medium Term Financial Plan

need to be monitored, balanced by consideration of the extent to which they may receive Government support. There is also earmarked reserve funding in place with regards homelessness that may assist in smoothing any fluctuations in demand.

### Emerging Financial Pressures

Forecasts include £3.5 million per annum to address emerging financial pressures, which equates to just under 0.5% of the Council's net budget. This reflects the fact that it is impossible to foresee all issues and that additional burdens may arise through new legislation, unforeseen demand, policy change, and grant fall out. Equally, and as noted throughout the MTFP, the current economic climate has the potential to impact key MTFP variables.

The inclusion of a figure against emerging issues provides a margin of headroom, avoiding the need to identify additional savings proposals at short notice. Sums included for emerging pressures are kept under regular review and are removed from plans if they are no longer considered necessary.

### 3.3 Funding Key Assumptions

#### Aggregate External Finance (AEF)

The 2022/23 Local Government Finance Settlement was the first in a number of years that covered more than one financial year. Indicative figures were provided at an All-Wales level for 2023/24 and 2024/25, and these are reflected in planning assumptions. Beyond that, planning assumptions reflect annual AEF increases of 2.5%, which is broadly comparable with the indicative figure for 2024/25. Assumptions are summarised in the table below.

2023/24	2024/25	2025/26	2026/27
3.5% *	2.4%*	2.5%	2.5%

\* Indicative per 2022/23 Local Government Settlement

In the past, changing circumstances have resulted in funding allocations ultimately being less favourable than indicative amounts. In the current economic climate, this is clearly a risk. If this happens, there may be a need to identify significant additional savings at short notice. This could pose a material risk to the Council's financial resilience, as the achievability risk associated with such savings is likely to be high.

In order to help address this risk, the Council has a £3.8 million base budget called a Financial Resilience Mechanism (FRM.) It is used to invest in priority areas, but that investment must be one-off and decided afresh each year. This means that the budget is used proactively, but could be deleted without affecting day-to-day services if required.

### Reserves

In the interests of financial resilience, reserves should not be heavily relied upon as general budget funding. This is because:

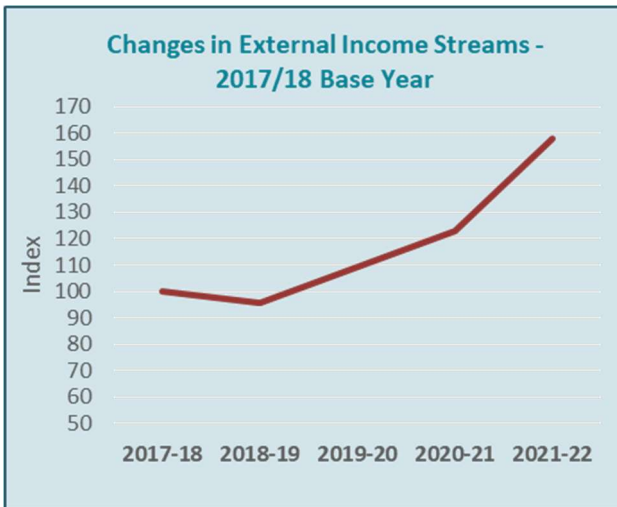
- It creates a gap in the finances of the following year as reserves are cash sums.
- Earmarked reserves are set aside for a particular purpose.
- Reserves are an important part of financial resilience, providing a cash buffer.
- Cash in reserves is not idle; it generates investment income in line with the Treasury Management Strategy and avoids the need for short-term borrowing.
- The level of reserves held by Cardiff Council may be considered to be just at an adequate level for an Authority of this size. As a percentage of gross revenue expenditure, Cardiff has one of the lowest levels of reserves compared to other Welsh Authorities.

Funding forecasts currently assume £0.5 million use of reserves annually between 2023/24 and 2026/27. This can be accommodated from the Strategic Budget Reserve in line with its intended purpose. The proposed use of reserves is considered to strike an appropriate balance between the points set out at the start of this section, with the need to support services. Assumptions will be kept under review. Further information on reserves is considered in the later section on uncertainty and risk.

### Grant Funding

Specific grants must be used for a particular purpose, which is defined by the grant provider. The funding may only be used for that purpose, and the Council is audited to ensure compliance. The Council receives a significant amount of specific grant funding, notably from WG. The increasing exposure over recent years is set out in the graph below:

## Section 3. Medium Term Financial Plan



*Excludes grants primarily related to third party spend - i.e. HB, 30 hour childcare.*

Over an extended period, Welsh Local Government have pressed WG for “funding flexibility.” This means that wherever possible, funding should be directed through AEF. As well as providing more flexibility for Local Authorities, this would also reduce administrative burdens.

From a financial planning perspective, there is a risk that specific grants may reduce in cash or real terms, or be discontinued altogether. Historically, there are incidences where this has happened at short notice. This is a risk, particularly because where grants have been in place for a number of years, areas they support may have become core activity.

The Council has a budget of £250,000 to deal with in-year specific grant funding issues. Beyond this, the MTFP is based on the assumption that any future specific grant reductions would be dealt with by:-

- Reviewing the grant funded activity
- Providing transitional funding through the FRM, (if it is still available)

As the year progresses, there will also be a need to consider the adequacy of the new specific grant arrangements. This will include the grant to support the transition to Universal Free School Meals as the detail of the associated roll out is still being finalised.

# Section 4. Addressing the Gap

## 4.1 Budget Gap

The estimated budget gap for the period 2023/24 – 2026/27 is set out below:

2023/24 £m	2024/25 £m	2025/26 £m	2026/27 £m	Total £m
29.1	24.4	18.8	18.2	90.6

This will need to be addressed through a combination of savings, income generation and Council Tax increases.

## 4.2 Council Tax

Council Tax accounts for 27% of the Council's general funding. This means that in order to generate a 1% increase in overall funding, Council Tax would have to increase by over 4% (after accounting for Council Tax Reduction Scheme (CTRS)). This is called the gearing of the tax. The Council has little control over the majority of its funding, which is through Welsh Government Grant.

Technical variables that must be considered when setting the Council Tax include:

- The Council Tax Base of the Authority
- Council Tax Support Budgets
- The level of the Council Tax

### *Council Tax Base*

The Council Tax Base is the number of Band D equivalent properties in the city. In simple terms, it reflects the number and type of dwellings in the city, and takes into account if they may be eligible for Council Tax discounts or exemptions. Local Authorities use the Council Tax Base to calculate how much Council Tax they expect to generate.

Whilst other factors affect the Council Tax Base, broadly speaking, property development in an area usually means that the Council Tax Base will increase, generating more Council Tax income. Whilst there is the potential for the Council Tax Base to increase over the medium term, the budget strategy does not preempt these increases within MTFP. This is because an increase in Council Tax Base often results in a reduction in AEF.

### *Council Tax Support Budgets*

The Council pays Council Tax support to eligible recipients under the CTRS. The current annual budget is over £35 million. The CTRS Budget must be considered when projecting future Council Tax income. If eligibility for Council Tax Support remains consistent; an increase in the rate of the Council Tax will place additional pressure on the CTRS Budget. This is because support must be paid at the new, higher rate. Figures quoted in the next section are net, in that they take into account the associated impact on the CTRS Budget.

### *The level of the Council Tax*

In addressing the budget gap, it is modelled that Council Tax will increase by 3.0% per annum. An annual 3.0% increase would contribute the following amounts to addressing the budget gap:

2023/24 £m	2024/25 £m	2025/26 £m	2026/27 £m	Total £m
4.9	5.1	5.2	5.4	20.6

The assumption of annual 3.0% increases is not fixed, will be kept under review over the medium term and is subject to Member approval.

## 4.3 Savings Requirement

The residual budget gap to be met from savings is:

2023/24 £m	2024/25 £m	2025/26 £m	2026/27 £m	Total £m
24.1	19.4	13.6	12.86	69.9

In addressing this gap there will be a need to:

- Continue to target efficiencies, including baseline efficiencies for *all* services including schools.
- Continue to review income streams, whilst recognising that in the short to medium term, core income budgets are at risk whilst recovering from the pandemic and that opportunities to generate additional income may be more limited than in previous years.
- Consider the level at which it is affordable to continue to subsidise services of a more discretionary nature.
- Capture the full financial benefit of the early intervention and preventative work ongoing across the Authority, in order to manage the pattern of future demand for Council services.

## Section 4. Addressing the Gap

- Identify opportunities to work across directorates and in partnership with other organisations.
- Target productivity savings to ensure that optimum value for money is achieved within scarce resources, including making best use of digital technology.
- Consider how targeted capital investment may deliver revenue savings.
- Consider the opportunities to reduce reliance on the COVID-19 recovery budget over the medium term.

# Section 5. Risk and Uncertainty

## 5.1 Sensitivity Analysis

Current MTFP assumptions are based on best available information. However, there is always a risk of change, as evidenced by the volatile economic environment of the last 12 months. Further analysis on plausible future economic scenarios is required, given their potential to impact pay, price, and AEF assumptions in the base case MTFP. The other-overarching core driver of cost for the Council to factor into scenarios is demand for services.

### Scenarios Considered

In testing the MTFP for plausible alternative scenarios, a total of 15 were modelled, capturing the following:

		Demand Scenarios		
		Low	Base	High
Economic Scenarios	Recession & High Inflation	Low	Base	High
	Recession & Low Inflation	Low	Base	High
	<b>BASE CASE</b>	Low	<b>Base</b>	High
	Econ Growth & High Inflation	Low	Base	High
	Econ Growth & Low Inflation	Low	Base	High

The 15 scenarios reflect each of the five economic scenarios being coupled with 3 different demand scenarios – low demand, demand in line with the base case, or high demand. This recognises that whilst economic circumstances may influence demand, there is also the real possibility for demand to fluctuate independently of the economic context.

Recession coupled with high inflation is the least favourable of the economic scenarios. This reflects more prolonged inflationary pressure combined with a recession (or weak economic growth) potentially having an adverse impact on funding levels.

By comparison, the “economic growth/high inflation” scenario assumes that whilst inflation remains high, a stronger economic position may allow future funding settlements to support cost pressures. As identified later in this section, AEF is the individual factor with the biggest impact on base case assumptions.

### Variables Flexed

The next table summarises how variables were flexed in key areas of demand.

	Low	Base Case	High
Social Services	Demand is lower as increased cost mitigation is achieved	Increased demand but with mitigating service strategy	Higher demand and lower cost mitigation due to overall service pressure.
Homelessnes	Same as Base	Increasing levels of demand but fully offset by grant.	Increasing demand partially offset by grant.
Pupil Nos	New intake is 10% lower than anticipated – census sees drop in 0-4's.	Projected modelled student numbers.	New intake is 5% higher than projected student numbers

Flexing of other demand pressures such as waste tonnages and CTRS was not considered necessary. This is because they are currently less volatile, and arrangements already in place are considered adequate to manage any fluctuations at this stage.

The table below summarises how variables were flexed under the different economic scenarios considered:

	Inflation		
	Low	Base Case	High
Pay	3%: 2023/24 2.25%: onwards	3%: 2023/24 2.5%: onwards	4.5%: 2023/24 3.5%: onwards
RLW	8%: 2023/24 2% by 2026	9%: 2023/24 3% by 2026	11%: 2023/24 5% by 2026
CPI	3%: 2023/24 2%: thereafter	4%: 2023/24 2.5%: 2024/25 2% onwards	6%: 2023/24 3%: by 2026/27

	Economic Growth		
	Growth	Base Case	Recession
AEF	4.5%: 2023/24 3.75% onward	3.5%: 2023/24 2.4% 2024/25 2.5% onward	2.5%: 2023/24 1.5% onward

The £3.5 million per annum that is allowed for emerging pressures in the base case MTFP is removed in all other scenarios. This is because it is assumed not to be required in more favourable

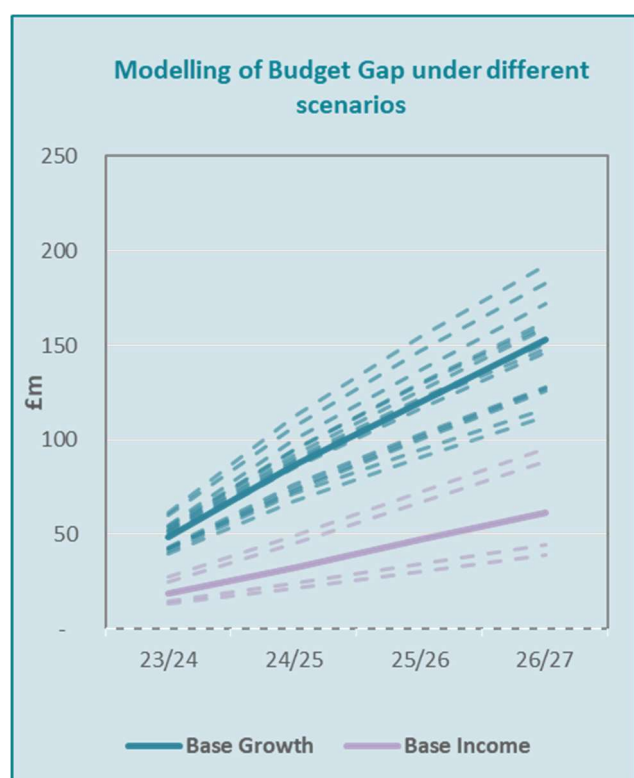


## Section 5. Risk and Uncertainty

scenarios, and b) the factors it is there to help address will already have materialised in less favourable scenarios.

Favourable scenarios also factor in release of the COVID-19 budget over the medium term. This is because it is assumed that conditions would result in service specific income largely recovering to its pre-pandemic position.

The resultant scenarios are summarised on the chart below:



Some note on scenarios:

- The average budget gap across all scenarios was £83m - comparable to the £91m base case.
- Maximum was £153m and minimum was £24m.
- A third of alternative additional pressure scenarios were within 5% of the base case, suggesting it is a prudent position from which to plan at present.

The £153 million and £24 million are extremes, albeit not completely implausible. The £153 million scenario reflects a combination of high inflation & low economic growth (stagflation) coupled with higher demand. This sees higher costs across the board coupled with less favourable AEF. The £24 million scenario reflects high economic growth and low

inflation. It sees reduced cost pressures and higher AEF settlements. It also assumes more favourable conditions would reduce reliance on the COVID-19 budget, and facilitate work on preventative measures to further reduce demand.

The CIPFA FM code suggests avoiding 'best' and 'worst' case as the only considered options. The table below provides a summary of all modelled scenarios relative to the base scenario which is highlighted in the centre of the table.

		Demand Scenarios		
		High £m	Base £m	Low £m
Economic Scenarios	Recession & High Inflation	+62	+42	+31
	Recession & Low Inflation	+12	-8	-19
	<b>BASE CASE</b>	<b>+6</b>	<b>91</b>	<b>-25</b>
	Econ Growth & High Inflation	-4	-24	-35
	Econ Growth & Low Inflation	-33	-53	-67

### Sensitivities

Scenarios examined the relationship between key variables. The table below summarises the impact of a 1% change in key areas. It shows that the key area of sensitivity for the Council is funding settlements, with each 1% of AEF equivalent to £5.4 million. This is evident in the economic growth scenarios above being a lot more favourable – because they assume a greater level of funding support to help cope with pressures.

Assumption	£m
AEF - 1% change	5.4
Teachers Pay Award 1% change	1.6
NJC Award 1% change	2.5
CPI 1% change (on permitted heads)	1.4
RLW	<b>1.3</b>
<b>Total Annual Impact</b>	<b>12.2</b>

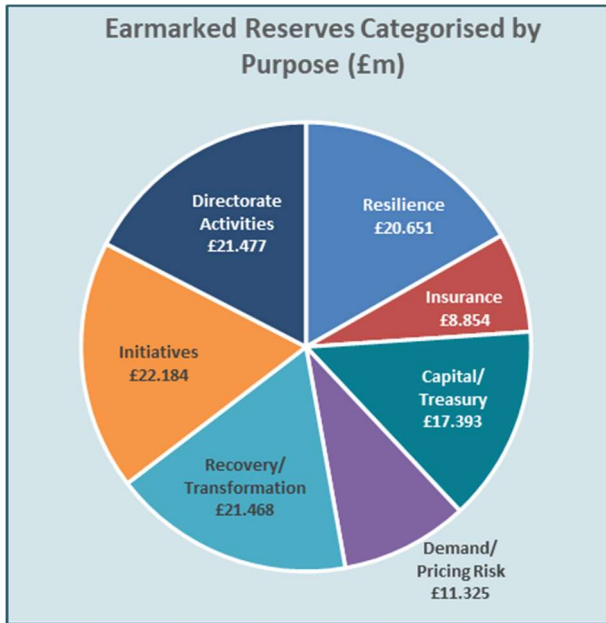
Scenario planning is aimed at identifying plausible alternatives, to inform the scope of financial pressures that the council could face, and the

# Section 5. Risk and Uncertainty

likelihood of an alternative budget strategy being required. This is considered further below.

## Responding to less favourable Scenarios

The Council has in place earmarked reserves to address some of the key risks that have been flexed in the scenario analysis. This is summarised in the graph below which categorises the Council’s reserves (Council Fund and earmarked reserves).



Whilst use of reserves is clearly not a long term solution to addressing increasing costs, reserves are an important means of managing demand and price risk in the short term. They can also smooth the period over which base-funding may be required to address additional pressure. In a worse-case scenario, reserves would help provide a lead in time to more swingeing savings requirements.

In addition, to earmarked reserves the Council also has in place a budgeted £2 million general contingency, a £3.8 million Financial Resilience Mechanism, and contingencies for specific demand issues such as Social Services.

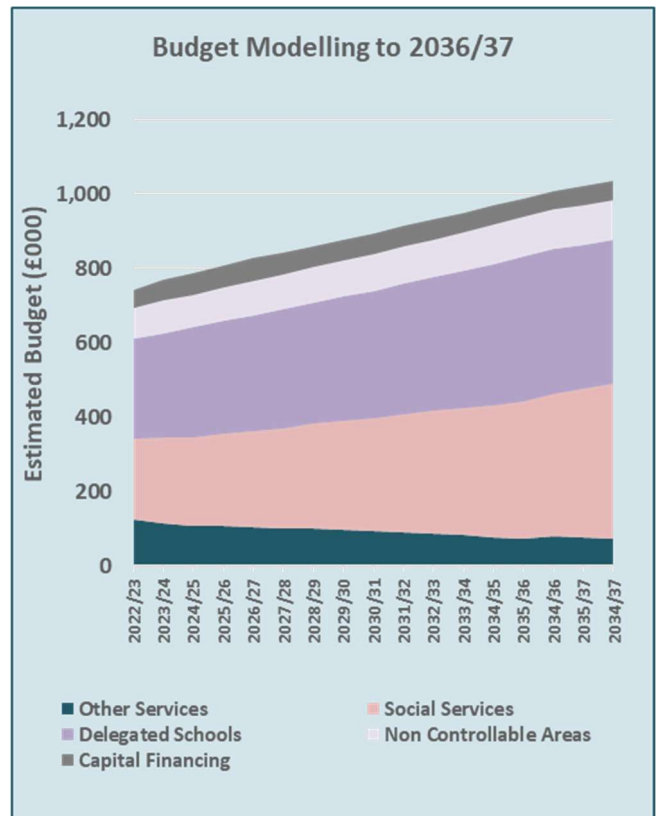
In a worse-case scenario, additional savings measures would inevitably be required. The situation outlined above would provide a lead-in time to enable those to be delivered.

It is unlikely that the worst of all modelled outcomes will come to fruition and there are several scenarios that are a marked improvement on the base case.

The base case MTFP is aimed at striking an appropriate balance between too optimistic and too pessimistic, but with an understanding of other possibilities.

## 5.2 Longer Term Outlook

The graph below a potential long-term outlook for the Council’s budget. It is difficult to model beyond the MTFP due to unknown factors, but the chart is an indication of how things may look in future if historic trends are extrapolated.



The graph shows the continued contraction of “Other Services” over the medium term albeit not as quickly as in previous iterations of the MTFP due to slightly more favourable funding assumptions. As this contains areas of statutory duty, the strategy to address the gap will need to reshape this profile as far as possible.

## 5.3 Key Risks

Key MTFP risks are summarised below, and link to the Council’s wider assessment of financial risk as encapsulated in the Corporate Risk Register.

## Section 5. Risk and Uncertainty

Funding	<ul style="list-style-type: none"> <li>• LG settlements - worse than predicted.</li> <li>• Risk of specific grant fall-out, especially where grants support core activity.</li> <li>• Adequacy of specific grant funding over the medium term where the detail of associated initiatives is still emerging – e.g. Universal Free School Meals.</li> <li>• The WG and Plaid Cymru December 2021 Co-operation agreement pledges to review Council Tax reform in Wales during the next three years. This will need to be kept under review in terms of its impact.</li> </ul>
Economic Linked Variables	<ul style="list-style-type: none"> <li>• Inflation – increasing costs and pressure for increased pay awards</li> <li>• Interest Rates - increases resulting from tackling inflation could impact cost of borrowing and impact affordability of capital programme</li> <li>• Economic Growth – weak growth / recession may mean slower post COVID recovery and lower government receipts leading to reduced Local Government Settlements.</li> </ul>
COVID Recovery	<ul style="list-style-type: none"> <li>• Longer-term lost of service specific income</li> <li>• Provider / supplier viability</li> <li>• Long-tail demand</li> <li>• Office/ICT requirements associated with new ways of working</li> </ul>
Demand	<ul style="list-style-type: none"> <li>• Difficulty in modelling complexity of demand, including in Adult and Children’s Services and Additional Learning Needs.</li> </ul>
Financial Resilience	<ul style="list-style-type: none"> <li>• Medium term savings requirements.</li> <li>• The shape of the Council’s budget – with over 70% now accounted for by capital financing, Social Services and Schools.</li> <li>• Planned use of reserves to support the budget, which will be kept under review.</li> </ul>

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## Budget Update Report 2023/24 - Question and Answers

### What is the Budget Update Report?

- Local Authorities must set their budget by 11<sup>th</sup> March each year. This Report is an update on our planning for the 2023/24 Budget (Revenue & Capital).

### The Revenue Budget

#### What is the Revenue Budget?

- The revenue budget sets out what the Council plans to spend on day-to-day services.
- These include running schools, caring for vulnerable people, collecting waste, maintaining highways and parks, and operating libraries and cultural venues.
- The revenue budget must also set out how these spending plans will be funded.
- Some services generate income to help cover their cost (like theatre admissions), and sometimes we receive grants for specific activities - this is called service specific income.
- After taking service specific income into account, our remaining costs (the Net Revenue Budget) are funded from General Grant (73%) and Council Tax (27%).

#### How do you prepare the Revenue Budget?

- In summary we:
  - Estimate the cost of delivering services next year
  - Compare this to the funding we expect to receive next year
  - If estimated costs are more than funding, then we have a “Budget Gap.”

#### What happens if there is a Budget Gap?

- The Council is required by law to produce a balanced budget. This means we must plan to bring expenditure and funding back in line - they must match.
- This can be done by:
  - Reducing Spend (making savings)
  - Increasing income (for specific services)
  - Reviewing the level of the Council Tax
  - Considering using earmarked reserves - but this is not a long term solution

#### Is there a Budget Gap for 2023/24?

- Yes, there is an estimated budget gap of £29 million for 2023/24
- This reflects estimated additional costs of £48.6 million and funding of £19.6 million.

#### What is the additional £19.6 million funding that are you expecting?

- £19.1 million is general grant and £0.5 million is planned use of reserves
- Decisions about any council tax increase will be kept under review

#### Are there any risks to funding levels?

- Yes, the £19.1 million grant increase is an “indicative allocation” that Welsh Government has given to Welsh Councils - a 3.5% increase on our current grant
- There is a risk this could change - particularly with current economic challenges
- We will have a firmer idea when we receive “Provisional Local Government Finance Settlement” for 2023/24. This is likely to be in either October or December - we don’t know for

sure yet. It's affected by Welsh Government getting their own funding notification from UK Government (the Welsh Block Grant).

#### What are the £48.6 million additional costs you are expecting?

- The £48.6 million includes:
  - **£17.4 million for estimated price inflation.** We are expecting significant increases in the cost of energy used to power street lighting, schools and the wider estate. We anticipate that the cost of fuel to run our vehicles will increase. We also recognise that our suppliers will need to pass on their own cost increases in the prices they charge us. This includes the impact of Real Living Wage increases on the price we pay for care.
  - **£8.8 million for anticipated demand increases.** This includes an increase in people needing our support in Adult and Children's Social Care. It includes education-related costs like increasing pupil numbers, different pupil needs, the cost of schools in Local Development Plan Areas, and school transport pressures. We also know that homelessness will be a key area to keep under review in terms of demand.
  - **£13.6 million for estimated pay awards.** This reflects a 3% pay award assumption for Council staff (including teachers).
  - **£8.8 million for other pressures.** This includes the costs associated with financing the capital programme, additional funding for asset maintenance, and increases to levies the Council pays (e.g. to the South Wales Fire Service). This sum also includes £3.5 million for emerging pressures as there is currently so much uncertainty.

#### Is the £48.6 million likely to change?

- Yes, this is a real risk which is why we have included £3.5 million for emerging pressures.
- There is always a degree of uncertainty in trying to predict demand, and we will need to keep this under close review.
- However, this year, more so than in previous years, the economic climate is playing a very big role in the level of uncertainty.
- Inflation is at a 40-year high, and forecasts have been changeable. Inflation affects likely pay awards, the cost of energy and fuel, and the cost we pay for services such as our £120+ million spend on commissioned care. We also recognise the impact the cost of living crisis is having on our citizens, and that this may increase need for services.
- One of the ways the Bank of England is trying to manage the inflation rate is by increasing interest rates, and this can affect the cost of financing our capital programme.
- Finally, there is speculation the UK may be heading for recession, and this could mean a tightening of public sector funding in future.

#### What about COVID-19?

- The pandemic had a big financial impact on the Council. Significant support from the Welsh Government's COVID-19 Hardship Fund helped cover additional costs and lost income. The Fund ended on 31<sup>st</sup> March 2022.
- Cardiff's reliance on the fund had reduced significantly by the end of 2021/22, but there are still challenges ahead, particularly in respect of service specific income, and so the 2022/23 Budget created a £10 million COVID budget.
- When it's sensible to do so, we will plan to reduce the £10 million budget. However, at this stage, it's too early to make that call.

### Is there a similar situation in later years?

- Yes, the budget gap is estimated to be £91 million in total over the next four years.
- This is set out in the Council's Medium Term Financial Plan (MTFP) and summarised below:

2023/24 £m	2024/25 £m	2025/26 £m	2026/27 £m	Total £m
29.1	24.5	18.8	18.2	90.6

### How will this gap be bridged?

- The table below sets out an outline approach - the gap will need to be largely met from savings - £70 million.
- Although the budget gap has increased, Council Tax increases have been kept at levels modelled previously. They remain a modelling assumption and are subject to ongoing review.

	2023/24 £m	2024/25 £m	2025/26 £m	2026/27 £m	Total £m
Council Tax – modelling only – 3%	4.9	5.1	5.2	5.4	20.6
Savings	24.2	19.4	13.6	12.8	70.0
<b>TOTAL</b>	<b>29.1</b>	<b>24.5</b>	<b>18.8</b>	<b>18.2</b>	<b>90.6</b>

### What happens next?

- We will continue to keep the budget gap under close review – things can change quickly, and regular review is an important part of being prepared.
- We will develop work on savings proposals over the summer
- We will implement efficiency savings (savings that don't affect services) early where possible and appropriate.
- Progress, and further clarity on funding, will be reported later this year to inform consultation on the 2023/24 Budget.

## The Capital Programme

### What is capital expenditure?

- Capital expenditure refers to acquiring or improving assets. It has a longer-term focus than revenue expenditure.
- Examples of capital expenditure include building a new school or resurfacing the highway.

### What is the Capital Programme?

- The capital programme sets out our expenditure plans and how we will pay for them over a five-year period. It aligns with the Council's aims and is an investment programme to meet the long term challenges facing the city.
- The current programme includes support for city regeneration, modernising school buildings, responding to the climate emergency and delivering a significant house building programme.

### What period does the current programme cover?

- Council approved the current five-year capital programme in March 2022. This set the programme for 2022/23 as well as an indicative programme until 2026/27.

- We now need to plan for setting the 2023/24 programme. We also need to update later years of the indicative programme, and roll it forward to cover 2027/28.

#### How do you plan for capital projects?

- The size and complexity of capital schemes means there are a wide range of factors to consider - this requires robust business cases and viability assessments.
- It is critical that all key risks are fully understood before embarking on a project.

#### How is capital expenditure paid for?

- Councils receive grant funding (specific and general) to support capital expenditure. This is similar to the Revenue Budget, but there are also some very important differences.
- One of these is that rules allow Councils to borrow to fund capital expenditure - **if that borrowing is considered affordable, prudent and sustainable.**
- Another is that Councils can fund capital expenditure from selling assets and using the proceeds - called capital receipts.

#### What is the position in terms of borrowing?

- Borrowing places pressures on the revenue budget. This is because the Council must repay debt with interest. The affected revenue budget is called the “capital financing budget.”
- Broadly speaking, each £1 million of capital expenditure places additional pressure of £75,000 on the revenue budget. This assumes the asset will last a long time (25 years). The impact on revenue is higher if assets aren’t expected to last that long.
- Capital financing already accounts for a significant proportion of the revenue budget. Even with no further borrowing, this budget will increase over the medium term.
- This is a key consideration when judging whether any further borrowing is affordable - because the revenue budget is already under significant pressure.

#### What is the position on capital receipts?

- Selling assets can:
  - Provide funds to support the capital programme.
  - Reduce revenue costs associated with maintaining and operating assets.
- The current capital programme already includes challenging targets in respect of capital receipts. Updates to the receipts target are included in the annual property plan.
- Capital investment plans include several major development projects based on capital receipts contributing to their cost. There can be a risk where spending begins before receipts have been realised, and this will need regular review as part of the annual property plan.

#### What will you consider in updating the capital programme?

- The key consideration is affordability.
- With little to no scope to increase borrowing or capital receipts to fund schemes, we will need to prioritise.
- We will also need to think about economic factors that might affect the costs of schemes. This will include things like materials supply issues, increasing construction costs, supplier availability and the potential for increasing interest rates to affect the cost of borrowing.
- The Council has, and continues to be successful in bidding for external grants to support specific schemes. This is a crucial way of supporting overall affordability - but sometimes bid arrangements for these funding streams make long term planning difficult.



### Is there anything else that may affect plans?

- Funding has been set aside to undertake feasibility analysis in relation to several schemes linked to the Transport White Paper, International Sports Village, Core Office Strategy, 21st Century Schools and responding to the climate emergency.
- These include
  - Enhanced service delivery options from alternative locations for the dog's home
  - Review of the Materials Recycling Facility
  - Ensuring sustainable burial space in the city
  - Working with partners to secure funding to create a Youth Zone
  - Options re: maintenance backlogs such as at Saint David's Hall and City Hall
  - Renewable energy projects following a post project appraisal of existing schemes
- Subject to approval of business cases, due diligence and affordability, these may be considered for approval as part of future iterations of the investment programme in conjunction with emerging priorities.

### Can some investment to pay for itself through savings or new income streams?

- Yes, these are called invest to save (ITS) or invest to earn (ITE) schemes. These are schemes where capital investment results in savings or income that help to meet the borrowing costs. There are restrictions on the Council investing in commercial type projects e.g those undertaken primarily for a financial return.
- A robust business case is key to ensure that the income / savings materialise at the levels required to meet the borrowing costs. If they don't, there is a risk that the revenue budget will end up picking up those costs for many years into the future.

### In light of the above, what is the planned approach to updating the capital programme?

- For the General Fund (areas other than the Housing Revenue Account), there will be no new investment unless its:
  - Reprioritised from the existing programme - in other words something else must fall out / reduce.
  - Accompanied by significant external match funding - and that funding is confirmed
  - On an invest to save basis following a business case approved by Cabinet
- If the cost of schemes already included in the indicative programme has increased, this will need to be managed within current allocations by mitigating impacts or reviewing timing.
- For the Housing Revenue Account:
  - New investment will need to consider long term business plan affordability modelling.
  - New build schemes should be subject to individual viability assessments.
  - The approach to rent-setting will be a key factor in affordability assessments.
- It will be essential to keep progress towards capital receipts under review.
- All proposed investment should be in line with the Capital Ambition delivery programme, and all alternative solutions for funding and achieving the same outcome, should be explored before additional Council funding is considered. There will also be a need to demonstrate value for money in the approach to delivering outcomes.

### What next?

- Directorates will be asked to commence with the approach outlined above, starting with a robust review of the current programme.

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**PROPOSED REVENUE BUDGET TIMETABLE FRAMEWORK 2023/24**

(Based on Provisional Settlement timescales comparable to recent years)

Date	Budget Strategy
Jul 2022	<ul style="list-style-type: none"> <li>• Budget Update Report considered at Cabinet</li> <li>• Budget Strategy Report considered at Council</li> </ul>
Jul – Sept 2022	<ul style="list-style-type: none"> <li>• Directorates develop work on 2023/24 savings proposals</li> <li>• Ongoing review of inflationary pressures and wider economic issues, with consideration of mitigating actions e.g. energy usage.</li> <li>• Ongoing review of the in-year monitoring position and the key risk areas identified in the body of the report</li> <li>• Assessment of likely ongoing reliance on the COVID-19 Budget</li> <li>• Directorates review scope for policy / transformation proposals</li> </ul>
Oct – Nov 2022	<ul style="list-style-type: none"> <li>• Senior Officer Meetings / Cabinet Member meetings to scrutinise proposals</li> <li>• Cabinet Members indicate areas in which further business case work to be targeted</li> <li>• Consider early implementation of 2023/24 efficiency proposals (i.e. those with no service impact) where possible and appropriate</li> </ul>
Dec 2022	<ul style="list-style-type: none"> <li>• Provisional Local Government Settlement (estimated timescale)</li> <li>• Cabinet approval of 2023/24 Council Tax Base</li> </ul>
Jan 2023	<ul style="list-style-type: none"> <li>• Commence consultation on 2023/24 draft budget savings proposals</li> <li>• Fine-tuning of budget proposals, taking account of consultation feedback</li> <li>• Further review and consideration of medium term financial plans</li> </ul>
Feb/ Mar 2023	<ul style="list-style-type: none"> <li>• Approval of Corporate Plan and Budget</li> <li>• Final Local Government Settlement received</li> <li>• Statutory notices placed and Council tax bills issued</li> </ul>

In addition, throughout this period there will be:

- continued involvement and consultation with council tax payers, the grants sector, Scrutiny Committees, Trade Unions, employees and statutory consultation with schools
- continued review of the 2023/24 Budget Gap and all underlying assumptions

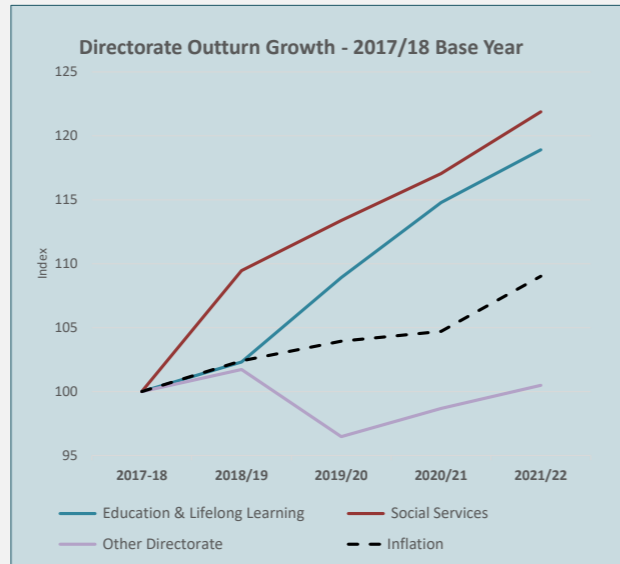
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# Financial Resilience Snapshot

## Outturn - Position

### Directorate Outturn Position: 2017/18 - 2021/22

Directorate	2017/18 £000	2018/19 £000	2019/20 £000	2020/21 £000	2021/22 £000
Education & LL	256,078	261,913	272,812	287,533	297,868
People & Communities	201,711	217,881	224,524	232,204	242,373
Other Directorates	93,055	94,136	94,282	92,890	92,891
<b>Total Directorates</b>	<b>550,844</b>	<b>573,930</b>	<b>591,618</b>	<b>612,627</b>	<b>633,132</b>
Other	36,140	34,983	31,971	43,559	49,120
<b>Total</b>	<b>586,984</b>	<b>608,913</b>	<b>623,589</b>	<b>656,186</b>	<b>682,252</b>



### Revenue Outturn Position - 2021/22

Directorate	Budget £000	Outturn £000	Variance £000	Variance %
Corporate Management	26,429	26,429	0	0
Economic Development	38,750	38,696	(54)	(0.1%)
Education & LL	297,392	297,868	476	0.2%
Planning, Transport & Env	6,066	6,066	0	0.0%
<b>People &amp; Communities</b>				
-Housing & Communities	49,727	48,965	(762)	(1.5%)
-Performance & Partnerships	3,010	2,882	(128)	(4.3%)
-Adult Services	119,457	119,336	(121)	(0.1%)
-Children's Services	71,190	71,190	0	0.0%
<b>Resources</b>				
-Governance & Legal Services	6,084	6,514	430	7.1%
-Resources	15,281	15,186	(95)	(0.6%)
<b>Directorate Total</b>	<b>633,386</b>	<b>633,132</b>	<b>(254)</b>	<b>(0.04%)</b>
Capital Financing	32,436	32,559	123	0.4%
General Contingency	3,000	0	(3,000)	(3.8%)
Summary Revenue Account etc.	13,430	17,251	3,821	(100.0%)
Council Tax	0	(690)	(690)	29.4%
<b>Total</b>	<b>682,252</b>	<b>682,252</b>	<b>0</b>	<b>0.0%</b>

### Capital Outturn Position - 2021/22

Directorate	Budget £000	Outturn £000	Variance £000	Variance %	Under/Over £000	Slippage £000
Economic Development	34,847	28,335	(6,512)	(19%)	0	(6,512)
Education & LL	70,004	60,843	(9,161)	(13%)	1,363	(10,524)
People & Communities	21,392	12,191	(9,201)	(43%)	(579)	(8,622)
Planning, Transport & Environment	52,663	40,656	(12,007)	(23%)	0	(12,007)
Resources	33,158	14,411	(18,747)	(57%)	0	(18,747)
<b>Total</b>	<b>212,064</b>	<b>156,436</b>	<b>(55,628)</b>	<b>(26%)</b>	<b>784</b>	<b>(56,412)</b>

### Directorate Variance Position: 2017/18 - 2021/22

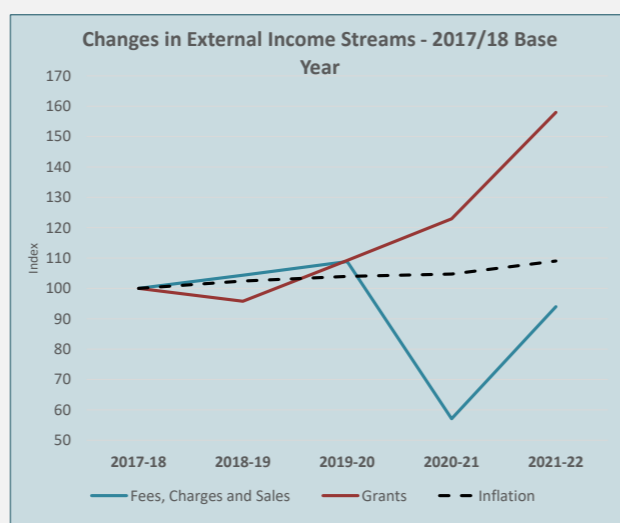
Directorate	2017/18 £000	2018/19 £000	2019/20 £000	2020/21 £000	2021/22 £000
Education & LL	1,212	756	686	275	476
People & Communities	2,174	2,075	3,637	169	(1,011)
Other Directorates	1,596	2,522	4,306	(253)	281
<b>Total Directorates</b>	<b>4,982</b>	<b>5,353</b>	<b>8,629</b>	<b>191</b>	<b>(254)</b>
Other	(4,982)	(5,353)	(8,629)	(191)	254
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

*Directorates are in 2022/23 structure for comparability*

## External Income

### Directorate Outturn Position: 2017/18 - 2021/22

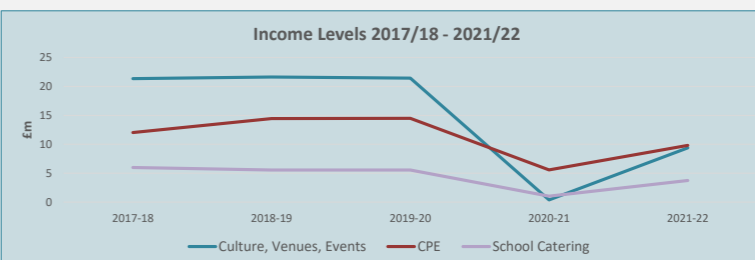
	2017/18 £000	2018/19 £000	2019/20 £000	2020/21 £000	2021/22 £000
Sales, Fees & Charges	(78,496)	(81,886)	(85,443)	(44,799)	(73,756)
Other Grants & Reimbursements	(37,033)	(44,001)	(41,268)	(36,827)	(41,621)
Interest & Investment Income & Rents	(6,991)	(8,156)	(8,779)	(12,270)	(14,932)
Grants	(106,090)	(101,602)	(115,847)	(130,394)	(167,600)
Grants (external spend)*	(160,352)	(154,370)	(142,566)	(137,163)	(128,463)
Covid Grants (inc. Hardship Fund)	0	0	0	(106,254)	(82,044)
<b>Total External Income</b>	<b>(388,962)</b>	<b>(390,015)</b>	<b>(393,903)</b>	<b>(467,707)</b>	<b>(508,416)</b>



### Fees & Charges, Highest Directorate Receipts: 2017/18 - 2021/22

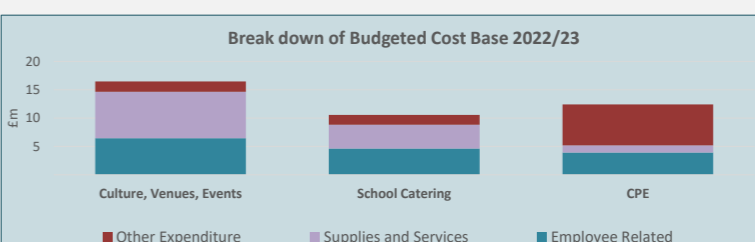
Directorate	2017/18 £000	2018/19 £000	2019/20 £000	2020/21 £000	2021/22 £000
Economic Development	34,787	35,658	35,562	8,575	23,821
Central Education	8,073	7,946	7,454	1,536	5,161
Delegated Schools	6,598	6,592	7,663	3,783	5,476
Planning, Transport & Env	22,443	23,812	23,709	14,573	21,431

### Trend Analysis: Highest Fees & Charges Receipts 2017/18 - 2021/22



### Specific Grants, Highest Directorate Receipts: 2017/18 - 2021/22

Directorate	2017/18 £000	2018/19 £000	2019/20 £000	2020/21 £000	2021/22 £000
Central Education	31,817	33,891	45,133	48,085	64,873
Delegated Schools	12,227	11,662	12,375	13,951	17,595
Housing & Communities	35,567	35,463	37,722	39,358	48,898
Social Services	9,366	6,930	7,900	13,016	23,695



\* Grants that largely fund external spend: Housing Benefit, 20hr childcare & concessionary fares

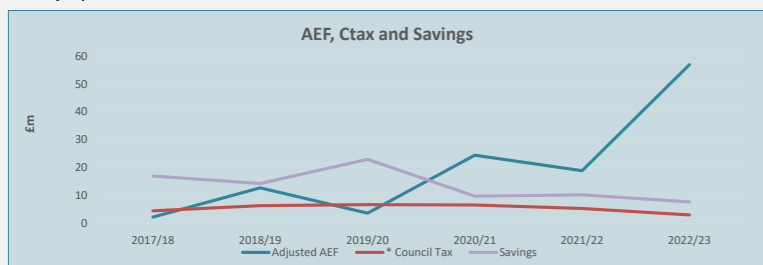
\* Excluding HB, 20 hour childcare and concessionary fares

## Budget Strategy, Savings & Budgeted Resilience

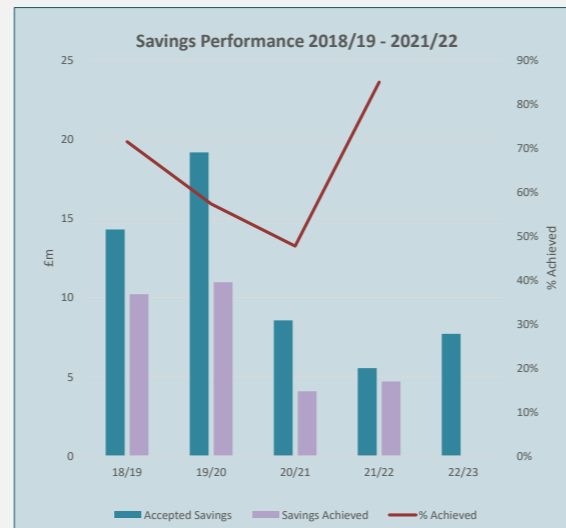
### Net Revenue Funding & Budget Strategy

Directorate	2017/18 £000	2018/19 £000	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000
Savings	(17,007)	(14,296)	(22,943)	(9,764)	(10,244)	(7,708)
Council Tax Increase (rate)*	(4,520)	6,406	(6,475)	(6,594)	(5,350)	(3,065)
Reserve Funding	(1,500)	(2,350)	(2,750)	(750)	(750)	0
<b>Total</b>	<b>(23,027)</b>	<b>(10,240)</b>	<b>(32,168)</b>	<b>(17,108)</b>	<b>(16,344)</b>	<b>(10,773)</b>

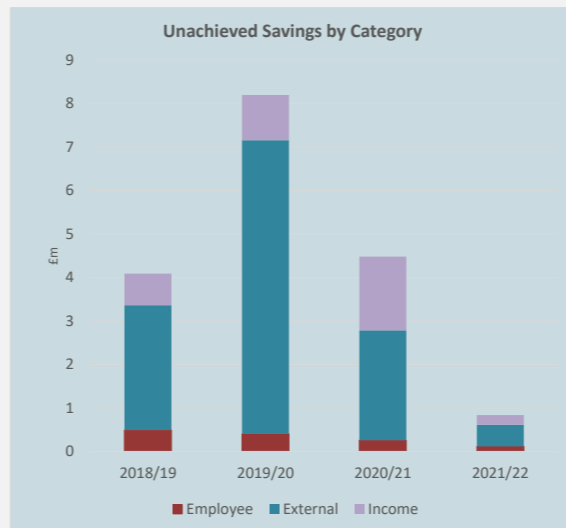
\* Net of impact on Council Tax Reduction Scheme



\* Indicative AEF shows a drop back in 2023/24 and 2024/25



\* Achievement of Directorate Savings in year - Savings unachieved in year would either be achieved in future years or would require budget realignment  
The next iteration of the snapshot will show progress to current year



### Budget Corporate Resilience

Budgeted Resilience	2017/18 £000	2018/19 £000	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000
Covid Recovery Budget	0	0	0	0	0	10,000
Financial Resilience Mechanism	4,000	4,000	3,800	3,800	3,800	3,800
General Contingency	3,000	3,000	3,000	3,000	3,000	2,000

There are also service specific contingencies for demand risk in Social Services and price risk in recycling

### Covid 19 Recovery Budget

Covid 2020/21 & 2022	2020/21 £000	Q1 21/22 £000	Q2 21/22 £000	Q3 21/22 £000	Q4 21/22 £000	2021/22 £000
WG Schemes / Supplier support	26,341	4,398	6,177	5,475	11,333	27,383
CC Expenditure	21,363	1,591	1,616	1,995	1,804	7,006
CC Income	38,155	4,805	4,928	3,223	1,055	14,011
<b>TOTAL</b>	<b>85,859</b>	<b>10,794</b>	<b>12,721</b>	<b>10,693</b>	<b>14,192</b>	<b>48,400</b>

Purple areas highlight ongoing level of exposure to Council in Q4 21/22 - £10m budget is to address this ongoing risk into 22/23

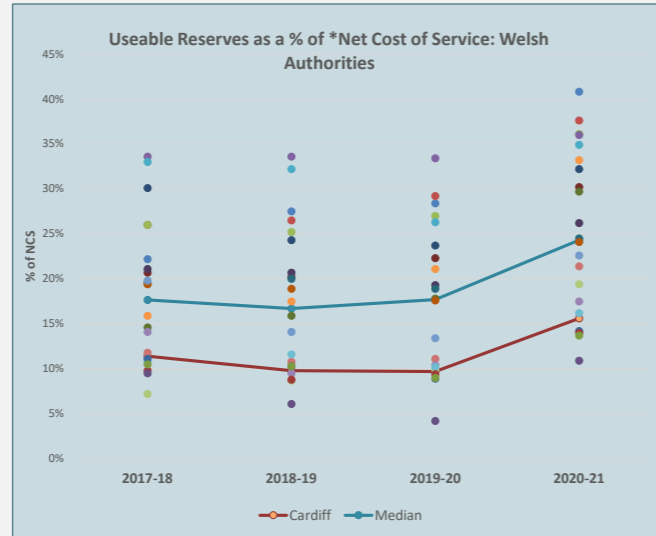
# Financial Resilience Snapshot

## Financial Ratios and Earmarked Reserves

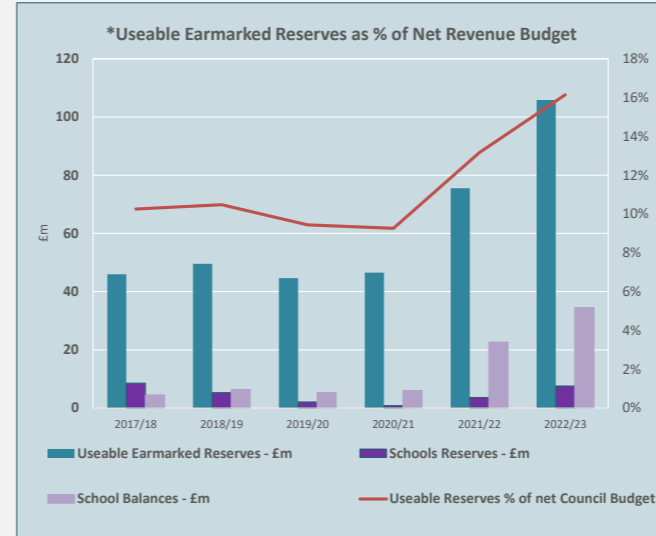
### Financial Indicators : Cardiff Council Single Entity

Ratio / Indicator	2017/18 £000	2018/19 £000	2019/20 £000	2020/21 £000	*2021/22 £000
Availability of Resources					
** Changes in Useable Reserve	3.33%	-10.68%	1.74%	68.85%	41.55%
Net CTAX Proceeds / Net CTAX budgeted	100.15%	100.48%	102.16%	100.55%	103.87%
Current Ratio	1.65	1.47	1.61	1.77	2.03
Working Cap as % of Gross Revenue Exp	9%	7%	11%	15%	16%
General Reserve to GRE (days)	6	6	6	5	4
<b>Creation of Resources &amp; Gearing</b>					
Capital Funding Req/Net Revenue	116%	114%	121%	109%	102%
LT Borrowing to LT Assets (ratio)	36%	37%	38%	37%	37%
LT Borrowing to Tax & AEF	103%	104%	115%	100%	96%
Interest Payments / Net Revenue	7%	7%	7%	8%	9%

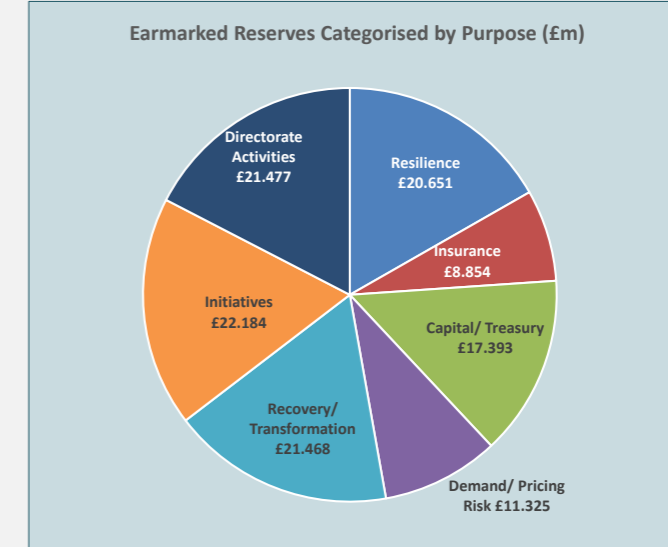
\* 2021/22 - Draft Statement of Accounts figures - subject to audit.  
 \*\* Useable Reserves: Council Fund, Earmarked Reserves, School Balances & Reserves, Joint Committee reserves - Audit Wales definition.  
 2018/19 reduction in useable reserves - in-year funding of higher than anticipated pay award, & reduction in School balances.



\* Information provided from Audit Wales.



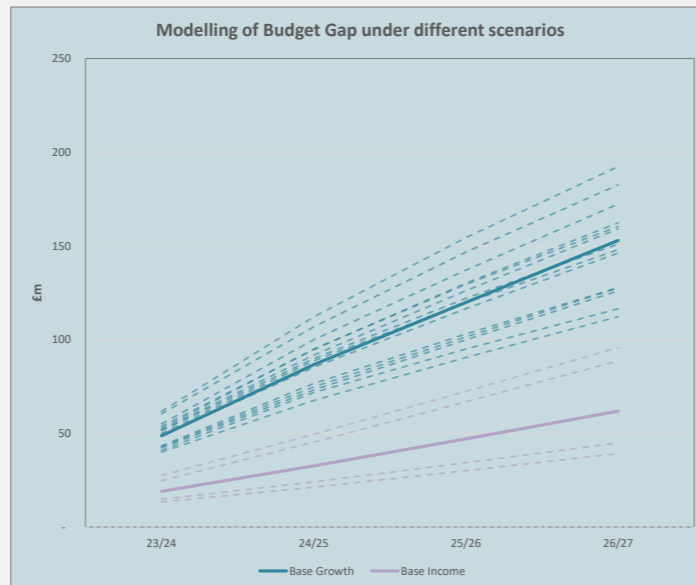
\* This is a local indicator that diverges from Audit Wales reserve indicator. Takes a more stringent view of "useable" reserves - re: Council revenue activities i.e. - Council Fund and Council Earmarked Reserves. Measures coverage of reserves as at 31st of March relative to NCS in next financial year.



## Medium Term Financial Outlook: Revenue

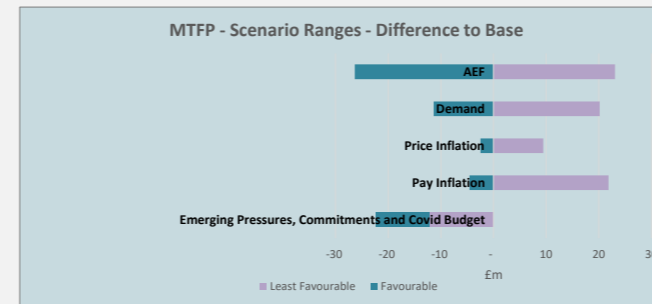
### Medium Term Budget Gap

Component of Budget Gap	2023/24 £000	2024/25 £000	2025/26 £000	2026/27 £000	Total £000
Pay Inflation and Actuarial Reviews	13,550	20,615	12,595	12,630	59,390
Price Inflation	17,396	6,477	5,976	4,896	34,745
Capital Financing (pre school Band B Cont.)	4,128	2,168	2,036	3,259	11,591
Commitments & Realignments	1,220	504	1,202	546	3,472
Demographic Pressures	8,851	4,711	7,968	8,197	29,727
Emerging Financial Pressures	3,500	3,500	3,500	3,500	14,000
Funding - AEF & Reserves	(19,565)	(13,531)	(14,433)	(14,794)	(62,323)
<b>Total Budget Gap</b>	<b>29,080</b>	<b>24,444</b>	<b>18,844</b>	<b>18,234</b>	<b>90,602</b>
Council Tax - Modelled at 3%	(4,931)	(5,079)	(5,232)	(5,388)	(20,630)
Savings	(24,149)	(19,365)	(13,612)	(12,846)	(69,972)
<b>Budget Strategy Requirement</b>	<b>(29,080)</b>	<b>(24,444)</b>	<b>(18,844)</b>	<b>(18,234)</b>	<b>(90,602)</b>

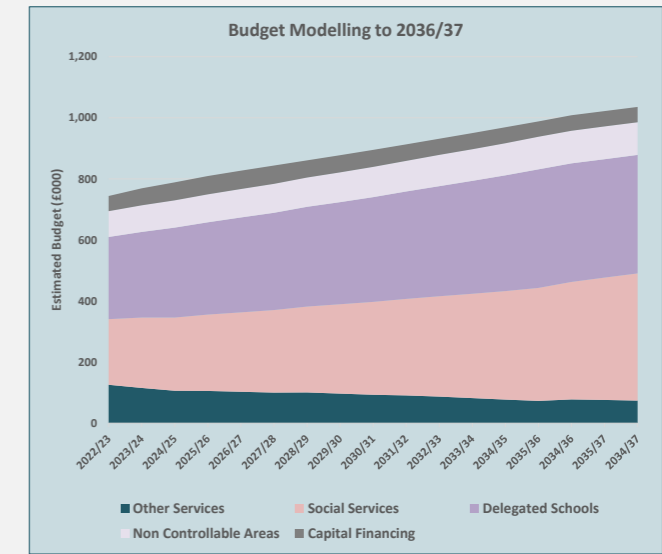


Graph above illustrates the different planning scenarios. Max £153m, Min £24m, Ave £84m - comparable to base case of £91m.

Medium Term Budget Gap Variance from Base Assumptions - £m		Demand - Scenarios		
		High	Base	Low
Economic Scenarios	Recession - High Inflation	62+	42+	31+
	Recession - Low Inflation	12+	-8	-19
	<b>Base</b>	<b>6+</b>	<b>Base Case - £91m Budget Gap over 4 Years</b>	<b>-25</b>
	Econ Growth - High Inflation	-4	-24	-35
	Econ Growth - Low Inflation	-33	-53	-67



9 of the 14 alternative scenarios had a lower Budget Gap than the Base case. The single biggest variable in the MTFP budget Gap is AEF



## Capital Financing

### Capital Financing Requirement as at 31 March each year:

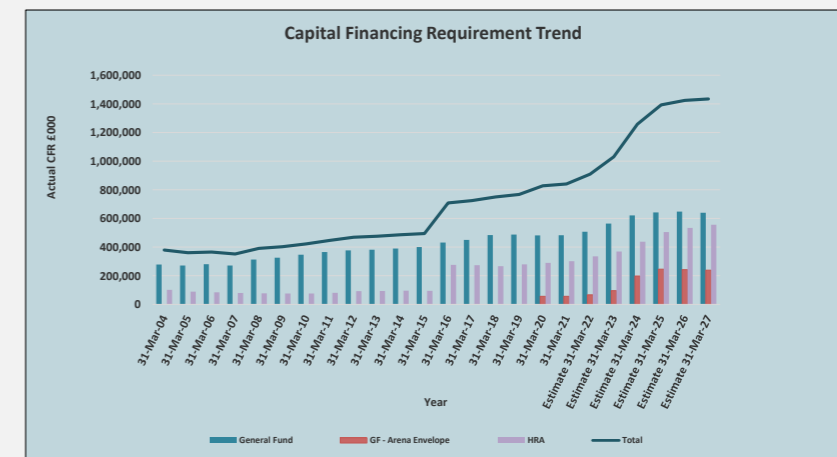
Element	2021 Actual £m	2022 Actual £m	2023 Estimate £m	2024 Estimate £m	2025 Estimate £m	2026 Estimate £m	2027 Estimate £m
General Fund	484	483	564	621	642	648	640
General Fund (Arena Affordability Envelope)	56	60	97	198	246	242	238
Housing Revenue Account	301	325	369	438	505	534	556
<b>Total</b>	<b>841</b>	<b>868</b>	<b>1,030</b>	<b>1,257</b>	<b>1,393</b>	<b>1,424</b>	<b>1,434</b>

### Capital Financing Requirement as Ratio of the Net Revenue Stream

Element	2011/12 Actual %	2020/21 Actual %	2021/22 Actual %	2022/23 Estimate %	2023/24 Estimate %	2024/25 Estimate %	2025/26 Estimate %	2026/27 Estimate %
General Fund	0.72	0.82	0.80	0.89	1.07	1.13	1.10	1.06
Housing Revenue Account	2.24	3.78	4.00	4.43	4.97	5.39	5.41	5.35

### Ratio of Financing Costs to Net Revenue Budget Stream

Element	2020/21 Actual %	2021/22 Actual %	2022/23 Estimate %	2023/24 Estimate %	2024/25 Estimate %	2025/26 Estimate %	2026/27 Estimate %
General Fund - Gross Capital Financing Budget	6.99	7.27	6.90	7.50	8.22	8.39	8.44
HRA - Gross Capital Financing Budget	32.72	32.36	32.16	33.36	36.23	38.49	37.72



**CYNGOR CAERDYDD  
CARDIFF COUNCIL**

**POLICY REVIEW & PERFORMANCE  
SCRUTINY COMMITTEE**

**13 July 2022**

**Work Programming 2022-23**

**Purpose of the Report**

1. To agree the way forward for developing and agreeing the Committee's 2022/23 work programme.

**Background**

2. Each Scrutiny Committee sets its own work programme for the forthcoming year (Scrutiny Procedure Rule 7). This Committee's terms of reference give the Committee responsibility to scrutinise, monitor and review the overall operation of the Cardiff programme for improvement and the effectiveness of the general implementation of the Council's policies, aims and objectives for the following:

<ul style="list-style-type: none"> <li>• Budget Oversight &amp; Monitoring</li> <li>• Commissioning &amp; Procurement</li> <li>• Communications</li> <li>• Consultation, engagement &amp; participation</li> <li>• Corporate Performance Management Framework</li> <li>• Corporate Planning</li> <li>• Council Property &amp; Estates</li> <li>• Digital, ICT &amp; Customer Services</li> </ul>	<ul style="list-style-type: none"> <li>• Equalities</li> <li>• Financial Strategy</li> <li>• Human Resources</li> <li>• Legal &amp; Governance Services</li> <li>• Local Development Plan</li> <li>• Organisational Recovery &amp; Renewal</li> <li>• Public Service Board</li> <li>• Strategic Policy Development</li> </ul>
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3. The Committee's Terms of Reference also confer responsibility to scrutinise, monitor and review the effectiveness of the Council's systems of financial control and administration and use of human resources; to assess the impact of partnerships with, and resources and services provided by, external organisations including the Welsh Government, joint local government services, Welsh Government Sponsored Public Bodies and quasi-departmental non-government bodies on the effectiveness of Council service delivery; and to report to an appropriate Cabinet or Council meeting on its findings and make recommendations on measures which may enhance Council performance in this area.
4. Scrutiny plays an essential role in promoting accountability, efficiency and effectiveness in the Council's decision-making process and the way in which it delivers services. The main roles of the Scrutiny Committees are:
  - Holding to account the Cabinet and officers, as decision-makers.
  - Being a '*critical friend*', questioning how decisions have been made, providing a '*check and balance*' to decision makers, and undertaking reviews of services and policy.
  - Providing a voice for citizens.

### **Developing an Annual Work Programme**

5. The forward work programme, whilst constructed at the beginning of the municipal year, is updated and amended during the year in order to respond to urgent priorities, policy developments, and unplanned pre-decision opportunities. It also has to remain flexible and responsive in order to cover any urgent issues occurring throughout the year. Given the range of service areas and subjects covered by the Committee, the work programme needs to be carefully constructed to ensure that the time and resources available to the Committee are most effectively used.
6. The first stage is to identify potential work programme items for consideration and prioritisation by Committee Members by:
  - seeking suggestions from all Members and officers.



- reviewing the items recommended by the previous Committee.
  - reviewing corporate documents, forthcoming legislation, the work programmes of relevant auditors, inspectors and regulators and partnership, consortia, and regional documents; and
  - checking other relevant documentation to identify areas within the terms of reference for the Committee
7. Following the preparation of a list of potential items, Committee Members will need to prioritise the items, given the range of subject areas covered by the Committee, the limitations of support available and meetings programmed. Members are encouraged to prioritise items where scrutiny can have most impact, that will help to deliver improved performance and that are not being investigated by other routes. This ensures that the time and resources available to the Committee are most effectively used.
8. The Committee's Principal Scrutiny Officer will draft a list of possible items following research and consultation with sources as set out above and taking into account the challenges outlined by lead officers at the Committee's informal induction meeting. Members views conveyed at all induction meetings will also be explored and included where practical. Members will be invited to prioritise items in communication online through the Chair and Principal Scrutiny Officer. Proposals will then be presented to the full committee in September for formal approval of the work programme.

### **Way Forward**

9. During the meeting, Members may wish to:
- a. agree the approach to developing the Committee's work programme for 2022-23, so that a draft of the programme is brought back to the Committee in September 2022 for formal approval.
  - b. offer particular issues of interest for inclusion in the Committee's work programme development.

## **Legal Implications**

10. 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 on 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**

11. 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**

The Committee is recommended to agree the approach to developing the Committee's work programme for 2022-23.

**DAVINA FIORE**

**Director of Governance and Legal Services**

**7 July 2022**