



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, 12 JULY 2023, 4.30 PM  |
| <b>Venue</b>                    | CR 4, COUNTY HALL - MULTI LOCATION MEETING  |
| <b>Membership</b>               | Councillor Williams (Chair)<br>Councillors Ash-Edwards, Carter, Chowdhury, Henshaw, Hinchey, Hunt, Stubbs and Thomson |

*Time  
approx.*

### 1 **Apologies for Absence**

To receive apologies for absence.

### 2 **Declarations of Interest**

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

### 3 **Annual Well-being Report 2022/23** (*Pages 5 - 106*) 4.30 pm

Pre Decision Scrutiny of report to Cabinet.

### 4 **Budget 2024/25, MTFP & Outturn Report 2022/23** (*Pages 107 - 186*) 5.00 pm

Pre Decision Scrutiny of report to Cabinet.

### 5 **Delivering a Modern Cardiff Works and Agency Provision** (*Pages 187 - 200*) 5.45 pm

Pre Decision Scrutiny of report to Cabinet.

### 6 **Annual Property Plan 2023/24** (*Pages 201 - 242*) 6.30 pm

Pre Decision Scrutiny of report to Cabinet.

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

7 **Urgent Items (if any)**

8 **Way Forward**

7.00 pm

9 **Date of next meeting**

20 September 2023 at 4.30pm

**Davina Fiore**

**Director Governance & Legal Services**

Date: Thursday, 6 July 2023

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

## **WEBCASTING**

**This meeting will be filmed for live and/or subsequent broadcast on the Council's website. The whole of the meeting will be filmed, except where there are confidential or exempt items, and the footage will be on the website for 6 months. A copy of it will also be retained in accordance with the Council's data retention policy.**

**Members of the press and public may also film or record this meeting.**

**If you make a representation to the meeting you will be deemed to have consented to being filmed. By entering the body of the Chamber or meeting room you are also consenting to being filmed and to the possible use of those images and sound recordings for webcasting, public information, press coverage and/or training purposes.**

**If you have any queries regarding webcasting of meetings, please contact Democratic Services on 02920 872020 or email [Democratic Services](#)**

This page is intentionally left blank

**CYNGOR CAERDYDD  
CARDIFF COUNCIL**

**POLICY REVIEW & PERFORMANCE  
SCRUTINY COMMITTEE**

**12 July 2023**

**Annual Well-being Report 2022/23 – End of Year Performance Assessment**

**Reason for the Report**

1. To undertake pre-decision scrutiny of the Council's Annual Well-Being Report 2022/23 reviewing the Council's end of year performance assessment prior to its consideration by Cabinet on 13 July 2023.

**Structure of the Papers**

2. Attached to this report are a series of appendices to assist Members preparations:

**Appendix 1 - Annual Well-Being Report 2022/23**

**Appendix 2 - [Corporate Performance Dashboard](#)**

**Appendix 3a - Scrutiny Performance Panel Recommendations**

**Appendix 3b - Cabinet Response to Scrutiny Performance Panel Recommendations**

**Context**

3. Members have responsibility for scrutiny of the Council's corporate planning, performance assessment and reporting arrangements in line with this committee's Terms of Reference.
4. The Council's Annual Well-Being Report 2022/23 is the end-of year performance report providing an assessment of the progress made in delivery of the administration's priorities as expressed within the Corporate Plan 2022-25.
5. The Local Government and Elections (Wales) Act 2021 introduced a number of new performance requirements on local authorities. Amongst these requirements is the need for Local Authorities to undertake a self-assessment. The Act, and associated

Welsh Government guidance<sup>1</sup>, sets out the expectations and purpose of the self-assessment.

6. To meet these requirements, in February 2022 the Council introduced a strengthened Performance & Planning Framework and Data Strategy. This reflective performance management process assists the Council in developing a balanced picture of its improvement journey over the year, while also recognising areas which require further attention. The approach makes a strategic evaluative assessment of performance for each Well-being objective, in order to identify areas of focus for the year ahead. The self-assessment framework includes challenge by a number of stakeholders, including all Scrutiny Committees and the Governance & Audit Committee.
7. As part of the Performance Framework the Leader of the Council has committed to collaborative scrutiny engagement in the corporate planning and performance assessment process. This includes engaging informally with all Scrutiny Chairs to consider the corporate self -assessment of the Council's end of year performance 2022/23 and reflecting on their comments and observations before the Annual Well-being Report 2022/23 is formally published and considered by Cabinet. This level of engagement affords scrutiny an opportunity to shape and inform the self-assessment process.
8. The remit and role performed by the Scrutiny Performance Panel extends to in-depth informal scrutiny across all Council services. As such, membership of the Panel reflects the specialised knowledge and understanding of all five Council Scrutiny Committees, to enable effective internal challenge of the Authority's overall performance.
9. Comments, observations recommendations made by Scrutiny Chairs at the informal meeting are attached at **Appendix 3a** to inform this pre-decision scrutiny of the Annual Well-being Report 2022/23, prior to its consideration by Cabinet and full Council. The Leader's prompt response is attached at **Appendix 3b**.

## Background

10. In February each year, Council approves a three-year **Corporate Plan**. The Corporate Plan sets out how the Council will deliver the administration's priorities as set out in its Policy Statement and the Council's Well-being Objectives for the year in

---

<sup>1</sup> [Statutory guidance \(gov.wales\)](https://gov.wales)

accordance with the Well-being of Future Generations (Wales) Act 2015. The Plan includes the **Steps** and **Key Performance Indicators (KPIs)** considered necessary to deliver and monitor progress.

11. The Corporate Plan 2022/25 is structured around 7 **Well-being 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
12. Attached to this report at **Appendix A**, the Annual Well-being Report 2022/23 provides a Strategic Assessment against each of these Well-being Objectives.
13. To provide an end-of-year summary and evidence-based assessment of progress the report brings together information from several sources to assess performance, including:
  - **Progress against the Council's Key Performance Indicators**
  - **Progress against the Steps under each Well-being Objective**
  - **Inspection Reports** by regulatory bodies– The Council is subject to a number of inspections from regulatory bodies including Audit Wales, Estyn (Education) and the Care Inspectorate Wales (CIW). Their findings help the Council to assess areas of strong performance, as well as identifying areas that require improvement
  - **Surveys and citizen feedback**
  - **Annual complaints report**
  - **Financial Monitoring** – The Council's Outturn Report 2022/23 serves to inform of the Council's financial position in respect of the year ending 31 March 2023.
  - **Feedback from Scrutiny Committees and the Governance & Audit Committee** – the Council responds to the issues raised and recommendations made by the Committees, which help to inform performance improvement.
  - **Risk** – the Council's corporate and directorate risks are considered fully;

- **Good Governance** – The Council’s Annual Governance Statement sets out an assessment of the Council’s framework of governance, risk management and internal control.

## **Council Performance**

15. The Annual Well-being Report 2022-23 points to a broad pattern of year-on-year improvement across a range of council services

16. The Council continues to evidence a broad pattern of year-on-year improvement across a range of council services, with clear progress being made in the delivery of Corporate Plan commitments in 2022/23, in summary:

- Following the local council elections in May 2022 the new administration’s policy agenda for the next five years - ‘Stronger, Fairer, Greener’ - was approved by the Cabinet in July 2022. These priorities have been translated into the Council’s Planning and Delivery Framework with associated delivery milestones, key performance indicators and the necessary resources to ensure progress. Audit Wales also concluded that the Council has effective arrangements in place for setting corporate objectives, *using sustainable development principle to drive the setting of its well-being objectives including good use of data and a strong collaborative approach.*
- Good performance continues to be evidenced across statutory services, exemplified by positive regulatory assessments.
- The transition to hybrid working continues to be managed successfully, with the Council’s assets, digital infrastructure and HR policies enabling new models of service delivery whilst unlocking financial efficiencies, delivering service improvement, and providing greater flexibility for staff.
- Education outcomes are positive with attainment above the Welsh average and school inspection results generally positive.
- Good progress has been made in Children’s Service’s with implementation of the Accommodation Strategy, embedding both the intervention hub and reviewing hub and progressing work to shift the balance of care.



- Within Adult Social Services, the care market has been stabilised with domiciliary care requirements being met and pathways out of hospital have been improved through more effective joint working with Cardiff & Vale University Health Board.
- Progress has been maintained with the Council's housebuilding programme despite difficult market conditions.
- The Ageing Well Strategy continues to be progressed with joint working across directorates.
- A new Recycling Strategy has been approved with recycling rates in Quarter 1 achieving the statutory target.
- Record levels of maintenance spend has been achieved.
- An extensive pipeline of One Planet Cardiff projects - including the District Heat System - continues to be progressed and £100m has been secured to deliver Cardiff Crossrail as part of the Council's broader transport strategy.
- The Council has become a top 100 employer in the Stonewall Workplace Equality Index survey, the highest placed Local Authority overall and retained the Gold Award.
- The Race Equality Taskforce has completed its programme of work and each of its recommendations have been accepted.

17. The Report also draws attention to a range of performance challenges ahead:

- **Managing sustained increase in the complexity and scale of demand across Council services**
- **Responding to new risks and issues:** These include the response to the cost-of-living crisis and the energy crisis cost pressures that seriously impacted the cost of running Council venues and have had clear implications for the Council's capital programme. The Ukraine refugee crisis also necessitated the rapid mobilisation of a cross service-area response
- **Workforce pressures now impacting on all council services:**
- **Ensuring continued financial resilience:** The Budget Update Report sets out an indicative Revenue budget gap of £36.7 million for 2024/25 and a £119.2 million budget gap across the period of the Medium- Term Financial Plan. These pressures are due to a combination of increased complexity and scale of demand on services, inflationary pressures driven by employee related costs,

the costs of goods and commodities purchased by the Council (such as energy, food and fuel) and the cost of construction, materials and commissioned services. Continued post-pandemic pressures in income recovery in some services also remains an issue.

### **Scope of the Scrutiny**

18. The scope of the scrutiny will focus on the assessment of performance at year end and the challenges and priorities ahead. Members are welcome to comment on performance related to all seven Well-being objectives, however, the key objective relevant to the PRAP Terms of Reference is **WBO7 – Modernising and Integrating Our Public Services**.
19. Members are requested to consider whether there are comments and observations that need to be captured during the Committees discussion of this item at the Way Forward for submission to Cabinet.

### **Way Forward**

20. To support this item the Leader of the Council, Councillor Huw Thomas; the Cabinet Member for Finance, Modernisation and Performance, Cllr Chris Weaver; Corporate Director Resources, Chris Lee; Corporate Director Communities, Sarah McGill; Head of Performance and Partnerships, Gareth Newell; and Operational Manager for Policy & Improvement, Dylan Owen, will attend to facilitate the discussion.

### **Legal Implications**

21. 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**

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 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:

- I. Consider the information provided at the meeting, the Council's Annual Well-Being Report 2022-23, and its appendices; and
- II. Determine whether it wishes to convey any comments, observations, or recommendations to Cabinet.

**DAVINA FIORE**

**Director of Governance and Legal Services**

**6 July 2023**

This page is intentionally left blank

**BY SUBMITTING THIS REPORT TO THE CABINET OFFICE, I, SARAH McGILL, CORPORATE DIRECTOR (PEOPLE AND COMMUNITIES), AM CONFIRMING THAT THE RELEVANT CABINET MEMBER(S) ARE BRIEFED ON THIS REPORT**

**CARDIFF COUNCIL  
CYNGOR CAERDYDD**

**CABINET MEETING: 13 JULY 2023**

---

**ANNUAL WELL-BEING REPORT 2022/23**

**LEADER (COUNCILLOR HUW THOMAS) AND CABINET MEMBER FOR FINANCE, MODERNISATION & PERFORMANCE (COUNCILLOR CHRIS WEAVER)**

**AGENDA ITEM:**

---

**Reason for this Report**

1. This report is the Council's annual performance report, providing an assessment of the progress made in the delivery of the administration's priorities as set out within the Corporate Plan 2022-25. This report also enables the Council to discharge a number of statutory obligations, including a self-assessment of performance as required by the Local Government and Elections (Wales) Act 2021 and the publication of a statutory Annual Well-Being Report, as required by the Well-Being of Future Generations Act (Wales) 2015.

**Background**

2. The Council's Corporate Plan translates the administration's political priorities into deliverable organisational objectives. The Council's budget is also developed in tandem with the Corporate Plan on an annual basis to ensure alignment between the Council's budget and corporate priorities.
3. The Well-Being of Future Generations (Wales) Act 2015 requires the Council, as a public body, to publish Well-Being Objectives and how it plans to achieve them. These Well-being Objectives were set out in the Council's Corporate Plan 2022-25 as follows:
  - 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
4. The Annual Well-Being Report 2022/23 is a statutory annual review and self-assessment of performance in line with the commitments set out in the Council's Corporate Plan 2022-25 and includes:
- A strategic self-assessment of the Council's performance for the reporting year 2022/23 against each of the Well-being Objectives (Appendix 1);
  - A detailed update – with RAG (Red/Amber/Green) ratings – against the Key Performance Indicators (KPIs) included within the Corporate Plan 2022-25 and a detailed narrative update – with RAG ratings – against the Steps included within the Corporate Plan 2022-25. Updates against the Steps and KPIs in the Corporate Plan 2022-25 can be accessed via the [Corporate Performance Dashboard](#) (Appendix 2).

#### Self-Assessment of Performance: The Council's Planning and Performance Framework

5. The Cabinet approved a strengthened Planning and Performance Framework on 24 February 2022, which responds to the new performance requirements set out in the Local Government and Elections (Wales) Act 2021.
6. Part 6, Chapter 1 of the Local Government and Elections (Wales) Act 2021 places a new duty on local authorities to keep performance under review. The Act also places a duty on principal councils to report on performance through the production of a self-assessment report in respect of each financial year. The Act, and associated Welsh Government guidance, sets out the expectations and purpose of the self-assessment, which is summarised as follows:
- “...a way of critically, and honestly, reviewing the current position in order to make decisions on how to secure improvement for the future. Self-assessment is more than stating what arrangements are in place; it is about considering how effective these arrangements are and how they can be improved. Self-assessment of how the council is meeting the performance requirements places ownership of performance and improvement firmly with councils...It is about a council being self-aware, understanding whether it is delivering the right outcomes, and challenging itself to continuously improve.”*
7. The self-assessment report must set out its conclusions on the extent to which the Council met the performance requirements during that financial year, and any actions it intends to take, or has already taken, to increase

the extent to which it is meeting the performance requirements. This duty is discharged through the publication of the Annual Well-being Report.

8. The Council's strengthened approach to self-assessment draws on a number of sources of performance information to assess progress against Well-being Objectives, including:
  - Progress against the Council's Key Performance Indicators;
  - Progress against the Steps under each Well-being Objective;
  - Regulatory assessment;
  - Surveys and citizen feedback;
  - Annual complaints report;
  - Financial monitoring – the Council's Outturn Report 2022/23 serves to inform the Council's financial position in respect of the year ending 31 March 2023;
  - Feedback from Scrutiny Committees and the Governance & Audit Committee – the Council responds to the issues raised and recommendations made by Scrutiny Committees, which help to inform performance improvement;
  - Risk – the Council's corporate and directorate risks are considered fully;
  - The Annual Governance Statement, supported by the Senior Management Assurance Statement.
9. These sources of performance information are reviewed annually to enable the Council to develop a rounded picture of the Council's improvement journey over the year, which is set out in the Annual Well-being Report. The report provides a balanced assessment of performance for each Well-being Objective, recognising areas of progress, risk, as well as identifying specific areas of improvement and performance challenge, which will require further attention in the year ahead. This approach supports a more nuanced evaluation of the Council's performance and a more constructive performance discussion than the previous categorisation of performance for each Well-being Objective.
10. The Council also has in place a performance and accountability regime, which involves the wider political governance of the Council. In developing the self-assessment of performance, the following steps have been undertaken to provide opportunities for challenge and to ensure a full and balanced assessment:
  - Directorate self-evaluation of performance;
  - Assurance sessions with each Director that are convened by the Chief Executive and Section 151 Officer to consider performance, risk & financial challenges and priorities;
  - Assurance sessions with the Chief Executive and the Council's Senior Management Team that are convened by the Cabinet;

- Consideration by the Council's Governance & Audit Committee in accordance with the requirements of the Local Government and Election (Wales) Act 2021.
  - Performance Panel Review, convened by the Chair of the Policy Review and Performance Scrutiny Committee, and involving the Chair of each of the Council's Scrutiny Committees;
  - Consideration by the Policy Review and Performance Scrutiny Committee.
11. The Performance Panel, which brings together the Chairs of the Council's five Scrutiny Committees and representatives of the Policy Review and Performance Scrutiny Committee, considered the Annual Well-being Report 2022/23 on 26 June 2023. The Performance Panel Chair's letter, the Performance Panel's recommendations and observations, together with the response provided to the recommendations are included as Appendix 3a and 3b respectively.
  12. The Council's Governance & Audit Committee is due to consider the draft Annual Well-being Report 2022/23 on 11 July 2023. The Governance & Audit Committee's letter is included as Appendix 4a to this report *(to follow)*. A response to the points raised by the Governance & Audit Committee is included as Appendix 4b to this report *(to follow)*.
  13. The Policy Review and Performance Scrutiny Committee is also due to consider the draft Annual Well-being Report 2022/23 on 12 July 2023. Any letter received from the Scrutiny Committee following that meeting will be circulated at the Cabinet meeting on 13 July 2023 *(Appendix 5 – to follow)*. A response to the points raised by the Policy Review Performance Scrutiny Committee is included as Appendix 5b to this report *(Appendix 5b – to follow)*.

#### **Areas of Progress and Improvement:**

14. The Council continues to evidence a broad pattern of year-on-year improvement across a range of council services, with clear progress being made in the delivery of Corporate Plan commitments in 2022/23:
  - Following the local council elections in May 2022 the new administration's policy agenda for the next five years - 'Stronger, Fairer, Greener' - was approved by the Cabinet in July 2022. These priorities have been translated into the Council's Planning and Delivery Framework with associated delivery milestones, key performance indicators and the necessary resources to ensure progress. Audit Wales also concluded that the Council has effective arrangements in place for setting corporate objectives, *using sustainable development principle to drive the setting of its well-being objectives including good use of data and a strong collaborative approach.*



- The transition to hybrid working continues to be managed successfully, with the Council's assets, digital infrastructure and HR policies seeking to enable new models of service delivery whilst unlocking financial efficiencies, delivering service improvement, and providing greater flexibility for staff.
- Education outcomes are positive with attainment above the Welsh average and school inspection results generally positive.
- Good progress has been made in Children's Service's with implementation of the Accommodation Strategy, embedding both the intervention hub and reviewing hub and progressing work to shift the balance of care.
- Within Adult Social Services, the care market has been stabilised with domiciliary care requirements being met and pathways out of hospital have been improved through more effective joint working with Cardiff & Vale University Health Board.
- Progress has been maintained with the Council's housebuilding programme despite difficult market conditions.
- The Ageing Well Strategy continues to be progressed with joint working across directorates.
- A new Recycling Strategy has been approved with recycling rates in Quarter 1 achieving the statutory target.
- An extensive pipeline of One Planet Cardiff projects - including the District Heat System - continues to be progressed and a further £50m has been secured to deliver Cardiff Crossrail as part of the Council's broader transport strategy.
- The Council has become a top 100 employer in the Stonewall Workplace Equality Index survey, the highest placed Local Authority overall and retained the Gold Award.
- The Race Equality Taskforce has completed its programme of work and each of its recommendations have been accepted.

### Corporate Improvement Priorities

15. The Annual Well-being Report 2022/23 highlights a range of performance challenges, which need to remain the subject of corporate focus over the year ahead:
  - **Managing sustained increase in the complexity and scale of demand across Council services:** The fundamental changes in the scale and complexity of service demand post-Covid look likely to be long lasting and are being felt across multiple services. This can be attributed to the lasting impacts of the pandemic, as well as the cost-of-living crisis, which has placed pressure on households across the

city – particularly vulnerable individuals and families – with increasing numbers of individuals relying on council services.

Demand challenges are particularly evident in services for children and young people, with children's services facing a significant rise in both the number and complexity of cases. In addition to this, workforce supply challenges and a shortage of accommodation places have resulted in serious service and budgetary pressures. In the Education system intermittent attendance and persistent non-attendance represents a significant concern in many parts of the city which will require concerted focus from the Council and school leaders over the year ahead.

Similarly, the adult social care sector continues to face ongoing pressures through rising demand and increasingly complex service requirements. Though the supply of care in Cardiff has improved significantly, unlike in many other local authority areas, the fragility of the care market remains a concern due to an ongoing shortage of care workers. Given the ongoing pressures on the health and social care system, this will continue to be a strategic priority for the Council and its partners in 2023/24.

The number of people who are becoming homeless and the demand for emergency and temporary accommodation has increased substantially, with high waiting lists across all homeless gateways. Around 8,000 people are on now the Council House waiting list and the rental rate in the private rented sector is at unprecedented levels. The shortage of housing of all tenures is creating pressure across many Council Services, and the need to rapidly extend access to housing, through building and securing additional affordable housing, represents a corporate priority.

- **Responding to new risks and issues:** In addition to the sustained rise in demand on services the Council has, alongside its partners, responded to several un-anticipated yet substantial risks and issues during the year. These include the response to the cost-of-living crisis which has disproportionately impacted some of the city's most vulnerable people and communities, as well as the wider economy. The emergence of the energy crisis brought severe cost pressures that seriously impacted the cost of running Council venues and have had clear implications for the Council's capital programme. The Ukraine refugee crisis also necessitated the rapid mobilisation of a cross service-area response. In each case, the Council convened an effective response, often involving cross service-area working and collaboration with public service partners, the private sector and the third sectors. Looking ahead, the Council must continue to anticipate and respond, at speed and in partnership, to new risks and issues as they emerge.
- **Workforce pressures now impacting on all council services:** Over recent years the Council has identified challenges in relation to recruitment and retention of staff in children's social services and adult

social care. Whilst these challenges remain, the Council is now facing workforce challenges which are having an impact across all directorates. The primary concern relates to the recruitment and retention of appropriately skilled individuals with the Council facing competition from other sectors in attracting professionals, making it difficult to fill key positions. As is the case nationally, workforce challenges are having an impact on the Council's capacity to deliver services, as well as key projects. In response, the Council's new Workforce Strategy (2023-27) sets out an enhanced approach to proactive workforce planning, which includes the further development of a supportive work environment, fostering employee engagement and continuing to develop new, tailored approaches to recruitment and retention in areas where the Council has skills and capacity gaps.

- **Ensuring continued financial resilience:** Despite a more positive than anticipated financial settlement for 2023/24, the Council faces significant immediate and medium-term budgetary challenges. The Budget Update Report presented to Cabinet in July 2023 set out an indicative Revenue budget gap of £36.7 million for 2024/25 and a £119.2 million budget gap across the period of the Medium- Term Financial Plan. These pressures are due to a combination of increased complexity and scale of demand on services (particularly in Children's Services, Adult Social Care, Additional Learning Needs and Homelessness), inflationary pressures driven by employee related costs, the costs of goods and commodities purchased by the Council (such as energy, food and fuel) and the cost of construction, materials and commissioned services. Continued post-pandemic pressures in income recovery in some services also remains an issue. To ensure the Council's ongoing financial resilience, a proactive approach to identifying and implementing savings will continue. This includes a review of all directorate budgets and the identification of baseline efficiencies across all services. Given the wider economic environment characterised by high inflation, rising interest rates and labour and supply chain challenges, a sharp focus will also need to be placed on the Council's capital position and the development of its medium and longer term programme.

### **Reason for Recommendations**

16. To enable the Annual Well-Being Report 2022/23 to be considered and approved by Council on 22 July 2023 and published thereafter.

### **Financial Implications**

17. The Annual Well-being Report is a self-assessment of the performance of the Council and a commentary on its governance framework. A summary of the financial pressures that are facing the Council are set out in paragraph 15. The Annual Well-being Report contains targets and objectives with actions that need to be consistent with the budget framework and Medium-Term Financial Plan. Proposals should be subject to detailed reports each accompanied by a robust business case where relevant and should include sufficient financial detail in order to set

out the full and robust financial implications as well as be fully informed of associated risks and uncertainty.

### **HR Implications**

18. The trade unions have been consulted on this report. As identified within the report there are a number of workforce pressures that the Council is experiencing and the Workforce Strategy 2023-2027 sets out some actions to address these issues which are detailed in the body of the report.

### **Legal Implications**

19. The Well-Being of Future Generations (Wales) Act 2015 ('the WBFG Act') places a 'well-being duty' on public bodies aimed at achieving seven 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. As required under the WBFG Act, the Council has set and published well-being objectives designed to maximise its contribution to achieving the national well-being goals, which are set out in the annual Corporate Plan. When exercising its functions, the Council is required to take all reasonable steps to meet its well-being objectives.
20. Section 13 of WBFG Act requires Councils to prepare and publish an Annual Well-Being Report on the progress made on meeting its well-being objectives during the preceding financial year.
21. The Local Government and Elections (Wales) Act 2021 ('the 2021 Act'), Part 6, Chapter 1, establishes a new performance and governance regime for local government, which includes a duty for Councils to review the extent to which they are fulfilling the 'performance requirements', that is, the extent to which:
  - i. the Council is exercising its functions effectively;
  - ii. it is using its resources economically, efficiently and effectively; and
  - iii. the Council's governance is effective for securing points 1 and 2 above.
22. The Council must consult a wide range of stakeholders and local people about the extent to which it is meeting the 'performance requirements'. Scrutiny Committees play a key role in offering constructive challenge in relation to performance. The Council is required to produce and publish an annual Self-Assessment Report setting out its conclusions on the extent to which the Council has met the 'performance requirements' during the preceding financial year and any actions it will take, or has already taken, to increase the extent to which it meets the 'performance requirements' (under section 91 of the 2021 Act).

23. The Governance and Audit Committee must review the draft Self-Assessment Report and may make recommendations for changes to the conclusions or actions the Council intends to take. If the Council does not make a change recommended by the Governance and Audit Committee, it must include the Governance and Audit Committee recommendation in the Self-Assessment Report with an explanation of the reasons why the Council did not make the change.
24. As noted in the body of the report, the Annual Well-Being Report is to discharge the Council's statutory duties in respect of:
- (i) the Annual Well-Being Report required (under section 13 of the Well-Being of Future Generations (Wales) Act 2015) on progress made during the preceding financial year on meeting its Well-Being Objectives, which are set out in the Corporate Plan 2022-25; and
  - (ii) the Self-Assessment Report required (under section 91 of the Local Government and Elections (Wales) Act 2021) setting out its conclusions on the extent to which the Council has met the 'performance requirements' set by the Act during the preceding financial year.
25. In each case (for the Annual Well-Being Report and the Self-Assessment Report), the report must be published and the Council must comply with the detailed statutory requirements set out in the relevant Act, and have regard to the statutory guidance:
- Statutory Guidance on the Well-Being of Future Generations (Wales) Act 2015: [spsf-2-individual-role-public-bodies.pdf \(gov.wales\)](#), in particular, the section on 'Annual reporting' in paragraphs 24 to 29 inclusive; and
  - Statutory guidance on Performance and Governance of Principal Councils, Part 6, Chapter 1, of the Local Government and Elections (Wales) Act 2021: [Performance and governance of principal councils: Statutory guidance on Part 6, Chapter 1, of the Local Government and Elections \(Wales\) Act 2021, in particular, the section on 'Self-assessment report', in paragraphs 2.28 to 2.32 inclusive.](#)
26. Both sets of statutory guidance make clear that the Council may take an integrated approach to reporting and specifically indicate that the Annual Well-Being Report may be integrated with the Self-Assessment Report, as long as the statutory requirements in respect of each report are fully met.
27. The decision maker must be satisfied that the draft Annual Well-Being Report 2022/23 meets the requirements referred to above.

Equality Requirements:

28. 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.
29. 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](#)) and must be able to demonstrate how it has discharged its duty.
30. The decision maker should also have regard to the Council's obligations under the Welsh Language (Wales) Measure 2011 and the Welsh Language Standards.
31. Under the Article 4 of the Constitution, the Self-Assessment Report is included in the Policy Framework of the Council, and as such, must be approved by full Council.

### **Property Implications**

32. There are no property implications in respect of this Annual Well-being Report 2022/23 report. Where there are property transactions or valuations required to deliver any proposals, they should be done so in accordance with the Council's relevant Asset Management process and in consultation with appropriate service areas.

## **RECOMMENDATIONS**

Cabinet is recommended to:

1. Note the contents of the report and its appendices, including the observations and any recommendations made by (i) the Performance Panel (**Appendix 3a**); (ii) the Governance and Audit Committee (**Appendix 4a**) and (iii) the Policy Review and Performance Scrutiny Committee (**Appendix 5**);
2. Delegate authority to the Corporate Director (People & Communities), in consultation with the Leader of the Council and Cabinet Member for Finance, Modernisation & Performance, to make any consequential changes to the draft Annual Well-being Report 2022/23 arising from recommendation 1 above; and

3. Recommend the Annual Well-being Report 2022/23, including any agreed amendments under recommendation 2 above, to Council for approval.

|                                   |  |
|-----------------------------------|--|
| <b>SENIOR RESPONSIBLE OFFICER</b> | <b>Sarah McGill,<br/>Corporate Director<br/>(People &amp; Communities) &amp; Chris<br/>Lee, Corporate Director (Resources)</b> |
|                                   | 13 July 2023   |

*The following appendices are attached:*

- Appendix 1: Annual Well-being Report 2022/23 (Draft)
- Appendix 2: [Corporate Performance Dashboard](#)
- Appendix 3a: Performance Panel Letter, Recommendations and Observations
- Appendix 3b: Response to Performance Panel Recommendations
- Appendix 4a: Governance & Audit Committee Letter *(to follow)*
- Appendix 4b: Response to Governance & Audit Committee *(to follow)*
- Appendix 5: Policy Review and Performance Scrutiny Committee Letter – Annual Well-being Report 2022/23 *(to follow)*
- Appendix 5b: Response to the Policy Review and Performance Scrutiny Committee Letter – Annual Well-being Report 2022/23 *(to follow)*

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

- [Cabinet Report, 24 February 2022: Performance and Planning Framework & Data Strategy](#)
- [Performance and governance of principal councils: Statutory guidance on Part 6, Chapter 1, of the Local Government and Elections \(Wales\) Act 2021](#)

This page is intentionally left blank



## Annual Well-being Report 2022/23

DRAFT

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

## Contents

|  |      |
|--|------|
| Leader's Introduction  | Page |
| About this Report  | Page |
| Well-being Objective 1 – Cardiff is a great place to grow up             | Page |
| Well-being Objective 2 – Cardiff is a great place to grow older          | Page |
| Well-being Objective 3 – Supporting people out of poverty                | Page |
| Well-being Objective 4 – Safe, confident and empowered communities       | Page |
| Well-being Objective 5 – A capital city that works for Wales             | Page |
| Well-being Objective 6 – Cardiff grows in a resilient way                | Page |
| Well-being Objective 7 – Modernising and integrating our public services | Page |

## About This Report

### What is the Annual Well-being Report?

The purpose of the Annual Well-being Report is to provide a self-assessment of Council performance in delivering its Well-being Objectives for 2022/23.

These Well-being Objectives, including the steps the Council will take to achieve them, and how performance will be measured, are set out in the Council's Corporate Plan 2022-25:

- 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

This Annual Well-being Report is the product of a comprehensive self-assessment process (set out below), and draws on service performance, governance and risk, resources, and other sources of performance information provided for each Well-being Objective. Each chapter of this report provides a strategic assessment by Well-being Objective, along with a summary of successes, challenges, and priorities for the future.

In creating and publishing this report, the Council fulfils its statutory duties in relation to both the Well-being of Future Generations (Wales) Act 2015 and the Local Government and Elections (Wales) Act 2021.

### Statutory Requirements

The Annual Well-being Report fulfils the Council's following statutory requirements:

- **The Well-being of Future Generations (Wales) Act 2015** requires the Council to set and publish Well-being Objectives, take all reasonable steps to meet those objectives and publish a statement about Well-being Objectives. These duties are fulfilled through the Council's Corporate Planning process. The Well-being of Future Generations Act also requires the Council to publish an annual report of progress, which is done through the Annual Well-being Report. A core element of the Act is the **Sustainable Development Principle** and the **Five Ways of Working**. These are: long-term, prevention, integration, collaboration, and involvement. This report assesses the extent to which the Sustainable Development Principle and the Five Ways of Working have been applied in the delivery of the Council's Well-being Objectives.
- **The Local Government and Elections (Wales) Act 2021** established a new legislative framework for local government elections, democracy, governance, and performance. The Act requires each council in Wales to keep under review, through self-assessment, the extent to which it is meeting its "performance requirements" and publish a report

setting out the conclusions of their self-assessments once each financial year. Specifically, the Council must ***review its ability to use its resources economically, efficiently, and effectively.***

This Annual Well-being Report, produced through the self-assessment process outlined below, sets out the Council’s conclusions as to the extent to which it has met the performance requirements (that is, exercising its functions effectively, using its resources economically, efficiently and effectively, and that its governance is effective for securing the above) during the financial year.

### Meeting Our Statutory Requirements

A summary of the legislative requirements relating to planning and delivery is set out below.

| <b>Act</b>                           | <b>Planning and Performance Requirement</b>  | <b>Compliance Arrangement</b>  |
|--------------------------------------|--|--|
| Well-being of Future Generations Act | Set and publish Well-being Objectives  | Completed through the publication of the <a href="#">Corporate Plan</a>                    |
|                                      | Take all reasonable steps to meet those objectives   | Completed through the publication of the <a href="#">Corporate Plan</a>                    |
|                                      | Publish a statement about Well-being Objectives  | Completed through the publication of the <a href="#">Corporate Plan</a>                    |
|                                      | Publish an annual report of progress   | Completed through the publication of the Annual Well-being Report 2022/23                  |
|                                      | Publish its response to any recommendation made by the Future Generations Commissioner for Wales   | None received, as yet.   |
| Local Government & Elections Act     | Keep performance under review: the extent to which it is exercising its functions effectively; using its resources economically, efficiently and effectively, and; its governance is effective for securing the above. | Completed through the publication of the Annual Well-being Report 2022/23                  |
|                                      | Consult on performance: with local people, staff, trade unions and partners  | Completed, with reference to key findings included in the Annual Well-being Report 2022/23 |
|                                      | Report on performance: produce a self-assessment report every year, containing assessment of performance (service, finance, governance) and improvement actions identified   | Completed through the publication of the Annual Well-being Report 2022/23                  |

|  |   |   |
|--|---|---|
|  | Arrange a panel performance assessment and respond to a panel performance assessment report | To be completed during the 2022-27 local government cycle |
|--|---|---|

The Council considers that, through the publication of its Well-being Statement, **it has met the relevant statutory duties listed above.**

### **How is the Annual Well-being Report developed?**

The assessment of performance contained within the Annual Well-being Report is developed through a thorough process of self-assessment involving the political and managerial leadership of the Council, drawing from a wide range of sources of performance information.

#### Sources of Performance Information

Sources of performance information which contribute towards the performance assessment contained within the Annual Well-being Report include:

- **Performance against the Council’s Key Performance Indicators** – The Council’s [Corporate Plan](#) contains a suite of performance indicators which measure progress made in delivering the Well-being Objectives. Where applicable, targets are set against these performance indicators to demonstrate the desired level of achievement. Performance indicators are assigned a RAG status: **Green** where the indicator is on or above target, **Amber** where the result is within 10% of the target, and **Red** where the result is more than 10% from the target.
- **Progress against the steps in each Well-being Objective** – Each Well-being Objective within the Corporate Plan also contains a set of ‘steps’ or actions. Monitoring the progress of these steps provides an understanding of what has been achieved and where further work is required. The Year-End Performance against both the Corporate Plan indicators and steps can be found on the Council’s [Corporate Performance Dashboard](#).
- **Consultation and Engagement** – The Council has a number of established consultation and engagement mechanisms such as the annual Ask Cardiff Citizen Survey, the Budget Consultation, the Child Friendly City Survey as well as other surveys and consultation exercises which take place over the course of a year that provide residents, businesses, and other city stakeholders an opportunity to share their views on a wide range of the Council services. The Council, in collaboration with partners on the Cardiff Public Services Board (PSB), produced a [Consultation Overview Report](#), which was published in February 2023.

In addition, the Council’s [Annual Compliments and Complaints Report](#) provides valuable insight into where Cardiff’s citizens feel the Council needs to improve. The Corporate Plan contains a number of ‘qualitative’ Key Performance Indicators that relate to citizen satisfaction with services, and the findings of the consultation and engagement work

forms an important part of the Council's self-assessment process, policy development and budget setting process.

- **Finance Monitoring** – The Council's [Outturn Report 2021/22](#) serves to inform of the Council's financial position in respect of the year ending 31 March 2023 and its findings contribute to the assessment contained within the Annual Well-being Report.
- **Good Governance** – The Council's Governance Framework comprises the systems, processes, culture and values by which the Council is directed, controlled, and the means through which it accounts to, engages with, and leads the community. The Council's [Annual Governance Statement](#) sets out an assessment of the Council's framework of governance, risk management and internal control.
- **Risk** – Delivering objectives requires frequent management of risks at both operational and strategic levels, particularly in the dynamic external environment in which the Council is operating. The Council's Year End [Risk Report](#), and its Corporate and Directorate Risk Registers, provides an overview of the current risks and the actions in place to mitigate them.
- **Scrutiny Committees and Governance & Audit Committee** – The Council responds to the issues raised and recommendations made by the Committees, which help inform policy development and performance improvement.
- **Inspection Reports** – The Council is subject to a number of inspections from regulatory bodies including Audit Wales, Estyn (Education) and the Care Inspectorate Wales (CIW). Their findings help the Council to assess areas of strong performance, as well as identifying areas that require improvement.

### Self-Assessment Process

The Annual Well-being Report is developed through engagement with directors and a self-evaluation, assurance, and challenge process. The process features enhanced roles for both Scrutiny Committees and the Governance & Audit Committee. This process includes:

- A directorate self-evaluation of service performance, resourcing, and governance challenges and priorities, answering the following questions:
  - What is going well?
  - What are the key risks and challenges facing your services?
  - What are the next steps?
- Performance and budget challenge and assurance sessions convened by the Chief Executive and the Section 151 Officer with each Director considering the findings of their directorate self-assessment;
- A progress and performance session with Cabinet and the Council's Senior Management Team where the Chief Executive provides a strategic assessment of organisational performance.

- Consideration of the draft Annual Well-being Report by:
  - The Performance Panel, convened by the Chair of the Policy Review and Performance Scrutiny Committee, and involving the Chairs of each of the Council's Scrutiny Committees (The letter from the Chair of the Performance Panel, the Panel's recommendations and Cabinet's response are included as Appendices 3a, 3b and 3c of this report.)
  - Governance & Audit Committee (The letter from the Chair of Governance & Audit Committee and the response are attached as Appendices 4a and 4b).
  - Policy Review and Performance Scrutiny Committee (The letter from the Chair of the Policy Review and Performance Scrutiny Committee and the response are attached at Appendices 5a and 5b).
  - Cabinet, having received and responded to the recommendations of each Committee.
  - Council.

Performance improvement and evaluation isn't something that only takes place at the end of the financial year. A mid-year self-evaluation report is considered by Cabinet drawing on performance information at month 6 and performance is monitored quarterly through updates to the steps and measures in the Corporate Plan, and the areas of risk, budget, audits, consultation, and performance are all considered holistically throughout the year to drive improvement.

## Overall Assessment

This Annual Well-being Report contains the Council's assessment of performance against the seven Well-being Objectives set out in the Council's Corporate Plan 2022-25.

Overall, the Council considers that it has made good progress across all Well-being Objectives, evidenced by an overall pattern of good performance across the Council services and Corporate Plan commitments, the effective, efficient and economical use of resources and the use of its governance infrastructure to secure improvement. However, the report also identifies performance challenges and risks in each Well-being Objective which will require improvement action over the year ahead, including a small number of cross-cutting strategic challenges which are impacting all services, which are outlined below.

The analysis contained within Annual Well-being Report (and the mid-year performance assessment) form a central component of the setting of Council's priorities and actions for improvement for the year ahead, which are set out in the [Council's Corporate Plan 2023-26](#).

### Areas of Progress

Area of progress identified in this report include:

- Education outcomes are positive with attainment above the Welsh average and school inspection results generally positive.
- The Council's strategy of 'shifting the balance of care' is having a demonstrable impact in Children's Services.
- Within Adult Social Services, the care market has been stabilised and pathways out of hospital have been improved through more effective joint working with Cardiff & Vale University Health Board.
- Rough sleeper numbers have been maintained at low levels, with multi-agency wrap around support leading to improved outcomes, and continued progress in the Council's housebuilding programme.
- Continued progress in the city development and major projects despite more challenging market conditions.
- Developing an extensive pipeline of One Planet Cardiff projects - including the District Heat System and securing £100m to deliver the first phase of Cardiff Crossrail.
- Responding effectively to emerging risks and issues including the cost-of-living crisis and the Ukraine refugee crisis.
- Working towards being a Council that reflects and responds to the city's diversity. including accepting all the recommendations of the Race Equality Task Force and receiving recognition as the highest placed Local Authority in the UK Stonewall Index.
- Continued successful operation through hybrid working, with the new way of working informing the development of new core office strategy and workforce strategy, unlocking efficiencies and offering greater flexibility for staff.
- Greater ability for citizens to access Council services via online platforms and improvements to its citizen engagement practice, informing the upcoming Participation Strategy.



## Strategic Challenges

The Annual Well-being Report 2022/23 highlights a range of performance challenges, which need to remain the subject of corporate focus over the year ahead:

- **Managing sustained increase in the complexity and scale of demand across Council services:** The fundamental changes in the scale and complexity of service demand post-Covid look likely to be long lasting and are being felt across multiple services. This can be attributed to the lasting impacts of the pandemic, as well as the cost-of-living crisis, which has placed pressure on households across the city – particularly vulnerable individuals and families – with increasing numbers of individuals relying on council services.

Demand challenges are particularly evident in services for children and young people, with children's services facing a significant rise in both the number and complexity of cases. In addition to this, workforce supply challenges and a shortage of accommodation places have resulted in serious service and budgetary pressures. In the Education system intermittent attendance and persistent non-attendance represents a significant concern in many parts of the city which will require concerted focus from the Council and school leaders over the year ahead.

Similarly, the adult social care sector continues to face ongoing pressures through rising demand and increasingly complex service requirements. Though the supply of care in Cardiff has improved significantly, unlike in many other local authority areas, the fragility of the care market remains a concern due to an ongoing shortage of care workers. Given the ongoing pressures on the health and social care system, this will continue to be a strategic priority for the Council and its partners in 2023/24.

The number of people who are becoming homeless and the demand for emergency and temporary accommodation has increased substantially, with high waiting lists across all homeless gateways. Around 8,000 people are on now the Council House waiting list and the rental rate in the private rented sector is at unprecedented levels. The shortage of housing of all tenures is creating pressure across many Council Services, and the need to rapidly extend access to housing, through building and securing additional affordable housing, represents a corporate priority.

- **Responding to new risks and issues:** In addition to the sustained rise in demand on services the Council has, alongside its partners, responded to several un-anticipated yet substantial risks and issues during the year. These include the response to the cost-of-living crisis which has disproportionately impacted some of the city's most vulnerable people and communities, as well as the wider economy. The emergence of the energy crisis brought severe cost pressures that seriously impacted the cost of running Council venues and have had implications for the Council's capital programme. The Ukraine refugee crisis also necessitated the rapid mobilisation of a cross service-area response. In each case, the Council convened an effective response, often involving cross service-area working and collaboration with public service partners, the private sector and the

third sectors. Looking ahead, the Council must continue to anticipate and respond, at speed and in partnership, to new risks and issues as they emerge.

- **Workforce pressures now impacting on all council services:** Over recent years the Council has identified challenges in relation to recruitment and retention of staff in children's social services and adult social care. Whilst these challenges remain, the Council is now facing workforce challenges which are having an impact across all directorates. The primary concern relates to the recruitment and retention of appropriately skilled individuals with the Council facing competition from other sectors in attracting professionals, making it difficult to fill key positions. As is the case nationally, workforce challenges are having an impact on the Council's capacity to deliver services, as well as key projects. In response, the Council's new Workforce Strategy (2023-27) sets out an enhanced approach to proactive workforce planning, which includes the further development of a supportive work environment, fostering employee engagement and continuing to develop new, tailored approaches to recruitment and retention in areas where the Council has skills and capacity gaps.
- **Ensuring continued financial resilience:** Despite a more positive than anticipated financial settlement for 2023/24, the Council faces significant immediate and medium-term budgetary challenges. The Budget Update Report presented to Cabinet in July 2023 set out an indicative Revenue budget gap of £36.7 million for 2024/25 and a £119.2 million budget gap across the period of the Medium-Term Financial Plan. These pressures are due to a combination of increased complexity and scale of demand on services (particularly in Children's Services, Adult Social Care, Additional Learning Needs and Homelessness), inflationary pressures driven by employee related costs, the costs of goods and commodities purchased by the Council (such as energy, food and fuel) and the cost of construction, materials and commissioned services. Continued post-pandemic pressures in income recovery in some services also remains an issue. To ensure the Council's ongoing financial resilience, a proactive approach to identifying and implementing savings will continue. This includes a review of all directorate budgets and the identification of baseline efficiencies across all services. Given the wider economic environment characterised by high inflation, rising interest rates and labour and supply chain challenges, a sharp focus will also need to be placed on the Council's capital position and the development of its medium- and longer-term programme.

# Well-being Objective 1:

Cardiff is a great place to grow up

## Our priorities in 2022/23 were:

- Supporting a child-friendly recovery
- Continuing to deliver the Cardiff 2030 vision for education and learning
- Protecting the wellbeing of vulnerable children, young people, and families

## Strategic Assessment

The Council has made good progress against this well-being objective, particularly in relation to the quality of education, overall attainment and in improving the quality of care for children and young people. However, there are a number long-standing and newly emerging challenges which will impact on young people responding to which will require concerted effort from the Council, the city's education system and public service partners.

There has been sustained improvement in the quality and effectiveness of Cardiff's education services. School inspection outcomes are mainly positive and GCSE outcomes for 2022 were higher than 2019 – the last time comparator results were available – with results in Cardiff above the Welsh average. The governance and quality assurance arrangements for monitoring the progress of schools has been improved and the School Organisation Programme (SOP) is responding to the inspection recommendation to ensure strategic oversight of the development of Welsh-medium education. The Council's programme of investment in schools continues to be delivered to ensure learners in Cardiff benefit from high quality learning environment and schools have been effectively supported by the rapid roll-out of a comprehensive digital transformation agenda.

Areas of challenge remain, however. Although inspection outcomes are mainly positive, there are 4 schools in a category of follow-up with 1 school in the statutory category of significant improvement. More must be done to support re-engagement in education following the Covid-19 pandemic, with intermittent attendance and persistent non-attendance below target and representing a significant concern in many parts of the city which will require concerted focus from the Council and school leaders over the year ahead.

Within schools, budget pressures persist despite the prioritisation of funding for delegated school budgets, and despite record levels of investment in the school estate, significant levels of capital funding are still required to maintain safe learning environments. The projected decline in pupil population numbers is a real area of concern given that surplus places translate into significant budgetary pressures. The increasing cost of school transport persists as an ongoing concern whilst the growth in Additional Learning Needs also bring with it both demand and cost pressures. Taken together these pressures will present a significant challenge to the financial resilience of the city's education system and so will be an area of corporate focus for 2023/24.

Within Children's Services, excellent progress has been made in delivering the Children's Services Accommodation strategy, with a number of properties purchased, a significant number of staff employed, and regulatory accreditation secured. These represent important developments in ensuring the sufficiency of placements and supporting the Welsh Government's policy directive of removing profit from the care sector. The challenge in this area, however, remains significant.

Children's Services continue to face high demand and increases in case complexity. This demand pressure is reflected throughout the child's journey, including services to address children's mental health and emotional well-being. At the same time, insufficient placements in a provider dominated accommodation and support market will continue to account for major costs pressures and, in exceptional circumstances, an increasing need to use unregistered placements. The service is also facing challenges with the recruitment of social workers. Whilst an extensive body of work has been undertaken to dampen cost pressures in year, it has accounted for a major budgetary over-spend. Delivering the Children's Services Strategy, preventing demand through shifting the balance of care, will therefore remain a corporate priority going forward.

Other areas of notable improvements include the Youth Justice Service and, though further work is required, the progress made was acknowledged in the August 2022 follow on inspection report by His Majesty's Inspectorate of Probation (HMIP).

## **A Child Friendly City**

Cardiff's ambition to be recognised as a city where all children and young people have an equal chance to thrive and reach their potential is one step closer to realisation as the submission to gain UNICEF Child Friendly City status was completed in September 2022. If successful, Cardiff will be the first city in the UK to gain UNICEF accredited status. The final stage of the UNICEF assessment began in April 2023, and the outcome will be decided by Summer 2023.

Work has continued throughout the year to promote children's rights through workforce development. As part of the Rights Respecting Schools Approach, 70% of schools have now been accredited, up from 63% at the end of 2021/22. While this is a positive improvement, this is just short of the target for 2022/23 of 75% of schools. Of those accredited, 44 schools have achieved Bronze status, 31 have achieved Silver, and 14 have achieved Gold.

The Children's Rights Online Module has been launched for Council staff, with a target completion rate of 85% - in line with other mandatory modules. However, at the end of 2022/23, compliance for the Children's Rights Online Module was only 63%. To address this, the completion of Children's Rights Training has been linked to each staff member's personal review, supported by enhanced data for managers to target compliance within their services.

The Council's Child Friendly Cities Survey was issued in Spring 2022, with 7,660 responses (up from 6,500 on the previous survey). The survey has provided valuable insights into the experiences of children in Cardiff, with a cross-analysis by characteristic, including by age, gender, minority ethnic group, those living in the 'Southern Arc', young carers, and those with a disability. The survey demonstrated that 90% of respondents felt that they are able to 'do their best to learn and progress at school' with 86% of respondents stating that they were aware of their rights.

## **Delivering the Cardiff 2030 vision for education and learning**

Despite the disruption of the pandemic, the Council has demonstrated good progress in the delivery of its 2030 vision for Education.

In May 2023, Estyn recognised the strong corporate and political leadership of education in Cardiff, highlighting assurances that the quality and effectiveness of education services has improved, and noting the strengthened governance around monitoring schools causing concerns. In their assessment, Estyn highlighted several areas of strength, including the reduction in fixed-term exclusions to below pre-pandemic levels, an overall sustained improvement in the quality and effectiveness of services, and the success of the digital transformation agenda. In the [2022 Estyn Report](#), Estyn acknowledged the Council's high level of support provided for asylum seekers and refugees, including the large groups of children arriving from Afghanistan who were hosted and supported in Cardiff prior to their relocation in other parts of Wales.

The new Curriculum for Wales was introduced in 2022 and has now been rolled-out to all primary schools, with secondary schools to begin rollout from September 2023 on a phased transition, up to Year 11 in 2026. Regarding attainment, schools in Cardiff saw good outcomes for pupils across the city. In 2022, pupils sat GCSE exams for the first time since 2019. The 2022 results were higher than 2019, and the results for Cardiff were well above the Welsh average, with 31.9% of pupils achieving an A\* or A grade.

In line with the trend over the last four years, the percentage of children securing one of their top school choices has met its target for both primary school and secondary school admissions, at 99.6% and 93.8% respectively.

There is a comprehensive and ambitious digital transformation strategy which is highly regarded by school leaders and is moving forward at pace, as recognised in their assurance work by Estyn. Throughout the year, 35 schools had a complete device refresh, achieving a pupil-to-device ratio across all schools at year-end of 1:0.7 (or 7 devices for every 10 pupils). Processes have also been established to ensure all pupils have broadband access at home, with a central stock of routers ready to be deployed when needed.

The 'Passport to the City' model, which aims to provide extra-curricular opportunities for children and young people across Cardiff, has continued to progress, with 32 schools and youth groups signed up to the programme at Quarter 4, up from 10 schools at Quarter 2, with 6,300 total registrations to date.

Attendance at both primary and secondary schools has decreased year-on-year since 2019. At the end of the 2021/22 academic year, overall attendance for primary schools was 89%, and for secondary schools it was 86%, compared to 95% and 94% respectively prior to the Covid-19 pandemic. Emerging trends in persistent absence (where attendance falls below a 50% threshold) have also been identified following the pandemic, with schools now closely monitoring these patterns, and persistent absence being introduced as a corporate KPI from 2021/22. Persistent absence affected around 1-4% of pupils in the 2021/22 academic year, with the trend more prominent in secondary schools than primary schools.

An increasing trend seen in permanent exclusions has been evident over the last two years since normal operating of schools resumed following the Covid-19 pandemic. This is largely attributed to the residual effect of the pandemic and the impact of successive lockdown periods which in turn resulted in social, emotional, and community issues with children and families which has impacted their behaviour at school. Concerningly, the most common cause of exclusion has been assault directed against other pupils. There has, however, been a 15% decrease in permanent exclusions in the current academic year to date when compared to last year, along with a 40% decrease for the Spring term 2023 when compared with the Spring term 2022. The rate of fixed-term exclusions is also beginning to slow as the academic year progresses, suggesting that, overall, exclusions are on track to return to pre-pandemic levels. Fixed-term exclusions were a particular concern in secondary schools in the 2021/22 academic year, where the fixed-term exclusion rate was almost double its pre-pandemic figure. As with permanent exclusion, the most common cause for fixed-term exclusion was assault and violent behaviour, directed towards both pupils and staff. Work continues as part of the 'Whole School Approach to Emotional and Mental Well-Being'

(WSAEMW) to support learners through support and counselling, which will contribute toward improving both exclusion and attendance rates.

Aligning to the new Additional Learning Needs (ALN) Code, the Education Directorate is working in partnership with the Cardiff & Vale University Health Board (UHB) to ensure that the required provision will be in place, while work to transition from the previous system of 'statements' to the new Individual Development Plans (IDPs) is ongoing. The aim is to have this transition completed by the end of the current academic year, in line with the timescales set by the Welsh Government. There are, however, a number of challenges associated with meeting the growing demand for children with ALN – specifically, being able to forecast and plan for demand in the right areas of the city. In 2022/23, the Council set a target of delivering 290 ALN places, although was only able to deliver 250. Knock-on effects of insufficient capacity include increased costs of out-of-county provision, and increased school transport costs. Moving forward, the immediate priority is ensuring that the right support is provided in the right places, in the first instance extending provision for the Pupil Referral Unit (PRU) and other specialist resource bases around the city.

Recruitment, retention and staff absence remain areas of challenges for schools, particularly the recruitment of catering staff, Welsh speaking teachers and roles within specialist education. Schools have been supported throughout the year by the Education directorate to backfill both teaching and non-teaching vacant posts. Welsh Government grant funding has also enabled the Council to recruit temporary Education Welfare Officers and School Attendance Officers who will start work in summer 2023, increasing the capacity to deliver the Council's 'Back on Track' school attendance campaign.

Though there were some delays to the delivery of the Band B schools programme through the pandemic, work is still underway, with several projects well developed and/or on-site and others planned for the coming year. The new School Organisation Planning and Investment Strategy is due to go to consultation in summer 2023. As part of the above consultation, the Council will be seeking views on a range of key areas including Community-Focused Schools. The delivery of the first Local Development Plan (LDP) schools has also begun, with two primary schools due to start operating in their new buildings from September 2023. Long-term planning and forecasting up to 2026 is also being undertaken in response to the pressure that acute inflation will have on the education capital programme. Due to the potential impact, this issue is recorded and monitored via the Council's Corporate Risk Register. An emerging challenge, highlighted by the 2021 National Census, is the significant drop in birth rates in Cardiff. This will have implications for both planning and school funding.

A significant amount of work has been undertaken throughout the year to maintain and improve the school estate, including a £25 million programme of condition, suitability, and sufficiency works. Further improvements are planned for the coming year, including the Early Years Unit at Moorlands Primary, development options for primary schools in Cathays, and the creation of additional secondary capacity at Eastern High, Radyr Comprehensive, St. Teilo's, St. Illtyd's, Corpus Christi, and Mary Immaculate. Moving into 2023-24, the value of the asset renewal spend on schools will continue be monitored corporately as a key performance indicator, with a target for the coming year of £22 million, up from this year's

target of £20 million. The key challenge in this area is managing the balance between capital investment in new buildings and repairs to existing buildings, with some sites suffering from ageing infrastructure where funding needs to be spent on essential and emergency repairs.

Schools are also in the process of adapting to meet the capacity requirements of Universal Free School Meals for primary school children. Aligned to the target timescales set by the Welsh Government, Universal Free School meals will roll out to Year 2 pupils from June 2023, and Year 3 and 4 pupils from September 2023 onwards. A substantial programme of capital-funded works is being undertaken to support this change, including making adaptations in schools to accommodate a greater capacity for school-provided food. As mentioned above, the recruitment of catering staff to support this roll out remains a challenge.

Despite the improvement in the financial position for Education, there continues to be significant pressure in some areas, including pay award costs, Home to School Transport, Catering and Out of County Placements. In Home to School Transport, rising costs in fuel and driver supply, combined with the increased number of pupils with Additional Learning Needs requiring transport are the key contributors to the pressures. There are also significant pressures in respect of out of area placements and school catering services, the latter being impacted by price increases for food and transport costs, combined with reduced income from paid school meals.

### **Protecting the well-being of vulnerable children, young people, and families**

Children's Services is moving into 2023-24 with a suite of revised and complimentary strategies, all aligned to the Striving for Excellence in Children's Services Strategy 2023-26. The supporting strategies and frameworks cover areas including workforce, accommodation, commissioning, performance, corporate parenting, trauma, disabilities and additional learning needs, and youth justice. The three key areas of focus underpinning these strategies are place, ensuring there is support within the community, people, developing the permanent workforce, and practice, establishing policies and procedures to promote learning and continuous improvement.

Areas of success for Children's Services include the ongoing development and implementation of a number of strategies, including the Accommodation Strategy, the Corporate Parenting Strategy, and the Recruitment & Retention Strategy. Over the year, developments within the service have been characterised by strong cross-service, multi-disciplinary working, and long-term strategic planning.

The 'Right Place' model for children being looked after and on the edge-of-care was a focus over the course of the year. To deliver the model, a number of sites have been identified across Cardiff, including a main hub site, a site for emergency provision, and a site for skills development to support young people to live independently. Though there have been some delays in implementation, work continues to determine the best resourcing options and role types needed to support the model. Extensive review work has also been undertaken by the Reviewing Hub, which has reviewed over 850 children. Over 200 children were safely stepped down to a lower level of intervention, while the Reunification Team works to assess



and reunify looked after children with their families where it was safe to do so. To support this approach the Quality Assurance Team worked to promote and improve practice standards across Children's Services.

An integrated approach to emotional and mental health support for children and young people has been developed across Council services and in partnership with the Cardiff & Vale UHB. Progress during the year includes the rollout of specialist emotional distress training to partnership staff, and the development of a specification for an accommodation solution to provide suitable placements for children and young people with emotional and mental health support needs. Recruitment has also taken place to appoint specialist psychologists to support children and families through Early Help services. Work has also continued, led by Early Help, to reduce the impact of adverse childhood experiences by developing Thinking Together Conversations training and video guidance for practitioners, and working with third sector partners to ensure that there are clear referral pathways into early intervention and preventative services.

The most significant challenge faced during the year has been the lack of sufficiency of placements for children looked after, resulting in an overspend at year end of £6.6 million. The lack of local supply has resulted in more costly, further afield and unregistered placements. At Quarter 4, the percentage of children looked after in regulated placements in Cardiff was 56%, just below the target of 60%, and the number in regulated placements within a 20-mile radius of Cardiff was 76%, just below the target of 80%. Unregistered placements lack strengthened oversight arrangements and are unlawful under the Regulation and Inspection of Social Care Act 2016. However, Children's Services has been working closely with the Care Inspectorate Wales to support the process to register these homes. The pressures on placement provision have been driven by changes in the market and exacerbated by an increase in complexity of the Children's Services caseload which has resulted in more high-cost placements. Another contributing factor to the placements challenge is the Welsh Government's agenda to eliminate profit from the care sector. This has caused some providers to withdraw from the market, shrinking supply, and driving costs up. Cardiff is also home to most Welsh Independent Fostering Agencies (IFAs), making it more difficult to attract local authority foster carers – although improvements have been achieved in this area. While still below target, at Quarter 4 the number of children looked after by local authority foster carers was at a high of 129, (against a target of 150) with the number of children looked after by external foster carers reduced to 308. Although it is important to note that both types of provision will likely always be needed, this demonstrates a shift away from the historical reliance on external foster carers. However, the reduction in external foster carers could signal an increased reliance on costly residential placements if this trend continues. Though the challenge of placement sufficiency remains in 2023/24, the Accommodation Strategy and the Right Place Model represent a major component of the approach within Children's Services to adapt to the pressures on placements moving forward.

Children's Services have faced ongoing challenges in relation to the recruitment and retention of social workers. This is a national issue affecting local authorities across the country. At Quarter 4, the percentage of permanent social work posts filled by agency staff in Children's Services was 27%, missing the target of 18% and is an increase of 3% from the

position at the end of the previous financial year (24%). In response, a Recruitment & Retention Strategy and Workforce Action Plan have been agreed. The strategy includes plans to attract more social workers to Cardiff through outreach and engagement, a clear induction process for new starters, and promoting the offer of training, mentoring and support from Practice Leads. The Council aims to bring in social work students on placements, and support individuals to complete their social work degrees, while also reaching agreements with recruiting agencies to offer incentives for agency staff to join the workforce on a permanent basis.

When HMIP undertook an inspection of Cardiff's Youth Justice Service (YJS) in 2020<sup>1</sup>, it found the service to be 'Inadequate', granting the lowest possible inspection score to the service (0 of 36). Over the following two years an extensive programme of reform and improvement has been led by the service, with the support of the Cardiff Youth Justice Board.. The result of the improvement work is clearly demonstrable in the service area's performance indicators, including the falling re-offending rate (currently standing at 13% against a target of 40%) and the reduction in the number of first-time entrants (11 against a target of 18). Equally, the HMIP inspection report of August 2022<sup>2</sup> commended the improvements made and the distance the service had travelled since the 2020 inspection. While further areas of improvement were identified through the report's recommendations, some specific areas of work, including planning, implementation, and delivery of out-of-court disposals, and resettlement policy and provision were given 'Good' ratings.

---

<sup>1</sup> HMIP YJS Report 2020: [An inspection of youth offending services in Cardiff \(justiceinspectorates.gov.uk\)](https://www.justiceinspectorates.gov.uk/hmip-reports-and-inspection-summaries/hmip-yjs-report-2020/)

<sup>2</sup> HMIP YJS Report 2022: [An inspection of youth offending services in Cardiff \(justiceinspectorates.gov.uk\)](https://www.justiceinspectorates.gov.uk/hmip-reports-and-inspection-summaries/hmip-yjs-report-2022/)

## Well-being Objective 2:

Cardiff is a great place to grow older

### Our priorities in 2022/23 were:

- Supporting older people to stay active and connected in an age-friendly city
- Supporting older people to live independently at home through strengths-based preventative services
- Working in partnership to deliver high-quality sustainable care and support
- Supporting informal carers and valuing their role
- Ensuring our services meet the needs of the most vulnerable
- Proactively modernising our services

### Strategic Assessment

The Council has made good progress against this Well-Being Objective in the context of a national picture where the social care sector faces severe and ongoing pressures through rising demand, increasingly complex service requirements and a shortage of skilled staff.

The supply of care in Cardiff has improved significantly, unlike in many other local authority areas, however the fragility of the care market remains a concern due to an ongoing shortage of care workers. Though good progress has also been made in increasing resilience within the service, through innovative initiatives such as the Cardiff Cares Academy, recruitment and retention of social workers and occupational therapists remains a significant issue, as do the high levels of staff sickness which has resulted in a backlog of assessments. There is also a need to refocus the care market towards the delivery of services for those with higher levels of care and to address the increasing complexity of service user needs. Taken together, these issues are continuing to place severe pressure on an already stretched social care system.

In response the Council has continued to work in close partnership with Cardiff & Vale University Health Board and the care sector to support older people live independently at home for as long as possible and to ensure that people are discharged from hospital as soon as it is safe to do so. Given the pressures on the health and social care system, this will continue to be a strategic priority for the Council and its partners over throughout 2023/24 and beyond.

## **Supporting older people to stay active and connected in an age-friendly city**

Loneliness and social isolation have a significant impact on the health and wellbeing of older people which is why enabling older people to connect digitally and stay active in the community represented a priority for the Council. In June 2022, Cardiff was accepted into the World Health Organisation's Global Network for Age Friendly Cities and Communities. In consultation with older members of the community, an action plan – with an overall ambition of Cardiff becoming an Age Friendly City – has been developed, including a series of commitments to older people on issues such as housing, transport and participation in valued activities.

The Dementia Friendly Volunteer Programme, which was launched on World Alzheimer's Day, recruits and trains Dementia Friendly Ambassadors to support local shops, businesses, and organisations to work towards becoming Dementia Friendly. Despite a slow start to the year, progress was seen in Quarter 4, with 64 businesses signing up to the Dementia Friendly Pledge, against a target of 40. Additionally, to raise awareness and promote the support available, 2,616 Dementia Friendly City events were held throughout the year, against a target of 600. The percentage of staff completing the Dementia Friendly training module remains low, with only 54% of staff completing the training, against a target of 85%. Moving forward, completing the training will become a mandatory requirement and linked to staff performance reviews.

Other areas of progress include the expansion of the city's Care Hub (Day Centre) activity programme, as well as the widening of age-specific activity provision within Community Hubs. The Rhiwbina Hub has been officially launched as a fit-for-purpose community facility, as well as a Wellbeing Hub at Maelfa. During the year, intergenerational projects have also continued to be delivered across Care Homes with young people – who engage with the Council through Into Work Services – providing older people with one-to-one digital training.

## **Supporting older people to live independently at home through strengths-based preventative services**

Enabling older people to live independently at home improves their sense of wellbeing as well as reducing pressures on the public purse. The Council's preventative services are vital to ensuring that people can remain living at home for longer and, in 2022/23, 96% of the Council's Independent Living Service (ILS) clients reported that they felt able to live independently in their homes following support from ILS. Additionally, Ask Sara, an online self-help tool for citizens, carers and providers, was successfully launched in May 2022 to help identify the solutions needed to support independence.

The Community Occupational Therapy (COT) team offers practical support to enable people to live independently in their own homes for as long as possible through "right sized" support packages. The service is now working on the development of a Trusted Assessor model, a collaboration between Occupational Therapy (OT) and Social Work, to enable the completion of care plans by Occupational Therapists. Following difficulties in the recruitment of Occupational Therapists, a shift to recruiting non-qualified staff has proved

successful with the service now bringing forward proposals for developing its own qualified staff, providing a career path for carers and Occupational Therapist assistants.

The Community Resource Team (CRT), a partnership between Cardiff Council and Cardiff & Vale UHB, was inspected by Care Inspectorate Wales (CIW) during Quarter 1 of 2022/23, with assurance provided that there is good management oversight of the service, as well as compliance with regulatory requirements. Due to recruitment challenges and sickness absence, the number of people accessing support from the community resource team (1493 people against a target of 2000) and the total hours of support provided by the community resource team (35147 hours against a target of 5,000) fell short of the Corporate Plan target. This is also partly attributable to new pathways of care being introduced and the number of ward referrals being received via the Integrated Discharge Hub.

Good work is also evident in relation to the provision of Disabled Facilities Grant (DFG). The means test for eligible adaptations has been removed, leading to a substantial decrease in the average time applicants have to wait for approval. The average waiting time in March 2023 was 12 weeks, compared to 19 weeks in March 2020.

The development and upskilling of the First Point of Contact (FPOC) team is continuing; however, progress has been impacted by high demand, particularly over the winter period. The percentage of new cases dealt with directly at FPOC with no onward referral to Adult Services is also lower than in previous years and below target for the year (63% against a target of 75%). However, the way in which the FPOC Community Contact team and the FPOC Social Work team manage the assessment process has changed, and as a result direct comparisons with previous years' figures is not possible. The measure and target will be amended for 2023/24.

### **Working in partnership to deliver high-quality sustainable care and support**

In August 2022, Care Inspectorate Wales (CIW) carried out an inspection of the Council's domiciliary care services. The report highlighted that people appear happy with the support they receive, and their physical, mental, and social needs are recognised and supported. The inspection found that services showed commitment to achieving positive outcomes for their service users. The Inspector also described interactions between people and staff as warm and positive, and recognised that staff are familiar with the needs and likes of the individuals they support.

Work is ongoing to develop integrated local Multi-Disciplinary Teams (MDTs) that prevent hospital admission and facilitate hospital discharge. The Independent Living Service (ILS) now forms part of MDTs covering South West, North, South East and East Cardiff. A visiting officer attends all MDTs within these clusters and supports the non-medical needs of patients. In addition, an intermediate care work stream under the @home programme has been established to expand and deliver additional cluster MDTs. Despite good progress at the start of the year, proposals to develop an MDT locality hub in the North West of Cardiff have been put on hold due to the planned location, St. Isan, sustaining substantial flood damage during Quarter 3. The escalating demand caused by winter pressures and the need

to focus on hospital discharge has further impacted delivery, meaning that the pilot will need be progressed during the 2023/24 financial year.

The new Integrated Discharge Hub (IDH), with a hospital-based MDT, is now up and running in the University Hospital of Wales (UHW), with a focus on enabling the safe and timely discharge of citizens back to settings in the community. A new 'Discharge 2 Reassess' (D2RA) pathway was implemented in November 2022 which has supported 51 patients to leave hospital with domiciliary care, with 38 having their package of care right-sized. The average time from triage to D2RA is 72 hours which has reduced the length of stay by a minimum of 13 days. Two partnership reviews have been undertaken on the IDH triage process, and moving forward, further improvements to enhance outcomes for patients have been identified.

Welsh Government has recognised the complexity of the hospital discharge process and reporting on delayed transfers of care have been suspended nationally while new indicators are developed. Therefore, limited overall information is available for 2022/23. Good progress has been made locally in the detailed monitoring of hospital discharge; there are no substantial delays caused by people waiting for care. On average between 40 and 50 discharges with care are facilitated each week. A set of IDH performance indicators detailing pathway, time in triage, time to discharge and outcome pathways are being developed with IT and Care First leads to measure the success of pathways out of hospitals.

Cardiff has participated in national discussions on the potential development of Micro-Enterprises for Personal Assistant roles, which would help increase care capacity in the city. Following a comprehensive options analysis, the Council partnered with Community Catalysts CIC to develop a network of Micro-Enterprises in Cardiff. The project will increase the amount of choice and level of care personalisation for service users and offer improved working conditions for those providing care and support.

During the first half of the year, a pilot of the "Trusted Partner" model – which enables commissioned providers to adapt care to meet individual needs – became operational across the care sector. More sophisticated contractual arrangements are being put into place which allow a more graduated approach to care management at the judgement of providers, although more work is needed to ensure optimal cost effectiveness and flexibility.

The workforce challenge within the sector in Wales has been compounded by the need for all domiciliary care staff and care home staff to formally register with Social Care Wales. Concerns remain that this may impact recruitment and retention in a sector already facing acute workforce challenges. To mitigate this risk, the Council is actively promoting social care as a positive career choice, working with providers to grow the workforce and implementing the Real Living Wage (RLW) for care workers in Cardiff. The Cardiff Cares Academy continues to grow and evolve, with additional measures established to support carer recruitment. Progress has been encouraging, resulting in good job outcomes for those who participate in the scheme.

## Older persons housing

The Council is committed to delivering modern, fit for purpose older persons housing that supports independent living. The Addison House development, which will deliver 44 care-ready apartments in Rumney, is progressing well and is expected to open in November 2023. In March 2023, a contract was entered into for the development of 44 apartments for older people on Bute Street. In addition, a contractor has been chosen for the development of 35 older person apartments on the site of Canton Community Hall. It is anticipated that work will commence during Quarter 1 of 2023/24.

The construction market continues to present challenges with supply shortages and rising material prices resulting in cost inflation and delays. Progress on the development of 101 care-ready apartments at the Maelfa and St. Mellons, for example, has been impacted as a result of the appointed contractor falling into administration. Alternative options to ensure the sites are re-started are being considered.

DRAFT

## Well-being Objective 3:

### Supporting people out of poverty

#### Our priorities in 2022/23 were:

- Supporting those most impacted by the economic crisis into work, education or training
- Continuing our Living Wage City ambition
- Embedding our new approach to tackling homelessness and ending rough sleeping

#### Strategic Assessment

The cost-of-living crisis is having an impact on many households with inflationary pressures making essential day-to-day items more expensive. During 2022/23, 5,989 customers were helped with Covid-related and Universal Credit financial support, almost exactly double the number expected at the start of the year. Coming so soon after the Covid-19 pandemic, this crisis has compounded the pressures that many people face and deepened existing inequalities.

In response, the Council has established an enhanced programme of advice and support for citizens, supported by a communications and engagement campaign. Despite seeing a very significant increase in demand the Council's Advice Services and Into Work services are continuing to be delivered effectively, supporting citizens to access funding, advice and routes into employment and training. Concerns remain however regarding the volume of demand and the scale of challenges individuals and households face, and the lasting impact this could have through deepening already significant inequalities in the city.

The number of rough sleepers remains far lower than the pre-pandemic position with the multi-agency preventative approach to supporting people off the streets and into a sustainable home continuing to have an impact.

The number of people who are becoming homeless and the demand for emergency and temporary accommodation has increased substantially, with high waiting lists across all homeless gateways. The demand challenges have necessitated the use of hotels for families to provide interim accommodation for those at risk of homelessness; over 100 families are currently being housed in hotels. Around 8,000 people are on now the Council House waiting list and the rental rate in the private rented sector is at unprecedented levels. The shortage of housing of all tenures is causing intense pressure across many Council Services, and the need to rapidly extend access to housing is a corporate priority (see Well-being Objective 4).



## **Responding to the cost-of-living crisis**

The Council committed to supporting households affected by the cost-of-living crisis. This included an enhanced programme of advice and support, and, despite effective delivery, all support services experienced unprecedented levels of demand. Around £21m of additional weekly benefit were identified for clients of the Money Advice team during the year, far exceeding the target of £14.5m. Similarly, over 1,440 tenancies were saved through the rent arrears pathway, a support scheme open to all tenants regardless of their tenure or income type. The Hubs and libraries provided warm welcome spaces from October, supporting almost 12,000 people during the winter months. Youth Services also offered a warm space with hot food and drink to young people at seven centres and pop-up tents during the colder months. The Cost-of-Living Discretionary Support Scheme, which ended on 31<sup>st</sup> March 2023, supported 15,388 receive payments totalling over £2.1m.

To ensure it remained well positioned to respond to the Cost-of-Living crisis, a Taskforce was established to identify the priorities for those affected and a wide-reaching publicity campaign was undertaken to promote the support on offer with designated cost-of-living information stations placed in every Hub across the city.

Moving forward, the Council is seeking to work with Welsh Government to ensure that any new financial support schemes are designed through a consultative process. As demand continues to increase, Advice Services will be constantly reviewed to ensure that there are adequate resources to support all residents who need help and bids for external funding will continue to be made as and when it becomes available. Council tenants who accessed the Cost-of-Living Discretionary Support Scheme will be offered further support, if needed, ahead of winter 2023 to ensure they are not at risk of falling back into debt. The rent arrears pathway will continue to be promoted, using the most appropriate financial support to prevent homelessness.

## **Supporting those most impacted by the economic crisis into work, education or training**

The Council continues to do all it can to support residents into work, education or training. 4,227 Council posts have been filled through placements from Cardiff Works, the Council's in-house recruitment agency. The Council also provides numerous opportunities for apprentices and trainees in a range of services – 173 placements took place during 2022/23 and 65 new placements were created. The number of new apprentice and trainee placements created is lower than expected due to significant in-year financial challenges across the Council, which resulted in a need to restrict the creation and advertisement of posts.

The number of people who received into work advice through the Employment Gateway is 77,102, exceeding the target of 51,000. Additionally, at least 1,115 clients have been supported into employment having received tailored support through the Gateway. 347 employers have been assisted by the Into Work team which has again exceeded the target set of 275 for the financial year.

The Job Club has expanded their provision by providing additional sessions in RISE (the Council's specialist support service for victims of violence against women, domestic abuse and sexual violence), Job Centres, Grange Pavilion and the Ukrainian Welcome Centre. Tailored into work programmes have been also delivered for specific groups such as young people not in education, employment or training, and care-experienced young people.

In response to recommendations made by the Race Equality Taskforce, the Into Work Advice Service delivered a significant programme of outreach and engagement events, specifically targeting Cardiff's ethnic minority communities. This has included events such as an Emergency Services Event in Grangetown and a Butetown Careers Fair last July, which attracted over 200 attendees. Community champions have also been appointed to disseminate information, promote events and opportunities to ethnic minority jobseekers. The service also developed new training resources to respond to the specific employability support needs of some ethnic minority jobseekers who the service supports, such as recent arrivals to the UK who need to prepare for entry to the UK labour market. The access and visibility of Cardiff Works for ethnic minority groups has also been improved through actions such as community-based engagement, including attending schools with a high percentage of children from an ethnic minority background to engage families and the wider school community. Around 41% of those using Into Work services are from an ethnic minority background, while around 46% of Cardiff Works clients are from an ethnic minority background.

Cardiff Works Ready also began operating in 2022/23. The team provide training and mentoring to people in our communities who are looking for work in the Council. This helps the Council to be more representative of the communities we serve. In the first year of the programme over 130 people were supported by mentors, with over 50% achieving a positive outcome through completing role specific training, successfully passing the Cardiff Works assessment and securing a Cardiff Works placement.

The Into Work Service was successful in a bid to the Department for Work and Pensions to deliver a three-year local supported employment programme supporting individuals with learning difficulties and autism.

The Onsite Construction Academy provide training and work experience for individuals wanting to join the construction industry, and once training is completed, connect job seekers with employers to offer employment and apprenticeship opportunities across south-east Wales. In 2022/23, 124 unemployed people have become site-ready with the help of the Academy, with 31 site-ready individuals sustaining employment or apprenticeships for over 12 weeks.

During 2022/23, 5,989 customers were supported and assisted with their claims for Universal Credit. This is well above the target of 3,000 set but understandable given the economic pressures. The impact of Welfare Reform continues to be regarded as a risk to the Council. The migration of ongoing Housing Benefit claims to Universal Credit has been delayed again. There are currently no plans for the migration to start until 2024.

## **Continuing our Living Wage City ambition**

Continued progress has been made in Cardiff's Living Wage work, with the city's status as a Living Wage City renewed for the next three years. Forty more Cardiff organisations have become accredited Living Wage employers in the past year, including the city's 100<sup>th</sup> private sector organisation, and by the end of March 2023, there were 199 accredited Real Living Wage employers in total. Just over 66,000 people are employed by accredited Living Wage employers in the city and almost 11,000 of them received a pay rise as a result of the accreditation. Cardiff has the lowest percentage of jobs which pay below the Living Wage in Wales (11.6% of all jobs; 24,000) and is amongst the lowest of the Core Cities. Recognising this progress, the Council's Real Living Wage initiative won the 2022 Local Government Chronicle award for Best Public/Private Partnership. Cardiff University has calculated that an additional £50m has gone into the Cardiff economy since 2012 as a result of employees being uplifted to the real Living Wage.

One of the key procurement objectives identified in the new Socially Responsible Procurement Strategy 2022-27 approved by Cabinet in October is "Improving Fair Work and Safeguarding practices adopted by suppliers", which includes payment of the Real Living Wage. The Cardiff Living Wage City Steering Group has set new targets for 300 accredited Living Wage employers in Cardiff, employing 95,000 staff of whom 13,900 have seen their pay uplifted to the Real Living Wage. These targets are to be achieved by November 2025.

## **Embedding our new approach to tackling homelessness**

The Council's primary focus remains in providing timely support at an early stage so that people are prevented from becoming homeless in the first instance. Homelessness was successfully prevented for 79% of households where the Council had a duty to help. Prevention services have been moved into Community Hubs across the city so that residents can receive straightforward access to help, whilst also linking up with the wider support available in our hubs from teams such as Money Advice and the Into Work Advice Service. Prevention services will be expanded again in 2024 to increase accessibility whether people want to interact with the Council online, over the phone, in community settings or through a home visit.

Despite good levels of homeless prevention, there are increasing numbers of households becoming homeless and requiring temporary and permanent rehousing. Over 60 single people are seeking emergency accommodation every night. There are high waiting lists across all homeless gateways; 73 people are waiting to enter the Young Persons Gateway.

The significant demand challenges have necessitated the use of hotels for families to provide interim accommodation for those at risk of homelessness; over 100 families are currently being housed in hotels. Plans are already in place to reduce the use of hotels and increase temporary accommodation capacity such as increasing the number of home purchases made by the Council.

During autumn and winter 2022, around 190 new demountable modular homes were installed on the former Gasworks site in Grangetown with the Council's partner developer,

Wates, to rapidly provide short-term warm, safe and secure accommodation for homeless families. There are plans in place to further expand the Gasworks site by an additional 154 units during 2023. Once the long-term development scheme for the site has been through the design and planning process, the homes can be relocated to other sites elsewhere meaning that the Council can make use of what would otherwise be an empty site.

The Single Assessment Centre supports single people with complex needs, including rough sleepers. Multi-agency services are provided on site including health inclusion services, together with good-quality self-contained accommodation. The Centre provides the homeless individual with a period of stability, and the right professional support to fully understand their ongoing support needs. In 2022/23, 779 presentations were made to the Assessment Centre with 246 individuals completing a Wellbeing Assessment.

A review on the effectiveness of the Single Assessment Centre on the cycle of homelessness was undertaken during 2022/23. On the whole, the service has been a success and gains have been made in breaking the cycle of homelessness for many clients. There have, however, been challenges associated with the demand for services and issues with a lack of move-on accommodation. There is potential for further expansion of the service which may require a search for a larger building in the future.

Due to the increasing challenges in finding move-on accommodation for single homeless people, two 'managed blocks' schemes have been developed totalling 111 flats. These are fully self-contained flats that allow people to move on from homeless accommodation with on-site support staff. More blocks are planned in the future to meet the demand. Whilst there has been some progress in introducing women-only provision in existing schemes and an expansion of the core and cluster model of housing for people with learning disabilities, more is needed. Therefore, work has commenced to scope and develop bespoke housing and support solutions, including identifying suitable sites for a woman-only schemes and the development of a capital build strategy based on current and future demand for specialist housing. Work is also planned to engage with members of the LGBTQ+ community to better understand how we can develop a more responsive and inclusive housing response.

Spending long periods in temporary accommodation is unsettling for families and can affect children's education, the Council is therefore committed to help deliver the Welsh Government's vision of rapid re-housing. Work is ongoing with partners to reduce the time spent in temporary accommodation, supporting individuals and families into permanent accommodation as quickly as possible. A high proportion of social housing properties are allocated to homeless clients; since April 2022, 74% of allocations for 'general needs' properties (excluding management lets / lets to immediate priority) have been made to homeless clients which has helped alleviate some of the pressure on temporary accommodation. However, to truly deliver the rapid re-housing vision, the city will need to significantly increase the supply of affordable housing, while the Council has ambitious new build plans, far more affordable homes need to be delivered than are currently planned if this goal is to be achieved.

## Ending rough sleeping

Rough sleeping remains at historically low levels within Cardiff, far below the levels seen before the pandemic. The average numbers ranged between 11 and 16 for the first three quarters of the financial year before a spike in Quarter 4 increased the average to 26. Council teams continue to engage with every rough sleeper and are there to provide help and support whenever the person is ready to accept it.

As a result of the relatively low numbers of rough sleepers in Cardiff, the number of rough sleepers supported into accommodation was below target in 2022/23, with a year-end figure of 92 against a target of 160. Due to the complex need of many of those seeking accommodation, supporting rough sleepers can often prove demanding, with the numbers supported into accommodation representing excellent multi agency working. To support clients with higher needs into permanent housing as quickly as possible, the Housing First scheme has been expanded. This scheme offers direct placement into Council, Housing Association and private rented sector tenancies with intensive wraparound support. It gives people who have experienced homelessness and have complex needs a stable home from which to rebuild their lives. There are currently three Housing First schemes in Cardiff, two operated by the Council, one for rough sleepers and one for prison leavers. A further scheme is operated by the Salvation Army. Housing First is very successful, with 94% of clients who have utilised the service having broken the cycle of homelessness.

The work to transform Adams Court in Adamsdown into a new supported accommodation unit was completed in January 2023. Delivered in partnership with United Welsh Housing Association the accommodation is now able to offer 103 self-contained one-bed flats for single homeless people with complex needs. In addition to the flats, work has been undertaken to provide medical facilities, spaces for diversionary activities, multi-purpose rooms and a counselling room.

A review on the effectiveness of the Single Assessment Centre on the cycle of homelessness has been undertaken. On the whole, the service has been a success and gains have been made in breaking the cycle of homelessness for many clients. It is now an established service with health inclusion services being widely accessed. There have, however, been challenges associated with the demand for services and issues with a lack of move-on and further work is needed here. There is potential for further expansion of the services on site which may require a search for a larger building in future years.

## Well-being Objective 4:

### Safe, confident and empowered communities

#### Our priorities for 2022/23 were:

- Building new Council homes and investing in community facilities
- Ensuring children and adults are protected from risk of harm and abuse
- Creating safe and inclusive communities
- Promoting the Welsh language
- Working together to support a healthier and more active population

#### Strategic Assessment

Cardiff is a safe city with a strong sense of belonging and pride within communities. There are, however, substantial differences in people's experiences of Cardiff depending on where they live. Respondents to Ask Cardiff 2022 living in the least deprived areas of the city were notably more satisfied with their local community as a place to live than those in the most deprived areas – with the former twice as likely to describe themselves as 'very satisfied' than the latter (22.7% compared with 11.9% respectively).

The Council is therefore continuing to invest in all our communities, with a focus on those living in the city's most deprived areas. Initiatives completed over the course of the year include the first Health & Well-being Hub opened in Llanedeyrn in July 2022, the refurbishment and creation of a new Community Well-being Hub in Rhiwbina, the £5million transformation of Tudor Street is complete and a new 3G sport pitch in Splott. The Council continues to invest in new affordable homes, with 843 now delivered over the past five years and a further 362 new homes currently being built on site. The Council's updated development programme commits to building 4,000 new homes by 2030.

The pressure on the housing market, especially the cost and lack of availability of homes in the private rented sector, is causing significant demand and cost pressures in housing and homelessness services (see Well-being Objective 3) and across numerous council services, including social services, advice services and refugee and asylum seeker support. Waiting lists to enter temporary accommodation have doubled over the past year and hotels are now being used as temporary accommodation for some families. A programme of immediate actions has been put in place, including additional support packages to support those at risk of becoming homeless and for those struggling to pay their rent or mortgage. The Council is using all available levers to make more homes available and affordable, through bringing empty homes back into use, managing the Leasing Scheme Wales and building new properties. Collectively, these initiatives are having an impact, but such is the scale of the demand they will not enable the Council to meet the demand. Given the scale of the challenge and the cross-service and cross-city impacts of the issue, this is likely to remain a strategic priority for the Council for the remainder of 2023 and beyond.

Over the course of the spring and summer 2022, the Council led a city-wide response to the Ukraine refugee crisis, ensuring that refugees were welcomed, given a place to stay and that the city's wider public services were available and ready to support them. The number of arrivals, and the often-complex nature of their needs, meant that demand pressures were felt across the public service system. It is anticipated that this will be the case for a number of years to come and so this area will continue to be a priority for the Council and its partners in 2023/24.

DRAFT

## Delivering affordable homes

The Council continues to do everything in its power to maximise the amount of affordable, energy-efficient and low-carbon housing in the city. Cardiff Living, the Council's house-building programme, is recognised as an innovative development programme identified as good practice by the Welsh Government. The partnership approach has reduced delivery risk and improved the speed taken to get projects on site. The programme has also unified the standard of the council homes and homes built for sale by adopting a 'tenure blind' approach. Over the past five years, 843 new Council homes have been built against a target of 1,000 by December 2022. This is slower than anticipated due to the difficulties facing the construction industry as a whole which have resulted in delays in tendering for contractors and the completion of schemes. When schemes are on site, contractors are also struggling with material price increases and a shortage of labour as well as delays with the supply of materials. Despite the challenges, this remains the largest Council home building scheme in Wales and one of the most ambitious in the UK.

The programme continues to be commended for its innovative and environmentally friendly approach, winning awards for the Aspen Grove net zero, carbon-ready development in Rumney at the RESI Residential Property Awards and for the Crofts Street development in Cathays, which won the Modern Methods of Construction Award at the Constructing Excellence in Wales Awards 2022. The housing development programme also delivers wider benefits to the city and to the Cardiff Capital Region. With an estimated Capital investment of over £950 million, the programme provides significant social value and local investment by supporting local supply chains and contractors, as well as developing training and employment opportunities over the longer-term.

In November 2022, a proposal to implement a second housing partnership was approved to enable new housing developments to be delivered at scale and at pace with the aim of building at least 4,000 new homes overall, including the delivery for rent or sale to keyworkers. Another option the Council is exploring aims to address the issue of overcrowding in Council housing stock. The Council has undertaken a pilot where innovative solutions have been carried out to create more rooms for families, such as extending existing properties where possible, converting the loft space or fixing a modular unit in the garden. If the pilot proves successful, this will be rolled out further. Work is also planned to provide more support to those who wish to downsize to release family housing and to help tenants to resolve their housing need through promoting and supporting mutual exchanges.

Bringing empty homes back into use is another way to increase the available housing stock. 91 properties were returned to use or new units created as a result of work carried out by Shared Regulatory Services (SRS) during 2022/23. The Welsh Government has approved the Council's Empty Homes Action Plan, which identifies empty properties in the city for targeted action. This will enable the Council to draw down funding to indemnify the service against the financial risk involved in taking appropriate legal action to help bring these properties back into use.

In addition, significant resources continue to be invested in the new Landlord Enquiry Tenant Support (LETS). The team manage the Leasing Scheme Wales, a Welsh Government



initiative which aims to increase access to, and the affordability of, renting privately in Wales. The scheme allows landlords to lease their properties to the Council for five years and to claim up to £5,000 for repair works to the property. The Council has secured 22 properties as a result of this scheme during 2022/23 with a further 10 properties undergoing works/ pending agreement for lease which will be occupied in the 2023/24 financial year.

There are currently around 8,000 households on the waiting list for a Council or Housing Association property in the city and on average over 400 new applications to join the list are received each month. During 2022/23, 1,528 properties were let in total. Rent levels in the private rented sector are at an unprecedented level with only a small proportion within the Local Housing Allowance (LHA) rate, the maximum amount that can be claimed in benefit. Tenants need to make up any shortfall from their other income and this is putting the option of renting privately out of reach for many. In a sample of the market taken during Quarter 2, 98% of properties were being let at least £100 per month above the LHA and the average shortfall across all property types is £318 per month. The inability to secure housing is therefore impacting outcomes for individuals and families, creating major delivery challenges and impacting on budgets across Council services. Taken together, this points to the critical and urgent need to fully leverage all policy options to deliver further affordable housing.

### **Investing in communities**

During 2022/23 over 4.5 million people visited the Council's Hubs and libraries, either in person or virtually, and 97% of customers agreed that the Hub or library had met their requirements, surpassing the target set. Rhiwbina Community Wellbeing Hub welcomed customers back in January 2023. Funding from Welsh Government's Integrated Care Fund, Integration and Rebalancing Care Fund, and the Museums, Archives and Libraries Division enabled the building to be fully refurbished and transformed into a fit-for-purpose community facility that will support the co-location of library services with new advice, housing and social care services.

The first of its kind in the city, the new Health & Wellbeing Hub @ Maelfa opened in July. Delivered in partnership with Cardiff & Vale UHB and Llanedeyrn Health Centre, this new Hub approach enhances existing services already available by integrating a range of specialised health clinics providing a 'one-stop approach' to the health and wellbeing of our residents. Plans for a second Wellbeing Hub in Ely and Caerau are being progressed and options for new Hubs on strategic planning sites will be explored. Plans for a Youth Hub in the city centre are also progressing with a preferred option due to be agreed in the autumn of 2023.

As part of the investment in the South Riverside Business Corridor, Tudor Street has been regenerated to appeal as a shopping destination for both local residents and the wider community. The £5 million scheme has delivered improvements to the public realm, business environment, transport infrastructure and the shopfronts of 30 business premises. Work has now moved onto Cowbridge Road East in Riverside. The Neighbourhood Regeneration Team held a series of engagement sessions with residents and traders during

March 2022 where over 130 people provided feedback, and thoughts and ideas for improvements. Neighbourhood Renewal Schemes for a 3G pitch at Splott Park and for improvements to Old St Mellons village centre were completed in March 2023. Two estate regeneration schemes at Pennsylvania and Lincoln Court in Llanedeyrn have also been completed. The percentage of residents satisfied with completed regeneration projects has decreased to 79% – this was primarily due to one neighbourhood renewal scheme receiving a low satisfaction rating. Work has been undertaken to try to understand the reasons for this and use the lessons learnt on subsequent schemes.

Following the devastating fire at Grenfell Tower, the Council reviewed fire safety in all its high-rise blocks and decided to replace the cladding on blocks which had it. Although the cladding was not the same as that used at Grenfell and had met all safety requirements when it was installed, it no longer met today's more stringent fire safety standards. Re-cladding work at Lydstep flats, which began in March 2021, is progressing well and is expected to be completed in the autumn of 2023. Project consultants for the re-cladding work at Nelson House and Loudoun House in Butetown are due to be appointed in May 2023; procurement for a scheme contractor can then commence.

### **Ensuring children and adults are protected from risk of harm and abuse**

Recruitment of staff remains an ongoing issue in Adult Services. Work has begun on a refresh of the Social Worker Cardiff website to improve Adult Services' presence and a Social Worker recruitment film has been produced to support recruitment activity. An increased market supplement for qualified staff has been agreed and this has been increased for 2023/24. Job adverts have been reviewed and work undertaken to refresh and improve them. Positive feedback has been received from attendees at job fairs regarding Adult Services' presence and the recruitment materials have been made available to prospective candidates. Work has also been undertaken to develop the workforce strategy for 2023/24.

Following the publication of best practice by the Welsh Government, a new Corporate Safeguarding Policy 2022-25 was published in December 2022, which sets out the arrangements in place across all Council services to safeguard and protect children and adults. To ensure high levels of staff awareness of safeguarding risks and response a focus has been placed on raised training levels, with 84% of Council staff now having completed safeguarding awareness training, up from 65% at Quarter 4 2021/22, with 97% of elected members also having completed training.

The pressures on mental health services have continued during the year, in line with the ongoing pressures on health and social care services generally. Work to develop a non-emergency response service is progressing with the University Health Board; this service will provide support to people with lower-level mental health issues and reduce demand on the system. Work is also underway to understand issues relating to the availability of mental health hospital beds and the Council will continue to work with colleagues in Health to address this.

Health inequalities are present across Cardiff, particularly when comparing northern areas of the city to more deprived areas, such as Cardiff's 'Southern Arc'. In 2020/21 the Cardiff Director of Public Health's report on health inequities identified a small number of priorities for action as the city emerged from the pandemic, including: childhood obesity; vaccine uptake among children, and health screenings (particular for bowel cancer). In response the Amplifying Prevention Delivery Group has been established under the auspices of the Cardiff Public Services Board. This group oversees the planning and delivery of additional targeted interventions across the priorities identified above. These have included:

- **Childhood Immunisation:** Development of new materials and communication campaign on childhood immunisation in a range of community languages; Test Trace Protect contact tracers utilised to contact families missing vaccinations, with demonstrable impact on uptake.
- **Bowel Cancer:** The bowel cancer screening project working with Cancer Research UK, Public Health Wales, the Welsh Interpretation and Translation Service (WITS), and the Council's Film Unit has been completed. Bowel cancer screening information videos have been translated into Urdu, Arabic, Somali and Bengali. The videos have been made available on GP screens within the South of the city and within Community Hubs on new digital screens which are being installed. Community Health Connect YouTube channels have also been set up to host the videos. Promotional materials outlining the project include QR codes to support easy access for customers to the language of their choice. The videos have also been made available to Public Health Wales who will include them on their website, and to Cancer Research UK who are able to access and utilise the videos.
- **Childhood Obesity:** Mapping of high fat, sugar and salt advertising sites across Cardiff, with a focus on those in proximity to schools and hospitals, and revision of bus stop advertising contract in Cardiff aligned to healthier advertising principles.

### **Creating safe and inclusive communities**

Cardiff is a safe place to live. Crime has fallen over the last 20 years and it has the second lowest crime rate of comparable cities in England and Wales. Although recorded crime continues to fall, perceptions of crime and safety amongst citizens remains a concern. In the Council's Ask Cardiff Survey in 2022, only 21% of citizens agreed that local public services are successfully dealing with anti-social behaviour and crime in their local area. Respondents reported feeling least safe when travelling or walking in the city centre after dark and those living in the most deprived areas of the city were more likely to feel unsafe compared to those living in the least deprived.

In response, the Council has worked with partners to expand a targeted multi-agency problem-solving approach to localised complex anti-social behaviour (ASB) hotspots. This approach involves working in collaboration with public sector partners, such as South Wales Police, third sector organisations, community groups, and local businesses to identify and address local issues. Successful project work with partners has taken place in locations such as Lydstep Flats and Park in Gabalfa where a year of problem-solving focus in the area resulted in a sustained reduction in youth anti-social behaviour. This is evidenced by a reduction from 101 youth-related ASB incidents to just 22 incidents measured over two six-

month periods in 2021 and 2022. Interventions are also underway in Clifton Street in Adamsdown which, to date, has led to a significant decrease in public order, harassment, anti-social behaviour and theft incidents. Measurements over two six-month periods in 2021 and 2022 show a decrease in both ASB reports (20 compared to 65) and crime incidents (55 from 158) in the targeted area. Following the successful Safer Streets Fund bid for £750,000 in July 2022, planned initiatives with partners to tackle crime and anti-social behaviour, and to improve women's safety have been taking place in the city centre and some residential areas of Cathays where eight CCTV cameras have been installed. Looking forward to 2023/24, the Community Safety Partnership has an evidence-led work programme which includes indicators of success that have been developed specifically to measure the effectiveness of local interventions.

Following the successful Safer Streets Fund bid for £750,000 in July 2022, planned initiatives with partners to tackle crime and anti-social behaviour, and to improve women's safety have been taking place in the city centre and some residential areas of Cathays where eight CCTV cameras have been installed.

Over the course of the spring and summer, the Council led a city-wide response to the Ukraine refugee crisis, ensuring that 1,000 refugees were welcomed, given a place to stay and that the city's wider public services were available and ready to support them. The number of arrivals, and the often-complex nature of their needs, meant that demand pressures were felt across the public service system. A dedicated in-house team was quickly established to support the Ukraine response, including a move-on team to deliver transition to long-term housing arrangements. 120 Ukrainians have been supported into training by the Into Work Advice Service, 14 have signed up with Cardiff Works and 26 are accessing volunteering opportunities. Housing support workers have been continuing to support Ukrainian families with a total of 32 families moved into private rented sector properties at the end of March 2023. The Council has also continued to support refugees arriving under the Afghan resettlement scheme and through other routes. Over the course of 2022/23 this area has been one of rapidly increasing demand which has required concerted partnership action, one whose impact will be felt across multiple services, and which is likely to remain a strategic priority for the Council over the years ahead.

The Council has continued to work with partners and communities to tackle the threat of extremism, with the Home Office recognising that Cardiff Council's Prevent Programme is exceeding the requirements of the Prevent Duty in most areas, with strengths identified in partnership working, training and community engagement.

A new regional Violence Against Women, Domestic Abuse and Sexual Violence (VAWDASV) Strategy for Cardiff and the Vale of Glamorgan was approved by Cabinet in May 2023, with significant progress being made in relation to levels of staff training and awareness. 84% of staff have now completed the Level 1 online module of the National Training Framework up from 51% at year-end 2021/22. The percentage of referrals regarding high-risk abuse victims where contact has been attempted by the specialist services within one calendar day of receiving the referral has increased from 78% to 84% over the past year but remains below the 90% target.

In December 2022, the Cabinet responded to the final report of the Race Equality Taskforce, accepting all recommendations and updating on progress made across the five priority areas identified: Employment & Representative Workforce; Education and Young People; Citizens Voice; Health; and Criminal Justice. The Council has established robust monitoring and oversight arrangements, which will update on progress before the end of 2023/24. As part of this approach the Race Equality Taskforce will be invited to reconvene to consider and report back on progress made by the Council and its partners. Areas of immediate progress include:

- Enhanced outreach and engagement with the city's ethnic minority communities, by the Council's Into Work team, to improve access to Cardiff Works (see Well-being Objective 3)
- The launch of a pilot leadership development programme for Council employee networks focussed on increasing the diversity of our future managers and senior managers (see Well-being Objective 7)
- Increasing the visibility of Black and Ethnic Minority role models through sponsoring the Annual Betty Campbell Monument Lecture.

Monitoring of the agreed actions will be undertaken in line with the Council's Planning and Performance Framework with the Taskforce invited to reconvene to assess progress in 2023/24.

### **Promoting the Welsh language**

Work continues to achieve the vision of Cardiff being a truly bilingual capital city, where the Welsh language is embedded in the fabric of everyday life. The number of Welsh speakers in Cardiff has increased over the last ten years. The 2021 Census showed that the number of people who could speak, read and write Welsh has increased by almost a quarter – 23.0% or over 6,500 people – which is the largest numerical and percentage increase across all Welsh Local Authorities.

The Council remains committed to making the organisation an increasingly bilingual workplace and remains on track to achieve a 20% increase in the number of staff with Welsh language skills by 2026/27 – currently 20.6% of staff report having some skills in the language. The number of staff attending Welsh courses has seen the biggest single-year increase with over 500 staff receiving training during 2022/23, although this is slightly below the increase required to meet the five-year target of a 50% increase.

Education is a crucial driver in growing the number of Welsh speakers in the city. The Council's 10-year Welsh in Education Strategic Plan was presented to the Welsh Government for approval in December 2022. This Plan sets out a series of ambitious commitments to build on the progress achieved to date which will ensure that every child in the city can receive a Welsh language education; that the number receiving a Welsh language education will increase; and that, through the significant use of Welsh in English-medium education, all children will feel confident speaking Welsh. Construction work also started on Ysgol Gynradd Groes-wen Primary School in October 2022. This is the first dual-stream school in Cardiff; a school with one form of entry for Welsh-medium education and

one form of entry for dual-language education in English and Welsh. The new school will admit its first pupils in September 2023.

Other work with young people includes a new partnership called CFTi (CF 'you') to engage young people and develop Welsh language services with young people. The partnership is made up of the Council's Youth Service, Urdd Gobaith Cymru and Menter Caerdydd and is supporting new youth officers to work across each of the three Welsh-medium secondary schools in the city. In March 2023, a new Welsh youth club started for pupils in school years 7, 8 and 9, and the new Bilingual Cardiff Youth Forum for 11–18-year-olds also held their first meeting in the Old Library.

### **Working together to support a healthier and more active population**

The new Physical Activity & Sport Strategy 2022-27, *Move More Cardiff*, was launched at an event in June at the SWALEC Stadium with over 100 key partners and stakeholders. Developed in partnership with Cardiff Metropolitan University, Cardiff & Vale UHB and Public Health Wales, with the work being led by Sport Cardiff, the strategy will aim to reduce sedentary behaviour and make being active the norm. Good progress was made in accessing available data sources to benchmark current physical activity levels in the city and the team worked closely with Cardiff Third Sector Council to develop the most effective way to engage with communities. It was agreed at the start of 2023 to continue developing the model in the two pilot areas (Llanrumney and Riverside) for a further 12 months to effectively measure the impact and grow the sustainable model with key partners. Grant funding of £1.2m was also awarded by Sport Wales during 2022/23 to deliver sports and physical activity programmes through schools, clubs and voluntary organisations in Cardiff, with specific targeted work planned for women and girls, Black, Asian and Minority Ethnic communities, and some of the most deprived areas of the city. The Council will also work with others to ensure that arrangements for the Regional Sports Partnership will have a positive impact on grassroots provision and development opportunities.

Easy access to green spaces is vital to improving people's wellbeing, both physical and mental. More respondents to the Ask Cardiff survey 2022 were satisfied with the parks and open spaces in their neighbourhood than any other neighbourhood amenity (74%) with 33.1% of respondents reporting that they were very satisfied. The number of hours volunteers spent working in the city's green spaces returned to pre-Covid levels for the first time during 2022/23. Volunteers carried out 19,385 hours of work in the city's parks and green spaces in the last 12 months – 274 hours more than were carried out in 2019/20 prior to the pandemic. The Council recognises the value of such engagement and as a consequence, policy revenue growth funding was allocated in this area in 2022/23 to meet the increasing demand and interest that emerged during and after the Covid-19 pandemic.

16 Council parks and green spaces in the city received the prestigious Green Flag this year, meeting the target set, including Hendre Lake Park in Trowbridge which received the award for the first time. In November, the Council's team at Bute Park won the Team of the Year award at the UK Green Flag 'Best of the Best' Awards managed by Keep Britain Tidy. Grow Cardiff's 'Grow Well' project also won the Best Health Initiative award for the positive impact that their therapeutic community gardening has made on the health and wellbeing

of local individuals. Parc Tredelerch in Rumney has been identified as the new submission for Green Flag status in 2023 alongside all parks which already have the status. Work by Welsh Water is also almost complete on the Llanishen Reservoir site; both the site and new visitor centre are due to open in summer 2023.

During 2022/23, the Coed Caerdydd tree planting programme saw over 30,000 trees planted, with activity taking place in all wards across the city. The contribution from the volunteer workforce has been significant, resulting in over 1,300 hours worked. In addition, 88 public, 35 community group and 29 school events have been held during the year. Recognising the Council's commitment to tree management and development, Cardiff has been designated as a 'Tree City of the World' by the Arbor Day Foundation. Cardiff now joins 19 other cities/areas within the UK and 119 other cities/areas worldwide to hold this status. The designation opens up further opportunities for collaboration and development with other cities/areas in the UK and worldwide.

To mobilise a National Park City (NPC) movement for Cardiff, a management committee was elected in spring 2022. The committee has made a formal application for NPC Cardiff to be registered as a charity and is awaiting the outcome of that application. The National Park City Foundation is incorporating the emerging Cardiff movement in a National Heritage Lottery-funded bid, along with NPC Glasgow for the purposes of securing resources to mobilise.

The number of visits to Council leisure centres during the year has continued to show an improvement. While not yet at pre-Covid levels, the number of visits per 1,000 population increased to 6,315 in 2022/23 from 5,008 in 2021/22. Despite significant budget pressures, the Council has remained committed to keeping all its leisure centres open and to retaining and enhancing the level of service. Following a review of the Leisure Services Contract with GLL, the social enterprise which has the contract to operate eight Council leisure centres, a number of variations to improve the financial performance of the contract were agreed by Cabinet in October 2022. This included an agreement in principle to upgrade the energy infrastructure at each leisure centre to provide lower cost renewable energy. The Leisure Services Follow-up Review published by Audit Wales in October 2022 noted that there was a "a clear leisure vision for the city supported by a five-year strategy" and that the Council has strengthened its governance and oversight arrangements of the GLL contract.

# Well-being Objective 5:

## A capital city that works for Wales

### Our priorities for 2022/23 were:

- **Leading the economic recovery in Wales**
- **Leading a recovery programme for the City Centre and Bay**
- **Supporting innovation and business development, with an enhanced package of interventions to help the sectors worst affected by the pandemic**
- **Supporting the recovery of the cultural sector and major events programme**

### Strategic Assessment

Building on the close partnership with the private sector, the Council continues to make good progress supporting the city's economy through the delivery of business support, a cultural and events programme, and a portfolio of regeneration activity. The economic conditions are challenging, impacting on business confidence and investment and on the delivery of the Council and partner's regeneration and development projects.

Cardiff's economy remains the driver of employment growth in Wales and is strong performer compared to other UK Core Cities. Unemployment in the city, whilst just above the Welsh average, is decreasing, with only two core cities, Edinburgh and Bristol, performing better than Cardiff (based on the latest figures from 2022). In addition, the Gross Value Added (GVA) per head of population is increasing, and whilst consistently the highest in Wales, is also higher than most core cities, with only Edinburgh, Manchester, Glasgow and Bristol ahead of Cardiff (based on the latest figures from 2021). To drive up productivity, a focus on delivering more, and better jobs continues, with the Council playing an active role in creating and safeguarding 1,375 jobs during the year, well above target.

Work continues in taking forward the Council's portfolio of major projects, including Central Square, Central Quay, Canal Quarter, the Indoor Arena, Atlantic Wharf, and the International Sports Village. The Council's capital programme has, however, been exposed to risk from significant cost inflation, particularly in the price of construction materials and labour, and increase in lead times caused by availability issues resulting in delays to some project delivery timelines.

The city centre economy has rebounded; footfall has recovered to just under pre-pandemic levels with figures at almost 43m for the year, and live and cultural events, as well as the music scene, have returned. The focus on rebuilding the city's event and cultural offer continues, ensuring that the impact of its creative and cultural assets is maximised, though income recovery at Council venues remains a challenge. The cost-of-living crisis is impacting local businesses, with energy costs, staff shortages and reduced consumer confidence representing major challenges. As ever, the Council will continue to work alongside the city's private sector organisations to develop a co-ordinated response.



## Leading the economic recovery in Wales

Cardiff has worked alongside the Cardiff Capital Region (CCR) to develop a Regional Investment Plan for the Shared Prosperity Fund (SPF), the UK Government's new regional development funding programme. The regional allocation was confirmed in January 2023, with Cardiff being allocated £42 million over two and a half years from the Shared Prosperity Fund, which is funding a range of local business support, transport, skills and community safety initiatives. An initial amount of £3.34m has been claimed for 2022/23.

In addition, Cardiff Council secured £50m funding from the UK Government Levelling Up Fund for the Cardiff Crossrail Phase 1 Metro link between the city centre and Cardiff Bay. This project will be match funded by a £50m Welsh Government grant, meaning that a total of £100m has been secured for the implementation of Cardiff Crossrail Phase 1.

The Council has continued to work with neighbouring local authorities through the Cardiff Capital Region (CCR) on a range of economic development and investment initiatives and on strategic transport and planning. Cardiff has played an active role in the development of the CCR since its inception and the Council has been recipient of support from both the City Deal and SPF, including direct investment in life sciences, fintech and the creative industries. The city is also benefiting from established funding schemes such as the Housing Investment Fund, the CCR Graduate Scheme, and the Metro Plus scheme. In addition, the project is also supporting the redevelopment of Central Station as part of the Metro Central scheme. Over the year ahead the Council will continue to work closely with the CCR as it transitions to a Corporate Joint Committee model.

## Leading a recovery programme for the City Centre and Bay

The regeneration of city centre as a location for business and investment has continued successfully. Cardiff's city centre footfall has recovered well this year, with figures approaching pre-pandemic levels (42.95m in 2022/23 compared to 44.86m in 2019).

Progress on the Central Quay development continues at pace. During the year, planning permission has been secured for Phase 1 Residential consisting of 715 homes. Detailed discussions have taken place with the Welsh Government, Rightacres and Transport for Wales (TfW) in order to reach an agreement to deliver the Multi Storey Car Park (MSCP) with terms being negotiated during Quarter 4. The delivery of the MSCP will be a key milestone that will unlock the remaining areas of the site for development.

The Council has also engaged constructively with developers to advocate high quality office units within redevelopment proposals, particularly the opportunities afforded by ground level space. The amount of office space committed to over the two-year rolling period of the target, at just under 250,000 ft<sup>2</sup>, is slightly below the target of 300,000 ft<sup>2</sup>. The impact of construction cost inflation is likely to impact in the short-term in terms of levels of development, however, the office market remains buoyant in Cardiff, with the latest Savills Cardiff Occupational Office Data citing, "total take-up in Quarter 1 was 78,000ft<sup>2</sup>. Take-up

*was spread across 26 completed transactions which was the largest number of completed Quarter 1 transactions since 2019 and 24% above the five-year average for the market.”*

As part of the City Centre Recovery Action Plan, the Council continues to engage with businesses on issues such as return to work strategies and the cost-of-living crisis. Moving forward, the Council will share best practices amongst businesses in the city centre, as well as explore the establishment of new retail models – involving charities and community businesses – to further raise footfall levels. Furthermore, progress is being made in terms of ensuring that the city centre is cleaner, safer and better maintained, with the city centre management team effectively co-ordinating activity with public and private sector partners, supported by a £0.5 million allocation via the Shared Prosperity Fund.

Work has progressed on the Full Business Case for the Metro Central Programme, including signing of the legal Co-operation Agreement between Transport for Wales and Cardiff Capital Region in Quarter 3. The Full Business Case has a target date of May 2024 for completion. Work associated with station improvements are progressing including master planning of the south side of Cardiff Central train station.

The opening of the Dock Feeder canal on Churchill Way represented an important milestone in the creation of the new Canal Quarter, though design issues and product lead-in times have added time on to the construction, with the scheme now forecast to open to the public in late summer 2023.

The multi-purpose Indoor Arena has continued to progress with the Council aiming to enter a Development Funding Agreement (DFA) this year, following Cabinet approval. Due to the economic conditions the project has been impacted by a significant increase in construction costs, leading to the need for a comprehensive review and amended designs which have resulted in a delay in entering the Development Funding Agreement (DFA).

Good progress has been made on the next phase of the International Sports Village, including the acquisition of land and the Ice Arena from Greenbank in December 2022. A report will be presented to Cabinet in July 2023 to approve the final disposal strategy and infrastructure investment.

The Council continues to champion the protection and revitalisation of historic culture and buildings in the Bay, including future development opportunities for the Coal Exchange and the erection of a statue to celebrate the lives of Cardiff Bay Rugby Code Breakers.

As with all projects within the Council’s capital programme, cost inflation, particularly construction materials and labour, have represented a key risk that has needed to be proactively managed over the course of the year. In addition, volatility of the construction market in terms of the availability of labour and materials has also posed a major threat. Despite these challenges, the Council is working to ensure that sufficient capacity and resource is allocated to projects to ensure that delays are minimised.

## **Supporting innovation and business development, with an enhanced package of interventions to help the sectors worst affected by the pandemic**

The Council continues to support the development of small business infrastructure, helping Tramshed Tech during the first half of the year to expand its co-working space in the city centre through the Transforming Towns scheme. This will provide additional space for knowledge-based businesses in Cardiff, helping to provide a platform for some of the most innovative new enterprises in the city to succeed. The Council is also working with a major company in digital media to repurpose secondary office space in Callaghan Square and will create up to 500 jobs. More recently, The Council has been working with FinTech Wales on a new incubator and start-up space in the city centre for FinTech businesses, with plans for further workshop space in the east of the city being developed.

Overall, performance has been encouraging on the number of new jobs created and safeguarded where the Council has played an active role, with 1,375 new and safeguarded jobs against an annual target of 1,000.

Work continues to support the growth of creative enterprises in the city, including support for the new Media.Cymru Strength in Places project, a £50m collaboration advancing research and development in Cardiff's creative and media industries.

The Council has been working with the owners of the Science Park Campus at Coryton to attract investment to the location and in support of their planning application. In addition, the Council is working alongside the Welsh Government, NHS Wales and the Cardiff Capital Region on the attraction of investment into biosimilars to the region.

The planning application for the Cardiff Parkway development has also been called in by Welsh Government, causing a delay to projected delivery timescales. The Council is supporting the proposal by identifying Council owned land that can potentially provide mitigation for the lost Site of Special Scientific Interest (SSSI). A Statement of Case, prepared by Council officers in consultation with legal advisers, was submitted to Planning Environment Decisions Wales (PEDW) in April 2023, with an inquiry date set for July 2023.

Progress on the Smart City Roadmap has been limited, with extensive cross-departmental scoping work required. The Council aims to adopt the new Smart City Roadmap by March 2024. The roadmap will act as a catalyst for collaboration, innovative thinking, better designed services and will allow the city to exploit advances in technology.

## **Supporting the recovery of the cultural sector and major events programme**

The cultural sector was particularly impacted by the pandemic with venues having to close their doors and Cardiff's major events programme suspended. The city has worked hard to rebuild its event and cultural offer, maximising the impact of its creative and cultural assets. Throughout the year, the Council has supported the city's Music Board, and during Quarter 4 funding was successfully secured from the Shared Prosperity Fund to support the delivery of the Cardiff Music Strategy.

The continued impact of Covid-19 on the hospitality sector remains apparent which, alongside skills shortages, is impacting the availability of staff to support shows and projects. Customer numbers and business confidence in this sector have not returned to the levels seen pre-pandemic. Additionally, the cost-of-living crisis has reduced the amount of disposable income many have to spend on events and culture. The impact of this can be seen in a decrease in attendance at Council venues, with 539,998 attendees compared to 587,757 during 2021/22 (direct comparisons with previous years' figures is not possible due to the transfer of certain venues to third parties). At the end of the year, Culture, Venues and Events reported a final outturn deficit of £1.232m. This is made up largely of income shortfalls at Cardiff Castle, City Hall and County Hall Functions, Catering and St David's Hall. Larger functions that have a longer lead in time have not all re-materialised at City Hall. In addition, retained box office income at St David's Hall is lower than expected due to the late cancellation of some shows. At Cardiff Castle, paid admission visitor numbers were down by 36% from 277,000 to 178,000 compared to 2019/20. Increasing attendees and income generation across the service at Cardiff Castle, City Hall, and Cardiff International White Water Rafting Centre remains a key priority moving into the new financial year.

In Quarter 3, Cabinet agreed in principle to the transfer of St. David's Hall to a private operator. A further report will be presented to Cabinet in July 2023 to determine the future operation of the venue. The Council is also in the process of developing a bid to be a host city for the 2028 UEFA European Football Championship, which will be submitted to UEFA in 2023/24. This represents a significant opportunity to put Cardiff on the sporting global stage.

Following the launch of the Welsh Government's National Events Strategy over the summer, the Council will begin developing its own Events Strategy to be informed by the Welsh Government's approach. To ensure alignment with the national strategy and action plan, this action is being carried over to next year. Alongside this, a strategic outline business case for an annual international music festival in the city has been submitted to the Welsh Government and work with partners will be taken forward. It is hoped that the event will be held during 2023, with a view to becoming a firm fixture on the city's events calendar.

# Well-being Objective 6

## Cardiff Grows in a Resilient Way

### Our priorities in 2022/23 were:

- Delivering One Planet Cardiff to decarbonise the city and lead a green recovery
- Transforming Cardiff's public transport and active travel systems
- Putting sustainability and well-being at the heart of the city's growth
- Enhancing Cardiff's flood defences
- Building resilience into our highway network
- Making Cardiff a world-leading recycling city
- Working as one team to keep our streets clean

### Strategic Assessment

Significant progress has been made in delivering the One Planet Cardiff Strategy with demonstrable reduction in the Council's carbon footprint though reaching the goal of being a Carbon Neutral Council and city by 2030 remains challenging.

At a city level, Cardiff has the second highest CO2 emissions per capita out of the UK's Core Cities, with emissions from transport and homes making up the majority of the city's carbon footprint. In response, the Council is taking forward a series of transport, renewable energy, housing retrofit and flood mitigation projects with partners which have made good progress over the course of the year. As with all capital projects, they are subject to a range of pressures, including delays due to the availability of materials and cost inflation pressures. Coastal defence projects have been particularly impacted, with costs increasing by over 75% against original estimates.

Nonetheless, at a Council level, a 13% reduction was seen in direct operational CO2 emissions between 2019/20 and 2021/22, largely due to reduced electricity consumption. Additionally, improvements have been seen in air quality across the city, with data collected in 2021 from monitoring stations across Cardiff showing compliance with all 'limit values' for pollutants<sup>3</sup>, and monitoring of Castle Street showing continued compliance with legal air quality limits.

Whilst recycling performance is showing a positive, upward trajectory, the annual figure for 2022/23 of 61.57% (unverified) is still below the 64% target and much work remains if the Council is to meet the 70% target by the end of the 2024/25 financial year. A new Recycling Strategy 2022-25 was approved by Cabinet in September 2022, which outlines a programme

---

<sup>3</sup> This is the latest available data. The results will have been impacted by the Covid-19 restrictions, which were in place in the first part of 2021.

of change which the Council will undertake to meet statutory recycling targets going forward.

DRAFT

## Delivering One Planet Cardiff

The Council published its strategic response to the climate emergency – the One Planet Cardiff Strategy and Action Plan – in October 2021. Since then, significant progress has been made by the Council and its partners in identifying the key high impact priorities for action, developing a robust programme for change, and starting to make tangible carbon reduction improvements.

In December 2022, the Council published the first annual Operational Carbon Analysis. Excluding ‘indirect’ emissions (associated with procurement), the analysis revealed a reduction in the Council’s direct operational emissions from 26,118 tonnes to 22,695 tonnes between 2019/20 and 2021/22<sup>4</sup>. This represents a 13% reduction, with the majority achieved through reduced electricity consumption. Nonetheless, whilst the Council has reduced its direct operational emissions, carbon emission associated with procurement remains the biggest and most challenging source of emissions. Progress has also been made in establishing more robust methodologies to model the impacts of carbon reduction activities. The methodology used for assessing carbon needs further development, however, and this is a recognised national issue.

Throughout the year, key decarbonisation projects have continued to be progressed. Work to deliver the Cardiff Heat Network, which will provide low-carbon heat for a range of building in Cardiff Bay, is now underway and work has started inside customer buildings. In year delays, largely due to supply chain issues, have resulted in an additional six months being added to the completion date. Nonetheless, these issues are manageable, with no immediate cost implications. Uncertainties are arising, however, regarding the detailed design of the Network, particularly interfaces with linked Council projects, such as the Indoor Arena. Scenario planning has been undertaken to assess potential impacts for the project’s approved Business Plan.

Additionally, the Council’s Housing Energy Efficiency Retrofit programme has been impacted by limited staff resource and difficulties recruiting. This has necessitated project prioritisation and targeted deployment of workforce capabilities given the limited staff resource currently available.

A delivery options analysis has been completed for other large-scale renewable energy projects on Council land and a detailed implementation programme has been developed for two potential schemes which has the potential to generate almost 25MW of clean, renewable power for the city.

Furthermore, due to a combination of budgetary and resource challenges, as well as supply chain issues across the sector affecting the procurement of Electric Vehicles (EVs), the

---

<sup>4</sup> **Please note:** This is based on the original carbon reporting methodology utilised in the published One Planet Cardiff Strategy. Since publication, the Welsh Government carbon reporting framework has been amended, shifting the focus to ‘activity’ based reporting. The changed methodology means that direct comparison between the current reporting year and the Council’s published baseline is difficult. [Please see here](#) for an analysis based on the new methodology.

Council did not meet its annual target of 100 EVs in 2022/23; 60 vehicles were secured by year end.

Overall, climate change remains an area of significant public concern, with 81.4% of respondents to the 2022 Ask Cardiff survey expressing concern about the Climate Emergency. Many of the initial 'quick win' options to reduce Carbon have already been realised and it is recognised that a carbon gap needs to be closed if the Council is to achieve net zero by 2030. Key challenges moving forward include large-scale, estate-wide refit and insulation, the removal of fossil fuels from heating systems, and the need to increase renewable electricity supplies in line with growing electric heat demands. All interventions are likely to represent capital intensive projects at a time when the Council's medium-term budget outlook remains challenging.

## **Air quality**

Improving air quality is a key priority for the city, with air quality targets committed to in the Council's 10-year transport and One Planet Cardiff strategies. In 2018, the Council received a legal direction from the Welsh Government to ensure that air pollution levels in Cardiff – specifically Nitrogen Dioxide – were below the EU limit value<sup>5</sup>. In response, the Council undertook a detailed analysis of air pollution levels across the city, which identified Castle Street, one of the most significant and focal streets in the city centre, as the sole non-compliant street.

Following detailed assessment, including a Clean Air Feasibility Study, a package of measures to improve air quality in the city centre – and on Castle Street specifically – were agreed and published in a Clean Air Plan for Cardiff. The measures identified included a range of transport improvement schemes that, if successfully implemented, would improve air quality and ensure compliance with legal limits in the shortest possible time.

The Covid-19 pandemic effectively fast-tracked implementation – with a series of interim transport measures implemented in the city centre, to ensure safe public access and ultimately support recovery, replicating proposed schemes in the Clean Air Plan. As expected – given the national lockdowns resulting in subsequent reductions in traffic volumes – data collected in 2020 showed compliance with legal limits across all monitored stations. Compliance has continued each year since, with significant improvements, particularly on Castle Street. An annual average of 33.8µg/m<sup>3</sup> was recorded on the street in 2022, whilst data collected between January and March 2023 indicates continued compliance, with a projected annual average of 33µg/m<sup>3</sup> for 2023.

In order for the Council to identify a permanent transport scheme to ensure that long-term compliance is maintained on Castle Street, further detailed transportation and air quality modelling - using post-Covid data - has been undertaken for the area and the surrounding network. The results have ultimately led to the decision that the road is kept open for

---

<sup>5</sup> The legal limit of Nitrogen Dioxide is set as an annual average of 40µg/m<sup>3</sup>.



general traffic as part of an overall approach to improve air quality and enabling traffic to flow into and out of the city centre.

To ensure city-wide compliance continues, air quality monitors have been installed across the city, to better identify pollution trends, allowing further interventions to reduce pollution to be identified. Recognising that transport remains the predominant source of pollution across the city, and there are no safe levels of air pollution, developing an effective public transport system to offer a viable alternative to Car travel represents a major priority. To accelerate the transition to sustainable travel and deliver the mass public transport system commensurate with a front ranking European capital the Council has announced it will consider a range of road payment schemes. These may include road user payments; congestion zones; clean air zones; and workplace parking charges. Such schemes will be assessed on their ability to deliver long-term improvements to levels of air quality across the city. This work will be progressed in consultation with the public, to ensure that any form of potential payment is fair and equitable, with a commitment to minimising the charging impacts on residents, the most economically disadvantaged, and regular users of the city and region.

### **Transforming Cardiff's public transport and active travel systems**

Road traffic emissions is one of the biggest contributing factors to climate change, as well as air pollution. In response, the Council's transport vision sets out a transformative programme of investment in public transport and active travel. Progress over the past year has included securing £50 million of Levelling Up Funding from the UK Government for the Phase 1 section of Cardiff Crossrail from Cardiff Central to Cardiff Bay, which has been match funded by the Welsh Government. Work associated with station improvements is developing, including the master planning of the south side of the Cardiff Central train station, and the outcome of the Welsh Government Road Review Panel has enabled the Eastern Corridor study work to progress. Additionally, the transport scheme at Central Square is now complete, as well as the WelTAG study 1 for the Northern Bus Corridor. A number of cycleways have also been delivered, including the Cross City Centre and Bay pop up cycle lanes and cycleway 1 to the University Hospital of Wales. Improvements are also complete for the cycleway at Tudor Street and approximately 120 schools now have bike fleets.

Several schemes have already been subject to delays, with timescales for delivery revised. This includes the Crossrail, City Centre East Phase 1, and Castle Street, as well as the delivery of new stations. Robust programme governance has therefore been established to ensure continued progress, including the ongoing preparation of study work, business cases and funding bids with key partners. The Council's two 'Healthy Streets' projects have been particularly impacted by capacity and capability issues. As a result, the schemes have been reprofiled and will be progressed in an adapted format.

The decision by the Welsh Government to end Bus Emergency Scheme (BES) funding in Wales in July 2023 has emerged as a significant risk which, unless mitigated, will result in a gap in bus service provision across the city where operators do not expect routes to be commercially viable. In response, the Council is working with partners to facilitate a

transition to a new bus network and undertaking a broader programme of work to help ensure the sustainability of municipal bus companies moving forward.

A delay in the publishing of the Intelligent Transport System (ITS) Strategy consultation, which closed in January 2023, has resulted in the timescale for preparation of the final Strategy to be under review. Improvements through ITS initiatives are continuing to be progressed; however, this is subject to funding.

The delivery of strategic transport projects is often dependent upon successful partnership working with the Welsh and UK Governments, as well as successfully securing external funding. The levels of structural transport funding currently provided on an annual basis is approximately only 10-15% of the levels required to deliver the step change in train, tram, bus and cycle network quality required to deliver the city-wide low carbon and healthy transport environment envisioned. Without substantial levels of infrastructure support – beyond that already made available – the Council will find it challenging to meet its modal shift targets.

To progress the programme of strategic transport projects and improvements at pace and scale, a step change is required that can only be achieved by developing a new source of long-term infrastructure funding. To achieve the substantial levels of funding required, as highlighted, the Council has resolved to consider a range of road payment schemes moving forward.

### **Putting sustainability and well-being at the heart of the city's growth**

A key ambition of the city is the delivery of new, high-quality, well-designed and well-connected communities. Since the Local Development Plan (LDP) was adopted in 2016, over 6,000 new homes – including 1,500 new affordable homes - have been delivered and 8,000 new jobs created. Furthermore, the LDP has facilitated sustainable transport and active travel across the city and protected the Green Wedge from inappropriate development.

Over the past year, delivery of Local Development Plan (LDP) strategic sites has continued through the completion of planning applications and the implementation of new homes, facilities, and essential infrastructure, in line with good master-planning and placemaking principles. Coinciding with this, a full review of the LDP continues to be progressed, as the Council works to develop a replacement LDP, which will help shape development in Cardiff to 2036. Whilst significant work has been undertaken, preparation of the Preferred Strategy, and subsequently consultation on the Preferred Strategy has been delayed from January to June 2023. This is to allow the full consideration of the latest evidence relating to housing need based on the revised populations figures following the release of the 2021 Census and the updated Local Housing Market Assessment. Looking ahead, a revised timetable for the review of the LDP has been agreed and published, with an aim for adoption in November 2025. The revised timescale will enable the Council to fully consider how the Plan can effectively deliver corporate priorities and respond to both the Council's declared climate and nature emergencies.

There has been a drop in the percentage of householder planning applications determined within agreed time periods; the year end position was 77.69% against a target of 85%. A number of contributing factors account for the drop in performance, which include staff vacancies and unprecedented workload demands. New technology is being deployed which will assist Officers with the timely completion of applications.

The review of the Biodiversity and Resilience of Ecosystems Duty (BRED) Forward Plan, which the Council is required to produce under Section 6 of the Environment (Wales) Act 2016, has been delayed until 2023 due to difficulties in resourcing a suitably qualified ecologist. A Principal Ecologist is now in post and will be working with the Green Infrastructure Officer Group and the One Planet Cardiff Team to develop the BRED Forward Plan, which is anticipated to be updated by September 2023 and presented to Cabinet in November 2023. Protecting biodiversity and resilience of ecosystems remains a key priority for the Council and its partners, with the preferred strategy moving forward focusing on ensuring all developments achieve a net gain in biodiversity, and that they have a minimal impact on Cardiff's environmental assets. For example, the strategically important ridge to the north of the M4 will be protected and continue to form a highly important green backdrop to the city along with other areas of countryside around the city. Importantly, open spaces and river valleys within the urban area are protected. In total, well in excess of 5,500 hectares of countryside and strategic river valleys running through the urban area will be protected from development.

### **Flooding and coastal erosion**

The intergovernmental panel on Climate Change (IPCC), within its sixth assessment report (2023), stated that the risk related to sea level rise is expected to significantly increase by the end of the century in the absence of any major protection or adaptation efforts. Cardiff Council's shoreline management plan dictates a 'hold the line' scenario is required, and the city's new coastal defences will provide an increased level of protection to over a thousand homes. The Council has also set out a comprehensive flood defence programme which has included initiatives such as Greener Grangetown and a range of other Sustainable Urban Drainage schemes. As well as mitigating and adapting to extreme weather incidents, this is helping to reduce power demands otherwise placed on the sewage system and bring enhanced biodiversity opportunities to Cardiff's urban areas.

In terms of coastal defence improvements in Cardiff East, whilst a decision was taken to not move forward with the east side of the scheme, a reduced scheme went out to tender in Quarter 3 of 2022/23, with a successful assessment process leading to a contractor being selected. Subject to Welsh Government approval of the Full Business Case, construction is expected to commence in 2023/24. Progression of this project has been subject to a range of pressures, which means that the commitment to complete the coastal defence improvements by 2024 is unlikely to be met. This is due to factors including delays associated with Covid-19, a cost increase of over 75% against original estimates and capacity challenges within the Flood Risk Management Team.

Pressures have also resulted in delays in developing the Sustainable Water, Flood and Drainage Strategy for Cardiff, as required by the Flood and Water Management Act (2010)

and the Flood Risk Regulations (2009) respectively. Limited staff resource in the Council's Flood Risk Management Team – compounded by recruitment issues due to a shortage of expertise in the current labour market – means that the timescale for completion of the strategy has been extended to March 2024. The first stage of consultation on the strategy has been undertaken and the results will be analysed in Quarter 1 of 2023/24.

Furthermore, work is ongoing to progress the Strategic Flood Consequences Assessment for the region. The Welsh Government originally asked all local authorities to complete their assessments by November 2022; however, it was agreed by the region's Local Planning Authorities that the assessment be delayed to ensure that it is informed by new Flood Risk guidance that is due to be issued shortly by the Welsh Government.

### **Making Cardiff a world-leading recycling city**

The Council has implemented a major programme of reform to its waste and collection services to improve the efficiency and resilience of the service. This has included transitioning to a 4-day collection model, which has reduced the amount of time waste is on the streets and eliminating the disruption previously caused by bank holidays. In September 2022, the Council published a new Recycling Strategy 2022-25 setting out a programme of reform to achieve the statutory recycling targets. This has included the expansion of a new kerbside-sort recycling scheme, to improve the quality of the recycling collected from residents' homes.

Recycling performance fluctuates throughout the year as the tonnage of waste collected varies monthly. On an annual basis, however, recycling performance is showing a positive upward trajectory, indicating that the programme of reform is beginning to impact. Nonetheless, the annual figure for 2022/23 of 61.57% (unverified) remains below the target and further work is needed to meet the 70% target by the end of the 2024/25 financial year. Failure to meet statutory targets can result in fiscal penalties being issued by the Welsh Government; however, the improved recycling performance means the potential fiscal penalty has reduced from £2M to £750k. The Council remains in regular dialogue with the Welsh Government and the Waste and Resources Action Programme (WRAP) as it works towards achieving the 70% recycling target in 2024/25 and the new Recycling Strategy represents a significant step towards the Welsh Government blueprint for recycling in Wales. Furthermore, communication of the programme of reform remains a crucial aspect of this work - only around one in three (35.5%<sup>6</sup>) currently feel that the Council does enough to inform residents about how and what to recycle, and therefore work is needed to improve this.

Recycling and Neighbourhood Services reported a net overspend of £2.213 million at 2022/23 outturn; this was attributed to an increase in costs in relation to staffing and vehicles, with the position partly mitigated by the retention of a proportion of the surplus generated in the Trade Waste Service.

---

<sup>6</sup> Source: Ask Cardiff 2022

Moving forward, a focus will be placed on delivering the programme of recycling and re-use improvements detailed within the Recycling Strategy. This includes expanding segregated recycling to households – excluding flats and HMOs – using reusable sacks and caddies to reduce the need for single use plastic bags, reviewing the expansion of kerbside collection services to cover items currently not collected at the kerbside, as well as reviewing approaches to reduce residual waste. Supporting this work will be a communication and information campaign, designed to support residents to understand the changes they will need to make, and the reasons for them.

## **Street cleanliness**

Work is ongoing, in partnership, to improve street cleanliness in Cardiff, with increases in overall cleanliness recorded over the past year. Aligned to a programme of service reform and to improve street cleanliness in Cardiff, Love Where You Live 'Blitz' teams have been deployed across the city, specifically targeting problem areas – including Cathays, Plasnewydd, Splott and the Southern Arc - resulting in higher standards of cleanliness.

Year-end results show that 92.98% of highways land inspected by the Land Authority was of a high or acceptable standard of cleanliness in 2022/23. Nonetheless, two fifths (39.8%) of respondents to the Ask Cardiff survey reported that the cleanliness in their local area had declined over the last year, compared with just 3.4% who felt it had improved<sup>7</sup>. Additionally, the Council was below target in 2022/23, in terms of the number of wards in Cardiff where 90% of the highways land inspected was of a high or acceptable standard. At year end, 21 out of 29 wards passed the 90% threshold, although the target was for all wards to be above 90%. The number of Environmental Street Scene Legal Enforcement Actions was also below target at year end, with 10,118 actions against a target of 12,500.

---

<sup>7</sup> Source: Ask Cardiff 2022

# Well-being Objective 7

## Modernising & Integrating our Public Services

### Our priorities in 2022/23 were:

- Developing a comprehensive programme of organisational recovery and renewal
- Building upon our digital agenda, incorporating technology into service delivery and exploiting data to drive performance.
- Delivering leaner and greener Council buildings
- Supporting a highly skilled and productive workforce with the well-being of staff at its core
- Using the power of the public purse to support the city's recovery
- Making sure that the Council better talks to and listens to the city that it serves

### Strategic Assessment

The Council considers that the services and arrangements in place to support the modernisation and integration of Council services are sound, with good progress made in relation to digital services and the use of technology, supporting staff wellbeing and maintaining the approach to Hybrid Working. However, the Council is facing a number of cross-cutting challenges, notably in relation to financial resilience and workforce, which will need to be the subject of corporate focus over the year ahead.

Despite a more positive than anticipated financial settlement for 2023/24, the Council faces significant immediate and medium-term budgetary challenge due to a combination increased complexity and scale of demand on services, energy pricing, pay pressures and the impact of the cost-of-living crisis and continued post-pandemic pressures in income recovery. To continue to ensure the Council's ongoing financial resilience, a proactive approach to identifying and implementing savings will continue. This includes the review and challenge of all directorate budgets and to require baseline efficiencies from all services. Given the wider economic environment including high inflation, rising interest rates and labour and supply chain challenges a sharp focus will need to be placed on the Council's capital position.

The Council faces several workforce challenges. Difficulty recruiting and retaining staff – ensuring sufficient capacity and appropriate skills – is particularly acute in Children's Services and in Adult Social Care, but it is also having an impact across all directorates and is impacting the delivery of all Well-being Objectives. Discrete initiatives are in place to respond at a service level and through the new the Council's new Workforce Strategy (2023-2027) approved in spring 2023. This will remain a strategic risk for the Council over the course of 2023/24.

## Reviewing the planning and delivery framework

Following the Local Government Elections the Council agreed a new policy statement in July 2022 - Stronger, Fairer, Greener – which set out the Administration’s priorities for the next five years. These policy priorities were translated into deliverable organisational objectives as part of the Corporate Planning process for 2023-26. This ensured that the Administration’s priorities were embedded in the Council’s planning and delivery framework in an approach that was consistent with all the performance requirements set out by both the Well-being of Future Generations (Wales) Act and the Local Government and Elections (Wales) Act. Audit Wales observed this process and concluded that “the Council has used the Sustainable Development Principle to drive the setting of its Well-Being Objectives including good use of data and a strong collaborative approach”. Audit Wales also concluded during the year that the Council had [\*“made good progress in putting in place arrangements to meet the requirements of the Local Government and Elections \(Wales\) Act”\*](#)

The Council has also worked with public service partners on the development of the [Local Well-being Plan](#), the Cardiff Public Services Board’s strategy for the next five years, which identifies priorities that fundamentally require joint working between public services. This has included undertaking a review of partnership governance and delivery arrangements to ensure that the complex statutory partnership arrangements in place are aligned behind the delivery of the Well-being Plan, reporting to the Public Services Board.

Audit Wales observed the Council’s process for setting Well-being Objectives for 2023/24, assessing the extent to which Cardiff Council applied the Sustainable Development Principle when setting their Well-Being Objectives. Audit Wales concluded that [\*“the Council has used the sustainable development principle to drive the setting of its well-being objectives including good use of data and a strong collaborative approach.”\*](#) In relation to performance reporting the examination concluded that *‘the Council has robust arrangements for monitoring its Corporate Plan and wellbeing objectives throughout the year.’* Furthermore, a corporate level internal audit of Performance Management gave assurance on the corporate framework for performance management which was considered sound.

Each year the Council publishes its Annual Governance Statement which considers the systems and processes by which the Council is controlled and identifies any improvement action considered appropriate. The latest Governance Statement will include the judgement of the Governance and Audit Committee who had, in 2021/22, agreed that the Council has sound internal controls and governance arrangements in place, with the areas of concern built into the Committee’s work programme. An Action Plan responding to any significant governance issues identified within the Annual Governance Statement is overseen by the Council’s Senior Management Team (SMT) and is formally reviewed and updated on a bi-annual basis. Three actions were identified as areas of focus for governance improvement during 2022/23, which related to:

- Extending and deepening the areas of SMT investigation in respect to compliance, risk and outcomes

- Extending the assurance on the quality of performance reviews through evidence gathering at Directorate level
- Embedding assurance that the Council is acting in accordance with the Five ways of Working into the Council's assurance framework.

Corporate practice has been strengthened in relation to each of these areas of action to the extent that these actions can be closed as completed. Looking forward to 2023/24 Action Plan, it is anticipated that additional arrangements will be established to allow officers responsible for corporate systems and processes to engage directly with directorate management teams on specific areas of practice where governance arrangements may need to be improved or extended. This is particularly relevant in the context of a constantly evolving and increasingly complex delivery environment, as has been outlined throughout this Well-Being Report.

## Financial resilience

[The Council's arrangements to manage its financial position are generally sound](#) but it is facing significant cost pressures, which will continue to test its financial resilience.

A budget gap of £23 million was identified for the 2023/24 financial year. Following a period of extensive public consultation which received over 6,000 responses, significant levels of savings – through back-office efficiencies, as well as changes to frontline services - have been identified and agreed in order to close the gap.

Despite a more positive than anticipated financial settlement for 2023/24, the Council faces significant immediate and medium-term budgetary challenges. The Budget Update Report presented to Cabinet in July 2023 provided updated the position, setting out an indicative budget gap of £36.7 million for 2024/25 and £119.2 million across the period of the Medium- Term Financial Plan.

The increased complexity and scale of demand on services particularly in Children's Services, Adult Social Care, Additional Learning Needs and Homelessness are leading to budgetary pressures. The pressures within Children's Services are the most significant and can be attributed to placement costs for the authority's children looked after cohort. Sustained demand pressures and price increases resulted in costs exceeding budget, reflecting the complexity of need and the limited spaces available in the residential market. More broadly inflationary pressures are placing upward pressure on pay awards, the costs of goods and commodities purchased by the Council (such as energy, food and fuel) as well as the cost of construction, materials and commissioned services. Continued post-pandemic pressures in income recovery in some services also remains an issue. To ensure the Council's ongoing financial resilience, a proactive approach to identifying and implementing savings will continue. This includes the review and challenge of all directorate budgets and to require baseline efficiencies from all services.



A sharp focus will need to be placed on the capital position, where there are also significant cost pressures due to supply chain cost increases, demand for investment to maintain condition, and capital receipt assumptions. The Capital Programme proposed for 2023/24 is based on known commitments, as well as new commitments outlined in the Stronger, Fairer, Greener policy programme. Implementation of capital schemes will need to be subject to enhanced governance to ensure delivery and robust business cases continues to be essential.

### **Building the Council's digital agenda**

The Council continues to explore and apply the opportunities offered by technology to deliver services more efficiently, manage demand pressures and reduce cost. The ability for citizens to access Council services via online platforms has continued to expand.

Developments this year include the ability for citizens to report graffiti and check digital parking permits via the Council's website, Chatbot and CardiffGov App. Increasing numbers of citizens are making the shift to digital as a result, with over 74,000 people registered to the CardiffGov App, exceeding the target of 69,700.

Despite there being a year-on-year increase in the number of customer contacts to the Council using digital channels, performance was slightly below target in 2022/23. This is due to changes to services using digital channels, as well as a stabilising of demand following a peak in 2020 as a result of the pandemic.

Looking ahead, as the Council increasingly leverages technology and digital solutions to support service delivery, a focus will be placed on Robotic Process Automation (RPA) – utilising automation technologies to undertake back-office, repetitive tasks. The Council will also continue to expand the services available on online platforms to shift demand to lower cost channels. To support this, a focus will be placed on enabling residents to make the shift to digital and reviewing customer services to ensure that customer support arrangements operate effectively as the Council continues the transition to a hybrid working model.

While striving to make the most of the opportunities that new and emerging technologies provide, the Council remains cognisant of the associated risks regarding cyber security. The Council uses the National Cyber Security Centre's framework to continually assess our cyber security maturity level, and liaises with cyber security agencies, to implement both proactive measures to prevent attacks, and reactive measures to minimise the impact of potential incidents and manage the aftermath. In September 2022 the Council achieved Gold-Level assurance through the Cyber Security IASME Accreditation.

### **Delivering leaner and greener Council buildings**

Cardiff Council's estate, both operational and leased, is considerable. The Council owns and manages over 750 properties, with a current value of £1.6 billion. Given the extent of the Council's estate, managing, operating and maintaining it is challenging, particularly as the overall quality of the estate means that a number of properties require repair. Recognising these challenges, and to bring increased efficiency to the way in which the estate is

managed, in July 2018, the Council commenced implementation of a Corporate Landlord Programme.

The Corporate Landlord model, which centralises all estate-related responsibility – including budgets, decision-making and activities – within a central team, continues to progress well. This model ensures property assets are maintained and managed in accordance with corporate strategic priorities and standards. Moving forward, further developments will be progressed under the Corporate Landlord function. This includes the provision of additional property management support to service areas in order to progress continued estate management and planned preventative maintenance programmes. Additionally, a Job Management System will be implemented for Building Services, to improve the management and maintenance of Council building assets.

Aligned to this work, over the past several years, work has been ongoing to reduce the size of the estate to manage the rise in operational costs, as well as to mitigate the growing maintenance backlog. This work has been furthered by the adoption of a Hybrid Working Model following the pandemic, which has changed the nature of future space requirements and layouts, with less office space required moving forward. New touchdown spaces have been created, including flexible workspaces, meeting rooms with hybrid facilities and online desk booking systems in County Hall. Alongside this, work has been undertaken to support improved efficiency and service delivery in the estate, with 100% of programmed Priority 1 asset works, those defined as requiring immediate attention (including statutory obligation remedial works) commissioned in 2022/23.

The Council recognises that the built environment comprises a significant proportion of its carbon footprint and a target has been set to achieve a net zero built environment by 2030. It is likely that carbon reduction targets will shortly become a legal obligation as the emerging new Building Regulations (2025) will impose a requirement on carbon, meaning that buildings will be required to demonstrate compliance. As a result, any work that the Council undertakes in relation to its core office estate moving forward will need to meet or exceed these requirements. Progress over the past year has included the establishment of an Environment Carbon Reduction Board to strengthen oversight of progress. A Built Environment Carbon Reduction Plan is under development which will detail next steps and resource requirements.

The delivery of capital receipts also remains a critical objective of the Council's Property Strategy and the 2022/23 Annual Property Plan, approved in September 2022, set a target of £5.5 million. The target was not achieved due to a delay in the completion of two large internal appropriation transactions, which have been carried over to the 2023/24 financial year.

In 2023/24, a Core Office Strategy will be considered which sets out the long-term estate requirements, responding to changing requirements of services, the need to reduce costs, provide accommodation that meets the needs of modern working practices and to reduce the Council's carbon footprint.

In Q4 Audit Wales undertook a combined review of Workforce and Assets, focussed on how the Council strategically plans to use its assets and workforce, how it monitors their use and how it reviews and evaluates the effectiveness of its arrangements. In relation to Asset Management their summary findings, published in their [Springing Forward report](#), were that *'the Council has made good progress in delivering its property strategy and has the necessary governance arrangements underpinned by improved performance data, but its approach lacks a focus on service user and longer term needs.'*

## **Supporting a highly-skilled and productive workforce with the well-being of staff at its core**

The Council faces a number of workforce challenges, including ensuring sufficient capacity, appropriate skills and in recruiting and retaining staff, particularly given the level of competition for some professions. This challenge is particularly acute in Children's Services and in Adult Social Care, but it is also having an impact across all directorates and Well-being Objectives.

To more effectively support employees and address these challenges, the Council has published a new Workforce Strategy (2023-27). The strategy sets a strengthened approach to supporting high performance, enabling a flexible, skilled, engaged and diverse workforce, as well as meeting future workforce needs. This includes ensuring that the Council has processes in place to recruit and retain talented individuals in a competitive market, as well as supporting Directorates to create pathways into their harder to fill roles.

Another workforce challenge faced by the Council relates to managing sickness absence; end of year results shows that 12.0 working days/ shifts – per full-time equivalent (FTE) Local Authority employee – were lost to sickness absence in 2022/23. This is against a target of 9.5. Covid-19 has continued to contribute to increased sickness absence, with the result dropping to 10.57 if Covid sicknesses are removed. Sickness absence is not uniform across the Council, however, with rates particularly high in Street Scene and Adult Services. A targeted approach is being utilised to improve performance, particularly through the provision of support to managers on dealing with complex long-term absence cases.

To support staff wellbeing work is ongoing to ensure that all employees, wherever they are based, have access to support services and are able to take part in associated activities including sessions on improving wellbeing and mental health and stress awareness. In Quarter 3 of 2022/23, an assessment undertaken by Public Health commended the work of the Council in relation to supporting staff health and wellbeing.

The Council is committed to becoming an organisation that reflects and responds to the diversity of the communities it serves. In responding to the recommendations of the Race Equality Task Force to create a more representative workforce the Council has launched a pilot leadership development course for staff from groups under-represented in leadership roles. A senior manager mentorship programme is also under-development, with roll out scheduled for early 2023/24.

In February 2023, the Council achieved the highest-ranking for any local authority in Wales and the UK in the 2023 Stonewall Workplace Equality Index, including a commendation for the local authority's LGBT+ Employee Equality Network. Three accolades were awarded as a result: Stonewall Gold Award Employer; Top 100 Stonewall Employer; and Stonewall Highly Commended.

## **Using the power of the public purse to support the city's recovery**

The Council spends over £600 million a year procuring a diverse range of goods, services and works from over 8,000 suppliers and contractors. As well as achieving good value for public money spent on these goods, services, and works, the Council is committed to ensuring it has robust procurement systems in place. The Council's Senior Management Team continue to receive regular updates on procurement spend and compliance, including issues such as off-contract spend. The Council has also strengthened its contract management performance reporting arrangements over the year. The UK Procurement Act is expected to receive Royal assent in late summer 2023 and this will introduce further requirements around transparency across the procurement cycle and reporting of procurement spend.

The size and scale of the Council's spend affords opportunities to leverage wider social and environmental gain, with a particular focus placed on decarbonisation, fair work, delivering community benefits and maximising opportunities for local businesses and communities through Council contracts. In October 2022, the Council published a new Socially Responsible Procurement Strategy (2022-2027), setting out key procurement priorities and the changes that will be made to improve the management of external spend.

A key priority relates to ensuring that the Council's procurement programme fully supports the aim of being carbon neutral by 2030 as over 80% of the Council's carbon footprint is in its supply chain. A review of the Carbon Reduction Plans of key suppliers has been completed and a pilot is currently being developed, aimed at challenging specifiers to reduce carbon across the duration of contracts. A significant limitation remains, however, in terms of the methodology used for assessing the carbon emissions associated with procurement. As a national issue, the Council is working with the Welsh Government to improve the analysis framework. It is also acknowledged that not all of the Council's suppliers – especially smaller, independent and local suppliers – will be able to move to low carbon solutions at pace and consideration is needed as to how the Council's purchasing activities can support the transitions needed moving forward.

Another key objective of the strategy is to make procurement spend more accessible to local small business and the third sector. Year end results show satisfactory performance, with the percentage of overall Council spend within Cardiff-based organisations 51.62% against a target of 52%, and the percentage of overall spend within Cardiff Capital Region-based organisations 65.61% against a target of 66%. A detailed spend analysis has been undertaken to identify opportunities to further increase local spend, with a detailed project plan to drive this forward. This analysis is being used by the Council and its partners to identify opportunities to increase local spend moving forward.

Good progress is also being made in relation to increasing community benefits and social value delivered by suppliers, particularly in expanding community benefits into contracts beyond construction. The Council is one of the leading Welsh Council's in terms of delivering community benefits through its contracts. The Council uses the Social Value Portal system to capture contractor's commitments and to monitor/manage their delivery over the period of the contract. As a result, the Quarter 4 position highlights that there are currently 33 'live' contracts which include social value commitments and will deliver over £7.6 million of social value. Nonetheless, whilst progress is being made, year-end results show that the percentage of new contracts (above £250,000) which include social value commitments is behind target (13.6% against a target of 20%). A Social Value Delivery Group has therefore been established to develop the Council's approach to maximising social value commitments and ensuring delivery. This includes adopting a consistent approach to securing and managing the delivery of community benefits and social value, which is understood by the Council and its contractors.

### **Making sure that the Council better talks to and listens to the city that it serves**

The Council values the contribution of local people in prioritising, shaping, and evaluating the services that they and their families rely upon. A high response rate continues to be seen for the Council's regular, city-wide surveys: the 2022 Ask Cardiff Survey received almost 4,000 responses, whilst the 2023/24 Budget Consultation received almost 6,000 responses and the 2022 Child Friendly City Survey received 7,600 responses. In terms of the Budget Consultation, Cardiff received more responses than all other Welsh local authorities, as well as the highest response among the UK Core Cities. To support this work and strengthen citizen voice, the Council and its partners have produced – and will continue to produce annually – a [Consultation Overview Report](#), which summarises the key findings from consultation and engagement exercises undertaken over the course of the past year, as well as highlights specific issues raised by key demographic groups.

Nonetheless, whilst the Council receives a high response rate to its core surveys, just under one in four (22.6%<sup>8</sup>) agree that they are able to have their say on local issues or how the Council services are run in their community. The Council is currently in the process of developing a new citizen Participation Strategy, which will set out actions to drive improvement in each of the areas identified and further encourage local people to participate in the decision-making process. To inform the development of the Participation Strategy a comprehensive exercise undertaken to identify areas of improvement identified several areas, including the need to ensure that: good practice – in terms of consultation and engagement – is applied robustly across service areas; 'citizen voice' features more consistently across the Council's performance framework; and consultation feedback is consistently provided to survey respondents. As part of the exercise, a demographic profile of respondents to core Council surveys was also created. This work identified that a lower response rate is evident for the following groups: lower socio-economic wards, particularly

---

<sup>8</sup> Source: [Ask Cardiff 2022](#)

the Southern Arc of Cardiff; older people (+75 years old); children and young people; ethnic minority communities; and people who identify as disabled.

A particular focus will therefore be placed on engaging and involving hard-to-reach groups. Stakeholder engagement has been completed – including direct engagement with individuals and organisations who can offer insight and guidance on how to strengthen consultation practices with under-represented groups – and draft actions developed. A draft of the Strategy will be published for public consultation in the summer of 2023.

As highlighted by the [2022 Ask Cardiff survey](#), citizen satisfaction with Council services was below target in 2022 (at 47.8% compared to a target of 70%). The 2022 result was a slight increase from the 2021 result (of 47.3%) but around 20% lower than the 2020 figure. This result is consistent with the fall in satisfaction with public services in Cardiff (which dropped from 72.7% in 2020 to 52.1% in 2022). Analysis of satisfaction with individual services shows satisfaction is highest for parks and open spaces (74%), street lighting (66.2%) and Libraries/ Hubs (64.4%), whilst dissatisfaction is highest for pavement maintenance (59.8%), road maintenance (54.2%) and frequency of vandalism and graffiti (53.3%).

In 2021/22, a total of 3,633 complaints were recorded, which was a 43.2% increase from the previous year, when 2,537 complaints were recorded. The highest number of complaints were received by waste collections (2,089). This increasing trend in overall complaints was seen in public services across Wales, with the Public Services Ombudsman for Wales publishing the following statement, *“It is likely that complaints to my office, and public services in general, were suppressed during the pandemic, and we are now starting to see the expected ‘rebound’ effect.”*

Data on complaints for 2022/23 points towards an improved position. A key indicator as to how satisfied complainants are with the standard of investigation, as well as the fairness of outcomes, is the number of complainants that escalate their complaint to the Public Services Ombudsman for Wales. There was a decline in complaints received in 2022/23, with only 142 received. This is a decrease from 182 in 2021/22. The Ombudsman has stated that, given the population size of Cardiff, 0.39 complaints are being received per 1,000 residents. In comparison to Wales’ two other large local authorities, Swansea receives 0.39 complaints per 1,000 residents, whilst Rhondda Cynon Taf receives 0.23 complaints per 1,000 residents.

Adult Services, Children Services, Education, Environment, Finance, Planning and Rent Smart Wales have all seen a decline in the number of complaints received by the Ombudsman (from 2021/22). The only increases have been to Benefits and Roads, however, this is only a slight increase – of 1-2% - which is minimal compared to other local authorities.

Furthermore, of the 142 complains received by the Ombudsman, 50% were closed after initial consideration; 21% were considered premature to consider and referred back to the Council; and 16% involved intervention – however, all achieved early resolution. There were no investigations in 2022/23. The Council also keeps a record of compliments received, which is helpful in terms of understanding good practice and sharing learning across the Council. In 2021/22, a total of 1,487 compliments were recorded, which was a 22.2% decrease from the previous year.

Date: 30 June 2023

Councillor Huw Thomas, Leader  
Councillor Chris Weaver,  
Cabinet Member, Finance, Modernisation & Performance,  
Cardiff Council,  
County Hall,  
Cardiff  
CF10 4UW



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

Neuadd y Sir  
Caerdydd,  
CF10 4UW  
Ffôn: (029) 2087 2088

Dear Huw & Chris,

**Scrutiny Performance Panel 26 June 2023: End of Year 2022/23**

Please find attached a record of the observations and comments made by all five Scrutiny Chairs at our recent informal meeting to consider the Annual Well-being Report 2022/23 and end-of year assessment.

Thank you for attending in person, this was a most useful discussion. We offer our feedback to inform your final draft report, and I look forward to pre-decision scrutiny of the final report at the July meeting of PRAP.

Yours sincerely,

**COUNCILLOR JOEL WILLIAMS  
CHAIR, POLICY REVIEW AND PERFORMANCE SCRUTINY COMMITTEE**

cc Councillor Lee Bridgeman, Chair, CYP Scrutiny Committee  
Councillor Owen Jones, Chair, Environment Scrutiny Committee  
Councillor Rhys Taylor, Chair, CASSC Scrutiny Committee  
Councillor Peter Wong, Chair, Economy & Culture Scrutiny Committee  
Chris Lee, Corporate Director, Resources  
Sarah McGill, Corporate Director, People & Communities  
Gareth Newell, Head of Performance & Partnerships  
Dylan Owen, Operational Manager Policy & Improvement  
Mike Tate, Assistant Director Education & Lifelong Learning  
Suzanne Scarlett, Partnerships & Performance Manager  
Mr Gavin McArthur, Chair, Governance & Audit Committee.  
Chris Pyke, OM Governance & Audit

## Annual Well-being Report 2022/23

### Scrutiny comments and observations for further consideration

| REF/PAGE       | Comment / Observation  |
|----------------|--|
| <b>GENERAL</b> | <i>Cross Cutting Issues</i>  |
|                | <p><b>Structure of the document</b></p> <p>The Panel consider there is scope to improve the public understanding of Council performance by improving the Annual Well-being Report's accessibility to citizens.</p> <p>Whilst we acknowledge the full report is produced for the reassurance of Cabinet, politicians and the Senior Management Team, we <b>recommend</b> an easy read Executive Summary that contains the key strategic issues/challenges as listed in the Cabinet report.</p>  |
|                | <p><b>Workforce Recruitment &amp; Retention</b></p> <p>Workforce recruitment and retention is clearly stated as a strategic risk in the report, which is supported by evidence across the 5 scrutiny committees over the year. The report also states that the Council needs to ensure it has processes in place to recruit and retain talented individuals in a competitive market and we note:</p> <ul style="list-style-type: none"> <li>• Corporately the Workforce Strategy cites the opportunities presented by Hybrid Working to attract staff;</li> <li>• Recognition of the need to understand the skills gap;</li> <li>• Across Directorates there are different strategies to deal with recruitment and retention dependant on the issues faced;</li> <li>• Initiatives to 'grow our own,' provide staff with opportunities to become qualified social workers, and visits to universities across the UK to attract staff to Cardiff;</li> <li>• Public sector pay is an issue and there are also national pay differentials.</li> </ul> <p>Given the above Chairs consider it is vital to measure staff turnover and understand why staff leave the organisation through exit interviews. We note these are not uniform across all Directorates and look forward to receiving <b>more information</b>.</p> <p>Services of particular concern are:</p> <ul style="list-style-type: none"> <li>• <b>Transport</b> – how will the Council ensure sufficient capacity to deliver big scale projects to support its ambitious Crossrail transport scheme?</li> <li>• <b>Social care</b> – the report is missing a forward look at new ways of working and the numbers of social workers required. How will the Council seek to influence universities, to keep pace with the number of vacancies in social care?</li> </ul> |



|             |  |
|-------------|--|
|             | <p>Chairs are therefore seeking assurance that going forward there are clearly stated actions to deal with the recruitment and retention risks highlighted in the report.</p>  |
|             | <p><b>Race Equality Task Force</b></p> <p>The report references the Race Equality Task Force but gives no details of progress on implementing its recommendations to date. As the recommendations have been available since March 2022, Chairs are keen to ensure any progress made is reflected in the report.</p> <p>We therefore welcome the Leader’s acceptance that the good news stories of progress being made in addressing the recommendations of the Task Force should be reflected in this Annual Well-being Report.</p> <p>We also note the recommendations of the Race Equality Taskforce have been incorporated in this year’s Corporate Plan and look forward to the validation of mainstreamed progress, planned for review later this year.</p>   |
| <b>WBO1</b> | <i>Cardiff is a great place to grow up</i>   |
|             | The Annual Well-being Report reflects the work undertaken by CYPSC during 2022/23  |
|             | <p><b>Unregistered Places for Children Looked After</b></p> <p>The Annual Well-being Report highlights a range of major challenges around lack of sufficiency of placements for Children Looked After and that “unregistered” places are being used, but there is not much detail in terms of “looking ahead” in addressing the resulting risk to the council; how demand will be met; how regulated places will be increased; and how targets will be met.</p> <p>Whilst it is acknowledged that the Corporate Plan sets out the Council’s commitment in relation to this in the current year, some narrative on linking the challenges set out in the Well-being report to how those will be addressed going forward would be welcomed, stating implicitly the roles that the Accommodation Strategy; Right Place Model; and initiatives such as the “My Things Matter” campaign are playing in this area.</p> <p>Issues around the role of (and potential risks posed by) CiW were also addressed, and responses were noted, particularly in relation to working with other local authorities and WLGA in working with CiW to change the narrative and approach in this area.</p> |

|                                  |   |
|----------------------------------|---|
|                                  | <p><b>School Attendance</b></p> <p>The Annual Wellbeing Report clearly sets out that school attendance has decreased year on year, and there is a commitment to monitor patterns, including persistent absence. Views on what the targets are; whether these would be met; the main reasons for absence; and what interventions and support are in place were sought.</p> <p>Responses relating to initiatives in place to increase attendance; issues relating to repeated and persistent absence; monitoring attendance; support around the school and individual pupils and their families; and increased clusters approach were welcomed and noted and will be explored further at the meeting of the Children &amp; Young People Scrutiny Committee on the 4<sup>th</sup> July 2023. Further comments, views and observations will be submitted to Cabinet following the meeting.</p>        |
| <b>WBO2</b>                      | <i>Cardiff is a great place to grow older</i>   |
|                                  | <p><b>Access to mental health services</b></p> <p>At a recent work programming planning meeting, the CASSC committee were briefed on significant challenges and pressures around access and availability of mental health support. Chairs queried why there was no reference to this in the Annual Well-being Report.</p> <p>Although it is noted the report covers the 2022/23 financial year, and that this issue emerged recently, Members remain concerned that this issue has been developing during 2022/23. We request additional consideration as to whether this issue emerged during 2022/23 and if so, we <b>recommend</b> an assessment of the issue is incorporated in the report, particularly around the forthcoming work planned to understand the scale of the problem; our work with health colleagues; and any known potential next steps.</p>                                 |
| <b>Appendix 1, page 17/18/19</b> | <p><b>Hospital discharge</b></p> <p>Chairs note the report provides insight and assessment on work undertaken during the year to facilitate hospital patient discharge, however, feel the narrative gives no indication of the pressures /challenges faced during 2022/23. We also note the report confirms this issue will be a strategic issue for 2023/24 and are aware the service area is working on a suite of KPI's to ensure effective, clear monitoring of this issue going forward.</p> <p>Although the development of these KPI's is welcomed and will assist the council's assessment of this topic, in their current absence, we <b>recommend</b> the narrative is reviewed to provide greater insight into the situation in 2022/23. For example, numbers of people waiting for discharge, average time taken, and reference to the forthcoming actions to monitor performance.</p> |

|                               |  |
|-------------------------------|--|
| <b>WBO3</b>                   | <i>Supporting people out of poverty</i>  |
| <b>Appendix 1, page 24/25</b> | <p><b>Homelessness</b></p> <p>Chairs confirmed the detail included in the Annual Well-being Report on the pressure and work to address homelessness is captured in line with the severity of the situation and aligns with CASSC’s knowledge.</p> <p>However, we feel greater detail is required in the report on the opportunities for development, particularly around provision for single homeless people.</p> <p>In April 2023 it was confirmed to CASSC there are gaps in specific accommodation offered in the city, such as women- only provision, for those with learning disabilities and the LGBTQ+ community, and work is underway on addressing these gaps.</p> <p>We consider that this acknowledgement of the gaps in provision, and the service areas’ work to address it was in evidence in 2022/23 and so <b>recommend</b> it is referenced in the report.</p> |
|                               | <p><b>Employment Services</b></p> <p>Chairs welcomed the Leader’s acceptance that the progress being made in addressing the recommendations of the Race Equality Task Force should be reflected in this Annual Well Being Report (as noted above), and in addition that <b>specifically the progress on employment services should feature under WBO3.</b></p>   |
|                               | <p><b>Health Inequalities</b></p> <p>Chairs requested that the report includes a reference to the Council’s actions to address inequalities in health across the City’s Southern Arc, particularly in relation to children. We note that Public Health Wales has a well-developed programme, but we would like to see a reference to Council activity in the report.</p>   |
| <b>WBO4</b>                   | <i>Safe, confident and empowered communities</i>   |
|                               | The report reflects the findings of the Economy & Culture Scrutiny Committee, particularly around parks, allotments and leisure centres.   |
| <b>Appendix 1, page 32</b>    | <p><b>Working together to support a healthier and more active population</b></p> <p>Chairs queried whether this section should refer to Regional Sports Partnerships and their potential impact on grassroots sport provision in Cardiff. We welcome the Leader’s offer to explore further with the service area.</p>  |
| <b>Appendix 1, page</b>       | <p><b>Community Safety</b></p> <p>Chairs noted that the KPI around citizen satisfaction with how local bodies</p>  |

|         |  |
|---------|--|
| 30 / 32 | <p>deal with ASB &amp; Crime in their area has been disappointing for some time. Chairs consider the narrative in the Annual Well-being Report linked to this performance issue is of a high-level, strategic style. We feel it should be reviewed to ensure it is understood and provides assurance to the lay reader.</p> <p>Chairs would like the narrative to stress the work ongoing around 'community led' approaches to improving citizen satisfaction, and current/forthcoming work around this, such as the actions outlined in the P&amp;P DDP around progressing community-led approaches.</p>  |
| WBO5    | <i>A capital city that works for Wales</i>   |
|         | The main issues are really well articulated, particularly around the impact of cost inflation on major projects.   |
|         | <p><b>City Deal/ Corporate Joint Committee (CJC)</b></p> <p>Chairs highlighted that there is scant reference to the work of the City Deal/ CJC and the impact it has on Cardiff. We consider that this report would be an opportunity to raise the profile of the City Deal/ CJC and its work, increasing its transparency. We note the Leader's agreement that the report be modified to include reference to the work of the City Deal/ CJC that has a specific impact on Cardiff.</p>   |
| WBO6    | <i>Cardiff grows in a resilient way</i>  |
|         | <p><b>General</b></p> <p>Overall, the chapter is honest and well balanced, however, many of the paragraphs have caveats suggesting issues going forward.</p>   |
|         | <p><b>Biodiversity</b></p> <p>The report mentions that the Biodiversity &amp; Resilience of Ecosystems Duty (BRED) report will be written, however, as the Council declared a Nature Emergency in 2021 and we understand that the One Planet Cardiff strategy is purely about 'carbon reduction' and does not include any work/projects in relation to nature and biodiversity, this appears to be missing from the report.</p> <p>Concern was noted as the Council only has one Ecologist and previously the Environmental Committee has recommended the employment of an additional post as the one role was taken up significantly by 'planning' work rather than proactive work to protect and increase the city's biodiversity.</p> |
|         | <p><b>Recycling</b></p> <p>Concern was noted about the ability of the Council to meet the Welsh Government (WG) recycling target of 70% by 2025 with the current, 2022/23 unverified result being 61.57%. The Leader reassured the meeting that the actions in the Recycling Strategy for Cardiff were being implemented which he believed would enable the Council to meet WG requirements.</p>   |

|             |   |
|-------------|---|
|             |   |
| <b>WBO7</b> | <i>Modernising and integrating our public services</i>  |
|             | <p><b>Capital Programme</b></p> <p>Chairs expressed concern about the increasing cost of borrowing, enquiring what assessments had been undertaken to reign in the cost of the Capital Programme. Specifically, will this mean capital funded projects are under threat?</p> <p>We are reassured that the total programme is affordable and operational limits still have headroom, however, note there is a sharper focus on reporting pressures, there will continue to be a re-examination of priorities and increasing challenge of invest to save business cases.</p>  |
| KPI 7.19    | <p><b>Customer Satisfaction</b></p> <p>There has been a marginal improvement in customer satisfaction levels since the last Annual Report, but at 48% it fell short of the 70% target. We note the view that there has been a narrative shift on social media that signals a new baseline in customer expectation and the Council is not alone is experiencing lower levels of customer satisfaction with public sector organisations.</p> <p>We acknowledge that the Council's performance is measured on both frontline services and projects that can benefit Cardiff on a global stage, such as the Principality Stadium.</p> <p>Given that the majority of customers are happy with schools in Cardiff, we <b>recommend</b> a media campaign that enhances/re-enforces public understanding that the provision of schools is a Council responsibility.</p> |
|             | <p><b>Priority 1 works</b></p> <p>The delivery of capital receipts is a critical objective of the Council's Property Strategy and the 2022/23 Annual Property Plan set a target of £5.5 million that was not achieved.</p> <p>Chairs noted you expect the next Annual Property Plan (2023/24) to address what the Council is doing to mitigate the shortfall and we will monitor as part of our 2023/24 work programme.</p>   |

This page is intentionally left blank

**SWYDDFA'R ARWEINYDD  
OFFICE OF THE LEADER**



Neuadd y Sir  
Caerdydd,  
CF10 4UW  
Ffôn: (029) 2087 2088  
www.caerdydd.gov.uk  
County Hall  
Cardiff,  
CF10 4UW  
Tel: (029) 2087 2087  
www.cardiff.gov.uk

Fy Nghyf / My Ref: CM50010

Eich Cyf / Your Ref:

Dyddiad / Date: 5 July 2023

Cllr Joel Williams  
Cardiff County Council  
Atlantic Wharf  
Butetown  
Cardiff  
CF10 4UW

Annwyl / Dear Joel

**Scrutiny Performance Panel**

Thank you for taking the time to review the draft Annual Well-Being Report 2022/23 and for convening the Performance Panel. The Performance Panel forms an important part of the Council's governance arrangements and provides insight on the Council's self-assessment of its performance.

Further to your letter dated 30 June 2023, please find attached a response to the recommendations and observations made by the Panel. Where a formal recommendation or a request for further action was made by the Panel, a response has been included in the table appended to this letter.

I am pleased to note that all recommendations have either been accepted or partially accepted with the involvement of the Panel once again supporting the development of a more robust assessment of performance.

Yn gywir,  
Yours sincerely,

**CYNGHORYDD / COUNCILLOR HUW THOMAS  
ARWEINYDD / LEADER,  
CYNGOR CAERDYDD / CARDIFF COUNCIL**

*Your information is processed under the Data Protection Act 2018 to fulfil Cardiff Council's legal and regulatory tasks as a local authority. For further information on what personal data we hold and how long we keep it for, please view our Privacy Policy; [www.cardiff.gov.uk/privacynotice](http://www.cardiff.gov.uk/privacynotice). If you have concerns about how your data has been handled, contact the Council's Data Protection Officer via [dataprotection@cardiff.gov.uk](mailto:dataprotection@cardiff.gov.uk). Your information has been shared with Xerox in order to contact you today. For further information on how Xerox manage personal data, please view Privacy Policy; [www.xerox.co.uk/en-gb/about/privacy-policy](http://www.xerox.co.uk/en-gb/about/privacy-policy)*

**GWEITHIO DROS GAERDYDD, GWEITHIO DROSOCH CHI**

Mae'r Cyngor yn croesawu gohebiaeth yn Gymraeg, Saesneg neu'n ddwyieithog. Byddwn yn cyfathrebu â chi yn ôl eich dewis, dim ond i chi roi gwybod i ni pa un sydd well gennych. Ni fydd gohebu yn Gymraeg yn arwain at oedi.

**WORKING FOR CARDIFF, WORKING FOR YOU**

The Council welcomes correspondence in Welsh, English or bilingually. We will ensure that we communicate with you in the language of your choice, as long as you let us know which you prefer. Corresponding in Welsh will not lead to delay.



**STRONGER  
FAIRER  
GREENER**



## Annual Well-being Report 2022/23

### Scrutiny comments and observations for further consideration

The recommendations, requests and observations of the Performance Panel have been welcomed. The responses have been grouped into four categories (below), depending on the nature of the Panel's comments, with a response or explanatory note included as necessary.

- Recommendation Accepted
- Recommendation Partially Accepted
- Recommendation Not Accepted
- Observation Noted

| REF/PAGE       | Comment / Observation   | Proposed Response  |
|----------------|---|--|
| <b>GENERAL</b> | <i>Cross Cutting Issues</i>   |  |
|                | <p><b>Structure of the document</b></p> <p>The Panel consider there is scope to improve the public understanding of Council performance by improving the Annual Well-being Report's accessibility to citizens.</p> <p>Whilst we acknowledge the full report is produced for the reassurance of Cabinet, politicians and the Senior Management Team, we <b>recommend</b> an easy read Executive Summary that contains the key strategic issues/challenges as listed in the Cabinet report.</p> | <p><b>Recommendation accepted.</b></p> <p>An executive summary has been included in the introductory section, under the heading 'Overall Assessment'. This includes a broad summary of the key areas of progress and strategic challenges.</p> <p>As the Committee noted, this document must satisfy a number of legislative requirements and is presented to a range of different stakeholders. Therefore, although written in plain language, the report, by necessity, deals with complex issues – to do otherwise would not constitute a detailed and balanced strategic assessment.</p> |
|                | <b>Workforce Recruitment &amp; Retention</b>  | <b>Observation noted.</b>  |



|  |   |
|--|---|
| <p>Workforce recruitment and retention is clearly stated as a strategic risk in the report, which is supported by evidence across the 5 scrutiny committees over the year. The report also states that the Council needs to ensure it has processes in place to recruit and retain talented individuals in a competitive market and we note:</p> <ul style="list-style-type: none"> <li>• Corporately the Workforce Strategy cites the opportunities presented by Hybrid Working to attract staff;</li> <li>• Recognition of the need to understand the skills gap;</li> <li>• Across Directorates there are different strategies to deal with recruitment and retention dependant on the issues faced;</li> <li>• Initiatives to ‘grow our own,’ provide staff with opportunities to become qualified social workers, and visits to universities across the UK to attract staff to Cardiff;</li> <li>• Public sector pay is an issue and there are also national pay differentials.</li> </ul> <p>Given the above Chairs consider it is vital to measure staff turnover and understand why staff leave the organisation through exit interviews. We note these are not uniform across all Directorates and look forward to receiving <b>more information</b>.</p> <p>Services of particular concern are:</p> <ul style="list-style-type: none"> <li>• <b>Transport</b> – how will the Council ensure sufficient capacity to deliver big scale projects to support its ambitious Crossrail transport scheme?</li> <li>• <b>Social care</b> – the report is missing a forward look at new ways of working and the numbers of social workers required. How will the Council seek to influence universities, to keep pace with the number of vacancies in social care?</li> </ul> | <p>The Executive Summary provided identifies workforce pressures as one of the strategic areas requiring corporate focus over the year ahead.</p> <p>The Council’s Corporate Plan also contains a commitment to support a highly-skilled and productive workforce with the wellbeing of staff at its core, with actions including implementing the workforce strategy 2023-27.</p> <p>The Corporate Plan also contains workforce development actions in areas of identified risk, including:</p> <ul style="list-style-type: none"> <li>- Recruitment and retention of teachers and school staff</li> <li>- Implement the Children’s Services Workforce Action Plan to secure a primarily permanent workforce.</li> <li>- Supporting the social care workforce in the round and putting in place a comprehensive Workforce Development Plan and taking a grow your own approach to improving recruitment and retention of social workers and occupational therapists.</li> </ul> <p>Further information can be made available to Scrutiny committees in relation to other areas of pressure, on exit interview and turnover data as part of any future consideration of these issues.</p> |
|--|---|

|             |  |  |
|-------------|--|--|
|             | Chairs are therefore seeking assurance that going forward there are clearly stated actions to deal with the recruitment and retention risks highlighted in the report.   |  |
|             | <p><b>Race Equality Task Force</b></p> <p>The report references the Race Equality Task Force but gives no details of progress on implementing its recommendations to date. As the recommendations have been available since March 2022, Chairs are keen to ensure any progress made is reflected in the report.</p> <p>We therefore welcome the Leader’s acceptance that the good news stories of progress being made in addressing the recommendations of the Task Force should be reflected in this Annual Well-being Report.</p> <p>We also note the recommendations of the Race Equality Taskforce have been incorporated in this year’s Corporate Plan and look forward to the validation of mainstreamed progress, planned for review later this year.</p> | <p><b>Observation noted.</b></p> <p>Additional detail has been added to the report under both Well-being Objectives 3, 4 and 7, giving an update on progress to date against some of the recommendations from the Taskforce.</p>   |
| <b>WBO1</b> | <i>Cardiff is a great place to grow up</i>   |  |
|             | The Annual Well-being Report reflects the work undertaken by CYPSC during 2022/23  |  |
|             | <p><b>Unregistered Places for Children Looked After</b></p> <p>The Annual Well-being Report highlights a range of major challenges around lack of sufficiency of placements for Children Looked After and that “unregistered” places are being used, but there is not much detail in terms of “looking ahead” in addressing the resulting risk to</p>  | <p><b>Observation noted.</b></p> <p>The report includes references to the Accommodation Strategy and Right Place Model and further detail of their importance in future planning has been included, in the section “Protecting the Well-Being of Vulnerable Children”;</p> |

|  |  |   |
|--|--|---|
|  | <p>the council; how demand will be met; how regulated places will be increased; and how targets will be met.</p> <p>Whilst it is acknowledged that the Corporate Plan sets out the Council’s commitment in relation to this in the current year, some narrative on linking the challenges set out in the Well-being report to how those will be addressed going forward would be welcomed, stating implicitly the roles that the Accommodation Strategy; Right Place Model; and initiatives such as the “My Things Matter” campaign are playing in this area.</p> <p>Issues around the role of (and potential risks posed by) CiW were also addressed, and responses were noted, particularly in relation to working with other local authorities and WLGA in working with CiW to change the narrative and approach in this area.</p>  | <p><i>“Though the challenge of placement sufficiency remains in 2023/24, the Accommodation Strategy and the Right Place Model represent a major component of the approach within Children’s Services to adapt to the pressures on placements moving forward.”</i></p> |
|  | <p><b>School Attendance</b></p> <p>The Annual Wellbeing Report clearly sets out that school attendance has decreased year on year, and there is a commitment to monitor patterns, including persistent absence. Views on what the targets are; whether these would be met; the main reasons for absence; and what interventions and support are in place were sought.</p> <p>Responses relating to initiatives in place to increase attendance; issues relating to repeated and persistent absence; monitoring attendance; support around the school and individual pupils and their families; and increased clusters approach were welcomed and noted and will be explored further at the meeting of the Children &amp; Young People Scrutiny Committee on the 4<sup>th</sup> July 2023. Further comments, views and observations will be submitted to Cabinet following the meeting.</p> | <p><b>Observation noted.</b></p>  |

|                                  |  |  |
|----------------------------------|--|--|
| <b>WBO2</b>                      | <i>Cardiff is a great place to grow older</i>  |  |
|                                  | <p><b>Access to mental health services</b><br/>At a recent work programming planning meeting, the CASSC committee were briefed on significant challenges and pressures around access and availability of mental health support. Chairs queried why there was no reference to this in the Annual Well-being Report.</p> <p>Although it is noted the report covers the 2022/23 financial year, and that this issue emerged recently, Members remain concerned that this issue has been developing during 2022/23. We request additional consideration as to whether this issue emerged during 2022/23 and if so, we <b>recommend</b> an assessment of the issue is incorporated in the report, particularly around the forthcoming work planned to understand the scale of the problem; our work with health colleagues; and any known potential next steps.</p> | <p><b>Recommendation accepted.</b></p> <p>An extended narrative relating to the emerging pressures on access to mental health services has been included under Well-being Objective 4 in the section “Ensuring children and adults are protected from risk of harm and abuse”:</p> <p><i>“The pressures on mental health services have continued during the year, in line with the ongoing pressures on health and social care services generally. Work to develop a non-emergency response service is progressing with the University Health Board; this service will provide support to people with lower-level mental health issues and reduce demand on the system. Work is also underway to understand issues relating to the availability of mental health hospital beds and the Council will continue to work with colleagues in Health to address this.”</i></p> |
| <b>Appendix 1, page 17/18/19</b> | <p><b>Hospital discharge</b><br/>Chairs note the report provides insight and assessment on work undertaken during the year to facilitate hospital patient discharge, however, feel the narrative gives no indication of the pressures /challenges faced during 2022/23. We also note the report confirms this issue will be a strategic issue for 2023/24 and are aware the service area is working on a suite of KPI’s to ensure effective, clear monitoring of this issue going forward.</p> <p>Although the development of these KPI’s is welcomed and will assist the council’s assessment of this topic, in their current absence, we</p>   | <p><b>Recommendation accepted.</b></p> <p>The narrative has been expanded in the section “Working in partnership to deliver high-quality sustainable care and support” detailing the work undertaken to improve both hospital discharge with care and the collection and monitoring of performance data.</p>   |

|                               |   |   |
|-------------------------------|---|---|
|                               | <p><b>recommend</b> the narrative is reviewed to provide greater insight into the situation in 2022/23. For example, numbers of people waiting for discharge, average time taken, and reference to the forthcoming actions to monitor performance.</p>  | <p>A detailed briefing on this topic will be brought to the Community &amp; Adult Services Scrutiny Committee later in July and the Committee will be afforded an opportunity to monitor the introduction of the new national and local performance indicators.</p>   |
| <b>WBO3</b>                   | <i>Supporting people out of poverty</i>   |   |
| <b>Appendix 1, page 24/25</b> | <p><b>Homelessness</b><br/>Chairs confirmed the detail included in the Annual Well-being Report on the pressure and work to address homelessness is captured in line with the severity of the situation and aligns with CASSC's knowledge.</p> <p>However, we feel greater detail is required in the report on the opportunities for development, particularly around provision for single homeless people.</p> <p>In April 2023 it was confirmed to CASSC there are gaps in specific accommodation offered in the city, such as women- only provision, for those with learning disabilities and the LGBTQ+ community, and work is underway on addressing these gaps.</p> <p>We consider that this acknowledgement of the gaps in provision, and the service areas' work to address it was in evidence in 2022/23 and so <b>recommend</b> it is referenced in the report.</p> | <p><b>Recommendation accepted.</b></p> <p>A narrative assessment has been added to the section "Embedding our new approach to tackling homelessness" regarding the provision of accommodation for single homeless people and the work already done to introduce women-only provision in existing schemes. This references further plans to develop a new bespoke women-only scheme, an expansion of housing for people with learning disabilities and work to understand the needs of the LGBTQ+ community with regards to housing.</p> |
|                               | <p><b>Employment Services</b><br/>Chairs welcomed the Leader's acceptance that the progress being made in addressing the recommendations of the Race Equality Task Force should be reflected in this Annual Well Being Report (as noted above), and in addition that <b>specifically the progress on employment services should feature under WBO3.</b></p>   | <p><b>Observation noted.</b></p> <p>For "Supporting those most impacted by the economic crisis into work, education or training", the performance narrative has been expanded to include the Council's response to the Taskforce's recommendations relating to the Into Work Advice Service and Cardiff Works.</p>  |

|                                 |  |  |
|---------------------------------|--|--|
|                                 |  |  |
|                                 | <p><b>Health Inequalities</b></p> <p>Chairs requested that the report includes a reference to the Council’s actions to address inequalities in health across the City’s Southern Arc, particularly in relation to children. We note that Public Health Wales has a well-developed programme, but we would like to see a reference to Council activity in the report.</p> | <p><b>Observation noted.</b></p> <p>The Council has worked closely with Public Health Wales, and other partners, to promote public health through the Amplifying Prevention Programme. The focus of the work is to enhance preventative activities with communities and demographic groups where there is clear inequity within health outcomes. Working with Public Health colleagues, Cardiff &amp; Vale UHB and the Vale of Glamorgan Council, areas of focus have included vaccination uptake for children, bowel screening and promoting healthy eating and active lifestyles. Much of the focus of the work has involved communities in the Southern Arc of Cardiff. Examples are included in Wellbeing Objective 4.</p> |
| <b>WBO4</b>                     | <i>Safe, confident and empowered communities</i>   |  |
|                                 | The report reflects the findings of the Economy & Culture Scrutiny Committee, particularly around parks, allotments and leisure centres.   |  |
| Appendix 1, page 32             | <p><b>Working together to support a healthier and more active population</b></p> <p>Chairs queried whether this section should refer to Regional Sports Partnerships and their potential impact on grassroots sport provision in Cardiff. We welcome the Leader’s offer to explore further with the service area.</p>  | <p><b>Observation noted.</b></p> <p>The Regional Sports Partnership which, moving forward, will be responsible for provision in Cardiff has yet to be established. Recognising the need to monitor the impact of the new arrangements, the Well-being Report sets out a commitment to “ensure that arrangements for the Regional Sports Partnership... have a positive impact on grassroots provision and development opportunities.”.</p>   |
| <b>Appendix 1, page 30 / 32</b> | <p><b>Community Safety</b></p> <p>Chairs noted that the KPI around citizen satisfaction with how local bodies deal with ASB &amp; Crime in their area has been disappointing for some time.</p>  | <p><b>Observation noted.</b></p> <p>The wording has been amended in the section “Creating safe and inclusive communities” to simplify the language and</p>   |

|             |   |   |
|-------------|---|---|
|             | <p>Chairs consider the narrative in the Annual Well-being Report linked to this performance issue is of a high-level, strategic style. We feel it should be reviewed to ensure it is understood and provides assurance to the lay reader.</p> <p>Chairs would like the narrative to stress the work ongoing around 'community led' approaches to improving citizen satisfaction, and current/forthcoming work around this, such as the actions outlined in the P&amp;P DDP around progressing community-led approaches.</p> | <p>explain in more detail the nature of the delivery model. Examples are also included of community safety projects undertaken during the year, with case studies detailing the impact achieved and the positive outcomes delivered for specific parts of the city.</p>   |
| <b>WBO5</b> | <i>A capital city that works for Wales</i>  |   |
|             | The main issues are really well articulated, particularly around the impact of cost inflation on major projects.  |   |
|             | <p><b>City Deal/ Corporate Joint Committee (CJC)</b></p> <p>Chairs highlighted that there is scant reference to the work of the City Deal/ CJC and the impact it has on Cardiff. We consider that this report would be an opportunity to raise the profile of the City Deal/ CJC and its work, increasing its transparency. We note the Leader's agreement that the report be modified to include reference to the work of the City Deal/ CJC that has a specific impact on Cardiff.</p>                                    | <p><b>Observation noted.</b></p> <p>The Well-being Report now includes details on the governance arrangements for the Corporate Joint Committee and links to the Committee's progress report. A summary assessment is included in the section of the report under the "Leading the economic recovery in Wales" section.</p> |
| <b>WBO6</b> | <i>Cardiff grows in a resilient way</i>   |   |
|             | <p><b>General</b></p> <p>Overall, the chapter is honest and well balanced, however, many of the paragraphs have caveats suggesting issues going forward.</p>  |   |
|             | <p><b>Biodiversity</b></p> <p>The report mentions that the Biodiversity &amp; Resilience of Ecosystems Duty (BRED) report will be written, however, as the Council declared</p>   | <p><b>Observation noted.</b></p> <p>The report now includes an assessment outlining the progress and challenges relating to biodiversity, expanding on the</p>  |

|             |  |  |
|-------------|--|--|
|             | <p>a Nature Emergency in 2021 and we understand that the One Planet Cardiff strategy is purely about ‘carbon reduction’ and does not include any work/projects in relation to nature and biodiversity, this appears to be missing from the report.</p> <p>Concern was noted as the Council only has one Ecologist and previously the Environmental Committee has recommended the employment of an additional post as the one role was taken up significantly by ‘planning’ work rather than proactive work to protect and increase the city’s biodiversity.</p>            | <p>performance narrative already included under the “Putting sustainability and well-being at the heart of the city’s growth” section.</p> |
|             | <p><b>Recycling</b></p> <p>Concern was noted about the ability of the Council to meet the Welsh Government (WG) recycling target of 70% by 2025 with the current, 2022/23 unverified result being 61.57%. The Leader reassured the meeting that the actions in the Recycling Strategy for Cardiff were being implemented which he believed would enable the Council to meet WG requirements.</p>   | <p><b>Observation noted.</b></p>   |
| <b>WBO7</b> | <i>Modernising and integrating our public services</i>   |  |
|             | <p><b>Capital Programme</b></p> <p>Chairs expressed concern about the increasing cost of borrowing, enquiring what assessments had been undertaken to reign in the cost of the Capital Programme. Specifically, will this mean capital funded projects are under threat?</p> <p>We are reassured that the total programme is affordable and operational limits still have headroom, however, note there is a sharper focus on reporting pressures, there will continue to be a re-examination of priorities and increasing challenge of invest to save business cases.</p> | <p><b>Observation noted.</b></p>   |



|          |   |  |
|----------|---|--|
|          |   |  |
| KPI 7.19 | <p><b>Customer Satisfaction</b></p> <p>There has been a marginal improvement in customer satisfaction levels since the last Annual Report, but at 48% it fell short of the 70% target. We note the view that there has been a narrative shift on social media that signals a new baseline in customer expectation and the Council is not alone is experiencing lower levels of customer satisfaction with public sector organisations.</p> <p>We acknowledge that the Council’s performance is measured on both frontline services and projects that can benefit Cardiff on a global stage, such as the Principality Stadium.</p> <p>Given that the majority of customers are happy with schools in Cardiff, we <b>recommend</b> a media campaign that enhances/re-enforces public understanding that the provision of schools is a Council responsibility.</p> | <p><b>Recommendation partially accepted.</b></p> <p>Cardiff Council already undertakes extensive work promoting the great work of schools throughout the year.</p> <p>A question within the Ask Cardiff resident satisfaction survey relating specifically to satisfaction with schools in Cardiff will be explored.</p> |
|          | <p><b>Priority 1 works</b></p> <p>The delivery of capital receipts is a critical objective of the Council’s Property Strategy and the 2022/23 Annual Property Plan set a target of £5.5 million that was not achieved.</p> <p>Chairs noted you expect the next Annual Property Plan (2023/24) to address what the Council is doing to mitigate the shortfall and we will monitor as part of our 2023/24 work programme.</p>   | <p><b>Observation noted.</b></p> <p>The Annual Property Plan 2023/24 will be considered by Cabinet in July 2023.</p>   |

This page is intentionally left blank

**CYNGOR CAERDYDD  
CARDIFF COUNCIL**

**POLICY REVIEW & PERFORMANCE  
SCRUTINY COMMITTEE**

**12 July 2023**

**Budget 2024/25 and Updated Medium Term Financial Plan**

**Reason for this Report**

1. To provide an opportunity for pre-decision scrutiny of the Council's preparations and timetable for delivering the Budget 2024/25. In addition, to consider an update on the Medium-Term Financial Plan, Capital Programme, the Council's financial resilience, and the proposed Income Generation Framework.

**Structure of the Papers**

2. To facilitate the scrutiny the following appendices are attached to this report:
  - Appendix A** – Cabinet report – Budget 2024/25 and the Medium-Term Financial Plan: Update Report
  - Appended to the Cabinet report are:*
    - Annex 1:** Medium Term Financial Plan
    - Appendix 1:** Budget Update Overview - Questions & Answers
    - Appendix 2:** Income Generation Framework
    - Appendix 2a:** *Income Summary Statement /template*
    - Appendix 3:** Proposed Revenue Budget Timetable Framework 2024/25
    - Appendix 4:** Finance Resilience Snapshot
3. In addition, the [Budget Outturn 2022/23](#) report agreed by Cabinet on 22 June 2023 has influenced budget preparations for 2023/24 and may be useful reference in Members preparations. Follow the highlighted link to access the full set of papers.

**Background**

4. Scrutiny of the Council's financial planning, policy, control and resilience falls within this Committee's Terms of Reference. The Committee also scrutinises

budget proposals annually and monitors financial performance throughout the year.

5. The Budget Update 2024/25 report attached at **Appendix A** will be considered by Cabinet at its meeting on 13 July 2023. The report sets out the Council's financial strategy and timetable for developing the 2024/25 Capital and Revenue budget proposals and provides an updated Medium Term Financial Plan (MTFP).

## Context

6. The report outlines the internal and external environments within which the MTFP is under development. The organisational context is that this 2024/25 Budget will be developed alongside the updated Corporate Plan in readiness for approval of both in March 2024, and financial planning will continue to evolve alongside business case work on strategies, plans and initiatives.
7. The economic context is central to financial planning and the report fully addresses the implications of inflationary pressures (*points 12-28*). The Consumer Price Index (CPI) stands at 8.7% and whilst the headline CPI rate has fallen slightly, there is concern that inflation is still very high and price increases will remain a critical factor to keep under review in terms of budget planning.
8. Inflation will impact many areas of the Council's budget, as explained in the report: Goods and Commodities (*points 16-20*) including energy food and fuel; Workforce Costs (*points 21-25*); Commissioned Services (*point 26*); and Construction and Materials inflation (*points 27,28*).
9. Demand estimates have been included in the budget gap, but the report makes clear it will be critical to keep under review demand for Children's Services, Adult Social Care, Additional Learning Needs, and Homelessness.
10. A key element of budget planning is the funding and income that the Council can expect (*points 30-37*). This includes *non-hypothecated* funding and *specific grant* funding. The Local Government Settlement 2023/24 indicated an All-Wales

funding allocation of 3% for 2024/25 however the Council is not expecting the Provisional Local Government Settlement, a key date in the budget-setting process, before December 2023.

11. The MTFP is predicated on the assumption that a potentially significant Teachers Pensions pressure will be fully funded (*point 45*).
12. This report contains an Income Generation Framework (see **Appendix 2**). The Council generates income from sales, fees and charges and given the scale of the budget gap it will be important to maximise income streams where possible. The report indicates that the Council does not assume a blanket annual uplift to fees and charges in line with inflation. However, a clear rationale will be required where it is proposed to hold fees and charges static for 2024/25, or to increase them by less than the rate of inflation.
13. The Council finances its existing capital borrowing at fixed interest rates and the capital financing costs currently included in the 2024/25 Budget Gap and MTFP are based on the *existing* capital programme (*points 38-41*). However, given the Bank of England has increased interest rates to 5%, capital programme commitments, a future borrowing requirement linked to capital investment, are highlighted as a significant risk in increased capital financing costs well into the long term.
14. In respect of the outturn position for 2022/23, (follow this link for more detail [Budget Outturn 2022/23](#)), the Council achieved a balanced position despite a mixed picture across directorates. Additional pressures have continued in some directorates, and the 2024/25 Budget Gap has been updated to reflect these, most notably in relation to Children's Placements.

## **Budget Gap**

15. The indicative budget gap for 2024/25 is **£36.760 million** and £119.205 million over the next 3 years (See **table at point 50 of Appendix A**).

16. In addition, budget planning will need to keep the following factors under close review:

- **Pay Award Uncertainty** - 2024/25 awards, as well as earlier awards that could have an ongoing impact into 2024/25 if higher than budgeted.
- **Real Living Wage** - the rate due to be implemented by May 2024.
- **Teachers Pensions** - the outcome of the actuarial review, its impact on employers' contributions and whether it will be fully funded.
- **Price inflation** - review of factors affecting key cost drivers, updated CPI forecasts and the impact of any contract renewals.
- **Cost of Care Exercise** - due in 2023/24 on the future cost of Older People Residential and Nursing placements
- **Capital Financing** – the impact of rolling forward the capital programme one year to 2024/25 – 2028/29.
- **Specific Grants** – the quantum of future grants relative to the existing cost base, together with any impact of the funding flexibility review.
- **Demand** – any emerging in-year pressures.
- **In year monitoring issues** - any cost pressures that emerge as part of the 2023/24 monitoring process.
- The ongoing **economic outlook**.
- The fact that there will be a **General Election** within the MTFP timeframe.
- **Council Tax Reform** - due to be introduced in 2025.
- Annual refresh of the **Corporate Plan**

17. *Points 53 – 55* 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 **£5.172m**; and
- Directorate savings required of **£31.588m**.

Directorates have been asked to identify options for savings to support early 2024/25 budget strategy work.

18. 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 2024/25 Budget, following the

receipt of the Provisional Local Government Settlement in January 2024 (**Appendix 3**). Simultaneously engagement will also take place with the third sector, Scrutiny Committees, Governance and Audit Committee, Schools and Trade Unions, and employees.

19. For quick reference, appended to the Cabinet report at **Appendix 3** is the proposed Budget Timetable Framework for 2024/25, and at **Appendix 1** a particularly informative easy-read question and answer summary.

### **Capital Investment Programme**

20. *Points 68-79* detail matters relating to updating the Council's five-year rolling Capital Investment Programme approved in March 2023, a strategy aiming to meet the long-term challenges facing the city. The 2024/25 Budget Strategy will roll the programme forward a year, to cover 2028/29. Details of the Capital programme levels of expenditure can be found in a table at *point 68*.
21. The Capital investment programme is based on the Council's medium-term view of investment requirements and includes projects maintaining momentum in city regeneration, modernising school buildings, delivering a significant house building programme and approved priorities arising from Stronger, Fairer, Greener.
22. The report is very clear about the importance of Option Appraisal, Business Cases and Due Diligence stating that Cabinet approval of proportionate business cases for significant projects prior to full inclusion in the capital programme is an essential tool to ensure financial resilience and understanding of affordability and risk.
23. Members are particularly referred to *points 75- 83*. This section deals with the affordability of the Capital Programme and stresses the importance of the Annual Property Plan. The Council has two main resources that it can directly influence to fund investment - capital receipts and borrowing. The report is detailed in respect of both. It states that, based on the existing programme, the medium-term financial plans for the General Fund and Housing Revenue Account show the capital financing budgets (borrowing) increasing into the long term. In respect of Capital Receipts '*the 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, Total receipts against the target in the 5 years up to 31 March 2023 are £13.181 million. It is clear that this is not an acceptable outcome and given the new demand for investment in the schools and non-schools property estate, an enhanced focus is needed on disposal, relinquishment and alternative use to ensure the significant asset base of the Council is affordable and sustainable. This needs to be a clear focus of the updated Annual Property Plan, to also set out the priority detailed investment to be undertaken in the medium term.'*

24. Further the report highlights that *'the Council has also incurred expenditure on projects which assume that future capital receipts will be received to repay 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 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.'*

25. In developing the Capital Programme 2024/25 to 2028/29 (points 84 – 86) the investment programme must have regard to, longer term affordability, materials and supply cost pressures, proportionate business cases prior to inclusion of schemes in the programme, and a review of resources available to pay for capital commitments. A full explanation of the approach recommended to formulating investment priorities can be found at *point 86*.

## **Financial Resilience**

26. Attached to papers at **Appendix 4** is a high-level overview of the financial health of the Council. Members will note that:

- whilst the revenue outturn position for 2022/23 was balanced overall, there were significant overspends in some directorates.
- there was significant capital programme slippage in 2022/23 linked to capacity and supply challenges.



- The percentage of savings achieved has improved in recent years.
- The snapshot highlights the importance of external income to the Council, but also the emphasises the risks it can pose.
- whilst earmarked reserves have increased, latest published comparators show that Cardiff's reserves are comparably low for an authority of this size.

### **Scope of the Scrutiny**

27. This item will give Members the opportunity to consider the Council's approach to developing the 2024/25 budget proposals, and specifically a fuller understanding of the financial resilience work underway to tackle the challenges posed by inflation, demand for services, funding, capital financing and the capital programme.

28. 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**

29. 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**

30. 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**

31. The Committee is recommended to:

- i. note the Budget 2024/25 and Medium-Term Financial Plan update report;
- 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

6 July 2023

**CABINET MEETING: 13 JULY 2023**

---

**BUDGET 2024/25 AND THE MEDIUM-TERM FINANCIAL PLAN:  
UPDATE REPORT**

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

**AGENDA ITEM:**

---

**Reason for this Report**

1. To provide an update on budget preparation for 2024/25, including the most recent estimate of the 2024/25 budget gap.
2. To provide an update in relation to the Medium-Term Financial Plan and Capital Programme.
3. To outline the budget timetable that will be followed to present the 2024/25 Budget to Council in February/March 2024.
4. To provide an update in relation to the Council's financial resilience.
5. To agree an Income Generation Framework outlining the Council's approach to setting income from sales, fees, and charges for 2024/25.

**General Background**

6. The 2023/24 Budget Report presented in March 2023, included the Council's 2023/24 Capital Strategy and Medium-Term Financial Plan (MTFP). The MTFP identified a potential budget gap of £113.4 million over the period 2024/25 – 2027/28 with £40.5 million in respect of 2024/25.
7. This report updates the MTFP for more recent information, outlines the 2024/25 Budget Strategy timetable, and sets out the approach for rolling the Capital Programme forward one year. The updated MTFP is included as Annex 1 while Appendix 1 provides an overview of the Budget Update in a summarised question and answer format.
8. This report also provides an updated assessment of the Council's financial resilience and sets out an income generation framework (Appendix 2) covering the approach to setting fees and charges for 2024/25.

## Issues

9. Before the 11<sup>th</sup> March 2024, Cabinet Members have a collective duty to place before the Council proposals, which if approved, would result in a balanced budget for 2024/25. As part of planning for that position, this Report provides an update on the key factors likely to affect the 2024/25 Budget.

## Corporate Plan Alignment

10. The Council's key financial strategy documents are framed by the policy statement Stronger, Fairer, Greener and the Council's Corporate Plan. This alignment ensures that resources are spent in a way that maximises support for the Council's priorities. Given the Corporate Plan's alignment with wider local and national goals aimed at creating a more sustainable Wales, it also helps to ensure that financial strategy supports long-term sustainability, in line with the Council's duties under the Well-being of Future Generations (Wales) Act 2015.



11. The 2024/25 Budget will be developed alongside the updated Corporate Plan, in readiness for approval of both next 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 through 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.

## Inflation

12. In April 2023, CPI slowed to 8.7%; down from 10.1% in March 2023, and the first time since August 2022 that inflation has been below 10%. Whilst further falls are anticipated this year, the recently announced May 2023 CPI rate remained unchanged from April at 8.7%. Slowing inflation does not mean that prices are decreasing, just that they are rising more slowly, and the fall in April was partially due to the sharp energy increases of the previous year not repeating themselves. Whilst the headline CPI rate has fallen slightly, there is

still concern that inflation affecting some elements of the basket of goods is still very high, with food inflation for example, at over 18%.

13. The Government has set itself a target to halve the inflation levels seen in the early months of 2023, before the year is out. Forecasters are generally expecting CPI to fall sharply over the remainder of the year, linked to a fall in wholesale gas prices, an anticipated reduction in the cost of imported goods, and Bank of England monetary policy regarding interest rates. However, it is notable that the Bank of England’s latest forecasts suggest that decreases may not be as steep as previously predicted. With inflation still very high in core elements of the CPI basket of goods, price increases will remain a critical factor to keep under review in terms of budget planning.
  
14. CPI outlooks vary by forecaster and over time, as indicated in the table below. The MTFP considered in March 2023 was based on inflation forecasts published by the Office of Budget Responsibility (OBR) in November 2022. Updated OBR figures were published alongside the UK Spring Budget, and these indicated a slight increase on previous forecasts. In May 2023, the Bank of England revised its inflation forecasts to 5.1% by the end of 2023, (compared with 3.9% in its February forecast). The Bank also indicated that it does not now expect inflation to reach its 2% target until the end of 2024. Whilst the picture is changeable, there is a consistent message that inflation is likely to fall, although perhaps not as quickly as originally forecast, and with ongoing challenges for some goods and services.

|     |          | 2023 - Quarterly |     |     |     | 2024 - Quarterly |     |      |      | 2025 Quarterly |      |      |      |
|-----|----------|------------------|-----|-----|-----|------------------|-----|------|------|----------------|------|------|------|
|     |          | 1                | 2   | 3   | 4   | 1                | 2   | 3    | 4    | 1              | 2    | 3    | 4    |
| OBR | Nov 2022 | 10.2             | 8.9 | 6.9 | 3.8 | 2.5              | 0.4 | -0.2 | -0.1 | -0.1           | -0.6 | -1.1 | -1.3 |
|     | Mar 2023 | 9.7              | 6.9 | 5.4 | 2.9 | 1.5              | 0.8 | 0.6  | 0.5  | 0.5            | 0    | 0    | -0.1 |
| BoE | Feb 2023 | 9.7              | 8.5 | 6.2 | 3.9 | 3.0              | 1.0 | 1.7  | 1.4  | 1.0            | 0.8  | 0.6  | 0.5  |
|     | May 2023 |                  | 8.2 | 7.0 | 5.1 | 4.4              | 3.4 | 2.9  | 2.3  | 1.5            | 1.1  | 1.0  | 1.0  |

*Published forecasts are by calendar year. MTFP planning considers average forecasts by financial year – 2024/25 is highlighted.*

15. Where possible, the MTFP relies on more specific indicators of price for forecasting. However, where CPI is directly used in forecasts, assumptions have been updated from a nil increase for 2024/25, to 2%.

### Goods and Commodities

16. With regards goods and commodities, key areas that have had a significant impact on the Council for 2022/23 and 2023/24 are energy, food and fuel, with energy by far the most significant.

17. For 2023/24, energy prices had a significant impact on budgets for Council buildings, schools, and street lighting. At present, with 65% of energy purchased for 2024/25, indicative pricing suggests a price decrease of circa 20-25% next financial year and estimates for this are included in the budget gap. The impact of energy price reductions is partially offset by plans to increase the Council's Financial Resilience Mechanism (FRM).
18. The FRM budget was reduced from £3.8 million to £2.0 million in 2023/24 to help manage energy costs. The 2023/24 Budget Report indicated an intention to reinstate the FRM to £3.8 million should energy prices subside over the medium term. The MTFP currently reflects a £0.9 million increase to FRM in each of the financial years 2024/25 and 2025/26 to reinstate it to its former level. Assumptions for energy costs will be reviewed at regular intervals throughout the year.
19. The impact of food inflation has been experienced across all catering-based settings. As most of these areas are income funded, inflationary pressure will be a key consideration when setting charges for 2024/25. The approach to income generation is set out in further detail at paragraph 35. With regards school meals, there will be a need to consider how cost of provision compares with the price per meal inherent in the Universal Free School Meal Grant, and whether any corrective cost-base action is required.
20. Fuel inflation affects the cost of operating the Council's fleet, most notably in Waste Management. Fuel prices have passed their 2022/23 peak but will be kept under close review. The removal of the temporary fuel duty cut (£0.05), originally planned for April 2023, was postponed to April 2024 in the UK's Spring Budget. As the additional cost associated with this had been budgeted, the postponement provides a degree of resilience against price volatility in the current year. Future MTFP updates will need to consider the Council's Fleet Strategy 2023 – 2028, both in terms of vehicle procurement, but also with regards any potential change in fuel costs associated with decarbonisation of the vehicle fleet.

### Workforce Costs

21. As a service-driven organisation, workforce costs are a key cost driver of internally provided services. Across the UK, sustained levels of high inflation have resulted in protracted pay negotiation processes and upward pressure on pay awards. From a financial-planning perspective, there are two key pay awards to consider - the NJC award and the Teachers Pay Award. In the absence of indicative 2024/25 awards, planning includes lower assumptions than recent years linked to forecasts of falling inflation.
22. The current year's NJC pay award (2023/24) is yet to be agreed. For 2023/24, the Council has budgeted for an *average* award of up to 6%. In February 2023, as part of the NJC bargaining process, the Employers made a full and final offer of £1,925 on all spinal points. An award based on this offer could be accommodated within the current funding envelope. However, it has been

rejected by the national committees of all three unions who are either balloting industrial action or consulting their members. Until the 2023/24 award is agreed, there is a risk that any funding shortfall for the current financial year may need to be addressed in the 2024/25 Budget.

23. For 2024/25, planning assumptions for NJC allow for an increase of up to 5% of pay. This reflects a lower annual pay award (2%), coupled with cover for two key risks. Firstly, the risk of a higher than budgeted 2023/24 award as outlined in the preceding paragraph; secondly, the risk that higher awards at the bottom of the pay spine may need to extend progressively further up the spine to prevent further erosion of pay differential. The latter is a key risk to keep under close review over the medium term.
24. There are three Teachers Pay awards with planning implications for 2024/25:
  - September 2022: In recent months, it was indicated that the former recommendation of a 5% award should be increased by a 1.5% consolidated (or ongoing) element and a 1.5% non-consolidated (or one-off) element. WG have stated that funding will be provided for the 1.5% consolidated element of the award in 2023/24, and budget planning assumes that this will continue into 2024/25.
  - September 2023 - recommended pay award of 5%.
  - September 2024 - no indicative pay award, so planning reflects 2%.
25. Pay award assumptions are a critical factor to keep under review. There is currently uncertainty regarding multiple awards, all of which have the potential to impact 2024/25. In addition, the assumption that 2024/25 awards will be comparatively lower than recent years, remains subject to significant uncertainty, including whether inflation reduces in line with forecasts. As pay is such a significant budget, small changes can have a big impact on cost.

#### Commissioned Services

26. Pay and cost pressures have been equally challenging for providers of commissioned services and it is inevitable that they will seek to pass these on in their pricing. Although price increases for 2024/25 are not anticipated to be as stark as those of recent years, there will still be significant pressure in some areas, depending on key cost drivers. Pressures may emerge through retender of services as existing arrangements end, including for example, passenger transport. They will also be linked to annual fee reviews, most notably those in commissioned social care, where Real Living Wage (RLW) is a key cost driver. The RLW announced each Autumn is based on conditions the preceding spring. This means that although inflation is expected to fall significantly before 2024/25, as it is still high in Spring 2023, a 2024/25 fee uplift that seeks to maintain WG's RLW commitment for registered care workers will be significant on a commissioned care budget of over £150 million.

## Construction and Materials inflation

27. Construction and materials costs have generally always outpaced the standard measures of inflation such as CPI. However, the COVID 19 pandemic, energy inflation, skilled labour and supply chain challenges have had a significant impact between 2020-2023. The Highway Asset Management Plan considered by Cabinet in May 2023 highlighted a 56% increase in surfacing treatments for highways during that period, and average building construction cost indices show increases of 25%. Forecasts from the building industry suggest continuing inflation in such costs (BCIS General Building Cost Index) of 17% to 2027.
28. Construction and material price increases affect the capital programme and revenue budget in terms of managing and maintaining Council assets. Inflationary pressures are having multiple effects, including cost increases where commitments are yet to be delivered, capacity constraints, willingness to tender for works, and the pricing of risk into contracts and the cost of professional advice services that form a key part of construction cost. External grant funding may not keep up with such increases, and so the risk of affordability should the Council continue with such projects, is significant, unless costs are reduced elsewhere.

## **Demand**

29. Demand has historically been one of the most difficult areas to predict. This has become more challenging in recent years due to the impact of factors such as the pandemic and the cost-of-living crisis which have further disrupted any discernible patterns or trends. Estimates of demand are included in the budget gap for key areas but will need refinement as the position in the current year becomes clearer. Children's Services will be a critical area to keep under review, following unprecedented cost pressure linked to the number and complexity of children-looked-after placements. Other key areas to monitor include Adult Social Care, Additional Learning Needs and Homelessness.

## **Funding and Income**

### Non-hypothecated Funding: 2024/25

30. The 2023/24 Final Local Government Settlement included an indicative All Wales funding allocation of 3% for 2024/25 and the equivalent cash increase of £17.8 million is reflected in planning assumptions. In recent years, final funding allocations have been more favourable than indicative amounts. However, this should not be viewed as a likely trend; it was previously more common for final settlements to be *less* favourable than indicatives, and this remains a key risk.



31. A key date in the budget-setting process will be Provisional Local Government Settlement (Provisional Settlement), as it provides further clarity to the funding position. Settlement dates are usually influenced by the timing of confirmation of the Welsh block grant as prior to that, any Local Government funding announcements would be liable to change. This may suggest a continuation with later timescales (December rather than October), in the interest of certainty.
32. In terms of funding assumptions, it is important to note that the July 2023 MTFP is predicated on the assumption that a potentially significant Teachers Pensions pressure will be fully funded. It is also assumed that the 1.5% WG funding for the consolidated element of the September 2022 Teachers pay award will continue. It should be noted that these funding assumptions are *in addition* to the 3% assumption set out above. The issue in respect of Teachers Pensions is set out further in paragraph 45.

#### Specific Grant Funding: 2024/25

33. Specific grants must be used for a particular purpose, which is defined by the grant provider. The Council receives a significant amount of specific grant funding, which has increased in recent years. Whilst additional funding is welcome, there are additional risks and burdens when funding is channelled through specific grants as opposed to via the RSG. This is because specific grants are a temporary funding source and (with a few exceptions), awards are made on an annual basis.
34. The annual nature of specific grant funding can make recruitment challenging. It also poses the risk of cash or real term reductions at short notice. Timescales are made more challenging by the fact that specific grant announcements are made alongside Provisional Settlement, with grant listings usually at An All-Wales level and often incomplete at that point. In times of inflationary pressure, the risk of real term reductions is more acute because unless grant increases are comparable to pay awards and other price pressures, they will no longer be adequate to fund their associated cost base. WG are currently undertaking a funding flexibility review aimed at relieving the administrative burden linked to specific grants. The impact of this review, including any potential grant transfers into the RSG will need to be factored into plans as further information becomes available.

#### Income

35. The Council generates income from sales, fees, and charges. There are many reasons why Local Authorities charge for services. These include:
  - to protect the sustainability of services.
  - to enable provision of services the market doesn't supply.
  - to help manage demand by placing a value on services.
  - to support policy.

- to address behaviour – e.g. the issue of fines for littering.
36. In setting fees and charges, it is important to have a clear understanding of the key purpose of the charge (as summarised above), the charging basis (e.g. full cost recovery etc) and the risks associated with the income stream. In turn this necessitates clear application of relevant legislative frameworks, together with a thorough understanding of cost base, clientele, and the market in which services operate. Appendix 2 contains a proposed Income Generation Framework aimed at ensuring clear and consistent application of key principles for fee-funded services. This will be used as the approach to determining fees and charges for 2024/25.
37. Given the scale of the budget gap, it will be important to maximise income streams where possible, subject to any identified risks or policy considerations. In recognition that factors affecting income generation are multi-faceted, the Council does not assume a blanket annual uplift to fees and charges in line with inflation. However, a clear rationale will be required where it is proposed to hold fees and charges static for 2024/25, or to increase them by less than the rate of inflation. Income increases resulting from fees and charges proposals, will be factored into 2024/25 Budget Plans as appropriate following any necessary consultation.

## **Capital Financing**

### Interest Rates

38. The main components of the Capital Financing budget are interest costs and prudent provision for the repayment of borrowing. One of the tools available to the Bank of England (BoE) to try to stabilise inflation is to increase interest rates. In June, the Bank of England increased interest rates for the 13<sup>th</sup> consecutive time to 5.0%, the highest level since the 2008 financial crisis. Wider economic and UK fiscal factors have also had an impact on UK Gilt yields which determine Public Works Loan Board Borrowing rates for Local Authorities. Whilst interest rates fluctuate with economic cycles, there has been an increase from recent, historic lows, to rates now exceeding 5%.
39. Existing borrowing is at fixed rates. However, given current commitments and a significant future borrowing requirement linked to capital investment, there remains a significant risk of increased costs well into the long term. Whilst there is a market view that rates may fall back as soon as inflation is deemed to be under control, it is unclear whether this will be to levels previously experienced. As set out in the Treasury Management Strategy for 2023/24, the timing and approach to borrowing will be a key factor in mitigating risks to short term and long-term costs.
40. No change is forecast to the Council's agreed policy for repayment of debt, which already allows management of the timing of costs to ensure that the

financial impact can be managed over the life of projects, where deemed prudent by the S151 Officer.

### Programme Development

41. The capital financing costs currently included in the 2024/25 Budget Gap and MTFP are based on the *existing* capital programme. Even with no additional investment, there are risks linked to interest rates, capital receipts and inflationary pressure on existing schemes. Capital financing costs included in the MTFP will need to be updated in parallel with development of the 2024/25 – 2028/29 Capital Programme; the approach for this is outlined in the section on Capital Strategy later in this report. There are several key considerations to manage capital financing costs and ensure the sustainability and affordability of borrowing commitments in the long-term. These include the maximisation of grant funding, ensuring a sustainable and well-maintained asset base, and limiting any borrowing to pay for key city transformation priorities or to address identified corporate risks.

### Asset Management

42. The outcomes of various asset management plan updates to Cabinet on the condition of assets will also need to consider and prioritise the revenue budget requirements of maintaining existing assets to a standard that mitigates against letting condition lapse to the point where additional capital budget, and therefore further borrowing, is required; to do otherwise would be unsustainable.

### **Outturn 2022/23**

43. Whilst the outturn position for 2022/23 was balanced overall, there was a mixed picture across directorates. The 2023/24 Budget included budgetary realignments for issues arising from the 2022/23 monitoring position. These were based on the Month 9 monitoring position which was the latest available position at the time of 2023/24 budget-setting. Additional pressure in some areas has since been highlighted as part of the 2022/23 outturn position. The 2024/25 Budget Gap has been updated to reflect these, most notably in relation to Children's Placements.

### **Commitments and Realignments**

44. The 2024/25 Budget Gap includes allowance for known realignment requirements and for commitments (where this refers to the financial impact of previous Cabinet of Council decisions.) These include base funding to continue the Coed Caerdydd initiative following the fall out of temporary funding, public realm maintenance linked to former capital schemes, and a contribution towards potential pay award costs of the Shared Regulatory Service. Also included are the partial reinstatement of the FRM budget linked to energy price reductions, sums to support school catering and Waste Management Strategy.

## Other Issues

### Teachers Pensions

45. The outcome of the latest actuarial review of the Teacher's Pension Scheme (TPS) is due to take effect from 1<sup>st</sup> April 2024. Whilst some commentators have warned of a significant impact, there is still uncertainty including factors such as the SCAPE rate, the McCloud remedy and the employers cap. Pending further clarity on outcomes, a figure of £8.5 million is estimated. This is comparable to the impact of the last actuarial review for Cardiff Council and is at the lower end of the suggested potential impact of the current review. It equates to circa 5% of pensionable pay (an increase of over 20% on employers' superannuation contributions.)
46. In the March 2023 iteration of the MTFP, the TPS pressure was included as part of the employee costs reflected in the budget gap. However, for budget planning from hereon in, it is proposed that it be treated as a memorandum item, tempered by an assumption that full funding will be provided by WG. This treatment ensures that the pressure is still visible given the materiality of the risk but limits its impact on budget planning given the high degree of uncertainty. It is of note that the outcome of the last actuarial review was ultimately funded in full. Funding of this pressure is assumed to be over and above the 3% AEF core funding assumption previously outlined.

### **Budget Reduction Requirement – 2024/25**

47. Based on the considerations outlined above, the table below sets out the indicative budget gap for 2024/25, which is now estimated at £36.760 million. This comprises additional costs of £53.568 million offset by estimated additional funding of £16.808 million.

|                                   | <b>Mar 2023<br/>£000</b> | <b>Updates<br/>£000</b> | <b>Jul 2023<br/>£000</b> |
|-----------------------------------|--------------------------|-------------------------|--------------------------|
| Employee Costs                    | 28,430                   | (6,901)                 | 21,529                   |
| Price Inflation                   | 7,259                    | 2,449                   | 9,708                    |
| Capital Financing                 | 5,591                    | 0                       | 5,591                    |
| Commitments & Realignments        | 2,203                    | 3,972                   | 6,175                    |
| Demographic Pressures             | 7,878                    | (313)                   | 7,565                    |
| Emerging Financial Pressures      | 3,000                    | 0                       | 3,000                    |
| <b>Estimated Additional Costs</b> | <b>54,361</b>            | <b>(793)</b>            | <b>53,568</b>            |
| Funding                           | (13,840)                 | (2,968)                 | (16,808)                 |
| <b>SUB TOTAL</b>                  | <b>40,521</b>            | <b>(3,761)</b>          | <b>36,760</b>            |
| <i>Memorandum – TPS *</i>         |                          | <b>8,500</b>            | <b>8,500</b>             |

48. Updates to the indicative 2024/25 budget gap since the Budget Report in March 2023 include:

- Revision of the AEF assumption for 2024/25 from +2.4% to +3.0%, to reflect Final Local Government Settlement 2023/24 (which was received after publication of the 2023/24 Budget Report).
- A reduction in the commitments figure to reflect funds set aside in earmarked reserve at 2022/23 Outturn to support ongoing operation of the Corporate Apprentice Scheme.
- Revision of demographic and pricing pressures to reflect risks associated with the upcoming retender of passenger transport services.
- Revision of price inflation indicators in line with latest information.
- Revision of the Teachers Pay assumption for September 2023 to take account of negotiations that have occurred since March 2023.
- An assumption that any increase in employers' superannuation costs linked to actuarial review of the Teachers' Pension Scheme will be fully funded by Welsh Government.

### Emerging Pressures and Ongoing Risk

49. The position is susceptible to further change and will continue to be kept under close review. The sum allowed within the gap for emerging pressures reflects this uncertainty and provides a degree of protection against the risk factors recapped below, all of which will require ongoing monitoring. Any impacts will be factored into future budget updates as further clarity becomes available.

- **Pay Award Uncertainty** - including in relation to 2024/25 awards as well as earlier awards that could have an ongoing impact into 2024/25 if higher than budgeted.
- **Real Living Wage** - the rate due to be implemented by May 2024 due for announcement later this year. If higher than planning assumptions, this will affect forecast pay and price pressure.
- **Teachers Pensions** - the outcome of the actuarial review, its impact on employers' contributions and whether it will be fully funded.
- **Price inflation** - review of factors affecting key cost drivers, updated CPI forecasts and the impact of any contract renewals.
- **Cost of Care Exercise** - the outcome of the exercise due to be undertaken in 2023/24 on the future cost of Older People Residential and Nursing placements and the extent to which this can be managed within the current funding envelope.
- **Capital Financing** – the impact of rolling forward the capital programme one year to 2024/25 – 2028/29.
- **Specific Grants** – the quantum of future grants relative to the existing cost base, together with any impact of the funding flexibility review.
- **Demand** – the ongoing impact of any emerging in-year pressures in key areas.
- **In year monitoring issues** - any cost pressures that emerge as part of the 2023/24 monitoring process.

- **Local Government Financial Settlement** – the extent to which Provisional Settlement differs from indicative funding allocations.
- **Council Tax Base** - the tax base for 2024/25 due for Cabinet consideration in December 2023, and any related AEF redistribution.

## Medium-Term Budget Reduction Requirement

50. 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 £36.760 million for 2024/25 and £119.205 million over the period 2024/25 – 2027/28. Further detail on each component of the gap, along with information on key assumptions is included in the MTFP at Annex 1.

|                           | Medium-Term Budget Gap |                 |                 |                 |                 |
|---------------------------|------------------------|-----------------|-----------------|-----------------|-----------------|
|                           | 2024/25<br>£000        | 2025/26<br>£000 | 2026/27<br>£000 | 2027/28<br>£000 | TOTAL<br>£000   |
| Employee Related          | 21,529                 | 12,631          | 5,660           | 6,725           | <b>46,545</b>   |
| Prices                    | 9,708                  | 5,995           | 8,222           | 8,081           | <b>32,006</b>   |
| Commitments & Realignment | 6,175                  | 625             | 1,197           | (107)           | <b>7,890</b>    |
| Capital Financing         | 5,591                  | 4,099           | 2,378           | 2,970           | <b>15,038</b>   |
| Demographic Pressures     | 7,565                  | 9,214           | 8,672           | 6,511           | <b>31,962</b>   |
| Financial Pressures       | 3,000                  | 3,000           | 3,000           | 3,000           | <b>12,000</b>   |
| Funding                   | (16,808)               | (3,057)         | (3,072)         | (3,299)         | <b>(26,236)</b> |
| <b>Total</b>              | <b>36,760</b>          | <b>32,507</b>   | <b>26,057</b>   | <b>23,881</b>   | <b>119,205</b>  |

51. Paragraph 49 outlined some key issues that will require close consideration in respect of the 2024/25 Budget Gap. All those equally apply to later years of the MTFP, together with the additional considerations below:
- The ongoing economic outlook.
  - The fact that there will be a General Election within the MTFP timeframe.
  - Council Tax Reform - due to be introduced in 2025.
  - Annual refresh of the Corporate Plan
52. Current assumptions within the MTFP are prudent and based on best available information. However, there is always a risk of change. If key assumptions fluctuate by small margins, they have the potential to significantly affect forecasts. The MTFP at Annex 1 considers a range of scenarios around the medium term in greater detail.

## Modelling Savings Requirements

53. 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.

|                             | <b>2024/25<br/>£000</b> | <b>2025/26<br/>£000</b> | <b>2026/27<br/>£000</b> | <b>2027/28<br/>£000</b> | <b>TOTAL<br/>£000</b> |
|-----------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-----------------------|
| Modelled Council Tax (+3%)* | 5,172                   | 5,327                   | 5,487                   | 5,652                   | 21,638                |
| Savings Required            | 31,588                  | 27,180                  | 20,570                  | 18,229                  | 97,567                |
| <b>Total</b>                | <b>36,760</b>           | <b>32,507</b>           | <b>26,057</b>           | <b>23,881</b>           | <b>119,205</b>        |

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

54. Directorates are currently in the process of identifying savings options to support early 2024/25 budget strategy work. As always, every effort will be made to continue to identify efficiency savings (defined as achieving the same output (or more) for less cost). However, building on historic levels of savings, it will not be possible to balance the 2024 /25 budget through efficiencies alone, and there will inevitably be a need for savings that impact on service delivery.
55. Where possible, efficiency savings where no policy decision is required will be implemented during the current financial year, to maximise the possibility of securing full year savings in 2024/25. A reminder of the voluntary redundancy scheme will be circulated to all staff, to enable managers to consider expressions of interest alongside work on savings proposals. Directorates are currently drawing up service change options for review and these will be consulted on during coming months.

## **Schools**

56. At present, Schools pressures incorporated within the £36.760 million budget gap for 2024/25 totals £9.408 million. In percentage terms this equates to 3.2% on current school budgets, which is comparable to current planning assumptions for the Council's overall AEF increase of 3.0%. In addition to the £9.408 million, the MTFP is predicated on the assumption that significant additional funding may need to be passported to schools in 2024/25 linked to actuarial review of the Teachers Pensions Scheme. There will be a need to track the impact of this potentially significant pressure at an individual school level.
57. As noted earlier in the report, there are many uncertainties regarding inflationary pressures, including teaching and NJC pay awards, as well as indicative energy pricing that will need to be kept under review as the year progresses. With regards pupil number growth, there is a net increase across all schools both in 2024/25 and over the medium term. However, the position is mixed across sectors; up until September 2027, projections show a continued reduction in primary pupil numbers and an increase in secondary pupils, although the level of the increases in the secondary sector incrementally reduce over the period.

## **Consultation and Engagement**

58. In order to provide an opportunity for people to have their say on what is important to them and their communities. The proposed Budget Timetable Framework for 2024/25 is included at Appendix 3. Over this period, as well as undertaking public consultation, 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.
59. 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**

60. 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 2023/24 was approved by Council in February 2023. The current HRA business plan was approved in March 2023.
61. 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 which would reduce resources to support service provision to tenants and the capital schemes that can be taken forward.
  - Cost inflation increases above rent uplifts impacting on operational costs and capital contracts.
  - 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 and ongoing maintenance of the Wales Housing Quality Standard.
  - The ongoing impact of the cost-of-living crisis on tenants' ability to pay rent and service charges along with additional 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.
  - Failure to meet the new build housing programme targets which would limit the impact on the housing waiting list and homelessness. Delays to timing



of lettings also result in reduced rental income and increased holding costs of vacant sites.

- Increased demand for services requiring prioritisation within available resources to ensure service delivery achieves maximum impact.

62. These risks to the financial resilience of the HRA will require close monitoring and management throughout the year and over the medium term. Future rent levels remain uncertain, and this is a significant risk factor for the HRA as the Council cannot control or effectively predict a key component of HRA planning and budgeting.
63. The 5-year Social Housing Rent policy introduced in 2020/21 will continue until 2024/25 and allows for a maximum 1% rent increase above the rate of the September CPI. Where CPI is outside the range of 0% to 3%, a ministerial decision will be required.
64. The rent uplift decision for 2024/25 will be reported to Cabinet for approval in December in line with the Renting Homes (Wales) Act 2016 which requires landlords to give tenants two months' notice of their rent charge. In line with the WG rent setting policy, the approach to rent setting, whilst aimed at a balanced budget which meets all spend commitments for the HRA including significant future capital financing costs, will need to consider cost efficiencies, value for money and affordability for tenants.
65. The Directorate have committed to seek opportunities for digitalisation, service efficiencies and service change, as appropriate, along with a review and reprioritisation of the Capital Programme where feasible to assist in reducing costs and meeting any revenue budget shortfall which may arise. This will need to be balanced against any impact on services and investment at a time when the HRA is responding to a range of additional pressures.
66. In addition, the Directorate have entered into a series of voluntary commitments under an agreement with the WG to ensure that tenants are protected, including the provision of targeted support, working in partnership to develop a consistent approach to assessing affordability across the social housing sector in Wales and implementing a no eviction policy due to financial hardship for the term of the rent settlement.
67. The risks can be further mitigated by the availability of HRA earmarked reserves and balances, but it should be noted that any decisions to manage the position in the short term through use of earmarked reserves and balances must be taken in the knowledge that such reserves are one off and will not meet any ongoing funding gap in the longer term.

### **Capital Investment Programme**

68. 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 2023 and is summarised below. The 2024/25 Budget Strategy will roll

the programme forward a year, to cover 2028/29.

| Indicator   |                  |                               |                               |                               |                               |                  |
|---|------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|------------------|
| Capital Programme Expenditure                       |                  |                               |                               |                               |                               |                  |
|   | 2023/24*<br>£000 | 2024/25<br>Indicative<br>£000 | 2025/26<br>Indicative<br>£000 | 2026/27<br>Indicative<br>£000 | 2027/28<br>Indicative<br>£000 | Total<br>£000    |
| Annual Sums Expenditure                             | 28,894           | 24,675                        | 22,315                        | 19,765                        | 19,665                        | 115,314          |
| Ongoing Schemes                                     | 36,381           | 35,935                        | 25,478                        | 8,891                         | 585                           | 107,270          |
| New Capital Schemes (Exc ITS)                       | 6,170            | 4,000                         | 1,000                         | 0                             | 0                             | 11,170           |
| Schemes Funded by External Grants and Contributions | 92,084           | 161,308                       | 72,488                        | 22,123                        | 6,775                         | 354,778          |
| Existing and new Invest to Save (ITS) Schemes       | 39,398           | 122,044                       | 110,284                       | 42,390                        | 3,500                         | 317,616          |
| <b>Total General Fund</b>                           | <b>202,927</b>   | <b>347,962</b>                | <b>231,565</b>                | <b>93,169</b>                 | <b>30,525</b>                 | <b>906,148</b>   |
| <b>Total Public Housing (HRA)</b>                   | <b>111,000</b>   | <b>102,260</b>                | <b>85,745</b>                 | <b>88,720</b>                 | <b>118,820</b>                | <b>506,545</b>   |
|   |                  |                               |                               |                               |                               |                  |
| <b>Total Capital Programme</b>                      | <b>313,927</b>   | <b>450,222</b>                | <b>317,310</b>                | <b>181,889</b>                | <b>149,345</b>                | <b>1,412,693</b> |

\* The final slippage figure will be reflected in the Month 4 2023/24 budget monitoring report.

69. To comply with regulations and the CIPFA Prudential Code for Capital Finance in Local Authorities, Council approves a Capital Strategy setting out the long-term context in which capital investment decisions are made. In parallel it must also approve a Treasury Management Strategy which includes the approach to managing associated borrowing implications. The Council's Capital Strategy will be updated as part of the 2024/25 budget process and sets the framework and 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

70. The investment programme is based on the Council's medium-term view of investment requirements and includes projects maintaining momentum in city regeneration, modernising school buildings, delivering a significant house building programme and approved priorities arising from Stronger, Fairer, Greener.

71. The detailed investment programme will be updated to ensure it remains prudent, affordable and sustainable against the backdrop of wider impacts which include:

- Construction price increases and supply chain pressures.

- The Council's own capacity and constraints to implement projects.
- Changes and uncertainty in the interest rate environment.
- Increased demand and pressures, for which prudent capital investment can be a key mitigating tool where affordable and sustainable to do so.

72. As part of this update, it remains essential that one of the key mitigations against financial resilience risk is the requirement for options appraisal and a clear process for the development and approval of business cases before projects are approved to be include in the detailed Capital Programme and the Medium-Term Financial Plan in future years.

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

73. 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.

74. 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. 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. The approach of Cabinet approval of proportionate business cases for significant projects prior to full inclusion in the capital programme is an essential tool to ensure financial resilience and understanding of affordability and risk.

### **Capital Programme Affordability**

75. The affordability of the programme is reviewed annually considering the impact of the issues highlighted above. The impact on the revenue budget of borrowing and operating costs is factored into the MTFP and considered alongside other financial pressures. The Section 151 Officer is required to provide a view on the deliverability, affordability and risk associated with the Capital Strategy.

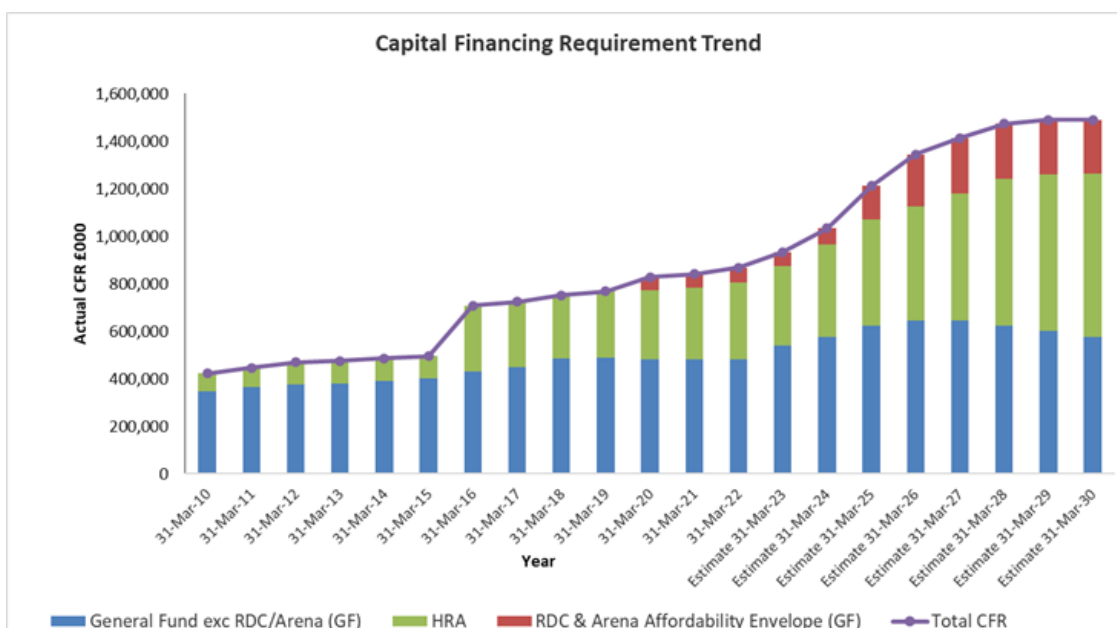
76. The Council continues to be successful in bidding for external grants for specific capital schemes from Welsh Government and other external bodies. This external funding is essential to support affordability of meeting policy objectives set by National Government but is often only available on a bid basis and has short term timescales. This makes long-term planning difficult.

77. 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

78. 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.



79. Based on the existing programme, the medium-term financial plans for the General Fund and Housing Revenue Account show 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 that all projects approved on an invest to save basis continue to deliver as planned and represent no risk to the revenue budget.
80. As part of the Capital Strategy, Treasury Management Strategy and Housing Medium-Term Financial Plans, indicators prepared to support the assessment of affordability, prudence and sustainability of borrowing will also be updated.

## Capital Receipts

81. 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 or reduce maintenance liabilities.

82. 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, Total receipts against the target in the 5 years up to 31 March 2023 are £13.181 million. It is clear that this is not an acceptable outcome and given the new demand for investment in the schools and non-schools property estate, an enhanced focus is needed on disposal, relinquishment and alternative use to ensure the significant asset base of the Council is affordable and sustainable. This needs to be a clear focus of the updated Annual Property Plan, to also set out the priority detailed investment to be undertaken in the medium term.
83. The Council has also incurred expenditure on projects which assume that future capital receipts will be received to repay 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 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 2024/25 to 2028/29**

84. As mentioned above the capital investment programme is a strategy that aims to meet the long-term challenges facing the city. As such, priority elements of the programme should not change significantly because of short-term disruptors. However, the update of the investment programme must have regard to the current challenges outlined above namely, longer term affordability in the context of the overall MTFP, materials and supply cost pressures, proportionate business cases prior to inclusion of schemes in the programme, and review of resources available to pay for capital commitments.
85. Given existing commitments, the uncertain economic climate, and the need to confirm costs, no additional commitments will be entered into that would represent new borrowing commitments **for either the General Fund or the Housing Revenue Account**, unless there is a statutory requirement on the Council to undertake the work, only the Council is required to pay for the work, and it addresses an identified corporate risk.
86. In updating and formulating the five-year Capital Programme for 2024/25 to 2028/29, the approach to formulating investment priorities will be as follows:
- Schemes already included in the indicative programme to be reviewed for increased cost pressures and sourcing of external funding where this will allow such schemes to progress.
  - Schemes already included in the indicative programme to be reviewed in respect of timing and risk to service delivery objectives. Schemes that are not time critical to be deferred to later in programme to focus internal capacity on delivery of priority schemes, allowing the impact of economic uncertainty to be clearer, and to spread the timing of any borrowing requirement and treasury management risk.

- Update and agree financial models as part of the proposed budget, and approved as part of the Council's budget framework to meet key city priorities to ensure investment proposed remains affordable and consistent with the MTFP, with updates to timing of expenditure. This to include: Housing Revenue Account, Capital Investment Plan, Arena affordability envelope principles agreed by Council in February 2019 and Schools Organisation Plan financial model.
- To seek longer term planning frameworks for capital investment with Welsh Government and other external grant providers.
- All new investment to be in accordance with approved Asset Management Plans, Corporate Plan and:
  - 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.
  - undertaken only where there is a statutory requirement on the Council to undertake such works to address identified corporate risks.

## Financial Resilience

87. Given the challenges identified, it is important to undertake regular review of the Council's financial standing and resilience. The snapshot included at Appendix 4 provides a high-level overview of the financial health of the Council. Whilst the snapshot presents no immediate cause for concern the ongoing challenges linked to the medium term are clear. Other points of note within the snapshot are summarised below:

- Whilst the revenue outturn position for 2022/23 was balanced overall, there were significant overspends in some directorates. Overspends that exceeded realignments provided as part of the 2023/24 Budget have been considered in refreshing the 2024/25 Budget Gap.
- There was significant capital programme slippage in 2022/23 linked to capacity and supply challenges outlined earlier in the report. Given financial restraints, this highlights the need for directorates to undertake a robust and realistic assessment of delivery capabilities as part of rolling the programme forward and profiling expenditure.
- The percentage of savings achieved has improved in recent years. Whilst this is encouraging, it must be noted that overall savings quantum in these years was comparatively lower, due to better settlements. Given the scale of savings requirements over the medium term, the importance of timely and robust savings planning cannot be underestimated.
- The snapshot highlights the importance of external income (specific grants and fees and charges) to the Council, but also the emphasises the risks it can pose. For fees and charges, this can include susceptibility to external factors, whilst for specific grants, there is a risk of real term reductions, grant fall-out and planning challenges. It is critical that these income streams and the risks associated with them are managed as

proactively as possible - at best to help address the budget gap, at worst to avoid adding to it.

- The snapshot identifies that whilst earmarked reserves have increased, latest published comparators show that Cardiff's reserves are comparably low for an authority of this size. Over the medium term, it will be key that directorates recognise the one-off nature of these resources and carefully prioritise them to ensure that, in line with their intended purpose, they are either spent on areas of most impact, or retained as a buffer against areas of highest risk.

### **Scrutiny Consideration**

88. The Policy Review and Performance Scrutiny Committee is due to consider this issue on 12<sup>h</sup> July 2023. Any comments will be circulated at the Cabinet meeting.

### **Reasons for Recommendations**

89. To note the 2024/25 Budget and MTFP Update and to approve the next steps.
90. To note the Income Generation Framework and agree this be used as the approach to setting fees and charges for 2024/25.
91. To note the Budget Timetable Framework and forward this to Council for approval.

### **Legal Implications**

92. 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.
93. The report provides that the proposed Budget Timetable framework for 2024/25 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 on the budget. 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

94. 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.
95. 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

96. 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.
97. 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 Stronger, Fairer, Greener 2023-26 . 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.
98. 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

99. 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:  
<https://www.gov.wales/well-being-future-generations-statutory-guidance>

Welsh Language.

100. 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**

101. 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 2024/25. It outlines a likely budget reduction requirement of £119.2 million over the period 2024/25 – 2027/28, of which £36.7 million relates to 2024/25. Further detail on the elements of the budget gap is included at Annex 1. The current outline strategy modelled to address the budget gap is a combination of council tax increases (£21.6 million) and savings (£97.6 million.) The gap will continue to be reviewed during the current year to reflect most recent information.

### **HR Implications**

102. 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.

103. Given the level of savings required in 2024/25 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.

104. 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.
105. 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.
106. 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 2024/25 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.
107. 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.
108. Given the level of savings required in 2024/25 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.

109. 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.
110. 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.
111. 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 2024/25 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**

112. There are no further specific property implications in respect of the Budget 2024/25 Update Report. It is noted that the receipts against the non-earmarked General Fund Capital receipts target to 31 March 2023 are significantly lower than the original target anticipated at this juncture. Following the impact of Covid and other factors on the disposal programme, the Corporate Property Strategy 2021-26 approved at Cabinet in December 2021 set out progress against Capital Programme receipts targets and revisions to anticipated disposals and capital investments up to 2026. An update of in year progress in 2023/24 is to be provided to Cabinet over the summer via the Annual Property Plan. The Strategic Estates team will work with Education and other

departments to identify further potential disposals which may help to address the current shortfall in anticipated receipts.

113. More generally, 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 the pandemic and recent inflationary pressures on the Budget position. It is noted from the Budget Report that inflation has continued to be at elevated levels this year, especially in respect of energy costs, which have a direct impact on the costs of running the Council's estate.
114. 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 will be based and the approach to meeting the Budget Reduction Requirement both in 2024/25 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 £36.7 million for 2024/25 and £119.2 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 2024/25 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. Note the Income Generation Framework at Appendix 2 and agree this be used as the approach to setting fees and charges for 2024/25.
6. Propose that Council agree that the Budget Timetable Framework set out in Appendix 3 be adopted, and that the work outlined is progressed with a view to informing budget preparation.
7. Agree that consultation on the 2024/25 budget proposals will take place when the detail of options is available in order to inform the preparation of the draft 2024/25 Budget.

**CHRIS LEE**  
**Corporate Director Resources**  
1<sup>st</sup> July 2023

*The following Annexes are attached:*

Annex 1: Medium Term Financial Plan

*The following Appendices are attached:*

Appendix 1: Budget Update Overview - Questions & Answers

Appendix 2: Income Generation Framework

Appendix 2a) Income Summary Statement

Appendix 3: Proposed Revenue Budget Timetable Framework 2024/25

Appendix 4: Finance Resilience Snapshot

### **Background Documents**

2023/24 Budget Report – March 2023

Capital Strategy 2023/24

This page is intentionally left blank

# Cardiff Council

Annex 1

# Medium Term Financial Plan

2024/25 – 2027/28



STRONGER  
FAIRER  
GREENER

Page 143



# Contents

|   |             |
|---|-------------|
| <b>Section 1. Introduction</b>                    | <b>Page</b> |
| 1.1 Aims and Purpose of MTFP                      | 1           |
| 1.2 Governance                                    | 1           |
| 1.3 CIPFA FM Code                                 | 1           |
| 1.4 MTFP Overview                                 | 1           |
| <b>Section 2. Key Considerations</b>              | <b>Page</b> |
| 2.1 Council Priorities                            | 2           |
| 2.2 Economic and Financial Outlook                | 4           |
| <b>Section 3. The Financial Outlook</b>           | <b>Page</b> |
| 3.1 Forecast Financial Position 2024/25 – 2027/28 | 5           |
| 3.2 Key Assumptions - Expenditure & Income        | 6           |
| 3.3 Key Assumptions - Funding                     | 12          |
| <b>Section 4. Addressing the Budget Gap</b>       | <b>Page</b> |
| 4.1 Budget Gap                                    | 13          |
| 4.2 Council Tax                                   | 13          |
| 4.3 Savings                                       | 13          |
| <b>Section 5. Uncertainty and Risk</b>            | <b>Page</b> |
| 5.1 Sensitivity Analysis                          | 16          |
| 5.2 Longer Term Outlook                           | 17          |
| 5.3 Key Risks                                     | 18          |



# 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 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 budgetary 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.

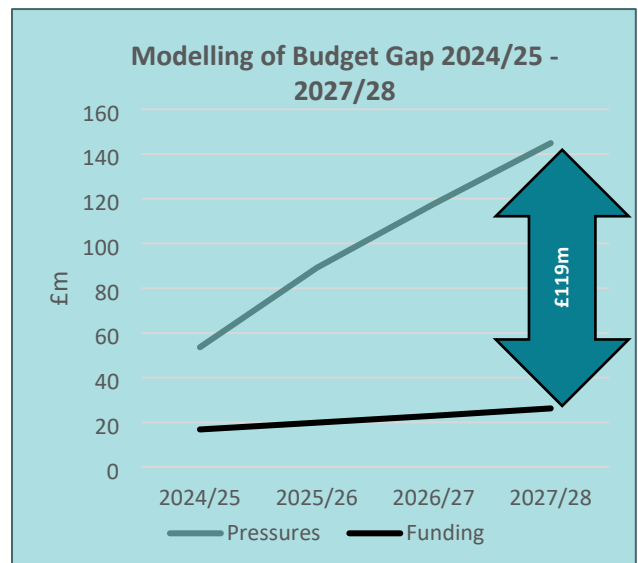
## 1.3 CIPFA FM Code

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 £119 million over the period 2024/25 – 2027/28. 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

In July 2022, the Cabinet approved a new policy statement for the next five years entitled “Stronger, Fairer, Greener” which sets out the Administration principles, priorities, and ambitions for the city. The Council’s Corporate Plan and Wellbeing Plan are key to translating these policy commitments into organisational objectives. The Council’s Corporate Plan 2023-2026 adopts the following Wellbeing 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.
- One Planet Cardiff.
- 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 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.

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 will not always take the form of 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 is capital in nature. The Capital Strategy sets out how the capital investment programme supports the Corporate Plan. 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.

Cardiff is a great place to grow up

Cardiff is a great place to grow older

A Capital City that works for Wales

## Section 2. Key Considerations

Education & Children's Services represent 54% 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 highly likely to continue over the medium term.

The MTFP includes ongoing revenue support for the capital financing of new schools, improvements to the existing school estate and the operation of schools associated with the Schools Organisation Plan and Local Development Plan.

It also includes additional funding in respect of additional learning needs, home to school transport, and school catering.

19% of the Council's budget is spent on Adult Services. Like Education & Children's Services, this area has also seen consistent net budgetary increases over the last decade, with a similar picture over the medium term.

The MTFP factors the estimated impact on commissioned care fees of Providers continuing to pay RLW to registered care workers in future, to support continued recognition of the value of the workforce supporting vulnerable older people.

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.

### Safe Confident & Empowered Communities

The MTFP reflects sums to operate a youth zone aligned with capital programme timings.

The MTFP also includes funding for continuation of the Coed Caerdydd scheme to expand Cardiff's tree canopy, following the potential ending of grant arrangements.

### Modernising & integrating our public services

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, for example through digitalising our services.

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. It includes additional sums for revenue maintenance of the city centre public realm to enable its ongoing upkeep following investment.

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.

### Supporting People out of Poverty

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.

As a RLW employer, the MTFP reflects sums to continue to pay the RLW to staff, and within the care sector.

Opportunities for the Shared Prosperity Fund to support advice services formerly funded by ESF grant are currently factored into Medium Term Plans.

### One Planet Cardiff

The MTFP contains funding for the operating costs of a recycling centre, consistent with capital programme timescales for its delivery.

The MTFP includes funding for the Coastal Erosion Infrastructure Maintenance Fund.

Some schemes to support One Planet will require feasibility studies and an earmarked reserve is available for this purpose.

The MTFP also reflects the reinstatement of the Council's Financial Resilience Mechanism (FRM) to the 2022/23 level of £3.8 million, following a temporary reduction to £2.0 million in 2023/24 to manage energy prices. The FRM is used to support one off investment in delivering the above priorities. For example, in 2023/24 it will fund £0.7 million investment in a greener Cardiff, including carbon reduction schemes and support for taxis to transition to cleaner vehicles, £0.4 million for communities (events, support for asset transfer to local sports clubs and Ward-Member led regeneration initiatives), and £0.4 million for younger people including youth festivals and improving access to recreation and leisure across the city, particularly for children looked after.

## 2.2 Economic and Financial Outlook

In the aftermath of the pandemic and with ongoing geopolitical issues the economic context remains challenging.

## Section 2. Key Considerations

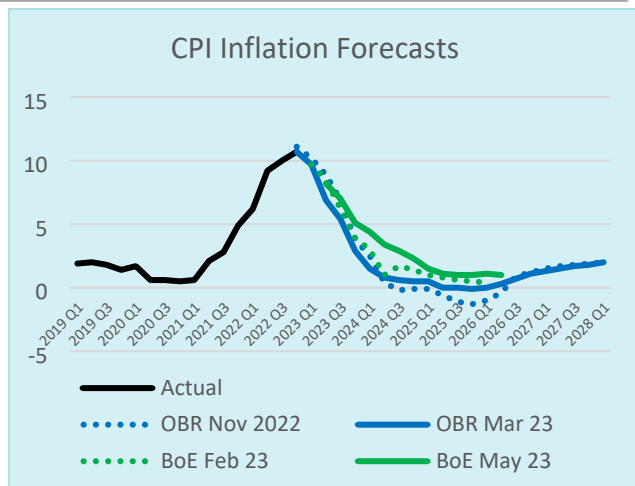
### UK Context

The UK's Spring Budget in March 2023 was accompanied by an Office for Budget Responsibility (OBR) Fiscal and Economic Outlook Report. Compared with November 2022 forecasts, the outlook predicted shorter and shallower economic downturn, higher medium-term output, and lower public debt. Despite the more favourable outlook, the OBR noted ongoing structural weaknesses, including weak productivity growth, stagnation in business investment and a significant reduction in labour market participation since the start of the pandemic, particularly amongst older workers.

### Inflation

In the UK, CPI inflation peaked at a 40-year high of 11.1 per cent in October 2022; a figure that would have been higher without the energy price guarantee limiting households' annualised energy bills. The Government has set a target to halve the inflation levels seen in the early months of 2023 before the year is out. Whilst CPI outlooks vary by forecaster and over time, there is consensus that CPI is likely to fall over the remainder of 2023, linked to a fall in wholesale gas prices, an anticipated reduction in the cost of imported goods, and Bank of England monetary policy regarding interest rates. In April 2023, CPI fell to 8.7%, (from 10.1% in March), and remained at 8.7% in May 2023.

The next graph sets out OBR and Bank of England forecasts. These suggest that inflation will still fall significantly in coming months, although not as sharply as originally forecast. Most recent Bank of England forecasts (May 2023), indicate CPI falling to 5.1% by the end of 2023 and reaching its 2% target by the end of 2024. Most recent OBR forecasts (Mar 2023) indicate a fall to 2.9% by the end of 2023 and 0.5% by the end of 2024. The Bank of England's Monetary Policy Report from May 2023 indicates that across a range of forecasters, the average CPI forecast for Q2 2024, (the start of the first year of the MTFP), is 2.3%.



With inflation still very high for some elements of the CPI basket of goods, price increases will remain a critical factor to keep under review. Where possible, more specific indicators of price are relied upon for forecasting. Where CPI is directly used in forecasts, the MTFP now reflects the following assumptions:

| 2024/25 | 2025/26 | 2026/27 | 2027/28 |
|---------|---------|---------|---------|
| 2%      | 1%      | 1.5%    | 2%      |

### Interest Rates

One of the tools available to the BoE to try to stabilise inflation is to increase interest rates. In June 2023, the BoE raised interest rates for the 13<sup>th</sup> time in a row, to 5.0%, the highest rate since the 2008 financial crisis. Wider economic and UK fiscal factors have also had an impact on UK Gilt yields which determine Public Works Loan Board Borrowing rates for Local Authorities. Whilst interest rates fluctuate with economic cycles, there has been an increase from recent, historic lows, to rates now in excess of 5%.

Existing borrowing is at fixed rates and will not be affected by rate increases. However, given the future borrowing requirement linked to planned capital investment, there is a risk of increased costs well into the long term. Whilst rates may fall back when inflation is deemed to be under control, it is unclear whether this will be to levels previously experienced. 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.

### 3.1 Forecast Financial Position

The Council's forecast financial pressures, funding and resultant £119 million budget gap are set out below.

## Section 3. Medium Term Financial Plan

|                                    | 2024/25<br>£000 | 2025/26<br>£000 | 2026/27<br>£000 | 2027/28<br>£000 |
|------------------------------------|-----------------|-----------------|-----------------|-----------------|
| <b>Base Budget Brought Forward</b> | <b>803,894</b>  | <b>820,702</b>  | <b>823,759</b>  | <b>826,831</b>  |

| Schools | Pay Costs                              | 10,933       | 6,123        | 3,591        | 4,656        |
|---------|--|--------------|--------------|--------------|--------------|
|         | Price Inflation                        | (875)        | (325)        | 590          | 440          |
|         | Pupil Numbers & Commitments            | 440          | 3,129        | 2,947        | 1,396        |
|         | Contribution to Band B & Asset Renewal | (1,090)      | (1,090)      | (1,090)      | (1,090)      |
|         | <b>Total Schools Pressures</b>         | <b>9,408</b> | <b>7,837</b> | <b>6,038</b> | <b>5,402</b> |

| Social Services | Pay Costs                                | 3,576         | 2,302         | 646           | 646           |
|-----------------|--|---------------|---------------|---------------|---------------|
|                 | Price Inflation                          | 9,340         | 5,040         | 5,700         | 5,853         |
|                 | Demographic                              | 5,375         | 4,735         | 4,625         | 4,665         |
|                 | Realignment - Children's Social Services | 4,350         | 0             | 0             | 0             |
|                 | <b>Total Social Services Pressures</b>   | <b>22,641</b> | <b>12,077</b> | <b>10,971</b> | <b>11,164</b> |

| Other Services | Pay Costs                             | 7,020         | 4,206        | 1,423        | 1,423        |
|----------------|---------------------------------------|---------------|--------------|--------------|--------------|
|                | Price Inflation                       | 1,243         | 1,280        | 1,932        | 1,788        |
|                | Commitments                           | 2,915         | 1,715        | 2,287        | 983          |
|                | Demographic Growth                    | 1,750         | 1,350        | 1,100        | 450          |
|                | <b>Total Other Services Pressures</b> | <b>12,928</b> | <b>8,551</b> | <b>6,742</b> | <b>4,644</b> |

|                          |              |              |              |              |
|--------------------------|--------------|--------------|--------------|--------------|
| <b>Capital Financing</b> | <b>5,591</b> | <b>4,099</b> | <b>2,378</b> | <b>2,970</b> |
|--------------------------|--------------|--------------|--------------|--------------|

|                                     |              |              |              |              |
|-------------------------------------|--------------|--------------|--------------|--------------|
| <b>Emerging Financial Pressures</b> | <b>3,000</b> | <b>3,000</b> | <b>3,000</b> | <b>3,000</b> |
|-------------------------------------|--------------|--------------|--------------|--------------|

|                           |                |                |                |                |
|---------------------------|----------------|----------------|----------------|----------------|
| <b>Resources Required</b> | <b>857,462</b> | <b>856,266</b> | <b>852,888</b> | <b>854,011</b> |
|---------------------------|----------------|----------------|----------------|----------------|

| <b>Resources Available:</b>             |                  |                  |                  |                  |
|---|------------------|------------------|------------------|------------------|
| Aggregate External Finance              | (611,413)        | (614,470)        | (617,542)        | (620,841)        |
| Council Tax before any future increases | (208,789)        | (208,789)        | (208,789)        | (208,789)        |
| Earmarked Reserves at £0.5m per annum   | (500)            | (500)            | (500)            | (500)            |
| <b>Total Resources Available</b>        | <b>(820,702)</b> | <b>(823,759)</b> | <b>(826,831)</b> | <b>(830,130)</b> |

|  |               |               |               |               |
|--|---------------|---------------|---------------|---------------|
| <b>BUDGET REDUCTION REQUIREMENT</b>    | <b>36,760</b> | <b>32,507</b> | <b>26,057</b> | <b>23,881</b> |
| <b>MEMORANDUM ITEM - TPS (SCHOOLS)</b> | <b>8,500</b>  |               |               |               |

### 3.2 Key Assumptions – Expenditure & Income

#### Employee Costs

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

## Section 3. Medium Term Financial Plan

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

### Pay awards and Pay Spine

Local Government Pay is a matter for collective bargaining through the National Joint Committee (NJC), and Teachers' Pay Awards are set by Welsh Government on the recommendations of the Independent Welsh Pay Review Panel (IWPRB). As there are no agreed pay awards for the period covered by the MTFP, the figures in the table below represent planning assumptions. There is a risk these may add to future budget gaps should they come in higher than budgeted.

| Award     | 2024/25 | 2025/26 | 2026/27 | 2027/28 |
|-----------|---------|---------|---------|---------|
| NJC       | 2%      | 1%      | 1%      | 1%      |
| NJC Risks | 3%      | 2%      | 0       | 0       |
| Teachers  | 2%      | 1%      | 1%      | 2%      |

These assumptions are lower than recent year's pay awards. This is because most recent inflation forecasts suggest a much lower CPI over the medium term.

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.

The impact of potential pay awards, UK Government targets for NLW, as well as RLW increases have 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. Current modelling indicates this having a significant impact over the period covered by the MTFP.

Core NJC pay award assumptions for 2024/25 and 2025/26 are 2% and 1% respectively. Over and above this, the MTFP includes an allowance of up to 3% of NJC pay in 2024/25 and 2% in 2025/26. This reflects the impact of the pay spine risk outlined in the preceding paragraph, together with the potential for

the 2023/24 NJC award being agreed at a level that is higher than budgeted in the current financial year.

These planning assumptions will need to be kept under close review and will be re-evaluated at each MTFP refresh point to reflect most recent information, including updated inflation forecasts.

### National Insurance

The reversal of Employers' National Insurance increases implemented in April 2022 were factored into the Council's 2023/24 Budget. No further significant changes to National Insurance rates or thresholds are currently anticipated over the period to 2027/28 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. The resultant reduction in Employers' superannuation contributions (from 20.7% to 19.4%) are reflected in the 2023/24 Budget. The next actuarial review will be as at 31<sup>st</sup> March 2025, with findings likely to affect the 2026/27 financial year. At this stage, it is considered prudent to assume no further change in contribution rates at that point, but this will continue to be monitored.

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 indications from the Local Government Association are that this is now likely to be 2024/25. At present, contribution rates are not known, but indications suggest a significant increase.

It is of note that the impact of the last actuarial review was ultimately fully funded. Consequently, at this stage, the MTFP is predicated upon the assumption that any change in Employer's contribution rate to the TPS will be matched via a funding allocation from Welsh Government. The funding of this pressure is estimated to be *over and above* the core AEF assumptions outlined later in this document.

## Section 3. Medium Term Financial Plan

The TPS pressure is currently shown as a memorandum item to the MTFP, estimated at £8.5 million. This is comparable with the impact of the last actuarial review and is at the lower end of the suggested potential impact of the current review, at circa 5% of pensionable pay (an increase of over 20% on employers' superannuation contributions.)

### 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.

### 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.

### 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.

### Inflationary Assumptions

The economic context section has already outlined the significant volatility with regards inflation and set out current planning assumptions for CPI. Where there are other drivers of price increase, including for example, the RLW, these are set out in subsequent paragraphs.

### Energy

Energy prices will be a key area to keep under review. The Council's energy is procured via the National Procurement Service and Crown Commercial Services. Forecast energy costs consider indicative pricing forecasts received as part of these arrangements, (to the extent to which they are currently available). At present indicatives only extend to 2024/25, and even those are at high risk of change.

In the 2023/24 Budget, the Council included significant additional budgetary provision for price increases in respect of gas and electricity (almost £12 million). In recognition of a potential fall back in prices over the medium term, the £12 million was partially addressed through temporary funding sources. This included a £1 million contribution from energy reserve and a £1.8 million reduction in the Council's Financial Resilience Mechanism (FRM) Budget. The intention is that the FRM Budget will be reinstated as energy prices subside in future years.

Current indicative pricing for 2024/25 suggests energy prices could fall back by as much as 20%-25% in 2024/25 and this is reflected in the MTFP. The impact of price decreases is managed cautiously with the assumption that the first call on any 2024/25 decrease will be to negate the need to identify an ongoing funding source for the £1 million funded from earmarked reserve in 2023/24. Thereafter, it is assumed that the benefit of price decreases will initially be used to reinstate the £1.8m FRM budget used as interim support in this area, subject to wider review of the financial situation at the time.

### Commissioned Care Costs

Following WG's commitment that registered carers in Wales should receive the RLW, the MTFP includes RLW increases as among the factors likely to impact the future annual cost of commissioned care.

The RLW is usually announced in November (although it was earlier in 2022) to be implemented by RLW employers before the following May. In setting RLW rates, the RLW Foundation take account of inflationary factors the preceding spring (on a more specific basket of goods than CPI), along with other information such as level of benefits and council tax.

## Section 3. Medium Term Financial Plan

This is a difficult area to predict and small percentage changes in this area can have a significant impact on costs as the Council's commissioned care budget is over £150 million across Adults and Children's Services. Current assumptions are based on RLW (which is currently £10.90), increasing by 6.5% in 2024/25 and 3% per annum thereafter. As with pay award assumptions, this takes into consideration lower CPI projections over the medium term.

### Recyclate Income

Prices received by the Council for recyclate material have historically been extremely volatile. There have been world-wide shortages for these materials due to the loss of processing plants for aluminium and plastics in Ukraine, and this has increased the prices received in recent years. Over the medium term, assuming the stabilisation of global issues, prices are expected to return to nearer their pre-war levels which could result 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:

- 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.

The Council's July 2023 Budget Update Report included an Income Generation Framework which sets key considerations with regards income generation over the medium term.

### 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 2023/24 – 2027/28 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 4.5% over the MTFP period to allow an element of sensitivity to uncertain economic forecasts and timing of borrowing.
- Capital receipt targets will be met.
- No change in the prudent provision for the repayment of debt as agreed by Council.
- There remains one pool of debt for the General Fund and HRA, with ongoing consideration of whether separate pools should be created, including for major projects.

Interest rates on borrowing are currently elevated compared to historic lows seen over the last few years. These will be driven by inflation expectation, national debt levels and international uncertainties and as such remain unpredictable. Future interest cost is a key risk identified in the Treasury Management Strategy. This will be an important consideration in updating and prioritising new investment commitments and affordability considerations, 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



## Section 3. Medium Term Financial Plan

over the life of the project, the MTFP reflects an element of interim support commencing in 2024/25.

### Levies

Forecast financial commitments include estimated increases to levies. The most significant of these is the South Wales Fire Services (SWFS), with a current Council contribution level of just over £20 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 2024/25, which is when remaining reserve funding will be 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.
- An allowance to support delivery of the recycling strategy, to be reviewed as further details become available.
- 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:

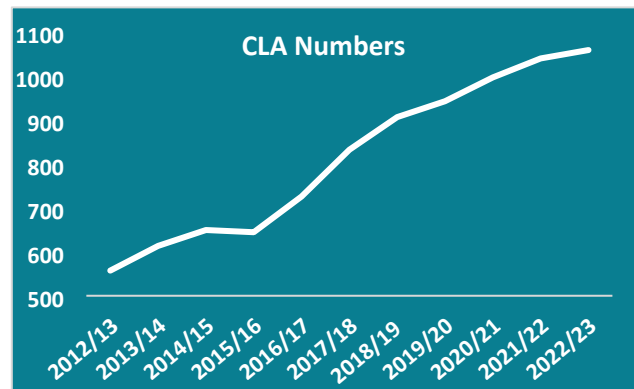
| Demographic Increases              | £m          |
|------------------------------------|-------------|
| Adults Social Services             | 13.6        |
| Children's Social Services         | 5.8         |
| Pupil Numbers & New School Costs   | 7.9         |
| Out of County Education Placements | 1.5         |
| Other                              | 3.2         |
| <b>TOTAL</b>                       | <b>32.0</b> |

### Adults Social Services

Estimated growth in Adult Social Services is difficult to predict at present. The MTFP includes an annual allowance for demographic growth in this area. For Older People, growth is weighted towards domiciliary care settings, consistent with the Council's strategy to support people in their own homes. This will need to be closely reviewed in coming months, along with wider factors such as hospital discharge pressures. Historically, most significant growth has been in relation to the Older Persons budget. However, at present, there are also emerging pressures in relation to the 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



(CLA) since 2012/13.

In 2022/23, the Council experienced unprecedented pressure on Children's services placement budgets linked to complexity and demand. Whilst it is difficult to predict the number and nature of placements required over the Medium Term, forecasts take account current complexity together with preventative strategies. Financial forecasts will continue to be kept under regular 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.

## Section 3. Medium Term Financial Plan

Up until September 2027, projections show a continued reduction in primary pupil numbers and an increase in secondary pupils, although the level of the increases in the secondary sector incrementally reduce over the period.

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 costs of schools in LDP areas are difficult to predict and subject to change. Forecast figures reflect schools opening in LDP areas. Each new school may take a different form, with some being starter schools, (which refers 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 the extent to which 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 2023/24 and 2026/27. No further growth is assumed for 2027/28, 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, a degree of protection was retained, notably in earmarked reserve, and this is considered to provide an adequate level of resilience to potential increases 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 significant emerging pressures on this budget that will need to be closely 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 £3.0 million per annum to address emerging financial pressures. 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.

# Section 3. Medium Term Financial Plan

## 3.3 Funding Key Assumptions

### Aggregate External Finance (AEF)

The Final 2023/24 Local Government Finance Settlement referenced an indicative All Wales AEF increase for 2024/25 of 3% and this is reflected in the MTFP. Beyond that assumptions are for annual AEF increases of 0.5% as set out in the table below.

| 2024/25 | 2025/26 | 2026/27 | 2027/28 |
|---------|---------|---------|---------|
| 2.5%    | 0.5%    | 0.5%    | 0.5%    |

Assumed increases for 2025/26 and beyond take into account modelling undertaken by Wales Fiscal Analysis – a research body with Cardiff University's Governance Centre that undertakes independent analysis of Welsh public finances. The position will be kept under close review given multiple uncertainties, including a General Election within the MTFP period.

The fact that funding figures are based, by necessity, on assumptions at this stage represents a material risk to the Council's financial resilience. This is because minor changes in AEF percentages have a significant impact in cash terms – with 1% of AEF equivalent to £5.9 million. In the event of less favourable settlements resulting in increased savings requirements, the achievability risk associated with such savings is likely to be high.

In order to help address this risk, the Council has a £2.0m 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.

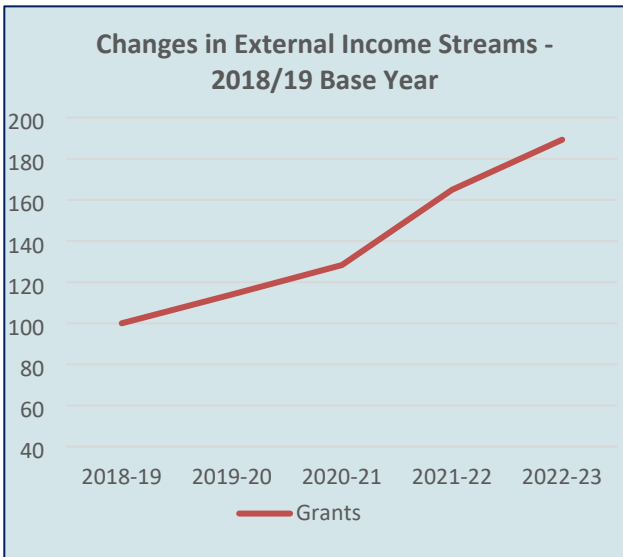
Funding forecasts currently assume £0.5 million use of reserves annually between 2024/25 and 2027/28. This can be accommodated from the Strategic Budget Reserve in line with its intended purpose. The proposed use of reserves is considered to strike an appropriate balance between the risks outlined above and the need to support services. Further information on reserves is considered in the later section on uncertainty and risk.

The above paragraph sets out the position in relation to use of reserves as general budget funding. Over the medium term, there will also be use of earmarked reserves in line with the purpose for which they were set aside – and this will include a range of activities and projects. It will be key that directorates recognise the one-off nature of these resources and carefully prioritise the use of the earmarked reserves to ensure that they are spent on areas of most impact, and within the amount provided.

### 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. The outcomes of a funding flexibility review are anticipated shortly and will need to be factored into the MTFP when information is available.

From a financial planning perspective, there is a risk that specific grants may reduce in cash or real terms, or be discontinued altogether. Real term reductions are a particular risk when inflation and pay awards are higher than usual.

Historically, there are incidences where significant reductions in specific grants have occurred at short notice. This is a risk, particularly because, where grants have been in place for several 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
- Potentially providing transitional funding through the FRM, (if it is still available)

Over the medium term, some key areas to keep under review with regards specific grants include:

- The further roll out of the Universal Free School Meals Grant, including the extent to which annual inflationary pressures are reflected in the rate at which support for meals is paid.
- Arrangements for the newly created Shared Prosperity Fund, which is currently expected to run until the end of 2025/26.
- Tapering arrangements with regards the Regional Integration Fund over the medium term.
- Housing Support Grant (£21.9 m) which is a significant grant, currently indicated to remain at its current level until 31<sup>st</sup> March 2025.

# Section 4. Addressing the Gap

## 4.1 Budget Gap

The estimated budget gap for the period 2024/25 – 2027/28 is set out below:

| 2024/25<br>£m | 2025/26<br>£m | 2026/27<br>£m | 2027/28<br>£m | Total<br>£m |
|---------------|---------------|---------------|---------------|-------------|
| 36.8          | 32.5          | 26.1          | 23.8          | 119.2       |

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 26% of the Council's general funding. This means that 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:

| 2024/25<br>£m | 2025/26<br>£m | 2026/27<br>£m | 2027/28<br>£m | Total<br>£m |
|---------------|---------------|---------------|---------------|-------------|
| 5.2           | 5.3           | 5.5           | 5.6           | 21.6        |

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:

| 2024/25<br>£m | 2025/26<br>£m | 2026/27<br>£m | 2027/28<br>£m | Total<br>£m |
|---------------|---------------|---------------|---------------|-------------|
| 31.6          | 27.2          | 20.6          | 18.2          | 97.6        |

In addressing this gap there will be a need to:

- Continue to target efficiencies, including baseline efficiencies for *all* services.
- 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.

# 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 |             |      |
|--------------------|------------------------------|------------------|-------------|------|
| 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. |
|-----------------|---|--|--|
| Homelessness    | 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       | 1%: 2024/25<br>0%: onwards  | 2%: 2024/25<br>1%: onwards   | 5%: 2024/25<br>4%: onwards |
| RLW       | 5%: 2024/25<br>2%: onwards  | 6.5%: 2024/25<br>3%: onwards | 9%: 2024/25<br>5%: onwards |
| Inflation | Key drivers considered on a case-by-case basis given volatile position in respect of areas such as energy, etc. |                              |                            |

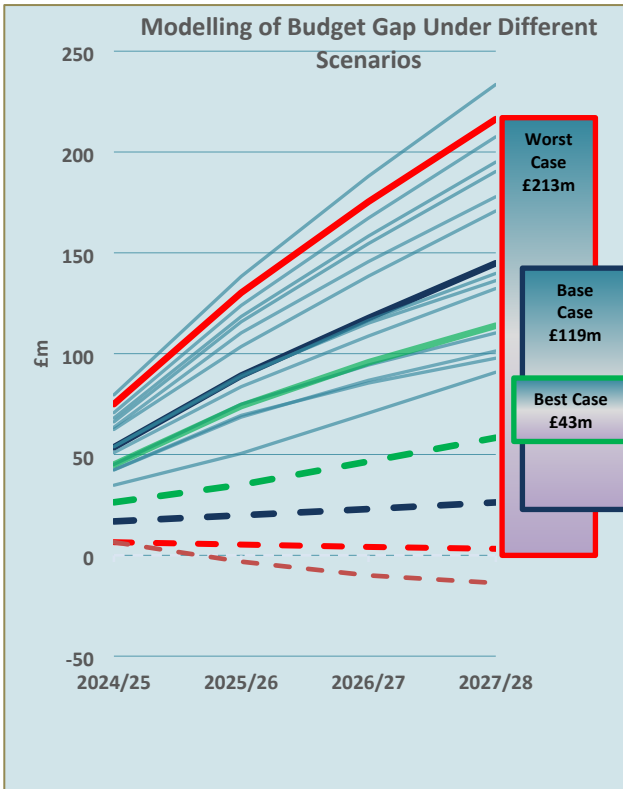
|     | Economic Growth                               |                                |   |
|-----|---|--------------------------------|---|
|     | Growth  | Base Case                      | Recession   |
| AEF | 5.5%: 2024/25<br>3%: 2025/26<br>3.75%: onward | 2.5%: 2024/25<br>0.75%: onward | 0.5%: 2024/25<br>-1.5%: 2025/26<br>-1% then -0.5% |

The £3 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 a) assumed not to be required in more favourable scenarios, and b) the factors it is there to help address

# Section 5. Risk and Uncertainty

will already have materialised in less favourable scenarios.

The resultant scenarios are summarised on the chart below:



Some note on scenarios:

- The average budget gap across all scenarios was £125m – reasonably comparable to the £119m base case across four years.
- Maximum was £213m and minimum was £43m.

The £213 million and £43 million are extremes, albeit not completely implausible. The £213 million scenario reflects a combination of high inflation & recession coupled with higher demand. This sees higher costs across the board coupled with less favourable AEF. The £43 million scenario reflects high economic growth and low inflation. It sees reduced cost pressures and higher AEF settlements.

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

### Demand Scenarios

|                    |                              | High<br>£m | Base<br>£m | Low<br>£m  |
|--------------------|------------------------------|------------|------------|------------|
| Economic Scenarios | Recession & High Inflation   | +94        | +69        | +56        |
|                    | Recession & Low Inflation    | +31        | +5         | -7         |
|                    | <b>BASE CASE</b>             | <b>+26</b> | <b>119</b> | <b>-13</b> |
|                    | Econ Growth & High Inflation | +24        | -2         | -14        |
|                    | Econ Growth & Low Inflation  | -37        | -63        | -76        |

### 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 £5.9 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              | 5.9         |
| Teachers Pay Award 1% change | 1.7         |
| NJC Award 1% change          | 2.9         |
| RLW                          | 1.4         |
| <b>Total Annual Impact</b>   | <b>11.9</b> |

Scenario planning is aimed at identifying plausible alternatives, to inform the scope of financial pressures that the council could face, and the likelihood of an alternative budget strategy being required. This is considered further below.

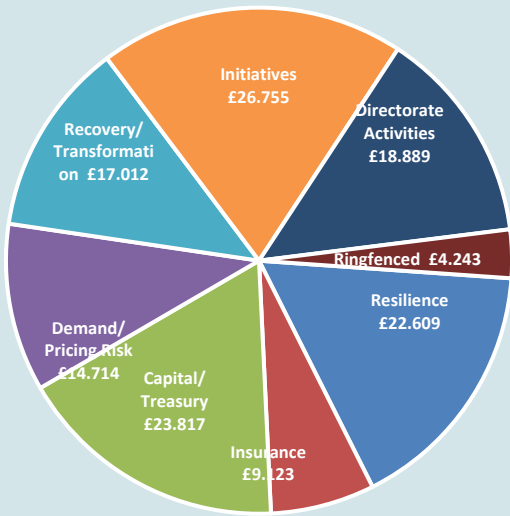
### Responding to less favourable Scenarios

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 projected reserves as at 31<sup>st</sup> March 2023 (Council Fund and earmarked reserves).



# Section 5. Risk and Uncertainty

**Earmarked Reserves Categorized by Purpose (£m) Balance as at 31st March 2023**



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 £1.0 million general contingency, a £2.0 million Financial Resilience Mechanism that is anticipated to increase to its former level of £3.8 million over the medium term, as well as contingencies for specific demand issues such as Social Services.

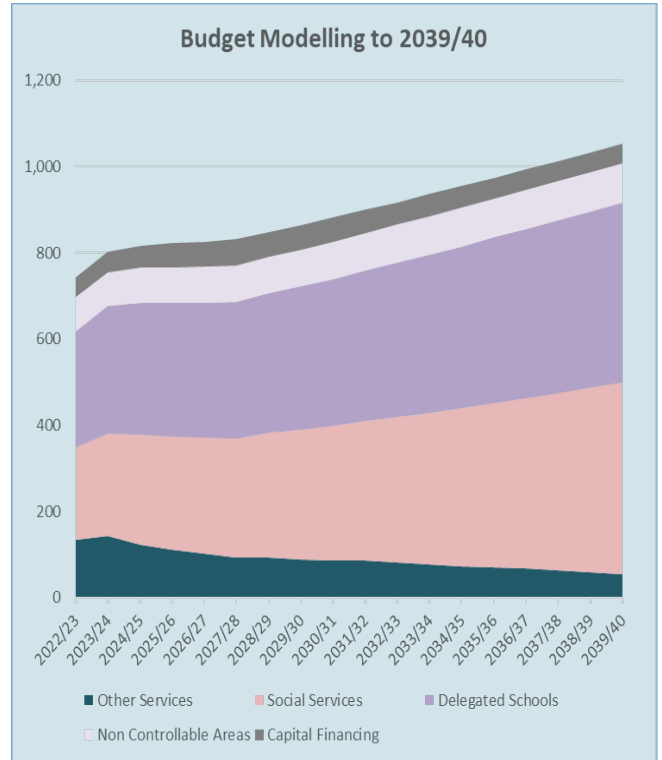
In a worse-case scenario, additional savings measures would inevitably be required. The situation outlined above would provide a lead-in time to enable those to be delivered.

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. 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 - cost and pay award pressure.</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 lower government receipts leading to reduced Local Government Settlements.</li> </ul>  |
| Demand                    | <ul style="list-style-type: none"> <li>• Difficulty in modelling demand &amp; complexity of demand, including in Adult and Children’s Services, Homelessness and Additional Learning Needs.</li> </ul>   |
| Financial Resilience      | <ul style="list-style-type: none"> <li>• Medium term savings requirements at significant levels</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>  |
| Other                     | <ul style="list-style-type: none"> <li>• Pressure on the Council’s pay spine due to the erosion of pay differential particularly at the bottom end of the spine.</li> </ul>  |

## Budget Update Report 2024/25 - 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 2024/25 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 Cardiff Castle), 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 (74%) and Council Tax (26%).

#### 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 net expenditure and funding back in line before the financial year starts - 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 2024/25?

- Yes, there is an estimated budget gap of £36.8 million for 2023/24. It reflects:
  - Estimated additional costs of £53.6 million.
  - Less, estimated additional funding of £16.8 million.

#### What is the additional £16.8 million funding that are you expecting?

- It is made up of:
  - £17.8 million *more* general grant - this assumes a 3% increase on the current year.
  - £1.0 million *less* use of reserves when compared with 2023/24.
- Decisions about any council tax increase will be considered as part of addressing the gap.

#### Why are you using less reserves than last year?

- Reserves are one-off funding source - when you use them to fund ongoing budget pressures, it simply delays the need to find a more permanent solution.

- Use of reserves is more appropriate where budget pressures are *temporary* in nature. This was the case in 2023/24 as some of the energy price increases that we needed to fund are likely to fall slightly in 2024/25.
- We will continue to review opportunities to use reserves to support the budget in a way that doesn't add to the challenges of future years.

#### How do you know that the Council's general grant will increase by 3%?

- We don't know for certain. The 3% is an "indicative allocation" from Welsh Government (WG).
- There's a risk this could change – we will have a firmer idea when we receive "Provisional Local Government Finance Settlement" (Provisional Settlement) for 2024/25.
- Provisional Settlement may be in October or December - we don't know yet. It's affected by WG receiving their funding notification from UK Government.
- Uncertainty about funding is challenging because small changes can have a big impact - each 1% of general grant funding = £5.9 million.
- The timing of funding announcements adds to the challenge, bearing in mind that we must balance the budget by 11<sup>th</sup> March.

#### Are there any other funding risks?

- Yes, in addition to the 3% increase explained above, we are also assuming that WG will fund a potentially significant cost increase in relation to Teachers' Pensions.
- The amount depends on the findings of an actuarial review of the Teachers' Pension Fund – an announcement is expected over the summer.
- The impact of the last review (approx. £8 million for Cardiff) was fully funded by WG. At this stage, we are assuming that funding will be provided again this time, but this is not yet confirmed, so we will need to keep this assumption under close review.
- We are also assuming that WG will continue to fund part of the September 2022 Teachers Pay Award.

#### Why are costs expected to go up by £53.6 million – what does this include?

- **£9.7 million for estimated price inflation.** Pay awards and inflation continue to affect providers' costs and these are passed on in the prices they charge for services. The £9.7 million includes inflation on the prices we pay for securing care for vulnerable children and adults. It also includes estimated increases to levies we pay to the South Wales Fire Services and the South Wales Coroner, as well as increases to school transport, out of county education placements and ICT prices.
- **£7.6 million for anticipated demand increases.** This reflects an increase in people needing our support in Adult and Children's Social Care. It also includes education-related costs like increasing pupil numbers, the cost of schools in Local Development Plan Areas, and school transport pressures. We know that homelessness will be another key area to keep under review. Demand for services is one of the most difficult areas to predict. It has become more challenging in recent years because the pandemic and cost-of-living crisis have affected any previously identifiable trends. We will keep assumptions under close review - what happens in the current year has a knock-on effect into 2024/25.
- **£21.5 million for estimated pay awards.** As a service driven organisation – workforce costs are a key driver of costs and so when planning, we need to consider the impact of pay awards. Most, although not all, Council staff are covered by two key awards – the teachers' pay award which covers teachers, and the NJC award which covers most other Council workers including

social workers, refuse collectors, teaching assistants, midday supervisors, and office staff. Across the UK, high inflation has led to drawn out pay negotiation processes. Pay awards for the current year are not yet finalised and this adds uncertainty into the planning process because it means we are estimating costs across two years.

- **£14.8 million for other pressures.** This includes the costs associated with financing the capital programme as well as additional funding to maintain assets, support waste strategy and continue the Coed-Caerdydd project. It also factors in the impact of additional demand on Children's Services budgets that became evident in finalising the 2022/23 position. This sum also includes £3.0 million for emerging pressures.

#### Is the Budget Gap likely to change?

- Yes, this is a big risk – which is why we have allowed £3.0 million for emerging pressures. There is always uncertainty in trying to predict demand, inflation and pay awards and we will not receive our funding settlement for several months yet.
- At present, most forecasters expect inflation to fall sharply over the course of the year and current planning assumptions reflect this happening. If inflation does not fall as predicted, this will place further pressure on costs for 2024/25.

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

- Yes, the budget gap is estimated to be £119 million in total over the next four years.
- This is set out in the Council's Medium Term Financial Plan (MTFP) and summarised below:

| 2024/25<br>£m | 2025/26<br>£m | 2026/27<br>£m | 2027/28<br>£m | Total<br>£m |
|---------------|---------------|---------------|---------------|-------------|
| 36.8          | 32.5          | 26.0          | 23.9          | 119.2       |

#### How will this gap be bridged?

- The table below sets out an outline approach - the gap will need to be largely met from savings - £97.6 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.

|                                   | 2024/25<br>£m | 2025/26<br>£m | 2026/27<br>£m | 2027/28<br>£m | Total<br>£m  |
|-----------------------------------|---------------|---------------|---------------|---------------|--------------|
| Council Tax – modelling only – 3% | 5.2           | 5.3           | 5.5           | 5.6           | 21.6         |
| Savings                           | 31.6          | 27.2          | 20.5          | 18.3          | 97.6         |
| <b>TOTAL</b>                      | <b>36.8</b>   | <b>32.5</b>   | <b>26.0</b>   | <b>23.9</b>   | <b>119.2</b> |

#### What happens next?

- We will continue to keep the budget gap under close review – things can change quickly.
- We will develop work on savings and income generation proposals over the summer.
- Income Generation – given the scale of the budget gap, it will be important to maximise income where possible and appropriate. Fees and Charges for 2024/25 will be developed in line with the Council's Income Generation Framework.
- Savings - there will be a continued emphasis on efficiency savings - savings which deliver the same services for less cost. Where possible we will implement these as early as possible to

ensure they are in place for 2024/25. However, building on previous levels of savings, it will not be possible to balance the budget through efficiency savings alone and there will be a need for changes that impact on service delivery. These will be consulted on in coming months.

- Progress, and further clarity on funding, will be reported later this year to inform consultation on the 2024/25 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 is an investment programme to help meet the Council's key priorities and 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 2023. This set the programme for 2023/24 as well as an indicative programme until 2027/28.
- We now need to plan for setting the 2024/25 programme. We also need to update later years of the indicative programme and roll it forward to cover 2028/29.

### 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
- The Council prepares a capital strategy each year which covers amongst other things, approach to working with partners, risk appetite and includes some indicators of affordability.

### How is capital expenditure paid for?

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

### What happens when the Council borrows to fund capital expenditure?

- The current capital strategy assumes that the requirement to borrow will increase to circa £1.5 billion by 2027/28.
- Borrowing places pressure 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 £100,000 on the revenue budget, unless such costs are offset by an additional external income stream.

This assumes the asset will last a long time (25 years). The impact is higher if assets aren't expected to last as long.

- Capital financing already accounts for a significant proportion of the revenue budget. Even with no further borrowing, capital financing costs will increase over the medium term.
- This means that a key consideration when deciding if any further borrowing is affordable is the impact on the revenue budget which is already under significant pressure.

#### Does the increase in interest rates have an effect?

- Not immediately, because existing borrowing is at fixed rates. However, current commitments and future borrowing requirements mean that there is a risk of increased costs well into the long term.
- Interest rates may fall back once inflation is under control, but it is not clear whether this will be to levels previously experienced - the timing and approach to borrowing will be a key factor in mitigating costs.

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

- Selling assets can:
  - Provide funds to support the capital programme.
  - Reduce revenue costs linked to maintaining and operating the asset.
- The current capital programme already includes challenging capital receipts targets.
- Updates to the receipts target are included in the annual property plan.
- Capital investment plans include several major development projects that are based on capital receipts contributing to their cost. There is 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?

- **Affordability** - with little to no scope for more borrowing or capital receipts, we will need to prioritise.
- **Cost & supply chain pressures** – there are economic factors that are likely to affect schemes. This will include materials supply issues, increasing construction costs, supplier availability and the potential for increasing interest rates to affect the cost of borrowing.
- **External Funding Opportunities** - the Council has and continues to be successful in bidding for external grants to support specific schemes. This is a crucial way of supporting affordability - but sometimes bid arrangements for these funding streams make long-term planning difficult.

#### 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.
- With these schemes, capital investment results in savings or income that helps meet borrowing costs. There are restrictions on Councils investing in commercial projects e.g those undertaken primarily for a financial return.
- For ITS/ITE schemes a robust business case is key. This is because if the predicted income / savings levels are not achieved, the revenue budget will end up picking up the borrowing costs they were meant to cover, for many years into the future.

#### What is the approach to updating the capital programme?

- The broad principles are that:
  - No additional commitments will be entered into that would require further borrowing unless there is a statutory requirement on the Council to undertake the work, or the

work addresses an identified corporate risk. This applies to both the General Fund and the Housing Revenue Account.

- All new investment should be in accordance with approved Asset Management Plans and the Corporate Plan.
- All alternative funding solutions / means of achieving the same outcome should be thoroughly considered.
- Proposed investment must demonstrate value for money in expenditure and approach to delivering outcomes.

#### **What Next?**

- Schemes already included in the indicative programme will be reviewed to identify any cost pressures and opportunities for external funding.
- The timing of schemes already included in the indicative programme will be reviewed. If not time critical, they will be deferred to later in programme. This will focus internal capacity on delivering priority schemes, allow economic uncertainty to become clearer, and spread the timing of borrowing requirements.
- Financial models will be updated to ensure investment remains affordable and to confirm timing. This will include in relation to schemes within the Housing Revenue Account and Capital Investment Plan, as well as to the Arena affordability envelope principles and the Schools Organisation Plan.
- Longer term planning frameworks for capital investment with Welsh Government and other external grant providers will be sought.



Cardiff Council  
Income Generation  
Framework  
2024/25

## Charging for Services

There are many reasons why a Local Authority may charge for services. Fees and charges can provide a key income source to help support financial sustainability, and in some instances, charging could make it possible to sustain services that would otherwise be lost. Charges can also enable the provision of services that the market does not supply and can help place a value on services to manage their consumption.

Income generation aside, applied strategically, fees and charges can be used to support policy growth, stimulate the economy, or support behavioural change for the benefit of communities or the environment (for example, issuing enforcement fines to reduce littering). However, as there can be negative associations with charging for services, it is important to be clear about the rationale and application of charges, to avoid the perception of a dual tax. It can also be important to make considered use of concessionary pricing structures.

Finally, as fees and charges are not a stable funding source, they can represent an area of significant financial risk, as evidenced by the impact of the COVID-19 pandemic. It is therefore crucial that directorates have a robust understanding of their customers, cost base and the markets in which they operate, so that they are well-positioned to pre-empt challenges and take corrective action.

## Aims

The aim of this framework is to ensure:

- A shared understanding of the rationale for charging in a particular area.
- Consistency in approach to charging for services.
- Heightened awareness of the legislative framework applicable to individual charges.
- A clear governance structure for charging, varying charges and applying concessions.
- That charges reflect the ability to pay.
- A clear understanding of risk appetite and risk management with regards income generation.
- The maximisation of income - *within identified risk parameters*.
- The consistency of fees and charges with wider Council policy.
- The protection of services that may otherwise be at risk given the financial climate.
- Awareness of the importance of managing the cost/income relationship.
- The clear communication of fees and charges.

## Scale and Scope

For 2023/24, the Council's budget reflects gross expenditure of £1.246 billion offset by income of £442 million as summarised below:

| Net Budget                      | £m         |
|---------------------------------|------------|
| Gross Expenditure               | 1,246      |
| External Income                 | (442)      |
| <b>Net Budgeted Expenditure</b> | <b>804</b> |

The resultant net budget of £804 million is funded through a combination of Revenue Support Grant, Council Tax and Reserves. This income is ***non-hypothecated***; it supports services in general, as opposed to a particular service.

## Specific Income

The Council has budgeted specific income, (income that supports specific services) of £442 million, broken down as follows:

| External Income              | £m           |
|------------------------------|--------------|
| Government Grants            | (290)        |
| Other Public Sector & LAs    | (38)         |
| Sales                        | (13)         |
| Fees & Charges               | (85)         |
| Rents                        | (15)         |
| Investment Income            | (1)          |
| <b>Total External Income</b> | <b>(442)</b> |

This framework covers service specific income that is generated from sales, fees, charges, and rents, together with any new income streams that would fall into those areas. This represents a significant income stream (approx. £113m) which must be carefully and consistently managed, both in terms of risk and opportunity.

The following areas are *outside* the scope of the framework:

- Non-hypothecated funding - Council Tax & RSG.
- Specific Grants - these are awarded by the funding provider for a particular purpose, usually with audited outcomes.
- Treasury Management Income - this is governed by the Treasury Management Strategy.
- Housing Revenue Account Income
- Fees & Charges determined by delegated schools.
- Income collection and income management. Guidance in respect of these processes currently exists in separate documents and will be encompassed within future iterations of this framework.

Over time, the level of income generated by the Council may reduce. However, it is important to note that this is not always a cause for concern, if for example, the lost income results in a net saving. Examples of this in practice, include delivery changes to formerly subsidised services, including the Council's leisure arrangements, and more recently New Theatre and Saint David's Hall.

### Governance Process for Charging

The Governance process for setting fees and charges is summarised top right. It is proposed that this process is timetabled to coincide with the Council's annual budget-setting process. Each aspect of the process is subsequently set out in further detail.

### Process for Charging



#### Step 1: Identify Applicable Legal Framework

For Local Authorities, charging decisions are governed by complex series of statute and regulations. In broad terms, CIPFA identify five main charging categories as identified below.

1. **No Charge permitted** (e.g. assessment for community care, housing advice, planning applications for listed buildings.)
2. **Charges or Charging Structures that are set by Government or in legislation** (e.g. planning application fees.)
3. **Charging Schemes set locally but which must be in accordance with government prescribed principles.**
4. **Charges set locally but where income cannot exceed the cost of providing the service.** These would include charges for a discretionary service (with no other

charging rules), or charges for a service using the general power of competence.

5. **No limit on charges** - e.g. commercial property rent.

Given the complex legal framework, and the volume of fees and charges across the Council, it is not possible to provide guidance within this document on the rules that apply to specific individual charges. It is therefore critical that directorates are clear as to the specific legislative framework that applies to charging for a given service.

In addition to a thorough understanding of the legal framework for charging, there is also a need for:

- A full understanding of any potential legal obligations over the lifecycle of the good / service (e.g. guarantees / maintenance).
- Ensuring that the VAT liability of income sources is properly treated, so that income expectations are a reality, and no penalties are incurred by the Council.

### **Commercial Income primarily for yield**

It has been recent practice for some local authorities to use leverage (borrowing) to invest in financial or physical assets on the basis that resultant income streams will meet the costs of borrowing and support the Council's revenue budget. Examples include commercial property acquisition or the issuing of loans. CIPFA Codes of Practice which have statutory backing, such as the Prudential and Treasury Codes, are clear that investment primarily for yield is not an activity that should be undertaken by local authorities. HM Treasury are also clear that any local authority deemed to be undertaking such activity will be prevented from accessing lending from the Public Works Loan Board. This represents a significant financial risk and accordingly the Council's Capital Strategy states that it will not incur capital expenditure primarily for financial return. This statement and significant risk make it even more important that the rationale for

undertaking projects on an invest to save basis is supported by a business case in accordance with the Council's requirements and is only undertaken following finance due diligence.

The Codes mentioned above set out the requirement to report the proportionality of significant income sources such as commercial income, to the council's overall revenue budget. This is to ensure that the risks, performance, management and governance in relation to such income are supported by robust and agreed practices.

### **Step 2: Agree Charging Basis**

Having established what is permissible (per step one), the next step is to ensure that charges reflect Council policy. This will require Cabinet input, to agree the basis for charging. Directorates should engage with their Portfolio Holders in this regard.

The basis for charging may include, but is not limited to, the cost recovery scenarios outlined below:

- Full Cost Recovery.
- Subsidised Provision - e.g. to promote healthy lifestyle, deter fly-tipping.
- Subsidised Provision - to reflect economic / environmental conditions (what people can pay).
- Concessionary charging structures.
- Higher charges as a deterrent - e.g. enforcement.
- Flexibly set charges - to respond to market conditions, benchmarking etc.
- Invest to Save - where recovery of costs and initial investment payback is required.
- Market rent – in the case of rental income streams.
- Lower than market rent – and the rationale for subsidy.

There will be instances where a balance will need to be struck between multiple aims – e.g. parking charges, where environmental and

economic impact will need to be weighed. In these instances, Income Strategy Statements (see step 3), may need to provide a range of scenarios for Cabinet consideration.

The agreed charging basis will determine the parameters within which more detailed work on fee-setting should take place. For example, if a service is currently subsidised, but it is indicated that the optimal position is full cost recovery, the managing directorate's fee-setting strategy should aim to eliminate the subsidy over the medium term.

### **Step 3: Produce Income Strategy Statements**

Directorates should review current levels of fees and charges for all currently charged-for services and consider the level at which they should be set for the forthcoming financial year. Proposed charges must reflect the relevant legislative framework and the agreed charging basis.

The delivery of the optimal cost/income relationship indicated by the charging basis (e.g. full cost recovery etc) will require the following detailed factors to be taken into account:

- Whether existing income budgets are being met.
- The total cost of the service.
- Whether any cost savings are possible.
- Any specific inflationary or other cost pressures that will need to be met.
- Any specific economic / environmental factors likely to affect demand for services.
- Elasticity of demand – the relationship between price and demand.
- Benchmarking.
- Impact on the directorate's budget.
- Impact on services users.
- Requirement for any concessions – their rationale and financial impact.
- Promotion of take up of the service.
- Equality Considerations.
- Medium Term Considerations.

### Income Strategy Statement Template

An Income Strategy Statement template should be completed to ensure that these considerations are captured consistently across all areas. A template is included at Appendix A.

In total, the Council has over 600 individual fees and charges. For practicality, it is proposed that the template is completed for key charges, with other areas covered at an aggregate level of service.

Areas for which individual statements will be required will be agreed annually. However, key charges are likely to be determined as:

- Those that generate a significant income stream.
- Charges linked to policy change.
- Newly proposed charges.

Statements completed at an aggregate level are likely to encompass multiple charges at individual sites (e.g. Cardiff Castle, Cardiff White Water), or multiple charges in a particular area of service (e.g. Bereavement). In these instances, the statement should be completed at an aggregate level, apart from the "proposed charges" section. This should be left blank and be supplemented with a spreadsheet detailing existing and proposed charges for each individual fee (in line with established practice.)

### Total Cost

It is important that the total cost of the service is understood. Total costs include all the traditional direct costs associated with providing a service, including for example, employee costs, premises costs, transports costs as well as supplies & services. In addition, it is important to consider wider costs of service provision, including support services overheads and capital charges. Directorates should work with their accountants to establish the uplift that should be applied to more traditional measures of total cost to ensure adequate coverage of these areas.

### Inflationary Factors

In recognition that the factors affecting income generation are multi-faceted, the Council does not assume a blanket annual uplift to fees and charges in line with inflation. However, where a proposal is to hold fees and charges static or increase them by less than the rate of inflation, a clear rationale for this should be provided in the directorate's Income Strategy Statement.

In recent years, inflation has been at particularly high levels. It is important to note that CPI is a general measure of inflation based on a basket of goods. In understanding the inflationary factors like to impact on the cost base of a service, it will be critical to understand the key cost drivers of that service, and the specific inflationary pressures linked to each. This will help ensure that the price of the service is flexed appropriately in relation to increasing cost.

### Demand

As well as price, there are many other factors that include demand for a service including, economic context, weather (e.g. for outdoor facilities), marketing, perceived quality of the service and the availability or otherwise of substitutes or alternatives.

It is important that pricing decisions are made with clear consideration of their likely impact on demand, coupled with the wider factors outlined above. There may be situations where a *reduction* in price could generate a larger income stream, but this will require robust supporting evidence as part of the Income Strategy Statement.

### Benchmarking

Benchmarking can be an important consideration in pricing decisions. It can also be a means of identifying unrealised income opportunities. However, it is important to keep in mind that every situation is unique and that

multiple factors can affect the comparability of charges across Local Authorities. These include the history of charges (e.g. comparing new charges with established charges) as well as the level or nuances of service provided (e.g. comparing service provision from a 1970's building with a service from a state of the art new venue).

### Impact of Proposals

The impact of proposals on customers should be considered. This should include consideration of protected characteristics, Welsh language, and deprivation. Consideration should encompass potential mitigating actions including for example, the use of concessionary charging structures.

### Concessions

The appetite to adopt concession charging structures should have been identified at Step Two. Having established that a concession structure is the preferred approach, there will need to be clear consideration of how concession structures will operate including but not limited to:

- Should there be bands – half price, full price etc?
- Are there clearly defined groups to whom bandings would apply?
- How will demand across bands be modelled to support budget planning?
- What will be the standards for proof of entitlement?
- Are there associated admin costs that need to be considered?
- For rents, if a charge is less than market rent, is there a clear rationale for this?

### New Fees and Charges

The position set out so far applies to services that are currently charged-for. There may also be circumstances in which new charges are

considered; these could involve a completely new service, or charging for a service for which there is currently no charge. All the above considerations remain applicable to new charges. However, in addition, the following factors should also be taken into account:

- Does the Local Authority have the power to undertake the activity in question?
- Does the Local Authority have the relevant skillset to undertake the activity in question?
- Does the proposed activity/charge align with Council Policy?
- Is there clear evidence of market demand for the good or service - with focus on recurring and sustainable demand over a period of years?
- Is there full clarity on precisely what good / service is being provided?
- Will there be any impact on existing service charges?
- Is there any potential impact on perceived market demand if there are several income initiatives arising at the same time?
- Are costs and income streams able to be accurately determined?
- Is there a realistic assessment of the certainty of costs compared to the certainty of income – optimism bias.

#### Medium Term Considerations

As previously outlined, it is proposed that the fees and charges process be undertaken annually to coincide with the Council's wider budget setting process. In time, Income Strategy Statements will be extended to cover a multi-year approach. As an interim arrangement, Income Strategy Statements will include a medium-term section to capture a high-level overview of proposed future pricing strategy. This should indicate any potential impact of wider Council Policy on existing income streams.

#### **Steps 4 & 5: Brief Cabinet Member & Wider Consideration by Cabinet**

Once directorates have completed their Income Strategy Statements, they should brief the relevant individual Portfolio Holder. If the Portfolio Holder is comfortable with the proposals, they should be submitted to Corporate Finance who will arrange for briefing of wider Cabinet. Steps 3, 4 and 5, will be iterative, until Cabinet are collectively comfortable with pricing proposals.

#### **Step 6: Consultation**

Where proposals are linked to an income generating budget proposal for the forthcoming financial year, they will be consulted upon as part of the Council's wider Budget Consultation arrangements.

There may be instances where increases in price do not relate to a specific budget proposal for the forthcoming financial year. In those instances, the managing directorate, will need to ensure that necessary consultation requirements are met.

#### **Step 7 and 8: Reflect in Draft Budget and Cabinet Approval in Budget Report**

After considering consultation feedback, the next step will be to reflect proposals in the draft budget for the forthcoming financial year. If issues have been raised in the medium-term section of Income Strategy Statements, these will be considered in the Council's updated Medium Term Financial Plan.

Fees and charges for the forthcoming year, will continue to be formally approved as part of Cabinet's consideration of the annual Budget Report - usually in late February / early March. (The authority for approval of fees and charges rests with Cabinet, as opposed to full Council.)

#### Approval for In Year Changes to Fees & Charges

It is recognised that the Council must be able to react to changing events, both in terms of income opportunities and shortfalls. In recognition of the need for flexibility, on an

annual basis (via the Budget Report) it will be proposed that Cabinet delegates to the appropriate officer, where necessary in consultation with the Cabinet member, the ability to amend fees and charges during the financial year as and when required. These arrangements also apply where discounts are introduced for a time-limited period, or for a particular client group.

Decisions must be taken in consultation with the Section 151 Officer and the Cabinet Member for Finance, Modernisation and Performance. Where appropriate, Cabinet will need to consider a report within a reasonable timescale of the decision.

### **Step 9: Communication of Charges**

Charges will need to be communicated to a range of key stakeholders including, as appropriate, Council staff, service users, taxpayers, business groups, community groups and the media.

The Council's annual Budget Report will continue to include a detailed fees and charges appendix which outlines key details including current and proposed new charge.

Beyond this, directorates will need to consider what additional measures may be required to ensure that charges are communicated to their customers in manner that is clear, gives adequate notice of any changes, and is linked to the timing of the proposed increase.

Where increases to charges are proposed, it will be important that any relevant concession structures are clearly communicated.



Appendix A: Income Strategy Statement

See excel file – will incorporate as one, once  
convert to PDF

This page is intentionally left blank

### Income Summary Statement

|             |  |              |  |
|-------------|--|--------------|--|
| Directorate |  | Lead Officer |  |
|-------------|--|--------------|--|

#### PROPOSED CHARGES

|                       |  |                                    |  |
|-----------------------|--|------------------------------------|--|
| <b>Fee or Charge:</b> |  |                                    |  |
| Current Level - £     |  | <b>Applicable Legal Framework:</b> |  |
| Proposed Level - £    |  |                                    |  |
| Increase - £          |  |                                    |  |
| Increase - %          |  |                                    |  |
| Effective Date        |  |                                    |  |
| Date of last increase |  | <b>Rationale for Change:</b>       |  |

#### TOTAL COST RECOVERY AND PERFORMANCE AGAINST BUDGET

| Agreed Optimal Charging Basis   | 2020/21  | 2021/22  | 2022/23  | Proj. 2023/24 | Est. 2024/25 |
|---------------------------------|----------|----------|----------|---------------|--------------|
|                                 | £        | £        | £        | £             | £            |
| Cost of Service                 |          |          |          |               |              |
| Gross Income (insert as credit) |          |          |          |               |              |
| <b>Net Cost / (Income)</b>      | <b>0</b> | <b>0</b> | <b>0</b> | <b>0</b>      | <b>0</b>     |
| (Estimated) Overhead Recovery   |          |          |          |               |              |
| <b>Net Subsidy / Deficit</b>    | <b>0</b> | <b>0</b> | <b>0</b> | <b>0</b>      | <b>0</b>     |

|                                 |   |   |   |   |   |
|---------------------------------|---|---|---|---|---|
| <b>Net Budget</b>               | 0 | 0 | 0 | 0 | 0 |
| <b>Net Difference to Budget</b> | 0 | 0 | 0 | 0 | 0 |

**Inflationary Factors taken into account for 2024/25:**

**Cost Reduction Measures taken into account for 2024/25:**

**Comment on actions to address underachievement of income budget:**

#### POLICY

**Link to Policy:**

#### MARKET CONSIDERATIONS

**Latest data on take up, trends, alternative providers etc:**

**Benchmarking (any applicable info and limiting factors):**

#### IMPACT

**Proposed / Existing Concessions:** *(please provide details of concessions and clarify if these are taken into account in budget section) :*

**Equalities Considerations:** *(Please consider protected characteristics, Welsh Language, Deprivation)*

#### MEDIUM TERM

**Outline Medium Term Strategy & any issues linked to policy over the Medium Term:**

#### CONSULTATION AND COMMUNICATION

**Consultation:**

**Communication:**

|                                       |  |                        |  |
|---------------------------------------|--|------------------------|--|
| Date of Portfolio Member Consultation |  | Pass to Wider Cabinet? |  |
|                                       |  | Yes/No                 |  |

This page is intentionally left blank

**PROPOSED REVENUE BUDGET TIMETABLE FRAMEWORK 2024/25**

(Based on Provisional Settlement timescales comparable to recent years)

| Date              | Budget Strategy   |
|-------------------|---|
| Jul 2023          | <ul style="list-style-type: none"> <li>• Budget Update Report considered at Cabinet.</li> <li>• Budget Strategy Report considered at Council.</li> </ul>  |
| Jul – August 2023 | <ul style="list-style-type: none"> <li>• Directorates continue to develop 2024/25 efficiency savings proposals &amp; commence income generation work.</li> <li>• Directorates review scope for service change / transformation proposals.</li> <li>• Ongoing review of inflationary pressures and wider economic issues.</li> <li>• Ongoing review of the in-year monitoring position and the key risk areas identified in the body of the report.</li> </ul> |
| Sept 2023         | <ul style="list-style-type: none"> <li>• Business case work to be targeted in terms of service change/ transformation.</li> <li>• Identification and agreement of any areas where early decision may be required to achieve a full year saving in 2024/25 and timescales.</li> <li>• Consider early implementation of 2024/25 efficiency proposals (i.e. those with no service impact) where possible and appropriate.</li> </ul>                             |
| Oct-Nov 2023      | <ul style="list-style-type: none"> <li>• Senior Officer Meetings / Cabinet Member meetings to scrutinise proposals.</li> <li>• Ongoing work to refine and develop business cases.</li> <li>• Further Budget Update Report?</li> </ul>   |
| Dec 2023          | <ul style="list-style-type: none"> <li>• Provisional Local Government Settlement (estimated timescale)</li> <li>• Cabinet approval of 2024/25 Council Tax Base</li> </ul>   |
| Jan 2024          | <ul style="list-style-type: none"> <li>• Commence consultation on 2024/25 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 2024     | <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, Scrutiny Committees, Trade Unions, employees and statutory consultation with schools
- continued review of the 2024/25 Budget Gap and all underlying assumptions

This page is intentionally left blank

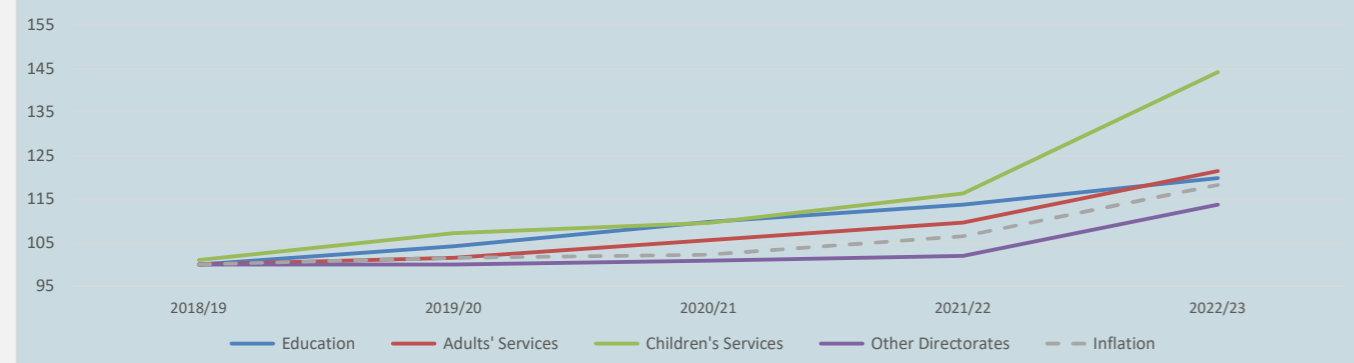
# Financial Resilience Snapshot

## 2022-23 Outturn

### Revenue Outturn Position - 2022/23

| Directorate                       | Budget £000    | Outturn £000   | Variance £000 | Variance %  |
|-----------------------------------|----------------|----------------|---------------|-------------|
| Corporate Management              | 37,546         | 29,696         | (7,850)       | (20.9%)     |
| Economic Development              | 47,328         | 50,604         | 3,276         | 6.9%        |
| Education                         | 310,413        | 313,914        | 3,501         | 1.1%        |
| Planning, Transport & Environment | 8,196          | 8,196          | 0             | 0.0%        |
| People & Communities              |                |                |               |             |
| - Housing & Communities           | 48,986         | 46,082         | (2,904)       | (5.9%)      |
| - Performance & Partnerships      | 3,491          | 2,964          | (527)         | (15.1%)     |
| - Adults' Services                | 133,760        | 132,229        | (1,531)       | (1.1%)      |
| - Children's Services             | 81,689         | 88,285         | 6,596         | 8.1%        |
| Resources                         |                |                |               |             |
| - Governance & Legal Services     | 6,950          | 7,619          | 669           | 9.6%        |
| - Resources                       | 16,964         | 16,198         | (766)         | (4.5%)      |
| <b>Directorate Total</b>          | <b>695,323</b> | <b>695,787</b> | <b>464</b>    | <b>0.1%</b> |
| Capital Financing                 | 34,309         | 31,020         | (3,289)       | (9.6%)      |
| General Contingency               | 2,000          | 0              | (2,000)       | (100.0%)    |
| Summary Revenue Account etc.      | 12,114         | 18,896         | 6,782         | 56.0%       |
| Council Tax                       | 0              | (1,957)        | (1,957)       | -           |
| <b>Total</b>                      | <b>743,746</b> | <b>743,746</b> | <b>0</b>      | <b>0.0%</b> |

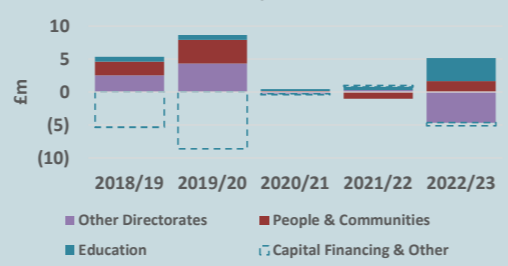
### Directorate Outturn Growth



### Directorate Outturn Position: 2018/19 - 2022/23

| Directorate               | 2018/19 £000   | 2019/20 £000   | 2020/21 £000   | 2021/22 £000   | 2022/23 £000   |
|---------------------------|----------------|----------------|----------------|----------------|----------------|
| Education                 | 261,913        | 272,812        | 287,533        | 297,868        | 313,914        |
| People & Communities      | 217,881        | 224,524        | 232,204        | 242,373        | 269,560        |
| Other Directorates        | 94,136         | 94,282         | 92,890         | 92,891         | 112,313        |
| <b>Directorate Total</b>  | <b>573,930</b> | <b>591,618</b> | <b>612,627</b> | <b>633,132</b> | <b>695,787</b> |
| Capital Financing & Other | 34,983         | 31,971         | 43,559         | 49,120         | 47,959         |
| <b>Total</b>              | <b>608,913</b> | <b>623,589</b> | <b>656,186</b> | <b>682,252</b> | <b>743,746</b> |

### Directorate Variance to Budget 2018/19 - 2022/23



### Capital Outturn Position - 2022/23

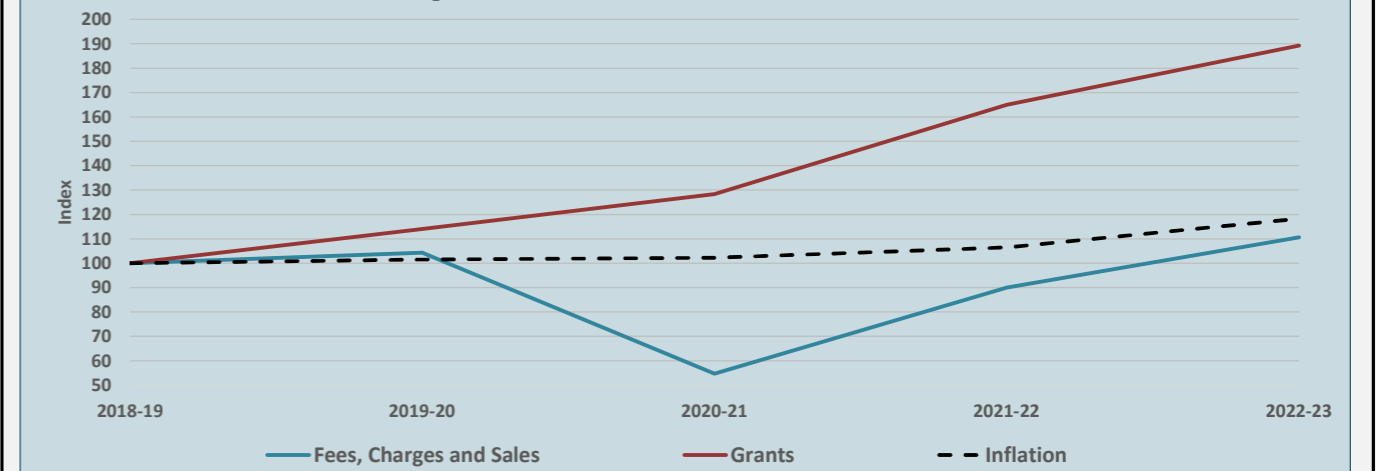
| Directorate                       | Budget £000    | Outturn £000   | Variance £000    | Variance %   | (Under)/Over £000 | Slippage £000    |
|-----------------------------------|----------------|----------------|------------------|--------------|-------------------|------------------|
| Economic Development              | 63,185         | 20,897         | (42,288)         | (67%)        | (2)               | (42,286)         |
| Education                         | 77,057         | 60,337         | (16,720)         | (22%)        | 645               | (17,365)         |
| People & Communities              | 25,104         | 12,899         | (12,205)         | (49%)        | 61                | (12,266)         |
| Planning, Transport & Environment | 55,672         | 37,995         | (17,677)         | (32%)        | 0                 | (17,677)         |
| Resources                         | 20,360         | 7,728          | (12,632)         | (62%)        | 0                 | (12,632)         |
| <b>Total</b>                      | <b>241,378</b> | <b>139,856</b> | <b>(101,522)</b> | <b>(42%)</b> | <b>704</b>        | <b>(102,226)</b> |

## External Income

### Directorate Outturn Position: 2018/19 - 2022/23

| Directorate                         | 2018/19 £000 | 2019/20 £000 | 2020/21 £000 | 2021/22 £000 | 2022/23 £000 |
|-------------------------------------|--------------|--------------|--------------|--------------|--------------|
| Sales, Fees & Charges               | (81,886)     | (85,443)     | (44,799)     | (73,756)     | (90,621)     |
| Other Grants & Reimbursements       | (44,001)     | (41,268)     | (36,827)     | (41,621)     | (75,215)     |
| Interest, Investment Income & Rents | (8,156)      | (8,779)      | (12,270)     | (14,932)     | (16,932)     |
| Grants                              | (101,602)    | (115,847)    | (130,394)    | (167,600)    | (192,360)    |
| Grants (external spend)*            | (154,370)    | (142,566)    | (137,163)    | (128,463)    | (111,050)    |
| Covid Grants (inc. Hardship Fund)   | 0            | 0            | (106,254)    | (82,044)     | (19,721)     |

### Changes in External Income Streams - 2018/19 Base Year



### Fees & Charges, Highest Directorate Receipts: 2018/19 - 2022/23

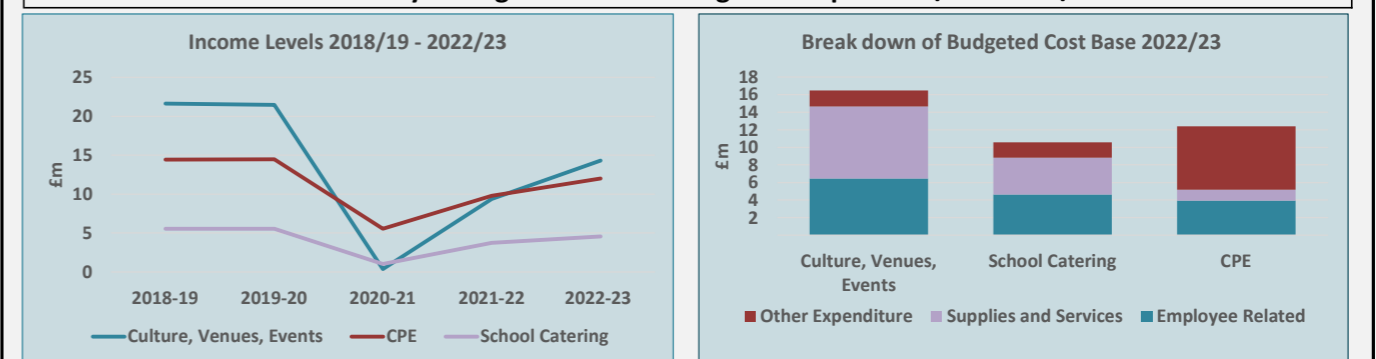
| Directorate                       | 2018/19 £000 | 2019/20 £000 | 2020/21 £000 | 2021/22 £000 | 2022/23 £000 |
|-----------------------------------|--------------|--------------|--------------|--------------|--------------|
| Economic Development              | 35,658       | 35,562       | 8,575        | 23,821       | 30,606       |
| Central Education                 | 7,946        | 7,454        | 1,536        | 5,161        | 6,239        |
| Delegated Schools                 | 6,592        | 7,663        | 3,783        | 5,476        | 5,779        |
| Planning, Transport & Environment | 23,812       | 23,709       | 14,573       | 21,431       | 25,169       |

### Specific Grants, Highest Directorate Receipts: 2018/19 - 2022/23

| Directorate            | 2018/19 £000 | 2019/20 £000 | 2020/21 £000 | 2021/22 £000 | 2022/23 £000 |
|------------------------|--------------|--------------|--------------|--------------|--------------|
| Central Education      | 33,891       | 45,133       | 48,085       | 64,873       | 66,694       |
| Delegated Schools      | 11,662       | 12,375       | 13,951       | 17,595       | 16,905       |
| Housing & Communities* | 35,463       | 37,722       | 39,358       | 48,898       | 59,479       |
| Social Services        | 6,930        | 7,900        | 13,016       | 23,695       | 34,107       |

\* Excluding HB, 20 hour childcare and concessionary fares

### Trend Analysis: Highest Fees & Charges Receipts 2018/19 - 2022/23



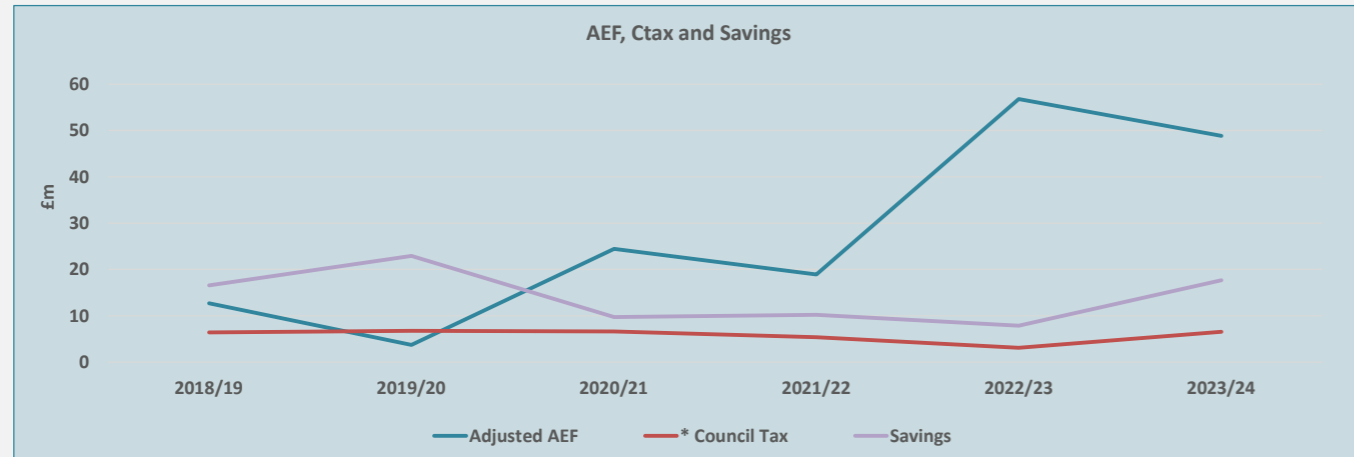
# Financial Resilience Snapshot

## Budget Strategy, Savings & Budgeted Resilience

### Net Revenue Funding & Budget Strategy

| Directorate                  | 2018/19<br>£000 | 2019/20<br>£000 | 2020/21<br>£000 | 2021/22<br>£000 | 2022/23<br>£000 | 2023/24<br>£000 |
|------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Savings                      | (16,576)        | (22,943)        | (9,764)         | (10,244)        | (7,857)         | (17,666)        |
| Council Tax Increase (rate)* | (6,406)         | (6,744)         | (6,594)         | (5,351)         | (3,065)         | (6,550)         |
| Reserve Funding              | (2,350)         | (2,750)         | (750)           | (750)           | 0               | 0               |
| <b>Total</b>                 | <b>(25,332)</b> | <b>(32,437)</b> | <b>(17,108)</b> | <b>(16,345)</b> | <b>(10,922)</b> | <b>(24,216)</b> |

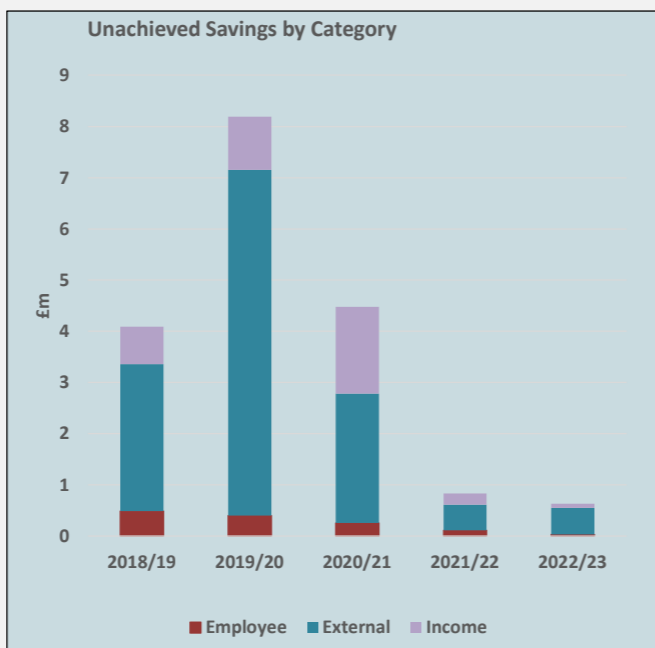
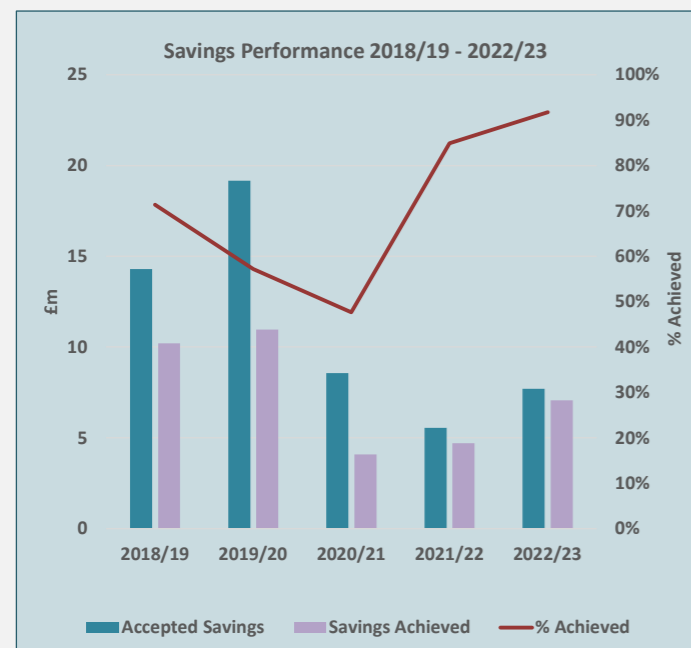
\* Net of impact on Council Tax Reduction Scheme



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

### Budget Corporate Resilience

| Directorate                    | 2018/19<br>£000 | 2019/20<br>£000 | 2020/21<br>£000 | 2021/22<br>£000 | 2022/23<br>£000 | 2023/24<br>£000 |
|--------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Covid Recovery Budget          | 0               | 0               | 0               | 0               | 10,000          | 0               |
| Financial Resilience Mechanism | 4,000           | 3,800           | 3,800           | 3,800           | 3,800           | 2,000           |
| General Contingency            | 3,000           | 3,000           | 3,000           | 3,000           | 2,000           | 1,000           |
| Adults' Contingency            | 0               | 0               | 0               | 0               | 3,000           | 2,000           |
| Children's Contingency         | 950             | 2,000           | 2,175           | 2,175           | 2,175           | 2,175           |
| MRF                            | 350             | 350             | 350             | 350             | 350             | 350             |



\* Achievement of Directorate Savings in year - Savings unachieved in year would either be achieved in future years or would require budget realignment.

## Financial Ratios and Earmarked Reserves

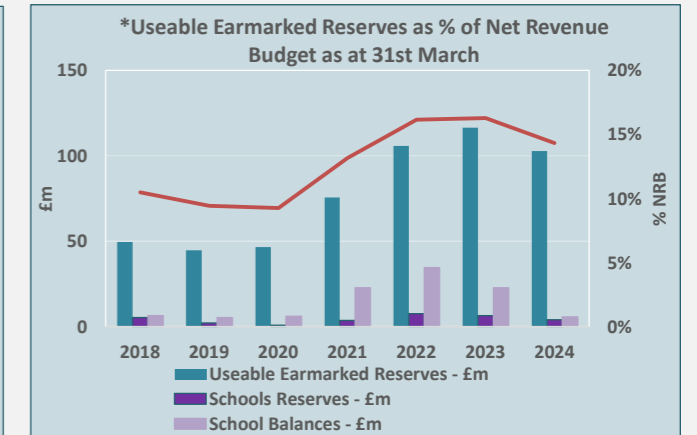
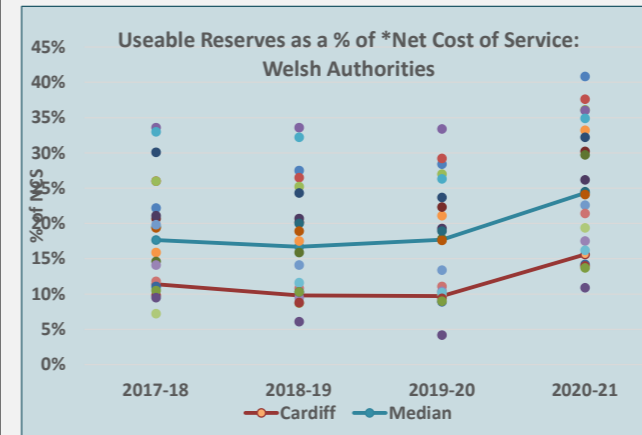
### Financial Indicators : Cardiff Council Single Entity

| Ratio / Indicator - Availability of Resources       | 2017/18 | 2018/19  | 2019/20 | 2020/21 | 2021/22* |
|---|---------|----------|---------|---------|----------|
| ** 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 Capital as % of Gross Revenue Expenditure   | 9%      | 7%       | 11%     | 15%     | 16%      |
| General Reserve to Gross Revenue Expenditure (days) | 6       | 6        | 6       | 5       | 4        |
| 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 defined as Council Fund and Earmarked Reserves, School Balances and Reserves, and Joint Committee reserves in line with Audit Wales definition.

- 2018/19 - Reduction in Useable reserves due to in year funding of higher than anticipated pay award and a reduction in School balances.
- 2020/21 and 21/22 - Increase in reserves to fund short term Covid based pressures and recovery.

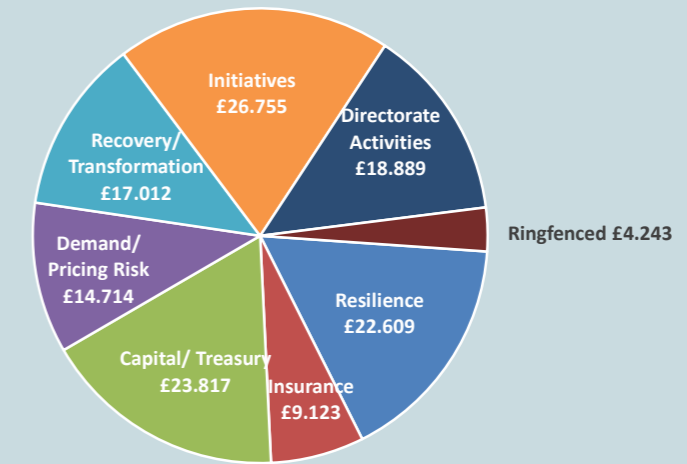


\* Latest available information provided from Audit Wales.

Usable reserves is Council Fund and Earmarked Reserves, School Balances and Reserves and Joint Committee reserves. Net cost of Services includes Precepts, Levies and Debt but excludes HRA.

\* This is a local Financial Resilience Indicator that diverges from Audit Wales reserve indicator. Useable Reserves definition is more stringent than Audit Wales and only includes funds readily available to fund Council Revenue activities i.e. - Council Fund and Council Earmarked Reserves. Measures coverage of reserves as at 31st of March to fund revenue activities in the preceding year. NB. 2022 data is based on the Draft Financial position of the Council as the accounts for 2021/22 remain the subject of audit, with final accounts due for consideration at Full Council at end of March 2023. No change is currently expected.

### Earmarked Reserves Categorised by Purpose (£m) Balance as at 31st March 2023





# Financial Resilience Snapshot

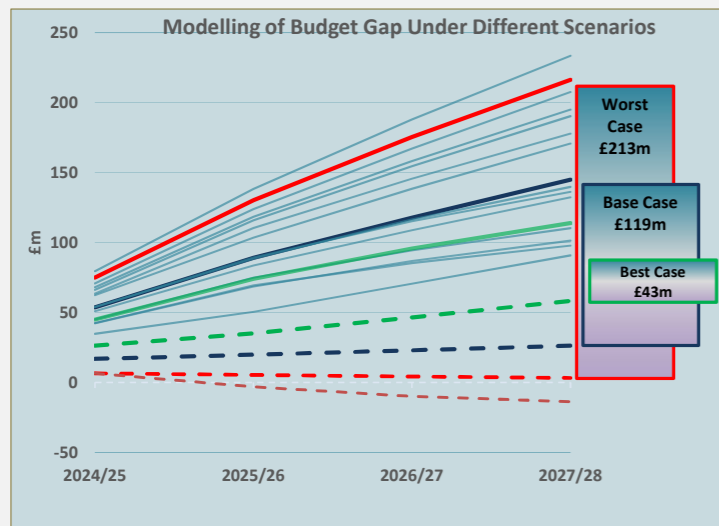
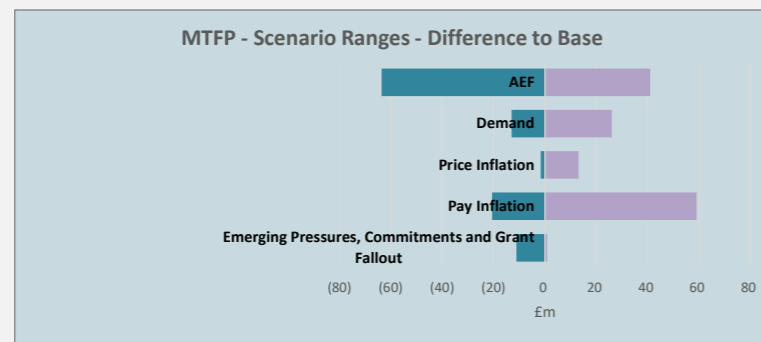
## Medium Term Financial Outlook: Revenue

### Medium Term Budget Gap

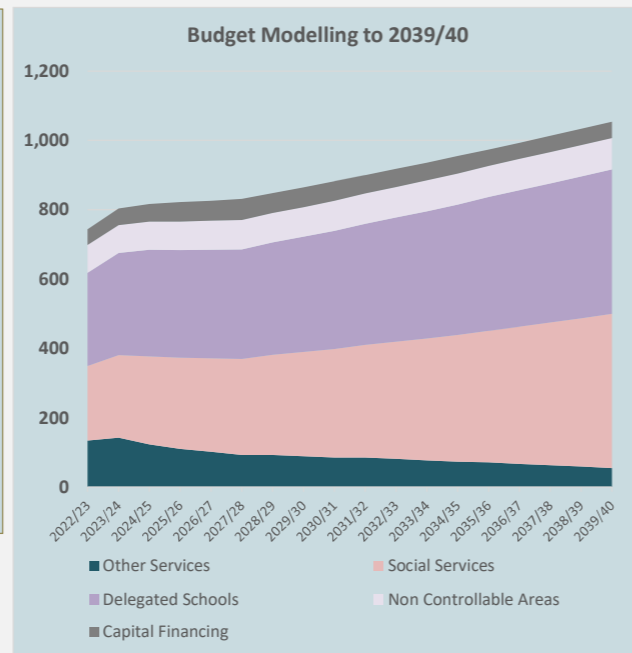
| Directorate                                 | 2024/25<br>£000 | 2025/26<br>£000 | 2026/27<br>£000 | 2027/28<br>£000 | Total<br>£000    |
|---|-----------------|-----------------|-----------------|-----------------|------------------|
| Pay Inflation                               | 21,529          | 12,631          | 5,660           | 6,725           | 46,545           |
| Price Inflation                             | 9,708           | 5,995           | 8,222           | 8,081           | 32,006           |
| Capital Financing (pre school Band B Cont.) | 5,591           | 4,099           | 2,378           | 2,970           | 15,038           |
| Commitments & Realignments                  | 6,175           | 625             | 1,197           | (107)           | 7,890            |
| Demographic Pressures                       | 7,565           | 9,214           | 8,672           | 6,511           | 31,962           |
| Emerging Financial Pressures                | 3,000           | 3,000           | 3,000           | 3,000           | 12,000           |
| Funding - AEF & Reserves                    | (16,808)        | (3,057)         | (3,072)         | (3,299)         | (26,236)         |
| <b>Total Budget Gap</b>                     | <b>36,760</b>   | <b>32,507</b>   | <b>26,057</b>   | <b>23,881</b>   | <b>119,205</b>   |
| Council Tax - Modelled at 3%                | (5,172)         | (5,327)         | (5,487)         | (5,652)         | (21,638)         |
| Savings                                     | (31,588)        | (27,180)        | (20,570)        | (18,229)        | (97,567)         |
| <b>Budget Strategy Requirement</b>          | <b>(36,760)</b> | <b>(32,507)</b> | <b>(26,057)</b> | <b>(23,881)</b> | <b>(119,205)</b> |

| Medium Term Budget Gap Scenario £m |                                  | Demand - Scenarios |                                    |            |
|------------------------------------|----------------------------------|--------------------|------------------------------------|------------|
|                                    |                                  | High               | Base                               | Low        |
| Economic Scenarios                 | Recession - High Inflation       | 94+                | 69+                                | 56+        |
|                                    | Recession - Low Inflation        | 31+                | 5+                                 | -7         |
|                                    | <b>Base</b>                      | <b>26+</b>         | <b>£119m Budget Gap over 4 yrs</b> | <b>-13</b> |
|                                    | Economic Growth - High Inflation | 24+                | -2                                 | -14        |
|                                    | Economic Growth - Low Inflation  | -37                | -63                                | -76        |

7 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 - i.e. Local Government Settlement



Graph above illustrates the different planning scenarios. Maximum budget gap over medium term period is £213m, minimum is £43m and the average was £125m which is comparable to base case of £119m.



## Capital Financing

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

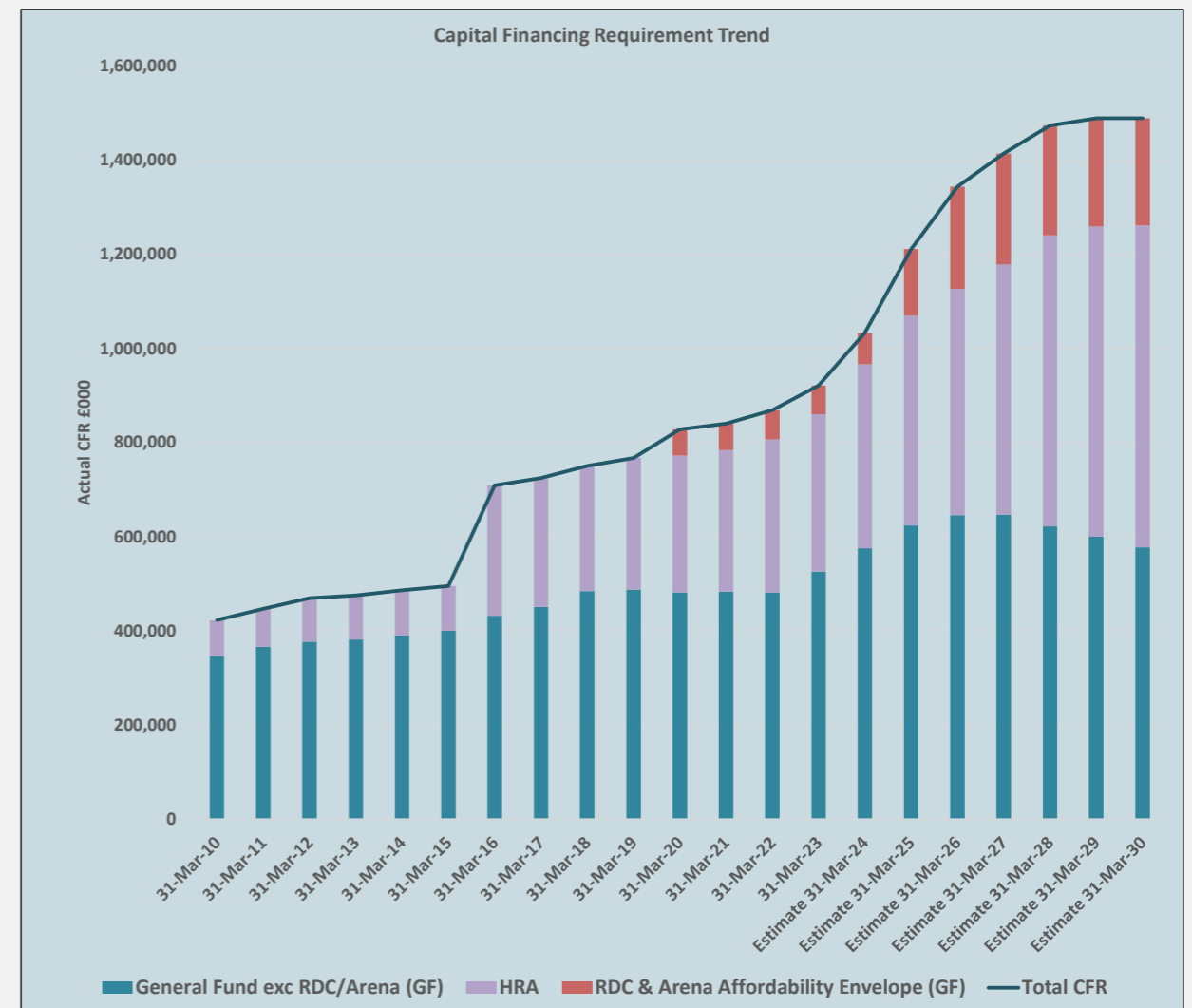
| Element                                     | 2022 Actual<br>£m | 2023 Actual<br>£m | 2024<br>Estimate<br>£m | 2025<br>Estimate<br>£m | 2026<br>Estimate<br>£m | 2027<br>Estimate<br>£m | 2028<br>Estimate<br>£m |
|---|-------------------|-------------------|------------------------|------------------------|------------------------|------------------------|------------------------|
| General Fund                                | 482               | 526               | 575                    | 624                    | 646                    | 646                    | 622                    |
| General Fund (Arena Affordability Envelope) | 62                | 60                | 67                     | 141                    | 217                    | 236                    | 233                    |
| Housing Revenue Account                     | 325               | 335               | 391                    | 446                    | 480                    | 532                    | 618                    |
| <b>Total</b>                                | <b>869</b>        | <b>921</b>        | <b>1,033</b>           | <b>1,211</b>           | <b>1,343</b>           | <b>1,414</b>           | <b>1,473</b>           |

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

| Element                 | 2021/22<br>Actual % | 2022/23<br>Actual % | 2023/24<br>Estimate % | 2024/25<br>Estimate % | 2025/26<br>Estimate % | 2026/27<br>Estimate % | 2027/28<br>Estimate % |
|-------------------------|---------------------|---------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| General Fund            | 0.80%               | 0.78%               | 0.80%                 | 0.93%                 | 1.04%                 | 1.04%                 | 1.00%                 |
| Housing Revenue Account | 3.81%               | 3.76%               | 4.04%                 | 4.25%                 | 4.39%                 | 4.72%                 | 5.28%                 |

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

| Element                                       | 2021/22<br>Actual % | 2022/23<br>Actual % | 2023/24<br>Estimate % | 2024/25<br>Estimate % | 2025/26<br>Estimate % | 2026/27<br>Estimate % | 2027/28<br>Estimate % |
|---|---------------------|---------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| General Fund - Gross Capital Financing Budget | 7.27%               | 6.09%               | 6.64%                 | 7.38%                 | 8.44%                 | 8.90%                 | 9.02%                 |
| HRA - Gross Capital Financing Budget          | 30.84%              | 29.29%              | 28.80%                | 30.66%                | 32.84%                | 34.34%                | 36.57%                |



This page is intentionally left blank

**CYNGOR CAERDYDD  
CARDIFF COUNCIL**

**POLICY REVIEW & PERFORMANCE  
SCRUTINY COMMITTEE**

**12 July 2023**

**Delivering a Modern Cardiff Works and Agency Provision**

**Reason for the Report**

1. To provide Members with the context for pre-decision scrutiny of a proposal to re-procure a Vendor-Neutral provider to supply the Council with specialist agency staff. In addition to update Members on the Council's in-house recruitment agency, Cardiff Works.

**Background & Context**

2. Attached to this cover report at **Appendix A** is the report to be considered by Cabinet on 13 July 2023 requesting approval to proceed with the procurement of Agency Worker Services to the Council.
3. The Terms of Reference for this committee confer responsibility for the scrutiny of commissioning and procurement, and for the Council's use of human resources.
4. The Council has an in-house recruitment agency, Cardiff Works, founded on the principle of making Cardiff Council jobs accessible to all.
5. The Cardiff Works agency sits within the Housing and Communities service area, alongside the Into Work Advice service.
6. Following a review in 2020 Cardiff Works has set out to digitalise its service, streamline recruitment processes, develop a new marketing and branding strategy, increase service accessibility and its visibility in the community.
7. Cardiff Works also manages a contract with a Vendor-Neutral provider to provide external agency staff. The provider offers a brokerage service, to supply workers from a number of different agencies as required by the Council. This contract is currently held by Matrix SCM Ltd, and the contract expires on the 31st of October 2023.

### **Cardiff Works update**

8. The Cabinet report attached explains progress made in a number of areas since 2020, (see *points 10-14*). It also explains proposals for future enhancements (*points 15-18*).

### **Agency Worker Contract**

9. The central part of this Cabinet report is the proposal to re-procure a Vendor-Neutral provider to supply the Council with specialist agency staff. The competitive process delivered through the National Procurement Service (NPS) will go live in June 2023 and it is proposed that a contract be awarded for 5 years with the option for a 2-year extension, if required.
10. It is therefore proposed to advertise a contract for a Vendor-Neutral provider, which has been assessed as the best option to ensure the Council receives better value for money. This is considered to offer the Council access to a wide range of specialist agency suppliers.
11. The Council requires agency workers to allow flexibility in the workforce. It is considered vital that the agreement in place with a partner continues to focus on the benefits of encouraging access to local SME's.
12. Other Local Authorities have expressed an interest in collaborating on this tender. Further economies of scale are possible through a joint tender process with neighbouring Local Authorities also looking to implement a Vendor-Neutral provider.

### **Scope of the Scrutiny**

13. Members are invited to test the proposed approach to advertise the Council's contract for a Vendor Neutral provider of agency worker services, and how well it fits with the Council's socially responsible procurement approach.

### **Way Forward**

14. The Cabinet Member for Finance, Modernisation and Performance, Cllr Chris Weaver and the Cabinet Members for Tackling Poverty, Equality and Public Health, Cllr Peter Bradbury will be in attendance to answer Members' questions. They will be accompanied by the Corporate Director, People and Communities, Sarah McGill and the Operational Manager Advice, Hayley Beynon.

## **Legal Implications**

15. 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**

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 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:

- I. Consider the proposal to procure Agency Worker Services under the National Procurement Service (NPS) All Wales Agency Framework, and delegate authority to the Corporate Director of People and Communities in consultation with the Cabinet Members with responsibility for Finance, Modernisation and Performance, and Tackling Poverty, Equality and Public Health, to award a User Agreement with the provider selected; and
- II. Agree whether any comments, concerns or observations should be relayed for consideration by Cabinet.

**DAVINA FIORE**

Director of Governance and Legal Services

6 July 2023

**BY SUBMITTING THIS REPORT TO THE CABINET OFFICE, I, SARAH MCGILL – CORPORATE DIRECTOR, AM CONFIRMING THAT THE RELEVANT CABINET MEMBER(S) ARE BRIEFED ON THIS REPORT**

**CARDIFF COUNCIL  
CYNGOR CAERDYDD**

**CABINET MEETING: 13<sup>th</sup> July 2023**

---

**DELIVERING A MODERN CARDIFF WORKS AND AGENCY PROVISION.**

**FINANCE, MODERNISATION AND PERFORMANCE (COUNCILLOR CHRIS WEAVER) & TACKLING POVERTY, EQUALITY & PUBLIC HEALTH (COUNCILLOR PETER BRADBURY)**

**AGENDA ITEM:**

---

**Reason for this Report**

1. To provide an update on the current and proposed service activity of the Council's in-house recruitment agency "Cardiff Works".
2. To ensure that formal and appropriate contract arrangements for the re-procurement of a Vendor Neutral brokerage service to provide specialist agency staff are put in place.
3. To delegate authority to the Corporate Director of People and Communities in consultation with the Cabinet Member for Finance, Modernisation and Performance, to determine all aspects of the procurement process (including approving the evaluation criteria to be used, commencement of the procurement process, the award of the contracts and all ancillary matters pertaining to the procurement of the Vendor Neutral brokerage service to enable the placement of orders for the provision of agency workers).

**Background**

4. The management of Cardiff's in-house recruitment agency "Cardiff Works" transferred to the Housing and Communities service from HR People Services on 1<sup>st</sup> April 2019 so as to align the service with the

activity of the Into Work Advice service. It was anticipated that the transfer would provide an opportunity to increase the numbers of internal temporary staff secured directly rather than via an external agency.

5. A key principle in the establishment of Cardiff Works was that Cardiff Council jobs should be accessible to all.
6. A full review of Cardiff Works was completed following the service transfer and a report outlining the proposed service development strategy was presented to Cabinet in September 2020. The review highlighted five significant changes that were required for the service to develop effectively. These were:
  - Digitalisation of the service
  - Streamlining of recruitment processes
  - The development of a new marketing and branding strategy
  - Ensuring increased service accessibility (such as via a public access point at Central Library Hub)
  - Achieving greater visibility in the community, including attendance at jobs fairs and job clubs alongside the Into Work Services.
7. The review also proposed a more detailed plan for the alignment with Into-Work Services to assist people to become “Cardiff Works Ready”. It was identified that many people were failing the Cardiff Works assessment and so were unable to register with the service. Tailored support would focus on helping more vulnerable individuals and creating a pathway supporting clients from unemployment into training, volunteering opportunities, temporary jobs with Cardiff Works and then on into permanent employment.
8. The review concluded that further opportunities could be explored to create additional income including:
  - Delivering a wider variety of roles through Cardiff Works, including waste management operatives and cleaners.
  - Reviewing how placements are charged to give service areas better value for money, whilst still generating income.
  - Exploring the provision of services to other public services, on an “ethical agency” basis.
9. External agency staff remained an important part of the Cardiff Works offer provided through a contract with Matrix SCM Ltd (Matrix). Matrix is a vendor-neutral provider that does not provide agency workers directly. Instead, it provides a brokerage service, entering into contractual arrangements with a number of different agencies to provide workers from these agencies as required by the Council. Of the £29 million spend on external agency staff in 2022/2023 only £144,103 was retained by Matrix. This current contract expires on the 31<sup>st</sup> October 2023.



## Issues

### Update on Progress of Cardiff Works

10. The five significant changes that were required to meet the strategic outcomes for Cardiff Works have now been completed producing some excellent results for both the Council and candidates.

➤ **Digitalisation of the service**

Significant progress has been made to digitalise the service. This has helped to improve the quality and efficiency of service processes for both staff and candidates. Candidates can now apply for posts and sit any necessary entry assessments online. (For those who do not have access to online facilities this can still be done face-to-face in Central Library Hub.) This has resulted in over 200 additional applications being made to Cardiff Works compared to the previous year, and a 56% increase in the number of people in the Cardiff Works pool over the same period.

➤ **Streamlining the recruitment process**

The whole recruitment process has been streamlined so both candidates and recruiting managers are able to access roles in a timely manner. This has resulted in candidates being able to take up their post more swiftly and backlogs in the applications and assessment processes have been eradicated. In addition, the average time taken for a candidate to be accepted into the Cardiff Works pool has improved from the previous 40 days to now being 48 hours.

➤ **A new marketing and branding strategy**

A wide-reaching communications campaign was launched at the end of 2021 to raise awareness of Cardiff Works. This included promoting the different types of roles available and the commitment of supporting people into temporary roles as a pathway to permanent employment within the Local Authority.

The campaign's aim was to raise the profile of Cardiff Works across the city and to engage with a range of communities to create a diverse candidate pool, as well as promoting the unique benefits of working for Cardiff Council. The campaign included:

- A branding refresh; including new logos and promotional materials
- A new dedicated Cardiff Works website
- Local advertising visuals; including in community venues, bus stops and on waste lorries
- Local radio advertising
- Digital screens in supermarkets
- Targeted Social Media posts – Facebook, YouTube, Spotify.

The number of people contacting and registering with Cardiff Works increased by 290% in the 3 months after the website and publicity campaign launched (with the website receiving over 9,000 hits on average per month). Applications to join Cardiff Works increased from 300 to over 900 in the same period. Regular, ongoing publicity continues to be carried out to further promote Cardiff Works.

Overall, since April 2019 there has been a 12% increase in the number placements provided via Cardiff Works, with an average of 435 placements or jobs created each year. The number of agency placements has remained at around 1,900 each year for the same period.

➤ **Increased accessibility of the service, with a public access point at Central Library Hub**

A public access point is now located on the second floor of Central Library Hub. This ensures that the Cardiff Works team operate closely with other Advice Services and can refer candidates seamlessly for help. This could include assistance with their CV, interview skills or advice on additional financial support they may be eligible for when they are working.

➤ **Greater visibility in the community, including attendance at jobs fairs and job clubs alongside the Into Work Services**

By fully aligning the Into Work and Cardiff Works teams, there have been some excellent outcomes for those seeking work. Additional external funding was secured to appoint Community Engagement Officers within the Cardiff Works team. Their role is to connect with communities that are under-represented in the current workforce and also to engage with younger people, promoting the Council as a great place to work.

- The Community Engagement Officers have carried out a programme of events in the Southern Arc of the city, working with community groups to raise awareness of the types of roles available and the support on offer for those who have little or no work history.
- Several specific BME Jobs Fairs have taken place in local mosques, Grangetown Pavilion and Grange Gardens working with the Race Equality Taskforce. The percentage of BME applicants applying and successfully entering the Cardiff Works pool has risen to 37% at the end of March 2023, compared to just 7% in June 2021. Whilst this increase is significant a programme of further engagement events has already commenced to further increase diversity in the pool.

**Cardiff Works Ready**

11. To help address the range of barriers to employment that were identified through the community engagement process the “Cardiff Works Ready”

project was launched in September 2021. Adult Learning Employability courses were created to help improve candidates' communications skills and confidence. Recruiting managers from across the Council are invited to join the last day of each training course to carry out informal interviews, often resulting in candidates being offered placements on the day. Over 100 people completed the training last year and successfully entered the Cardiff Works pool and a monthly programme of Adult Learning Employability courses has been established to build on last year's achievement.

12. In total over 1,000 individuals have come through the Cardiff Works pool and moved into placements during the last financial year: a 40% increase on the previous year.
13. To support priority sector roles such as Social Care, Hostel Support Workers, and HGV Drivers, the Into Work Advice Service joins together resources from Adult Learning and Cardiff Works to create dedicated project teams, ensuring suitable candidates are identified and upskilled as quickly as possible. This has been particularly successful in the recruitment of Social Care Workers for both Council vacancies and contracted care providers via the Cardiff Cares Academy, with 135 people helped to secure employment in this sector during the last financial year.

### **Cardiff Works For You**

14. Using Cardiff Works' income, the new "Cardiff Works for You" (subsidised placement) initiative was recently launched to provide temporary employment opportunities within the Council for young people and people from under-represented communities. Many of those the service aims to assist would struggle to secure employment due to little or no work experience. The initiative aims to allow candidates to gain skills by funding their first month's salary in exchange for a commitment from the host service to cover a further month. The Cardiff Works Team provides support to the recruiting manager by selecting appropriate candidates for interview and addressing any issues raised. The team also assigns a mentor to the candidate to ensure they have help to transition into employment smoothly and will work with the person to find further employment opportunities nearing the end of the placement.

### **Proposed Future Enhancements of Cardiff Works**

15. Future proposed plans include digitalising the Cardiff Works billing and payroll system to further increase efficiency. Assessments for candidates will also be amended to make the process more accessible to those who are dyslexic and require reasonable adjustments.
16. There is also an opportunity for the Into Work team to match people who are working with the service to the roles posted on the Matrix system; with a potential for customers to have 'early access' to the vacancies. This will be further explored.

17. Over the past 12 months, other Local Authorities have sought advice from the team on setting up their own in-house recruitment agency. Several Local Authorities have also enquired about the possibility of using Cardiff Works as their agency provider. Work is ongoing to consider this as a possibility which could extend the work of the team, provide additional income for the Council, and give greater employment opportunities to jobseekers in Cardiff and the surrounding areas.
18. If successful, it is proposed to further consider the growth of the 'Cardiff Works for You' subsidised placement (subject to a satisfactory business case).

## **Issues**

### **Agency Worker Contract**

19. The Council's current contract with Matrix SCM will expire on 31<sup>st</sup> October 2023 having already been extended previously via Direct Award following approval by Cabinet in September 2020.
20. An options appraisal has considered whether a Master Vendor or Vendor-Neutral strategy should be undertaken as part of the re-procurement.
21. A Master Vendor Model secures a Provider where agency workers are supplied directly or from a small pool of recruitment agencies. The risk with this approach is that the number of agency workers supplied directly can be limited impacting on the ability to fill roles within the Local Authority quickly and especially in relation to more specialist or qualified roles. Using a Master Vendor may also encourage off-contract spend, as recruiting managers will not be able to access the staff required through the procured, compliant route. This could also lead to increased costs.
22. A Vendor-Neutral provider is a third-party organisation which manages a large number of agency contracts, and effectively delivers a "brokerage service" to its customer. It is the responsibility of the Vendor-Neutral company to enter into contracts with agencies on a neutral basis, and to ensure that workers are provided from these agencies to the Council. The positive of a Neutral-Vendor provider is that the pool of agency suppliers is far greater, offering a wide range of potential candidates, and access to agency suppliers who specialise. Using a Vendor-Neutral organisation will reduce off contract spend, meaning the Council receives better value for money.
23. It is proposed that a mini competition is carried out through the National Procurement Service (NPS). It is anticipated that the new NPS framework for the provision of Agency Workers will go live in June 2023. Alternative framework options have been identified (ESPO MSTAR4 Managed service for temporary agency resources and CCS RM6277 Non-Clinical Staffing Lot 7 MSP: Master/Neutral Vendor) should the National Procurement Service framework not be available.

24. It is proposed that a contract be awarded for 5 years with the option for a 2-year extension, if needed.
25. It is necessary for the Council to continue to engage agency workers to allow flexibility in the workforce and it is also vital the Council has an agreement in place with a partner that will ensure that the benefits of encouraging access to local SME's is maintained. Continuing with the current Vendor-Neutral model will maintain the existing local supply base and will protect agency margins, ensuring that all relevant local agencies have access to agency opportunities. It is therefore proposed that a Vendor Neutral organisation is procured.
26. Further economies of scale are possible through a joint tender process with neighboring Local Authorities who are also looking to implement a Vendor-Neutral provider. Other Local Authorities have expressed an interest in collaborating on this tender. Each Local Authority will be required to seek individual approval for this approach and complete a separate Technical Specification but would join together to complete the tender process. Viability and details of this joint approach are currently being considered.

### **Reason for Recommendations**

27. To note the update on Cardiff Works.
28. The proposed procurement of a Vendor Neutral organisation will allow the benefits that have been achieved from the current arrangement to continue under a compliant contract.
29. The published rates contained within the new NPS All Wales Agency Framework remain at a lower level and will potentially reduce through the proposed further competition.
30. Without an Agreement in place, the Council will be unable to effectively manage the use of Agency Workers. This will result in increased charges.

### **Procurement Implications**

31. Based upon a review of the existing NPS ALL Wales Agency rates, the Council can, through further competition, potentially improve its current agency management fee. This would provide security of provision at a lower cost, whilst also providing access to improvements in the market since the last arrangement was let in terms of portal improvement, including regulatory compliance and better management reporting.

### **Financial Implications**

32. The current costs of the agreement for the Managed Service for Provision of Agency Workers is recovered from directorate revenue / approved capital budgets along with the costs of meeting any direct costs of the agency provision. The estimated cost of the Managed Service is

dependent on use, but to support an understanding of the impact of the procurement proposed in this report, this was circa £145,000 in 2022/23.

33. Whilst the report highlights progress and improvements in respect to Cardiff Works, no data is included in terms of costs, income and people on the role to determine whether there are any financial implications that are required to be highlighted. Where future enhancements are to be considered such as partnering or providing agency services to others, the financial implications including systems and taxation should be considered as part of the options appraisal.
34. For any agency services including Cardiff Works, robust processes need to be in place to ensure the need for and to ensure budgets are in place to meet costs of any resource to be drawn down. Once in place, ongoing monitoring should be in place to ensure the outcomes envisaged are being delivered and any agreement is ceased or reviewed for need. Any third-party system in place should enable the provision of data and reports that allow the effective monitoring and review of commitments by users of such agency contracts.

### **Legal Implications**

35. There are no direct legal implications arising from the first recommendation in this report. The second and third proposed recommendations are put simply to ask Cabinet to approve the overarching approach to the procurement of a Vendor Neutral brokerage service to provide specialist agency staff and to delegate authority to the Corporate Director of People and Communities in consultation with the Cabinet Member with responsibility for Finance, Modernisation and Performance to determine and put in place the arrangements for procurement of such services.
36. Full legal advice should be sought on the proposals, the procurement process and in relation to the drafting of the draft terms and conditions of contract, as the same are developed.

### **Equality Duty.**

37. The decision about these recommendations has to be made in the context of the Council's public sector equality duties. The Council also has to satisfy its public sector duties under the Equality Act 2010 (including specific Welsh public sector duties). 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. The Protected characteristics are: age, gender reassignment, sex, race – including ethnic or national origin, colour or nationality, disability, pregnancy and maternity, marriage and civil partnership, sexual orientation, religion or belief – including lack of belief.

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

38. 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.
39. 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 2023-26. 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.
40. 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

41. 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>

### **General**

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

### **HR Implications**

43. The progress regarding Cardiff Works placements is beneficial to the overall employment within the Council and provides alternative routes into the organisation for applicants.
44. There are no HR implications with regards to the procurement of the Agency Worker Services contract.

### **Property Implications**

45. There are no property implications in respect of this report. Where there are property transactions or valuations required to deliver any proposals, they should be done so in accordance with the Council's relevant Asset Management process and in consultation with appropriate service areas.

### **RECOMMENDATIONS**

Cabinet is recommended to:

46. Note the progress being made by the Council's in house recruitment service "Cardiff Works".
47. To approve the overarching approach for the procurement of Vendor Neutral Agency Worker Services.
48. To delegate authority to the Corporate Director of People and Communities in consultation with the Cabinet Member with responsibility for Finance, Modernisation and Performance, to determine all aspects of the procurement process (including approving the evaluation criteria to be used, commencement of the procurement process, the award of the contracts and all ancillary matters pertaining to the procurement).

|                                   |   |
|-----------------------------------|---|
| <b>SENIOR RESPONSIBLE OFFICER</b> | <b>Sarah McGill</b><br><b>Corporate Director for People &amp; Communities</b> |
|                                   | Date submitted to Cabinet office<br>9/6/23                                    |

The following appendices are attached:

**Appendix 1 - Single Impact Assessment**



**CYNGOR CAERDYDD  
CARDIFF COUNCIL**

**POLICY REVIEW & PERFORMANCE  
SCRUTINY COMMITTEE**

**12 July 2023**

---

**Annual Property Plan 2023-24**

---

**Reason for the Report**

1. To facilitate pre-decision scrutiny of the Council's Annual Property Plan 2023-24.

**Structure of the Papers**

2. To assist Members' preparation for the scrutiny, attached to this cover report are the papers to be considered by Cabinet on 13 July 2023.

**Appendix A:** Cabinet report – Annual Property Plan 2023/24

**Appendix 1:** Annual Property Plan 2023/24 transactions list

**Appendix 2:** Annual Property Plan 2023/24

**Background**

3. This Committee is responsible for scrutiny of the Council's property estate, both 'operational' from which the Council delivers its services, and 'non-operational' which is often let for commercial return or to promote local employment, small businesses, and the economic regeneration of local areas. The Council's operational and non-operational estates fall within the Investment and Development Cabinet Portfolio and the Economic Development Directorate.
4. In December 2021, the Council adopted a 5-year Corporate Property Strategy (2021-2026). The Strategy provides the framework within which the corporate property function manages the Council's estate, setting out a series of targets over the five-year period designed to support core corporate objectives relating to service delivery, regeneration, and the Council's budget.

5. The Annual Property Plan is the implementation plan that sits behind the Corporate Property Strategy and each year its targets support the five-year targets set out in the Strategy. This is the second Annual Property Plan 2023/24 of the current Corporate Property Strategy 2021 -2026.
6. The policy framework for the Property Strategy is built on five key objectives.
  - **Corporate approach;**
  - **Strategic direction;**
  - **Modernisation of the retained estate;**
  - **Property Performance Targets;**
  - **Partnership Working.**

### **The Annual Property Plan**

7. The key elements of the Annual Property Plan are set out in the Cabinet report at **Appendix A** at *points 7 -18*. The property estate is core to many central Council challenges, and as such the Annual Property Plan addresses Hybrid Working, Regeneration, Housing, the Schools Organisation Plan, a Depots Review and Land Assets.
8. The report sets out a summary of performance against the 2022/23 targets. Notably, a 2% reduction in carbon; 100% of Priority 1 works commissioned; an £88k reduction in running costs against a £100k target; and £3.12m of General Fund Capital Receipts against a target of £5.5m. The Cabinet report states, '*Some transactional delays and revised project timescales have resulted in selected transactions being moved to 2023/24. The proposed property targets will still be achieved, however over a longer timescale than first projected.*'
9. The new targets proposed for 2023/24 are:
  - a. **Carbon Reduction** – Maintain Current position
  - b. **Priority 1 works commissioned** – 100%
  - c. **Running cost reduction** - £1.6m
  - d. **General Fund Capital Receipts** - £3m

10. Details of the Council's approach to reducing the carbon footprint of the Council's built environment can be found at *points 22-30*. In line with the One Planet Cardiff Strategy, the target in the Property Strategy is 30% reduction by 2026. The aim is to achieve this through modernisation of the estate, behaviour change, passive decarbonisation of the grid and rationalisation of property.

11. Priority 1 works relate to modernisation of the estate and describe the planned investment, repair and improvement of the council's corporate and education properties. The Property Strategy sets a target of ensuring all priority 1 works identified are commissioned on an annual basis through a planned works programme. This was achieved in 2022/23 with c.£31m works commissioned in total, £2m in the corporate estate and £29m in the schools estate. Notably:

- The draft programme in 2023/24 has a provisional total works value of £37m.
- Post COVID-19, the cost of construction has increased. In 2022/23 there was a 60% increase in materials such as cement, timber and steel compared with pre-Covid prices.
- Non-planned reactive works are still required on a regular basis.
- Water leaks and drainage issues resulting from end-of-life infrastructure, particularly in the Education estate, are becoming an increasing priority.
- In 2023/24 County Estates will work with Finance colleagues to reaffirm the spend criteria for the asset renewal budget and the principle that capital works relate to improvement and day to day maintenance and repair is undertaken using property revenue budgets.

12. Running Cost reduction through relinquishment - the Property Strategy identifies a £6m reduction target over 5 years through rationalisation of the Council's operational footprint. The implementation of hybrid working, and reviews of the operation estate are anticipated to deliver larger running cost savings in later years of the strategy.

Notably:

- The cost of energy has risen significantly over the last 18 to 24 months. Cardiff Council is part of a UK wide consortium via Crown Commercial Services (CCS) which includes all other public sector bodies.
- Both the CCS and Cardiff Council's in-house Energy Team continue to monitor the utility markets and work closely with finance to set budgets.

- The Council has acquired a number of property assets which are managed until occupied or developed, often whilst remaining vacant.
- A dedicated resource has been created within County Estates to coordinate management of vacant property and protect these assets on a day-to-day basis.

13. Capital Receipts from the disposal or appropriation of general fund land and property is critical to support the Council's Capital Programme. A 5-year target of £40m was established in 2018. In April 2023 c.£13m of disposals had been achieved. The Corporate Property Strategy 2021-26 set a new target of achieving £25m of capital receipts by 2025/26. In the first year 2021/22, £2.2m general fund receipts were achieved, whilst during 2022/23 a total of £3.1m were achieved. It is anticipated that general fund receipts will be close to the original target of £25m by the end of the 2021-26 strategy period, however the total Capital Receipts are not sufficient to reach the original £40m target.

14. The investment estate produces an income of c.£4.25 million which supports delivery of wider Council Services and provides a strategic land holding which may also complement operational requirements. The Property Strategy identifies a £600k net increase in rental income by 2025/26. In the first two years of the five-year strategy the income has increased by c.£202k to c.£4.28m from a commencing income of £4.08m in 2020/21.

15. Non-Operational Estate - in 2022/23 new staffing resources were acquired to ensure a proactive approach to case work and management of new leases generated from surplus operational assets. Retail parades and other non-operational assets sit in the non-operational portfolio and further sales are included in the 2023/24 Annual Property Plan. As retail parade disposals lead to a loss of revenue when sold the financial impact of this needs to be managed in the context of the Council's budget process.

16. In addition to setting out the proposed property transactions for the forthcoming year, the Annual Property Plan provides an update on progress towards meeting the 5-

year performance target commitments in the Corporate Property Strategy. The Council's property estate has not historically been managed on a full life-cycle cost basis. As such, the Council has built up a significant maintenance backlog that is not provided for in the Council's Capital Programme. Allocated revenue and capital budgets for maintenance are not sufficient to meet the full list of priority works and therefore priority is given to ensuring the Council's assets remain Health & Safety compliant.

17. The full Annual Property Plan is attached at **Appendix 2** and includes the proposed programme of transactions (Appendix 1) for 2022/23, listed by:

- Operational Property Transactions
- School Organisational Planning
- Land Disposals
- Retail Parade and Non-Operational Disposals
- Investment Estate Transactions

### **Scope of the Scrutiny**

18. The Committee has an opportunity to test the ambition and targets set out in the Annual Property Plan 2023-24 and the contribution they make to the 5-year Corporate Property Strategy 2021-26. Members are invited to test the strength of the links between the Strategy and the Plan.

### **Previous Scrutiny**

19. The Committee previously monitored the Annual Property Plan in September 2022, during which Members highlighted

- **Real term revenue growth** - The Committee felt it will be important to understand the real term revenue growth target required to maintain the value of the Council's property portfolio and potentially grow its value.
- **County Hall** -The Corporate Property Strategy 2021-26 states that the capital value of County Hall is £25m. Officers indicated that this was based on a previous residential valuation and would be reviewed and updated as alternative core office project plans were developed.

- **Property disposal protocols** - Members established there are protocols in place for the disposal of land and property surplus to the council's requirements for service delivery, and that only when a property has been the subject of conversations with all service areas and partner bodies is it disposed of via auction or on the open market.
- **Leisure centres** - The Committee clarified that where there were property implications following a forthcoming review of leisure centres it would be a matter for this Committee, and in all other operational service delivery respects leisure services are a matter for the Economy and Culture Scrutiny Committee.
- **Carbon emissions** - The Committee was particularly interested in how the Council would ensure its One Planet Cardiff aspirations were embedded in procurement contracts. Members heard that the Council's focus would be on new build, with Fairwater School being the first carbon neutral school, and that contractors are very aware of the need to build in carbon neutral solutions.
- **Macro-economic challenges** - Members established that the Annual Property Plan 2022-23 had not taken into consideration the macro-economic challenges of inflation and interest rate rises and their impact on the property market and would be bringing forward rationalisation proposals to address the macro-economic pressures.

## Way Forward

20. The Cabinet Member for Investment & Development, Councillor Russell Goodway; Director of Economic Development, Neil Hanratty, and Assistant Director County Estates, Donna Jones, will attend to present the Annual Property Plan and to answer Members' questions.

## Legal Implications

21. 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**

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 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:**

- I. Consider the Annual Property Plan 2023-24, how effectively it supports the Corporate Property Strategy 20221-26, and
- II. Agree whether any comments, concerns or observations should be relayed to the Cabinet Member for Investment & Development.

**DAVINA FIORE**

Director of Governance and Legal Services

6 July 2023

This page is intentionally left blank



**CABINET MEETING:**

**DATE: 13<sup>th</sup> July 2023**

---

## **ANNUAL PROPERTY PLAN 2023/24**

### **INVESTMENT & DEVELOPMENT (CLLR RUSSELL GOODWAY)**

#### **AGENDA ITEM:**

---

**PORTFOLIO:** Investment & Development

#### **Reason for this Report**

1. To approve the 2023/24 Annual Property Plan (APP).

#### **Background**

2. The Council's land and property estate is considerable, with property running costs representing the second largest call on the Council's budget after staff costs. Changes to the way in which the Council delivers its services is inextricably linked to the management of its operational property estate and therefore strategic estate management offers an ongoing opportunity to support improved efficiency and service delivery. This is particularly relevant to the delivery of new corporate objectives such as the One Planet carbon reduction targets, and implementation of the Hybrid Working model.
3. Land and property management is a key strategic activity which aligns the Council's service and financial objectives with the property estate. It ensures optimisation of property assets to support the Council's business goals and objectives. The requirement for effective land and property management is based on treating property as a corporate resource which forms the basis of the County Estates team and Corporate Landlord principles.
4. In December 2021, Cardiff Council adopted a five year Corporate Property Strategy (2021-2026) setting out a framework within which all Council property related matters are to be managed. The Cabinet approved Strategy, entitled "*Leaner and Greener*", established a series of targets over the five year period designed to support core corporate objectives relating to service delivery, regeneration and the Council's budget.
5. The Annual Property Plan (APP) is the annual report which serves as the implementation plan for the Strategy in each relevant year. The information set out within the APP contributes towards the five year targets set out in the Property Strategy, reporting the transactions completed from the previous financial year, as well as the transactions planned for the current

financial year. The APP also provides updates on any relevant property projects or initiatives and their relevance to the Property Strategy.

6. An update on selected key issues relevant to the Council's property estate in 2023/24 is described below.

## Issues

### Hybrid Working

7. Development of the Council's Hybrid Working accommodation strategy is at an advanced stage. This is a significant workstream in the context of the Council's operational estate, particularly in regard to County Hall & City Hall (Core Office Strategy, cabinet report 22<sup>nd</sup> June 2023), as the outcome will have an impact on the Council's future office requirements. Specific governance has been established to manage Hybrid Working and Core Office work streams.

### Regeneration

8. Utilisation of the Council's land and property assets is fundamental to the delivery of large-scale regeneration schemes aligned with the Council's Economic Development and Wellbeing initiatives. Examples include the International Sports Village and the Atlantic Wharf masterplan. These schemes are of a scale that require specific governance and individual cabinet reports. Regeneration schemes also take place on a smaller scale to deliver specific community or Economic Development objectives. For example, the recent regeneration of Maelfa in Pentwyn. The related land and property transactions are reported through the Annual Property Plan.
9. Given the community impact of major regeneration schemes it is important to ensure appropriate consideration is given to equality impact and future generations. County Estates work closely with service areas to ensure that all proposed transaction detailed in the APP (See Appendix 1), have been considered in regard to Equality Impact Assessments.

### Housing

10. The Council's Housing targets remain a significant corporate priority. The Property Strategy established the principle that any Council owned sites declared surplus to requirements should firstly be assessed for suitability to meet HRA Housing objectives. This is a key element of the decision-making process when disposing of surplus land assets. From 2023/24 a defined timescale is to be proposed and agreed to allow Housing to undertake the required due diligence on sites prior to appropriation. Prompt and decisive decision making is essential as part of the Council's Governance process to ensure that any costs of holding onto property are minimised. This includes maintenance liabilities, insurance obligations as well as operating costs such as security.
11. Any appropriation to the Housing Revenue Account, however, is required to be supported by an approved viability assessment; the site value and development cost be affordable within the Housing Revenue Account

budget and be completed promptly to ensure the holding costs to the Council are minimised. Council capacity to implement alternative uses for sites should also be considered to ensure any new housing or regeneration benefits are delivered promptly, rather than sites remaining vacant for some time.

12. The appropriation of general fund sites to the Housing Revenue Account (HRA) has made up a significant proportion of the annual capital receipt targets in previous years. As new housing programmes are developed it is anticipated further appropriations will be required to ensure an adequate supply of suitable sites. These are reported through the Annual Property Plan, established corporate asset management governance and within specific HRA governance.

### SOP

13. Implementation of the Sustainable Communities for Learning Band B Programme is ongoing. The replacement Fitzalan High School on Leckwith Road is nearing completion and handover, and the St Mellons CiW Primary is also progressing well on site. A number of other projects are progressing through the design phase, including the Fairwater Campus and the new Willows High School. The programme has successfully developed Net Zero Carbon (NZC) standards for new build schools and improved procurement processes. Welsh Government has supported strategic land transactions to enable the implementation of the programme, such as the acquisition of the former HMRC site at Ty Glas, Llanishen, with demolition now underway.
14. The SOP strategic plan establishes principles for decision making and priorities. As there is limited land available within the Council's estate, there may be a requirement for further acquisitions and disposals to support future projects, working with Welsh Government to support funding and affordability of any options to be considered. The ALN provision is a key objective in 2023/24 and any transactions relating to this or any other scheme will be reported through Cabinet and also outlined in the Annual Property Plan in future years.

### Depots Review

15. A review of the Council's depot estate will commence in 2023/24. The review will align with the key themes of the property strategy, taking into consideration carbon impact, revenue requirement, impact on planned and routine maintenance, service needs and historic maintenance liabilities, capital requirements. It will also consider the added dynamic of any EV fleet / vehicle charging requirements and align with the imminent Q3 2023/24 Fleet Strategy cabinet report.

### Land

16. The Council's estate includes considerable land assets principally used either operationally for purposes such as education, recreation and public open space or is held of planning purposes to deliver future development and regeneration. Where land becomes surplus to service requirements

it is assessed to determine the most appropriate future use. This includes potential alternative operational uses by other service areas to deliver different services i.e. a change of use. However, in some instances the land is declared surplus to Council requirements and can be considered for disposal.

17. The delivery of various Council objectives is dependent on the availability of land. Examples include established regeneration programmes such as Housing and SOP. More recently, One Planet Cardiff and the Council's objectives relating to sustainability and carbon reduction have introduced land dependent projects, such as Coed Caerdydd.
18. Finally, the Council has a capital receipts target to support the capital programme. Consideration will be given to the delivery of each requirement for land and any recommendations will be made on a case-by-case basis.

### APP targets

19. The Corporate Property Strategy 2021-26 identified five performance targets to be achieved by the end of the strategy. Each year the APP determines targets to be achieved annually that contribute to the overall strategy target.

### 2022/23 – end of year summary

20. Table 1 shows the 2022/23 APP performance. The Annual Property Plan is a dynamic process and the annual transaction list is subject to change throughout the year. A variety of factors will influence the timescale and progress of property projects, such as market forces, changing operational requirements and other external factors / decisions sometimes outside of the Council's control. Some transactional delays and revised project timescales have resulted in selected transactions being moved to 2023/24. The proposed property targets will still be achieved, however over a longer timescale than first projected.

|                  | Carbon reduction                 | Priority 1 works commissioned | Running Cost reduction | General Fund Capital Receipts | Investment estate target   |
|------------------|----------------------------------|-------------------------------|------------------------|-------------------------------|----------------------------|
| 2022/23 Target   | <b>Maintain current position</b> | <b>100%</b>                   | <b>£100k</b>           | <b>£5.5m</b>                  | <b>n/a (5 year target)</b> |
| 2022/23 Achieved | <b>-2%</b>                       | <b>100%</b>                   | <b>£88k</b>            | <b>£3.12m</b>                 | <b>n/a</b>                 |

**Table 1. Annual Property Plan result 2022/23**

### 2023/24 – New targets

21. Table 2 shows the targets proposed for 2023/24. These targets have been calculated from the projected impact of the transactional list detailed in Appendix 1 together with any additional transactions originally approved in APP 2022/23 and now forecast to complete in the current financial year.

The general fund capital receipts target reflects previous experience of a proportion of the full list identified in year transactions being delayed and rolled over to following years owing to factors outside of the Council's control.

|        | Carbon reduction                 | Priority 1 works commissioned | Running Cost reduction | General Fund Capital Receipts | Investment estate target   |
|--------|----------------------------------|-------------------------------|------------------------|-------------------------------|----------------------------|
| Target | <b>Maintain current position</b> | <b>100%</b>                   | <b>£1.6m</b>           | <b>£3m</b>                    | <b>n/a (5 year target)</b> |

**Table 2. Annual Property Plan targets 2023/24**

### Carbon reduction in the Built Environment

22. The carbon reduction target tracks the contribution of property towards the built environment stream of the One Planet Cardiff Strategy. The Property Strategy 2021-26 set a target of reducing the carbon footprint in the Built Environment by 30% by 2025/26.
23. In 2022/23 a slight decrease in carbon emissions was observed from the previous year. This was largely attributed to the reduced use of Council properties resulting from Hybrid working, and to the lifting of COVID-19 measures such as building ventilation etc. Significant decreases may not be seen until later years of the Property Strategy and the One Planet Cardiff Strategy due to the time required for large schemes to be devised, procured, and implemented.
24. The Property Strategy sets out the key areas of focus to permanently reduce the built environment carbon footprint including:
  - **Modernisation** of the estate through physical interventions
  - **Behavior change** through more efficient use of our properties
  - **Passive decarbonization** of the grid, and
  - **Rationalisation** of property.
25. Modernisation of the estate is the most challenging area of focus due to the resource, time, scale and complexity associated with the type of physical interventions required to make a significant reduction to carbon footprint in buildings.
26. Refit has been used previously as a means to implement such interventions, but recent modelling shows that even if an estate wide refit programme could be devised (which is very unlikely given the scale and resource required), then this would need to be complemented with other capital works outside existing budget allocations in order to meet the One Planet Cardiff carbon reduction target within the current timescale.
27. Nineteen school sites have previously benefited from Refit programmes delivering an average of 13% carbon reduction. A new Refit programme is being developed which will again include schools but will also be extended to the corporate estate. Due to the scale of works required to meet One Planet Cardiff carbon reduction targets, Refit 2023/24 will be the largest

programme thus far. The aspiration is to progress a programme value of £3m in the first year, however the detail of the programme is still being developed and will be subject to a separate cabinet report later in 2023/24, setting out a business case for investment in sites.

28. A combination of Rationalisation, Behavior change, Passive decarbonization and Modernisation will likely result in a significant reduction to the carbon footprint of the corporate estate in the next few years. However achieving the same degree of reduction in the Schools estate is significantly more challenging given the statutory operational requirements of the service, types of properties, potential disruption, and scale and cost of the interventions required. Further work is ongoing to fully articulate the options and requirements to meet the Built Environment carbon reduction target. Further One Planet Cardiff progress updates, including Built Environment details, will be presented to cabinet in due course.
29. The legislation on Energy Performance Certificates (EPC) changed in April 2023 and as Landlord, the Council is required to hold an EPC for each asset and that the asset obtains a certain grade of energy performance ranging between A-G. An estate wide survey programme (operational and leased assets) is underway to ascertain the EPC rating of all properties and whether works are needed to achieve the new legal performance rating.
30. The initial EPC survey programme is proposed to be met within existing revenue budgets. Depending on the results of the surveys and the requirement for works, additional capital budget may be required in excess of existing asset renewal allocations in order to comply with this evolving new legislation. Future Asset renewal priority allocation will be required to consider these works in future years. Survey results are expected to be returned Q3/Q4 2023/24.

#### Priority 1 works

31. Modernisation of the estate describes the planned investment, repair and improvement of the councils corporate and education properties. The Property Strategy sets a target of ensuring all priority 1 works identified (through surveys, suitability assessments and statutory maintenance) are commissioned on an annual basis through a planned works programme. This was achieved in 2022/23 with c.£31m works commissioned in total, £2m in the corporate estate and £29m in the schools estate.
32. The draft programme in 2023/24 has a provisional total works value of £37m, split £2m corporate and £35m education. This programme is still in development and subject to affordability, grant allocation and contractor availability. The programme is comprised of works identified through condition and compliance surveys. A key piece of ongoing work relates to the alignment of planned capital works (asset renewal) with carbon reduction modernisation proposals. It is important that going forward these work streams are planned together and complement each other to ensure maximum value for money and impact within the retained estate.

33. In recent years following COVID-19, the cost of construction has increased across the UK considerably. In 2022/23 an increase of up to 60% for materials such as cement, timber and steel compared to pre-Covid levels was observed. Further analysis of the current market conditions indicate that construction costs will remain close to this increased state through 2023/24. This also impacts revenue maintenance costs and statutory compliance related works. Further work is underway to fully understand this increase in the context of annual asset renewal and revenue maintenance budget allocation.
34. Despite the significant recent investment in essential repairs, risks and challenges remain due to the age of the estate. Regular non-planned reactive works are still required on a regular basis, some of which are significant. Examples include Cathays Library, Mansion House, Albany Primary School, Marlborough Primary School and Roath Park Primary School, Tremorfa Nursery structural works; Gwaelod Y Garth demountables and various stonework related issues.
35. In recent years, surveys and practical works have revealed that water leaks and drainage issues resulting from end-of-life infrastructure, particularly in the Education estate, are becoming an increasing priority within asset works programmes. As these are emerging issues undergoing further investigation, they may result in the need for further works outside currently allocated capital and revenue repair budgets.
36. In 2023/24 County Estates will work with Finance colleagues to reaffirm the spend criteria for the asset renewal budget and the principle that capital works relate to improvement and day to day maintenance and repair is undertaken using property revenue budgets. It is acknowledged that this approach is highly likely to require a realignment or increase to existing revenue budgets, particularly if considering an alignment between budget allocation and UK construction cost increases. Examples include minor improvement works such as small scale roof repairs, drain and gutter clearances etc that if left unattended lead to larger capital repairs in the future.

#### Running Cost reduction through relinquishment

37. The property strategy identifies a £6m reduction target over the course of the strategy. The principle means of achieving savings is through rationalisation of the Council's operational footprint. The implementation of hybrid working, and reviews of the operation estate are anticipated to deliver larger running cost savings in later years of the strategy.
38. The cost of energy has risen significantly over the last 18 to 24 months. Cardiff Council is part of a UK wide consortium via CCS (Crown Commercial Services) which includes all other public sector bodies. The CCS purchase the Council's power and gas on the market over a set period of time. The Council has large economies of scale to support achieving the very best prices on the market and negate as much risk as possible. As such the Council has been protected from the widely publicised energy spikes with the increases not filtering through until April 2023.

39. Both the CCS and Cardiff Council's in-house Energy Team continue to monitor the utility markets and work closely with finance to set budgets. The prevailing sentiment is that the current financial year will be the highest in terms of cost with gas and electricity unit prices doubling in some instances. It is anticipated that although prices will not go back down to historic levels (pre-COVID), trend analysis shows a softening of the market from 2024. The market is expected to remain high until at least 2030.
40. The Council has acquired a number of property assets for various service areas to deliver Council services which are managed until occupied or developed, often whilst remaining vacant. The Council also holds assets that have been declared surplus or are going through a consultation process. The holding costs need to be identified at an early stage and managed in conjunction with the relevant service teams and supporting financial advice. Additionally, a dedicated resource has been created within County Estates to adequately coordinate management of vacant property and protect these assets on a day-to-day basis. It is important this is supported through the property decision making process, to ensure holding costs and liabilities can be minimised and the responsibility for such costs are clearly identified.

#### Capital Receipts

41. Capital Receipts from the disposal or appropriation of general fund land and property is critical to support the Council's capital programme. An original target of £40m was established in 2018 to be delivered over the following 5 years, made up of £25m of general disposals and £15m of SOP disposals. That original timeline would have ended in April 2023, at which point c.£13m of disposals had been made, the vast majority of which were made up of non SOP related disposals.
42. Owing to the Covid related disruption and delays to the delivery of SOP related land, at the time of the approval of the Corporate Property Strategy 2021-26, the progress was reviewed and a new target of achieving £25m of capital receipts by 2025/26 was established during the five year period of the Strategy. In the first relevant year 2021/22, £2.2m general fund receipts were achieved, whilst during 2022/23 a total of £3.1m was achieved.
43. In some instances all or part of capital receipts received from selected disposals is ringfenced to deliver project specific investments. For example, the former Glan Morfa school site will now be appropriated to the HRA in 2023/24, as well as land at the former Llanedeyrn Family Centre and St Teilo's School, with the capital receipt captured to include provision for ring fenced sums for new school pitches and other relevant community proposals.
44. Whilst it is currently anticipated that general fund receipts will be close to the original target original anticipated total of £25m by the end of the 2021-26 strategy period, it is noted that the total Capital Receipts sums being raised are not currently sufficient to reach the original £40m target.



45. Other Council policies and objectives developed since 2018, such as Coed Caerdydd and the Greening agenda, have also had a bearing on the ability to sell land originally considered suitable for sale into the private sector.

### Investment Estate

46. The Investment Estates currently produces an income of c.£4.25 million which supports delivery of wider Council Services and provides a strategic land holding which may also complement operational requirements.
47. The Property strategy identifies a £600k net increase in rental income by 2025/26. This is not tracked in the APP on an annual basis due to the generally infrequent nature of significant transactions in the portfolio. However, it is managed through established governance process, and it is noted that in the first two years of the five year strategy the income has increased by c.£202k to c.£4.28m from a commencing income of £4.08m in 2020/21.
48. The Red Dragon Centre is managed on a standalone basis and is subject to separate governance linked to the arena masterplan. Since the site was acquired, the Centre has been managed by the Council's retained asset manager Savills, in conjunction with input from specialist letting agents, as well as in liaison with the Estates and Major Projects team. Regular monitoring and income reporting is in place with the Council's Estates and Finance teams.
49. Recent regulations and activity across the UK have aimed to control any investment primarily for yield. The Council's Investment Estate will continue to be managed with a commercial approach, completing outstanding lease events and where opportunities arise, seek to re-gear leases and potentially re-let at higher commercial market rents.
50. Where a decision is taken to dispose of an investment asset, this may have a short term adverse impact on income receivable, until the disposal proceeds are re-invested. In the medium to long term, reinvestment will be targeted to sustain and improve the Estate's longer term income profile.
51. A draft report "Investment Management Practices 2023/2024" has been completed which identifies/adopts the relevant principles and practices required in Investment Property activities to comply with the Chartered Institute of Public Finance and Accountancy (CIPFA) Treasury Management Code of Practice (2021). This aims to set out the principal risks of managing the investment property estate, how they are mitigated, decision making, governance, reporting of past performance and risks to future income of the estate, capacity and skills. It is a key requirement of the CIPFA code that such practices are developed, embedded in processes and reviewed regularly to ensure up to date. These practices are to be considered via the Asset Management governance process.
52. The report will maintain a risk register to recognise and alleviate some of the principal risks associated with Investment Property activities. The Risk Register is to be reviewed through the Investment Estate Working Group which meets monthly.

53. Staff engaged in Investment Property activities will be made aware of this document and the rules relating to their responsibilities. All staff engaged in Investment Property activities must observe the instructions and recommendations stated in the document.
54. The Council has successfully acquired the leasehold interests in four public houses that were formally owned and operated by Brains across the city. The Council already owned the freehold interest in these properties and therefore now has the unencumbered freeholds to consider for disposal on a case-by-case basis. A number of these properties are being brought forward for disposal in 2023/24 as per programme list.

#### Non-Operational Estate

55. In 2022/23 the Non-Operational Estate benefitted from the recruitment of new staffing resources to meet the management requirements identified in the APP 2022/23. This resource has been used to ensure a proactive approach to case work and management of new leases generated from surplus operational assets.
56. The retail parades sit in the non-operational portfolio and disposal of parades has contributed towards the capital receipt target in previous years. Further retail parade sales are included in the 2023/24 Annual Property Plan and the intention is to sell these via auction throughout the year. As retail parade disposals lead to a loss of revenue when sold, the impact of this loss of income will need to be considered when bringing forward future retail parade disposals.
57. In addition to the retail parades, other selected non-operational assets have been assessed and declared surplus to Council requirements. Some of these assets are let on commercial terms and, therefore, disposal gives rise to a permanent loss of income. The financial impact of this needs to be managed in the context of the Council's budget process.

#### Budgets

58. In addition to setting out the proposed property transactions for the forthcoming year, the Annual Property Plan provides an update on progress towards meeting the 5-year performance target commitments in the Corporate Property Strategy. The Council's property estate has not historically been managed on a full life-cycle cost basis. As such, over the years, the Council has built up a significant maintenance backlog that is not provided for in the Council's capital programme. This situation is exacerbated by the current requirement to reduce the Council's carbon footprint.
59. The Property Plan therefore seeks to retain assets with the lowest maintenance/carbon liability, and to dispose of assets with the highest liability where that is possible. Allocated revenue and capital budgets for maintenance are not sufficient to meet the full list of priority works and therefore priority is given to ensuring the Council's assets remain Health & Safety compliant.

60. Any investment required that falls outside of allocated revenue and capital budgets needs to be brought forward through the Council's established property governance arrangements on a case-by-case basis subject to Cabinet approval as required.

### **Local Member consultation**

61. Member engagement will take place through the implementation of the plan.

### **Reasons for Recommendations**

62. To enable Cabinet to approve the 2023/24 Annual Property Plan.

### **Financial Implications**

63. The successful delivery of outcomes in this property plan should both be aligned with the Capital Programme approved in March 2023 and provide assurance that the appropriate level of funding is available. The annual Property Plan also needs to be underpinned by an effective and robust governance and assurance framework that delivers clear and measurable results through informed and prompt decision making.
64. The report raises a number of areas where there are potential adverse financial implications. This includes:
- the backlog of repairs and maintenance to property
  - the holding costs of property purchased or deemed surplus to requirements awaiting a confirmed way forward on future approach
  - the impact of new Energy performance regulations on the investment estate
  - the income lost when properties which generate income to support the existing budget are sold to generate a capital receipt
  - increasing costs of construction, day to day repairs and compliance impacting on existing revenue and capital budgets and the sustainability of the existing property estate.
65. It is essential any commitments arising from the overall property strategy, this annual plan and individual property transactions are identified as part of options appraisals for properties. The historic backlog of repairs and maintenance of properties makes such option appraisals essential in any, buy, retain, rationalise or dispose of decision making. The annual property plan acknowledges in paragraph 59 that current budgets are not sufficient to meet the pressures in all areas but it should be noted that if such pressures exist and are intended to be considered along with other competing priorities, they need to be clearly demonstrated, prioritised, be affordable and aligned to the budget framework so that risks and any mitigating actions and alternative funding sources can be considered.
66. Any costs charged as capital should ensure a budget is in place, the impact on wider planned programme is considered and also that such

costs meet the eligibility to be defined as capital expenditure e.g. being a significant enhancement. To do otherwise would make the capital budgets already approved and the borrowing that underpins them unsustainable.

67. In respect of the Council's One Planet Strategy and decarbonisation targets, several initiatives such as retrofit, behaviour change, passive decarbonisation of the grid and rationalisation of property are considered to contribute to future changes to the carbon footprint for the Authority. Any plans and programmes which develop from these initiatives will need part of an overall agreed strategy rather than a piecemeal approach and be supported by robust business cases which clearly identify the funding source and provide assurance that they remain affordable within the Council's overall financial position. It is suggested that a future cabinet report will consider the overall strategy and how schemes such as REFIT fit in to that overall strategy and the financial implications, achievability and deliverability of commitments in respect to decarbonisation and energy efficiency.
68. Where the report refers to schemes such as Atlantic Wharf Masterplan, Core Office Strategy, International Sports Village etc, the financial implications of such strategies are considered by those specific Cabinet reports so are not repeated here. Specific property proposals may often be the subject of specific Cabinet reports, e.g Pentwyn and Saint Davids Hall with specific financial implications included in those proposals.
69. The appendix to this report highlights a list of known property transactions that may be undertaken during the year. Each such transaction will need to be considered as part of this existing governance and due diligence process as set out in the constitution. This will be dependent of factors such as value, ownership, viability assessments, where the proceeds are requested to be earmarked for an alternative approved purpose etc.
70. The report provides an update on the target for non-earmarked capital receipts set in 2018/19 and now extended to 2025/26. Capital receipts from the disposal or appropriation of General Fund land and property are intended to support the Council's capital programme. The report identifies that the target for 2023/24 is £3m. Where capital expenditure is undertaken on the basis of future receipts, this represents a risk to increasing the level of the Council's borrowing.
71. Lost income from sites to be disposed of towards capital receipts targets that are not part of the investment property estate will have an impact on the property budget and will need to be managed within the existing budget or as part of the increased income target. Where such sites are to be disposed of, there needs to be a clear rationale for disposal as part of the Council's governance processes including consideration of yield lost and the extent of any liability inherent in the asset which forms the rationale for disposal.
72. Where proposals are reliant on the generation of earmarked receipts, there is a risk to the budget framework and unplanned increases to the level of borrowing if such receipts are not realised in terms of value and timing. Where additional sites are acquired to meet strategic aims, the

holding costs and VAT implications should be a key financial consideration of the business case development at an early stage.

73. Where properties are the subject of lease agreements, monitoring and enforcement of tenants' obligations to repair should be taken to ensure liabilities do not fall back on the Council. In the event of liabilities being accepted (after a robust options appraisal) then these will need to be managed within existing resources and prioritised with other commitments. Where any new Community leases are proposed to be approved, these should be supported by a robust business case including consideration of sustainability of any entity to manage and operate that asset.
74. Where the Council has entered into lease agreements for its use of properties or land, regular review of the use of such properties needs to be undertaken to ensure decisions can be made in advance of any options periods identified in the lease. Any such options appraisal will need to include any dilapidations payable as well as the benefits in terms of savings in expenditure where the property can be relinquished. Where there are such leased properties, provisions should be created for future lease costs such as dilapidations as part of the continued use of such sites.
75. The report identifies that Investment Estate Practices to accord with CIPFA regulatory requirements and guidance have been developed. Such practices are in place to ensure that risks, reporting of performance (past and future), capacity, skills and governance process is in place to manage such assets. Such practices should be embedded as part of existing processes and updated at least annually in line with the requirements.
76. An additional income target of £600,000 for investment property has been set as part of the budget by 2025/26 through completion of outstanding leases, regearing of leases and relets at higher commercial market rents. This target will need to be tested and continually reviewed to ensure it is at an achievable level and is not based on the acquisition of new commercial investment solely for yield.
77. The annual property plan update sets out the income from the existing property estate. In order to ensure that the council complies with reporting requirements set by CIPFA Codes of Practice for all such income generating assets and consideration of any potential impacts on financial resilience, the approach to governance and performance reporting should be tested and clearly identified.

### **Legal Implications**

78. This report highlights property transaction proposed by the Council for the forthcoming year. It is expected that prior to entering into any transactions, a specific decision on that transaction will be made in accordance with the Council's decision-making processes according to the relevant values, upon which specific legal advice can be provided on the proposed terms.
79. The Council has an obligation to ensure value for money in its management, acquisition and disposal of land and property as public

assets. The Council's Acquisition and Disposal of Property Procedure Rules in Part 4 of the Council's Constitution sets out the matters to be considered with reference to Property transactions.

### Equalities & Welsh Language

80. In considering this matter the decision maker must have regard to the Council's duties under the Equality Act 2010 (including specific Welsh public sector duties). 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.
81. 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.
82. An Equalities Impact Assessment aims to identify the equalities implications of the proposed decision, including inequalities arising from socio-economic disadvantage, and due regard should be given to the outcomes of a Equalities Impact Assessment. The decision maker should be mindful of the Welsh Language (Wales) Measure 2011 and the Welsh Language Standards.

### The Well-being of Future Generations (Wales) Act 2015

83. 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. In discharging its duties under the Act, the Council has set and published wellbeing objectives designed to maximise its contribution to achieving the national wellbeing goals. The wellbeing objectives are set out in Cardiff's Corporate Plan 2020 -23.
84. When exercising its functions, the Council is required to take all reasonable steps to meet its wellbeing objectives. This means that the decision makers should consider how the proposed decision will contribute towards meeting the wellbeing objectives and must be satisfied that all reasonable steps have been taken to meet those objectives.

85. The wellbeing 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
86. 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 online using the link below:  
<http://gov.wales/topics/people-and-communities/people/future-generations-act/statutory-guidance/?lang=en>

### **Human Resources Implications**

87. The report refers to the Cabinet report on Core Office Strategy, (22 June 2023) which outlined that far less office space will be required in the future following the adoption of the Hybrid Working Model framework. The human resources implications of this strategy were considered in the Cabinet report so are not repeated here.
88. Following the publication of the Workforce Strategy for the period 2023 - 2027, it is acknowledged that the Hybrid Working Model will continue to operate where it meets organisational needs.
89. The Council as a major employer within Cardiff and the wider region wishes to attract, retain and develop the best talent. To remain competitive in a fast-changing labour market, the Council is currently developing a Hybrid Working Policy which may result in employment contractual developments.
90. Trade unions will be consulted on the draft Hybrid Working Policy.

### **Property Implications**

91. All property considerations are described in the report.

### **RECOMMENDATION**

92. Cabinet is recommended to:

- i) Approve the 2023/24 transactions list and Annual Property Plan attached at Appendix 2.
- ii) Note the potential revenue and capital investment requirements needed to ensure ongoing compliance in existing areas and also in respect of emerging legislation, such as works relating to Energy Performance Certificates.

|                                   |   |
|-----------------------------------|---|
| <b>SENIOR RESPONSIBLE OFFICER</b> | <b>Neil Hanratty</b><br><b>Director of Economic Development</b> |
|                                   | <b>Date</b>   |

The following appendix is attached:

Appendix 1: Annual Property Plan 2023/24 transactions list

Appendix 2: Annual Property Plan 2023/24

## Appendix 1

### Proposed APP programme of transactions for 2023/24:

Subject to due diligence

| <b>Operational Property Transactions</b>        |            |          |                                     |
|---|------------|----------|-------------------------------------|
| Property  | Ward       | Tenure   | Action / Status                     |
| Roath Library                                   | Adamsdown  | Freehold | SELL / LONG LEASE                   |
| Former St Isan Care Home                        | Llanishen  | Freehold | Transfer to Housing Revenue Account |
| Moorland Community Centre                       | Splott     | Freehold | Transfer to Housing Revenue Account |
| Land at former Llanrumney High – Changing Rooms | Llanrumney | Freehold | LEASE                               |
| Land at former Llanrumney High – Pitches        | Llanrumney | Freehold | LEASE                               |
| First Floor Pontcanna Changing Rooms            | Riverside  | Freehold | LEASE                               |
| Adamsdown Community Centre, Metal Street        | Adamsdown  | Freehold | LEASE                               |
| Riverside Play Centre                           | Riverside  | Freehold | LEASE                               |
| Mynachdy Community                              | Gabalfa    | Freehold | LEASE                               |



### Land Disposals

| Property  | Ward        | Tenure   | Action / Status |
|---|-------------|----------|-----------------|
| Land at Epstein Close, Danescourt               | Llandaff    | Freehold | SELL            |
| Land at former Youth Hostel, Wedal Road         | Plasnewydd  | Freehold | SELL            |
| Land adjacent to Chestnut Retail Parade         | Fairwater   | Freehold | LONG LEASE      |
| Land adjacent to Ton-y-Bwlch Cottage            | Tongwynlais | Freehold | SELL            |
| Land adjacent to Bishopston Road Retail Parade  | Caerau      | Freehold | SELL            |
| Land at Chartwell Drive                         | Lisvane     | Freehold | SELL            |
| Land adjacent to Llangrannog Road Retail Parade | Llanishen   | Freehold | SELL            |

### Investment Estate Transactions

|                                  |            |          |                                     |
|----------------------------------|------------|----------|-------------------------------------|
| Willows Public House             | St Mellons | Freehold | SELL                                |
| The Retreat                      | Pentwyn    | Freehold | SELL                                |
| Wolfs Castle Public House        | Llanishen  | Freehold | Transfer to Housing Revenue Account |
| Unit 14 Ipswich Road (Greenfrog) | Penylan    | Freehold | Option to lease                     |

### Acquisitions

| Property           | Ward       | Tenure   | Action / Status |
|--------------------|------------|----------|-----------------|
| Ty Countisbury     | Llanrumney | Freehold | Under Offer     |
| 7A Neville Street  | Riverside  | Freehold | Under Offer     |
| Land at Keen Road  | Splott     | Freehold | Under Offer     |
| Land at Lewis Road | Splott     | Freehold | Under Offer     |

This page is intentionally left blank

## Appendix 1

### Proposed APP programme of transactions for 2023/24:

Subject to due diligence

| Operational Property Transactions               |            |          |                                     |
|---|------------|----------|-------------------------------------|
| Property  | Ward       | Tenure   | Action / Status                     |
| Roath Library                                   | Adamsdown  | Freehold | SELL / LONG LEASE                   |
| Former St Isan Care Home                        | Llanishen  | Freehold | Transfer to Housing Revenue Account |
| Moorland Community Centre                       | Splott     | Freehold | Transfer to Housing Revenue Account |
| Land at former Llanrumney High – Changing Rooms | Llanrumney | Freehold | LEASE                               |
| Land at former Llanrumney High – Pitches        | Llanrumney | Freehold | LEASE                               |
| First Floor Pontcanna Changing Rooms            | Riverside  | Freehold | LEASE                               |
| Adamsdown Community Centre, Metal Street        | Adamsdown  | Freehold | LEASE                               |
| Riverside Play Centre                           | Riverside  | Freehold | LEASE                               |
| Mynachdy Community                              | Gabalfa    | Freehold | LEASE                               |

| Land Disposals                                 |             |          |                 |
|--|-------------|----------|-----------------|
| Property                                       | Ward        | Tenure   | Action / Status |
| Land at Epstein Close, Danescourt              | Llandaff    | Freehold | SELL            |
| Land at former Youth Hostel, Wedal Road        | Plasnewydd  | Freehold | SELL            |
| Land adjacent to Chestnut Retail Parade        | Fairwater   | Freehold | LONG LEASE      |
| Land adjacent to Ton-y-Bwlch Cottage           | Tongwynlais | Freehold | SELL            |
| Land adjacent to Bishopston Road Retail Parade | Caerau      | Freehold | SELL            |
| Land at Chartwell Drive                        | Lisvane     | Freehold | SELL            |

|   |           |          |      |
|---|-----------|----------|------|
| Land adjacent to Llangrannog Road Retail Parade | Llanishen | Freehold | SELL |
|---|-----------|----------|------|

### Investment Estate Transactions

|                                  |            |          |                                     |
|----------------------------------|------------|----------|-------------------------------------|
| Willows Public House             | St Mellons | Freehold | SELL                                |
| The Retreat                      | Pentwyn    | Freehold | SELL                                |
| Wolfs Castle Public House        | Llanishen  | Freehold | Transfer to Housing Revenue Account |
| Unit 14 Ipswich Road (Greenfrog) | Penylan    | Freehold | Option to lease                     |

### Acquisitions

| Property           | Ward       | Tenure   | Action / Status |
|--------------------|------------|----------|-----------------|
| Ty Countisbury     | Llanrumney | Freehold | Under Offer     |
| 7A Neville Street  | Riverside  | Freehold | Under Offer     |
| Land at Keen Road  | Splott     | Freehold | Under Offer     |
| Land at Lewis Road | Splott     | Freehold | Under Offer     |

# Annual Property Plan 23/24



**STRONGER  
FAIRER  
GREENER**



# Contents

|                                      |    |
|--------------------------------------|----|
| 1. Summary .....                     | 2  |
| 2. Background.....                   | 3  |
| 3. APP 22/23 performance.....        | 3  |
| 4. APP 23/24 Overview .....          | 4  |
| 5. APP 23/24 Targets .....           | 10 |
| 6. Proposed APP programme 23/24..... | 10 |
| 6. APP transactions 22/23 .....      | 12 |
| 6. APP 22/23 Acquisitions .....      | 13 |

## 1. Summary

The Annual Property Plan (APP) is an annual report that sets out the property programme for the forthcoming financial year and summarises key property related themes and programmes. The APP applies to the operational portfolio which comprises land and property used to deliver or support Council services, and also the leased Investment and Non-operational portfolio's. The Property Strategy 2021-26 established property performance targets to be achieved over a five-year period. The APP reports progress towards these targets through completed land and property transactions. The APP also lists proposed transactions for the present year, seeking authority from cabinet to proceed.

The property strategy 21-26 identified five performance targets:

- **Carbon reduction**  
Supporting delivery of the One Planet Cardiff strategy and contributing to net zero by 2030. Reduce the carbon footprint in the Built Environment by 30%.
- **Modernisation: Completion of all Priority 1 works**  
Achieve 100% of Priority 1 programmed asset works in each financial year based on an annually reviewed rolling programme.
- **Efficiency: Running cost reduction**  
Records the degree to which the Council is using its assets in a more cost-effective way and reducing revenue costs. Reduce the running cost by £6m.
- **Capital Receipts**  
Commitment to ensure support to the Council's capital programme via disposal of land and property. Achieve £25m general fund capital receipts.
- **Investment Estate: Rental income**  
Target to increase the rental income from leased property by £600k.

### APP 23/24 Targets

Each year the APP determines targets to be achieved annually that then contribute to the strategy target. The 2023/24 targets are as below:

|        | Carbon reduction                 | Priority 1 works commissioned | Running Cost reduction | General Fund Capital Receipts | Investment estate target   |
|--------|----------------------------------|-------------------------------|------------------------|-------------------------------|----------------------------|
| Target | <b>Maintain current position</b> | <b>100%</b>                   | <b>£1.6m</b>           | <b>£3m</b>                    | <b>n/a (5 year target)</b> |

Table 1. Annual Property Plan targets 2023/24

## 2. Background

The Council's land and property estate is considerable, with property running costs representing the second largest call on the Council's budget after staff costs. Changes to the way in which the Council delivers its services is inextricably linked to the management of its operational property estate and therefore strategic estate management offers an on-going opportunity to support improved efficiency and service delivery. This is particularly relevant in the post COVID recovery period as services adapt to working in new ways and different environments, for example the adoption of Hybrid Working models.

Land and property management is a key strategic activity which aligns the Council's service and financial objectives with the property estate. It ensures optimisation of property assets to best support the organisation's business goals and objectives. The requirement for effective land and property management is based on treating property as a corporate resource which forms the basis of the County Estates team and Corporate Landlord principles.

In December 2021, Cardiff Council adopted a new five-year Corporate Property Strategy (2021-2026) setting out a framework within which all Council property related matters are to be managed. The Cabinet approved Strategy, entitled "*Leaner and Greener*", established a series of targets over the five-year period designed to support core corporate objectives relating to service delivery, regeneration and the Council's budget.

The Annual Property Plan (APP) is an annual document which serves as the implementation plan for the Strategy. The annual targets within the APP contribute towards the five year targets established within the Property Strategy, setting out the transactions completed from the previous financial year, as well as the transactions planned for the current financial year. The APP also provides updates on any relevant property projects or initiatives and their relevance to the property strategy.

An Annual Property Plan will be published for each year of the five year Corporate Property Strategy. Financial year 2021/22 was the first APP in the new strategy and APP 2023/24 is the third.

## 3. APP 22/23 performance

Table 2 shows the 2022/23 APP performance. The Annual Property Plan is a dynamic process and the annual transaction list is subject to change throughout the year. A variety of factors will influence the timescale and progress of property projects, such as market forces, changing operational requirements and other external factors / decisions sometimes outside of the Council's control. Some transactional delays and revised project timescales have resulted in selected transactions being moved to 2023/24. The proposed property targets will still be achieved, however over a longer timescale than first projected.

|                           | <b>Total estate Running cost reduction</b> | <b>Priority 1 works commissioned</b> | <b>Built Environment Carbon reduction</b> | <b>General Fund Capital Receipts</b> |
|---------------------------|--|--------------------------------------|---|--------------------------------------|
| <b>APP target 2022/23</b> | <b>£100,000</b>                            | <b>100%</b>                          | <b>Maintain current position</b>          | <b>£5.5m</b>                         |
| <b>Achieved 2022/23</b>   | <b>£88,000</b>                             | <b>100%</b>                          | <b>-2%</b>                                | <b>£3.3m</b>                         |

Table 2. Annual Property Plan targets 2022/23



Some transactional delays and revised project timescales have resulted in selected transactions being moved to 2023/24. The proposed property targets will still be achieved, however over a longer timescale than first projected.

#### **4. APP 23/24 Overview**

The Annual Property Plan (APP) is the annual report which serves as the implementation plan for the Strategy in each relevant year. The information set out within the APP contributes towards the five year targets set out in the Property Strategy, reporting the transactions completed from the previous financial year, as well as the transactions planned for the current financial year. The APP also provides updates on any relevant property projects or initiatives and their relevance to the Property Strategy.

##### Hybrid Working

Development of the Council's Hybrid Working accommodation strategy is at an advanced stage. This is a significant workstream in the context of the Council's operational estate, particularly in regards to County Hall & City Hall (Core Office Strategy, cabinet report 22<sup>nd</sup> June 2023), as the outcome will have an impact on the Council's future office requirements. Specific governance has been established to manage Hybrid Working and Core Office work streams.

##### Regeneration

Utilisation of the Council's land and property assets is fundamental to the delivery of large-scale regeneration schemes aligned with the Council's Economic Development and Wellbeing initiatives. Examples include the International Sports Village and the Atlantic Wharf masterplan. These schemes are of a scale that require specific governance and individual cabinet reports. Regeneration schemes also take place on a smaller scale to deliver specific community or Economic Development objectives. For example the recent regeneration of Maelfa in Pentwyn. The related land and property transactions are reported through the Annual Property Plan.

Given the community impact of major regeneration schemes it is important to ensure appropriate consideration is given to equality impact and future generations. County Estates work closely with service areas to ensure that all proposed transaction detailed in the APP (See table 4), have been considered in regards to Equality Impact Assessments.

##### Housing

The Council's Housing targets remain a significant corporate priority. The Property Strategy established the principle that any Council owned sites declared surplus to requirements should firstly be assessed for suitability to meet HRA Housing objectives. This is a key element of the decision-making process when disposing of surplus land assets. From 2023/24 a defined timescale is to be proposed and agreed to allow Housing to undertake the required due diligence on sites prior to appropriation. Prompt and decisive decision making is essential as part of the Council's Governance process to ensure that any costs of holding onto property are minimised. This includes maintenance liabilities, insurance obligations as well as operating costs such as security

Any appropriation to the Housing Revenue Account however, is required to be supported by an approved viability assessment; the site value and development cost be affordable within the Housing Revenue Account budget and be completed promptly to ensure the holding costs to the Council are minimised. Council capacity to implement alternative uses for sites should also be considered to ensure any new housing or regeneration benefits are delivered promptly, rather than sites remaining vacant for some time.

The appropriation of general fund sites to the Housing Revenue Account (HRA) has made up a significant proportion of the annual capital receipt targets in previous years. As new housing programmes are developed it is anticipated further appropriations will be required to ensure an adequate supply of suitable sites. These are reported through the Annual Property Plan, established corporate asset management governance and within specific HRA governance.

### SOP

Implementation of the Sustainable Communities for Learning Band B Programme is ongoing. The replacement Fitzalan High School on Leckwith Road is nearing completion and handover, and the St Mellons CiW Primary is also progressing well on site. A number of other projects are progressing through the design phase, including the Fairwater Campus and the new Willows High School. The programme has successfully developed Net Zero Carbon (NZC) standards for new build schools and improved procurement processes. Welsh Government has supported strategic land transactions to enable the implementation of the programme, such as the acquisition of the former HMRC site at Ty Glas, Llanishen, with demolition now underway.

The SOP strategic plan establishes principles for decision making and priorities. As there is limited land available within the Council's estate, there may be a requirement for further acquisitions and disposals to support future projects. The ALN provision is a key objective in 2023/24 and any transactions relating to this or any other scheme will be reported through Cabinet and also outlined in the Annual Property Plan.

### Depots Review

A review of the Council's depot estate will commence in 2023/24. The review will align with the key themes of the property strategy, taking into consideration carbon impact, revenue requirement, impact on planned and routine maintenance, service needs and historic maintenance liabilities, capital requirements. It will also consider the added dynamic of any EV fleet / vehicle charging requirements and align with the imminent Q3 2023/24 Fleet Strategy cabinet report.

### Land

The Council's estate includes considerable land assets principally used either operationally for purposes such as education, recreation and public open space or is held of planning purposes to deliver future development and regeneration. Where land becomes surplus to service requirements it is assessed to determine the most appropriate future use. This includes potential alternative operational uses by other service areas to deliver different services i.e. a change of use. However, in some instances the land is declared surplus to Council requirements and can be considered for disposal.

The delivery of various Council objectives is dependent on the availability of land. Examples include established regeneration programmes such as Housing and SOP. More recently, One Planet Cardiff and the Council's objectives relating to sustainability and carbon reduction have introduced land dependent projects, such as Coed Caerdydd.

Finally, the Council has a capital receipts target to support the capital programme. Consideration will be given to the delivery of each requirement for land and any recommendations will be made on a case-by-case basis.

### One Planet Cardiff – Carbon Neutral Built Environment

The carbon reduction target tracks the contribution of property towards the built environment stream of the One Planet Cardiff Strategy. The Property Strategy 2021-26 set a target of reducing the carbon footprint in the Built Environment by 30% by 2025/26.

In 2022/23 a slight decrease in carbon emissions was observed from the previous year. This was largely attributed to the reduced use of Council properties resulting from Hybrid working, and to the lifting of COVID-19 measures such as building ventilation etc. Significant decreases may not be seen until later years of the Property Strategy and the One Planet Cardiff Strategy due to the time required for large schemes to be devised, procured and implemented.

The Property Strategy sets out the key areas of focus to permanently reduce the built environment carbon footprint including:

- **Modernisation** of the estate through physical interventions
- **Behavior change** through more efficient use of our properties
- **Passive decarbonization** of the grid, and
- **Rationalisation** of property

Modernisation of the estate is the most challenging area of focus due to the resource, time, scale and complexity associated with the type of physical interventions required to make a significant reduction to carbon footprint in buildings.

Refit has been used previously as a means to implement such interventions, but recent modelling shows that even if an estate wide refit programme could be devised (which is very unlikely given the scale and resource required), then this would need to be complemented with other capital works outside existing budget allocations in order to meet the One Planet Cardiff carbon reduction target within the current timescale.

Nineteen school sites have previously benefited from Refit programmes delivering an average of 13% carbon reduction. A new Refit programme is being developed which will again include schools but will also be extended to the corporate estate. Due to the scale of works required to meet One Planet Cardiff carbon reduction targets, Refit 2023/24 will be the largest programme thus far. The detail of the programme is currently being developed and will be subject to a separate cabinet report later in 2023/24, setting out a business case for investment in sites.

A combination of Rationalisation, Behavior change, Passive decarbonization and Modernisation will likely result in a significant reduction to the carbon footprint of the corporate estate in the next few years. However achieving the same degree of reduction in the Schools estate is significantly more challenging given the statutory operational requirements of the service, types of properties, and scale and cost of the interventions required. Further work is ongoing to fully articulate the options and requirements to meet the Built Environment carbon reduction target. Further One Planet Cardiff progress updates, including Built Environment details, will be presented to cabinet in due course.

The legislation on Energy Performance Certificates (EPC) changed in April 2023 and as Landlord, the Council is required to hold an EPC for each asset and that the asset obtains a certain grade of energy performance ranging between A-G. An estate wide survey programme (operational and leased assets) is required to ascertain the EPC rating of all properties and whether works are needed to achieve the new legal performance rating.

The initial EPC survey programme is proposed to be met within existing revenue budgets. Depending on the results of the surveys and the requirement for works, additional capital budget may be required in excess of existing asset renewal allocations in order to comply with this evolving new legislation. Future Asset renewal priority allocation will be required to consider these works in future years. Survey results are expected to be returned Q3/Q4 2023/24.

### Priority 1 works

Modernisation of the estate describes the planned investment, repair and improvement of the councils corporate and education properties. The Property Strategy sets a target of ensuring all priority 1 works identified (through surveys, suitability assessments and statutory maintenance) are commissioned on an annual basis. This was achieved in 2022/23 with c£31m works commissioned in total, £2m in the corporate estate and £29m in the schools estate.

The draft programme in 2023/24 has a provisional total works value of £37m, split £2m corporate and £35m education. This programme is still in development and subject to affordability, grant allocation and contractor availability. The programme is comprised of works identified through condition and compliance surveys. A key piece of ongoing work relates to the alignment of planned capital works (asset renewal) with carbon reduction modernisation proposals. It is important that going forward these work streams are planned together and complement each other to ensure maximum value for money and impact within the retained estate.

In recent years following COVID-19, the cost of construction has increased across the UK considerably. In 2022/23 an increase of up to 60% for materials such as cement, timber and steel compared to pre-Covid levels was observed. Further analysis of the current market conditions indicate that construction costs will remain close to this increased state through 2023/24. This also impacts revenue maintenance costs and statutory compliance related works. Further work is underway to fully understand this increase in the context of annual asset renewal and revenue maintenance budget allocation.

Despite the significant recent investment in essential repairs, risks and challenges remain due to the age of the estate. Regular non-planned reactive works are still required on a regular basis, some of which are significant. Examples include Cathays Library, Mansion House, Albany Primary School, Marlborough Primary School and Roath Park Primary School, Tremorfa Nursery structural works; Gwaelod Y Garth demountables and various stonework related issues.

In recent years, surveys and practical works have revealed that water leaks and drainage issues resulting from end-of-life infrastructure, particularly in the Education estate, are becoming an increasing priority within asset works programmes. As these are emerging issues undergoing further investigation, they may result in the need for further works outside currently allocated capital and revenue repair budgets.

In 2023/24 County Estates will work with Finance colleagues to reaffirm the spend criteria for the asset renewal budget and the principle that capital works relate to improvement and day to day maintenance and repair is undertaken using property revenue budgets. It is acknowledged that this approach is highly likely to require a realignment or increase to existing revenue budgets, particularly if considering an alignment between budget allocation and UK construction cost increases. Examples include minor improvement works such as small scale roof repairs, drain and gutter clearances etc that if left unattended lead to larger capital repairs in the future.

### Running Cost reduction through relinquishment

The property strategy identifies a £6m reduction target over the course of the strategy. The principle means of achieving savings is through rationalisation of the Council's operational footprint. The implementation of hybrid working, and reviews of the operation estate are anticipated to deliver larger running cost savings in later years of the strategy.

The cost of energy has risen significantly over the last 18 to 24 months. Cardiff Council is part of a UK wide consortium via CCS (Crown Commercial Services) which includes all other public

sector bodies. The CCS purchase the Council's power and gas on the market over a set period of time. The Council has large economies of scale to support achieving the very best prices on the market and negate as much risk as possible. As such the Council has been protected from the widely publicised energy spikes with the increases not filtering through until April 2023.

Both the CCS and Cardiff Council's in-house Energy Team continue to monitor the utility markets and work closely with finance to set budgets. The prevailing sentiment is that the current financial year will be the highest in terms of cost with gas and electricity unit prices doubling in some instances. It is anticipated that although prices will not go back down to historic levels (pre-COVID), trend analysis shows a softening of the market from 2024. The market is expected to remain high until at least 2030.

The Council has acquired a number of property assets for various service areas to deliver Council services which are managed until occupied or developed, often whilst remaining vacant. The Council also holds assets that have been declared surplus or are going through a consultation process. The holding costs need to be managed in conjunction with finance and the relevant service team. Additionally, a dedicated resource has been created within SED to adequately manage vacant property and protect these assets on a day to day basis.

#### Capital Receipts

Capital Receipts from the disposal or appropriation of general fund land and property is critical to support the Council's capital programme. An original target of £40m was established in 2018 to be delivered over the following 5 years, made up of £25m of general disposals and £15m of SOP disposals. That original timeline would have ended in April 2023, at which point c.£13m of disposals had been made, the vast majority of which were made up of non SOP related disposals.

Owing to the Covid related disruption and delays to the delivery of SOP related land, at the time of the approval of the Corporate Property Strategy 2021-26, the progress was reviewed and a new target of achieving £25m of capital receipts by 2025/26 was established during the five year period of the Strategy. In the first relevant year 2021/22, £2.2m general fund receipts were achieved, whilst during 2022/23 a total of £3.1m was achieved.

In some instances all or part of capital receipts received from selected disposals is ringfenced to deliver project specific investments. For example, the former Glan Morfa school site will now be appropriated to the HRA in 2023/24, as well as land at the former Llanedeyrn Family Centre and St Teilo's School, with the capital receipt captured to include provision for ring fenced sums for new school pitches and other relevant community proposals.

Whilst it is currently anticipated that general fund receipts will be close to the original target original anticipated total of £25m by the end of the 2021-26 strategy period, it is noted that the total Capital Receipts sums being raised are not currently sufficient to reach the original £40m target.

Other Council policies and objectives developed since 2018, such as Coed Caerdydd and the Greening agenda, have also had a bearing on the ability to sell land originally considered suitable for sale into the private sector.

#### Investment Estate

The Investment Estates currently produces an income of c.£4.25 million which supports delivery of wider Council Services and provides a strategic land holding which may also complement operational requirements.

The Property strategy identifies a £600k net increase in rental income by 2025/26. This is not tracked in the APP on an annual basis due to the generally infrequent nature of significant transactions in the portfolio. However, it is managed through established governance involving Estates and Finance officers and it is noted that in the first two years of the five year strategy the income has increased by c.£202k to c.£4.28m from a commencing income of £4.08m in 2020/21.

The Red Dragon Centre is managed on a standalone basis and is subject to separate governance linked to the arena masterplan. Since the site was acquired, the Centre has been managed by the Council's retained asset manager Savills, in conjunction with input from specialist letting agents, as well as in liaison with the Estates and Major Projects team. Regular monitoring and income reporting is in place with the Council's Estates and Finance teams.

Recent regulations and activity across the UK have aimed to control any investment primarily for yield. The Council's Investment Estate will continue to be managed with a commercial approach, completing outstanding lease events and where opportunities arise, seek to re-gear leases and potentially re-let at higher commercial market rents.

Where a decision is taken to dispose of an investment asset, this may have a short term adverse impact on income receivable, until the disposal proceeds are re-invested. In the medium to long term, reinvestment will be targeted to sustain and improve the Estate's longer term income profile.

A draft report "Investment Management Practices 2023/2024" has been completed which identifies/adopts the relevant principles and practices required in Investment Property activities to comply with the Chartered Institute of Public Finance and Accountancy (CIPFA) Treasury Management Code of Practice (2021). This aims to set out the principal risks of managing the investment property estate, how they are mitigated, decision making, governance, reporting of past performance and risks to future income of the estate, capacity and skills. It is a key requirement of the CIPFA code that such practices are developed, embedded in processes and reviewed regularly to ensure up to date. These practices are to be considered via the Asset Management governance process.

The report will maintain a risk register to recognise and alleviate some of the principal risks associated with Investment Property activities. The Risk Register is to be reviewed through the Investment Estate Working Group which meets monthly.

Staff engaged in Investment Property activities will be made aware of this document and the rules relating to their responsibilities. All staff engaged in Investment Property activities must observe the instructions and recommendations stated in the document.

The Council has successfully acquired the leasehold interests in four public houses that were formally owned and operated by Brains across the city. The Council already owned the freehold interest in these properties and therefore now has the unencumbered freeholds to consider for disposal on a case-by-case basis. A number of these properties are being brought forward for disposal in 2023/24 as per programme list.

#### Non-Operational Estate

In 2022/23 the Non-Operational Estate benefitted from the recruitment of new staffing resources to meet the management requirements identified in the APP 2022/23. This resource has been used to ensure a proactive approach to case work and management of new leases generated from surplus operational assets.

The retail parades sit in the non-operational portfolio and disposal of parades has contributed towards the capital receipt target in previous years. Further retail parade sales are included in the 2023/24 Annual Property Plan and the intention is to sell these via auction throughout the year. As retail parade disposals lead to a loss of revenue when sold, the impact of this loss of income will need to be considered when bringing forward future retail parade disposals.

In addition to the retail parades, other selected non-operational assets have been assessed and declared surplus to Council requirements. Some of these assets are let on commercial terms and, therefore, disposal gives rise to a permanent loss of income. The financial impact of this needs to be managed in the context of the Council's budget process.

## 5. APP 23/24 Targets

Table 3 shows the targets proposed for 2023/24. These targets have been calculated from the projected impact of the transactional list detailed in table 6 together with any additional transactions originally approved in APP 2022/23 and now forecast to complete in the current financial year. The general fund capital receipts target reflects previous experience of a proportion of the full list identified in year transactions being delayed and rolled over to following years owing to factors outside of the Council's control.

|        | Carbon reduction                 | Priority 1 works commissioned | Running Cost reduction | General Fund Capital Receipts | Investment estate target   |
|--------|----------------------------------|-------------------------------|------------------------|-------------------------------|----------------------------|
| Target | <b>Maintain current position</b> | <b>100%</b>                   | <b>£1.6m</b>           | <b>£3m</b>                    | <b>n/a (5 year target)</b> |

**Table 3. Annual Property Plan targets 2023/24**

## 6. Proposed APP programme 23/24

Table 4 below shows the full list and type of proposed property transactions for 2023/24. All transactions subject to due diligence.

| <b>Operational Property Transactions</b>        |            |                |                                     |
|---|------------|----------------|-------------------------------------|
| Property  | Ward       | Council Tenure | Action / Status                     |
| Roath Library                                   | Adamsdown  | Freehold       | SELL                                |
| Former St Isan Care Home                        | Llanishen  | Freehold       | Transfer to Housing Revenue Account |
| Moorland Community Centre                       | Splott     | Freehold       | Transfer to Housing Revenue Account |
| Land at former Llanrumney High – Changing Rooms | Llanrumney | Freehold       | LEASE                               |
| Land at former Llanrumney High – Pitches        | Llanrumney | Freehold       | LEASE                               |
| First Floor Pontcanna Changing Rooms            | Riverside  | Freehold       | LEASE                               |
| Adamsdown Community Centre, Metal Street        | Adamsdown  | Freehold       | LEASE                               |

|                       |           |          |       |
|-----------------------|-----------|----------|-------|
| Riverside Play Centre | Riverside | Freehold | LEASE |
| Mynachdy Community    | Gabalfa   | Freehold | LEASE |

| <b>Land Disposals</b>                           |                          |                |                 |
|---|--------------------------|----------------|-----------------|
| Property  | Ward                     | Council Tenure | Action / Status |
| Land at Epstein Close, Danescourt               | Llandaff                 | Freehold       | SELL            |
| Land at former Youth Hostel, Wedal Road         | Plasnewydd               | Freehold       | SELL            |
| Land adjacent to Chestnut Retail Parade         | Fairwater                | Freehold       | LONG LEASE      |
| Land adjacent to Ton-y-Bwlch Cottage            | Whitchurch & Tongwynlais | Freehold       | SELL            |
| Land adjacent to Bishopston Road Retail Parade  | Caerau                   | Freehold       | SELL            |
| Land at Chartwell Drive                         | Lisvane                  | Freehold       | SELL            |
| Land adjacent to Llangrannog Road Retail Parade | Llanishen                | Freehold       | SELL            |

| <b>Investment Estate Transactions</b> |            |                |                                     |
|---------------------------------------|------------|----------------|-------------------------------------|
| Property                              | Ward       | Council Tenure | Action / Status                     |
| Willows Public House                  | St Mellons | Freehold       | SELL                                |
| Wolfs Castle Public House             | Llanishen  | Freehold       | Transfer to Housing Revenue Account |
| Retreat Public House                  | Pentwyn    | Freehold       | SELL                                |
| Unit 14 Ipswich Road                  | Penylan    | Freehold       | Option to lease                     |

**Table 4. Annual Property Plan – transaction programme 2023/24**



## 6. APP transactions completed in 22/23

Table 5 below shows the full list and type of proposed property transactions from 2022/23

| <b>Completed Transactions 2022/23</b>                    |             |                       |                        |
|--|-------------|-----------------------|------------------------|
| <b>Property</b>  | <b>Ward</b> | <b>Council Tenure</b> | <b>Action / Status</b> |
| St Mellons Housing site                                  | St Mellons  | Freehold              | Sold                   |
| Canton Community Centre                                  | Riverside   | Freehold              | Appropriation          |
| Land adjacent Beechley Drive shops                       | Fairwater   | Freehold              | Sold                   |
| Coed Glas Caretakers House                               | Llanishen   | Freehold              | Appropriation          |
| Paddlesteamer  | Butetown    | Freehold              | Sold                   |
| Harris Avenue Retail Parade 85-87                        | Rumney      | Freehold              | Sold                   |
| Llandaff CIW caretakers house                            | Llandaff    | Freehold              | Lease                  |
| Land at Landsea Gardens                                  | Butetown    | Freehold              | Lease                  |
| Land at Moundfield Changing Rooms                        | Radyr       | Freehold              | Licence                |
| Former Riverside Changing Rooms and Land                 | Llanrumney  | Freehold              | Lease                  |
| Llanedeyrn Sports Hall, adjacent St Teilos land disposal | Pentwyn     | Freehold              | Lease                  |
| Westgate Street NCP car park                             | Cathays     | Freehold              | Sold                   |
| Newbridge PH   | Trowbridge  | Freehold              | Option                 |
| Unit 7 Ipswich Road                                      | Penylan     | Freehold              | Option                 |
| Willows PH   | Trowbridge  | Freehold              | Tenancy At Will        |

**Table 5. Annual Property Plan – transaction completions 2022/23**

## 6. APP 22/23 Acquisitions

The acquisition of land and property is occasionally required to support delivery of the Council's business objectives. Table 6 below shows the sites acquired in 2022/23.

| Property  | Tenure    | Action / Status |
|---|-----------|-----------------|
| LAND ON THE NORTH SIDE OF DROPE ROAD (FORMER MICHAELSTON PUB) | Freehold  | Purchased       |
| 22 COWBRIDGE ROAD WEST  | Freehold  | Purchased       |
| WOMANBY STREET DEPOSIT  | Freehold  | Purchased       |
| 176 NEWPORT ROAD  | Freehold  | Purchased       |
| LAND AT EMPIRE WAY  | Freehold  | Purchased       |
| LAND AT CARDIFF POINTE  | Freehold  | Purchased       |
| ICE ARENA   | Leasehold | Purchased       |
| BRAINS PUB SITES (WILLOWS, NEWBRIDGE, RETREAT, WOLF'S CASTLE) | Leasehold | Purchased       |
| UNIT 14 IPSWICH ROAD  | Leasehold | Purchased       |

**Table 6. Acquisitions 2022/23**