

ENVIRONMENTAL SCRUTINY COMMITTEE

14 February 2017

DRAFT CORPORATE PLAN 2017 to 2019 & 2017/18 DRAFT CABINET
BUDGET PROPOSALS

Purpose of report

1. To provide Members with the context for the scrutiny of those sections of the Council's Draft Corporate Plan 2017 to 2019 and Draft Cabinet 2017/18 budget consultation proposals as they relate to the Directorates which falls under the remit of this Committee.

Structure of papers

2. Attached to this report, Members will find a copy of relevant sections of the Draft Corporate Plan 2017 to 2019 and Draft Cabinet budget papers 2017/18 with sections of the budget that fall within this Committee's remit, and which Members may wish to scrutinise during the meeting. The papers include:
 - Draft Corporate Plan 2017 to 2019 (**Appendix 1**);
 - Post Consultation Changes – Includes a total summary of the post consultation changes; a schedule of amended 2017/18 savings proposals; post consultation changes – financial resilience mechanisms & additional pressures (**Appendices 2a, & 2b**);

- 2017/18 Proposals Overview – Includes an overview of the 2017/18 savings proposals; Addressable Spend – budget savings proposals 2017/18 (**Appendices 3a & 3b**);
- City Operations Directorate - Draft Budget Savings Proposals (**Appendix 4**);
- City Operations Directorate – Financial Pressures (**Appendix 5**);
- City Operations Directorate – Capital Programme (**Appendix 6**);
- City Operations Directorate – Employee Implications (**Appendix 7**);
- City Operations Directorate – Controllable Budget Analysis (**Appendix 8**);
- Economic Development Directorate (Commercial & Collaborative Services) - Draft Budget Savings Proposals (**Appendix 9**);
- Economic Development Directorate (Commercial & Collaborative Services) – Financial Pressures (**Appendix 10**);
- Economic Development Directorate (Commercial & Collaborative Services) – Capital Programme (**Appendix 11**);
- Economic Development Directorate (Commercial & Collaborative Services) – Employee Implications (**Appendix 12**);
- Economic Development Directorate (Commercial & Collaborative Services) – Controllable Budget Analysis (**Appendix 13**);
-
- *‘Changes for Cardiff – Consultation Results & Feedback Report on the City of Cardiff Council’s 2017/18 Budget Proposals – Executive Summary’* & relevant sections from the report (**Appendix 14**).

Structure of Meeting

3. The following Cabinet Members and officers have been invited to attend the Committee:

- Councillor Graham Hinchey – Cabinet Member for Corporate Services & Performance;
 - Councillor Ramesh Patel – Cabinet Member for Transport, Planning & Sustainability;
 - Councillor Bob Derbyshire – Cabinet Member for the Environment;
 - Christine Salter – Corporate Director Resources and Section 151 Officer;
 - Andrew Gregory – Director for City Operations;
 - Tara King – Assistant Director for Commercial & Collaborative Services.
4. At the meeting Christine Salter (Corporate Director Resources) will deliver a presentation on the Draft Budget Proposals 2017/18; in doing this she will provide a summary of the outline Welsh Government funding proposals and commenting on how these will impact on services delivered within the Environmental Scrutiny Committee's terms of reference. She and Councillor Graham Hinchey will then be available to answer any Member questions on the overall budget position.
5. The budget corporate overview will be followed by scrutiny of the Draft Budget Proposals 2017/18 for the Transport, Planning & Sustainability Portfolio and Environment Portfolio. This will provide Councillor Ramesh Patel, Cabinet Member for Transport, Planning & Sustainability and Councillor Bob Derbyshire, Cabinet Member for the Environment with the opportunity to brief the Committee on the impact that the Draft Corporate Plan 2017 to 2019 and Draft Budget Proposals 2017/18 will have on their areas of responsibility. The proposals for both of these portfolios are managed from within the City Operations Directorate and Commercial & Collaborative Services section of the Economic Development Directorate. The Cabinet Members will be supported by officers from the City Operations Directorate and Commercial & Collaborative Services section of the Economic Development Directorate.

Background

6. The Council's constitution allows for Scrutiny Committees to consider the Draft Cabinet budget proposals prior to their consideration by the Cabinet and then Council.
7. The Scrutiny Committee's comments or recommendations will be considered by the Cabinet prior to finalising their budget proposals. The budget information provided for consideration alongside this report is for the purpose of consultation only. The Draft Cabinet budget proposals will be considered by Cabinet on 16 February 2017 for agreement; at this meeting a formal decision will also be taken determining the Cabinet's budget recommendations for consideration by Council at its meeting on 23 February 2017.
8. This meeting will focus on those areas of the Council's budget that fall within this Committee's terms of reference together with the budget proposals alignment with those areas of the Draft Corporate Plan 2017 to 2019. Members will, therefore, be presented with the budget proposals for the City Operations Directorate and Commercial & Collaborative Services section of the Economic Development Directorate.

Draft Corporate Plan 2017 to 2019

9. The Draft Corporate Plan 2017 to 2019 is attached as **Appendix 1**. It is structured as follows:
 - Foreword by the Leader of the City of Cardiff Council;
 - The Corporate Plan;
 - The Planning and Policy Framework;
 - Delivering our Vision;
 - Delivering for Cardiff;

- Shaping the Corporate Plan;
 - Sections setting out the Administration's four priorities, along with a section on targets for these priorities.
10. The four priorities set out by the Administration will help prioritise service and inform the difficult decisions that have to be made. The four themes identified in the Draft Corporate Plan 2017 to 2019 are:
- **Priority 1:** Better education and skills for all;
 - **Priority 2:** Supporting Vulnerable People;
 - **Priority 3:** An economy that benefits all our citizens;
 - **Priority 4:** Working together to transform services.
11. The Plan confirms that each Directorate will publish clear Delivery Plans which will continue to provide the clear lines of accountability and responsibility established by the Administration. The Directorate Delivery Plans will provide greater detail on how objectives contained within this plan will be delivered, and will contain details of Council activities not included in the Plan.
12. The Plan clearly sets out the level of financial challenge facing the Administration against an increasing demand for public services. This will require close working with our partners.

Summary of Budgetary Position

13. As at 10 February 2017, the Council found itself with a funding shortfall of approximately £16,889 million for 2017/18 before savings and new pressures have been accounted for. The shortfall comprises of:

Budgetary Gap	£000
Resources Available	581,372
Resources Required	598,261
Shortfall before savings and new pressures	16,889

14. The resources available to finance the budget before any increase in the rate of Council Tax are made up as follows:

Resources Available	£000
Resources from WG	428,217
Council Tax (at nil increase)	151,655
Use of reserves to support the budget	1,500
Total Resources Available	581,372

15. The following table summarises the resources required to cover base expenditure, commitments and budget realignments.

Resources Required	£000
2016/17 adjusted base budget (after transfers)	578,846
New Responsibilities (per settlement)	1,278
Employees (pay awards, increments, NI etc.)	2,916
Demographic pressures	4,610
Commitments	840
Directorate expenditure and income realignments (net)	2,699
Special inflation	2,507
Schools non-pupil number growth (net)	4,565
Total Resources Required	598,261

16. In addition to the budget shortfall of £16,889,000, the Council has identified new directorate pressures of £4,638,000, bringing the shortfall to £21,527,000. Overall savings of £17,007,000 have been identified, resulting in £4,520,000 to be raised from additional Council Tax, as set out below:

Budget Shortfall	£000
Shortfall before directorate pressures and savings	16,889
New directorate pressures	4,638
Sub total	21,527
Less	
Total Savings	(17,007)
Net amount to be raised from additional Council Tax	4,520

17. Overall savings proposals have been identified, as shown in **Appendices 3a** and **3b**, as follows:

Funded by	£000
Directorate Savings	13,264
Addressable Spend Savings	3,743
Total Savings	17,007

18. The tables above outline the position as stated in the draft Cabinet budget savings proposals. The position for Cardiff is a funding increase of 0.5% which equates to additional cash of £2.3 million compared with 2016/17. However, the actual increase in spending power for Cardiff reduces to £294,000 once new responsibilities and other differentiating year on year factors are taken into account. This, coupled with consideration of the responses to the consultation undertaken on draft proposals, has led to revised proposals. A summary of the Post Consultation Changes is shown at **Appendices 2a** and **2b**, it includes:

- a. Summary of Post consultation changes - £3.072 million.

- b. Schedule of amended 2016/17 savings proposals - £0.234 million.
 - c. Post consultation changes further details – Financial Resilience £4 Million.
 - d. Mechanisms and Additional Pressures - £4.638 million.
19. These additional sums, along with updates of commitments, pressures and due diligence considerations will form part of the balanced position in February 2017.
20. City of Cardiff Council commitments are listed as comprising the following:
- New Responsibilities (per Settlement);
 - Increased employee costs;
 - Demographic Pressures;
 - Commitments;
 - Directorate expenditure and income realignment;
 - Special inflation;
 - Schools non-pupil number growth (net).
21. To enable the Committee to understand the prioritisation of proposed consultation savings across Directorates, the table below sets out the level of savings proposals as a percentage of overall consultation budgets for each Directorate.

Total Savings	Employee Costs £000	Other Spend £000	Income £000	Total £000	% of overall saving
City Operations	0	695	494	1189	9
Communities, Housing & Customer Services	120	754	209	1083	8.1
Corporate Management	0	84	0	84	0.6
Economic Development	269	542	1,359	2,170	16.3
Education & Lifelong Learning	782	605	984	2,371	17.8
Governance & Legal Services	0	102	0	102	0.7
Resources	511	503	254	1,268	9.5

Social Services	340	4,657	0	4,997	38
Total	2,022	7,942	3,300	13,264	100

Council Capital Programme 2017/18 to 2021/22

22. The proposed 2017/18 budget outlines capital expenditure proposals of £373,076 million for the 2017/18 to 2021/22 financial years, of which £143,049 million is earmarked for 2017/18. Details of the individual Directorates' capital programmes are included in the sections below.

Budget 2017/18 – Directorate Budget Information – City Operations Directorate

Draft Corporate Plan

23. The Draft Corporate Plan 2017 to 19 sets out the key issues, priorities, well-being objectives, commitments and progress measurement targets for the City Operations Directorate. The priorities, well-being objectives, commitments and progress measurements for the City Operations Directorate are set out below:

Priority 3: An economy that benefits all our citizens

- **Well – being objective 3.2: Cardiff has a high-quality city environment where population growth and transport needs are managed sustainably:**
 - Develop a resilience strategy including harmonising other policies in relation to clean air, zero carbon renewal fuels, energy retrofitting and solar projects in line with UK and European best practice by March 2018.

- Work with developers, transport operators and businesses to deliver a new central transport interchange in Capital Square on agreed programme.
 - Develop a programme of phased improvements to city wide bus routes.
 - Work with Welsh Government, regional partners and the transport industry to progress proposals for the Cardiff City Region Metro as part of the City Deal.
 - Adopt the Active Travel Integrated Network Map and the Cardiff Cycling Strategy and deliver a prioritised programme of walking and cycling infrastructure schemes.
 - Work with partners on developing a public, on street, cycle hire scheme with hire stations at key locations throughout the city.
 - Develop and deliver aligned spatial planning and transport development programmes for Cardiff Bay and the City Centre.
 - Ensure the delivery of design-led, sustainable, master-planned developments through the Local Development Plan.
- **Well-being objective 3.4: Ensure high-quality and sustainable provision of culture, leisure and public spaces in the city:**
 - Deliver phased Coastal Risk Management Programme to manage the risks associated with current coastal flood protection conditions.
 - Deliver phased programme of well-maintained highway asset and public realm.

- Deliver improvements in street cleansing, grounds maintenance, highway maintenance and enforcement through our Neighbourhood Services programme.
- Develop a strategy to help modernise, expand and find sustainable financing for a dogs home service to ensure the welfare of animals in our care by promoting and supporting responsible pet ownership, consolidating work with partners, stakeholders and increasing opportunities for further community engagement by March 2018.

24. The progress made against well – being objectives within priority 3 will be determined by using the following performance measures:

- **Well-being objective 3.2:** People travelling to work by sustainable transport – Target 45.10%;
- **Well-being objective 3.2:** People travelling to work by cycling – Target 11.20%;
- **Well-being objective 3.2:** The percentage of major applications determined within agreed time periods – Target 25%;
- **Well-being objective 3.2:** The percentage of householder planning applications determined within agreed time periods – Target 80%;
- **Well-being objective 3.2:** Capacity (in MW) of renewable energy equipment installed on the Council's land and assets – Target 6MW;
- **Well-being objective 3.4:** The percentage of highways inspected of a high or acceptable standard of cleanliness – Target 90%;
- **Well-being objective 3.4:** The percentage of reported fly tipping incidents cleared within 5 working days - Target 90%;
- **Well-being objective 3.4:** The percentage of principal (A) roads, non-principal/classified (B) roads and non-

principal/classified (C) roads that are in overall poor condition – Target 7%.

25. The sections of the Draft Corporate Plan 2017 to 19 relevant to the City Operations Directorate can be viewed on pages 31, 32, 33, 36, 37, 40 and 41 of **Appendix 1**. At the meeting Councillor Ramesh Patel (Cabinet Member for Transport, Planning & Sustainability) and Councillor Bob Derbyshire (Cabinet Member for the Environment) will comment on the elements of the Draft Corporate Plan 2017 to 2019 relating to their areas of responsibility, as well as any significant changes resulting from the consultation proposals.

Draft Budget Savings Proposals & Capital Programme

26. This report provides the Committee with an opportunity to consider the Draft Cabinet Savings Proposals and their alignment to the Corporate Plan 2017 to 2019 for the City Operations Directorate which relate to this Committee's terms of reference. The proposals for the City Operations Directorate are referenced below:
- **Appendix 4: City Operations Directorate – Draft Budget Savings Proposals** – This document provides a detailed analysis of the budget saving proposed for the City Operations Directorate. The City Operations Directorate has total proposed savings of £700,000 that are relevant to the Environmental Scrutiny Committee terms of reference.
 - **Appendix 5: City Operations Directorate - Financial Pressures –** Appendix 5 identifies the Financial Pressures for the City Operations Directorate relevant to the Committee's terms of reference.
 - **Appendix 6: City Operations Directorate - Budget 2017/18 - 2021/22 – Capital Programme** – The extract from the draft Capital

Programme provides an analysis of the Directorates capital projects proposed over the next five years.

- **Appendix 7: City Operations Directorate – Employee Implications** – Appendix 7 sets out the employee implications for the City Operations Directorate relevant to the Committee’s terms of reference.
- **Appendix 8: City Operations Directorate – Controllable Budget Analysis** - The financial information element of the pack has been updated to include the relationship between the 2016/17 budget lines and savings proposed against each line as part of the 2017/18 budget for the City Operations Directorate.

Budget 2017/18 – Directorate Budget Information – Economic Development Directorate (Commercial & Collaboration Services)

Draft Corporate Plan

27. The Draft Corporate Plan 2017 to 19 sets out the key issues, priorities, well-being objectives, commitments and progress measurement targets for Commercial & Collaboration Services which is within the Economic Development Directorate. The priorities, well-being objectives, commitments and progress measurements for Commercial & Collaboration Services are set out below:

Priority 3: An economy that benefits all our citizens

- **Well – being objective 3.2: Cardiff has a high-quality city environment where population growth and transport needs are managed sustainably:**

- Achieve the statutory recycling / landfill diversion targets.

Priority 4: Working together to transform services

- **Well-being objective 4.3: Our services are transformed to make them more accessible, more flexible and more efficient**

- The Council fleet to include 5% alternative fuelled, fuel-efficient vehicles by April 2018, continuing to increase alternative and efficient fuel usage by 10% per annum thereafter.
- Commercialise key Council services to increase net gross income.

28. The progress made against well – being objectives within priorities 3 and 4 will be determined by using the following performance measures:

- **Well-being objective 3.2:** The maximum permissible tonnage of biodegradable municipal waste sent to landfill – Target 37,627 tonnes.

29. The sections of the Draft Corporate Plan 2017 to 19 relevant to the Commercial & Collaboration Services can be viewed on pages 31, 32, 33, 37, 43, 44, 45, and 50 of **Appendix 1**. At the meeting Councillor Bob Derbyshire, Cabinet Member for the Environment will comment on the elements of the Draft Corporate Plan 2017 to 2019 relating to his areas of responsibility, as well as any significant changes resulting from the consultation proposals.

Draft Budget Savings Proposals & Capital Programme

30. This report provides the Committee with an opportunity to consider the Draft Cabinet Savings Proposals and their alignment to the Corporate Plan 2017 to 2019 for Commercial & Collaborative Services which relate

to this Committee's terms of reference. The proposals for the Commercial & Collaborative Services are referenced below:

- **Appendix 9: Economic Development Directorate (Commercial & Collaborative Services) – Draft Budget Savings Proposals** – This document provides a detailed analysis of the budget saving proposed for the City Operations Directorate. Commercial & Collaborative Services has total proposed savings of £828,000 that are relevant to the Environmental Scrutiny Committee terms of reference.
- **Appendix 10: Economic Development Directorate (Commercial & Collaborative Services) - Financial Pressures** – Appendix 10 identifies the Financial Pressures for Commercial & Collaborative Services relevant to the Committee's terms of reference.
- **Appendix 6: Economic Development Directorate (Commercial & Collaborative Services) - Budget 2017/18 - 2021/22 – Capital Programme** – The extract from the draft Capital Programme provides an analysis of the Commercial & Collaborative Services capital projects proposed over the next five years.
- **Appendix 7: Economic Development Directorate (Commercial & Collaborative Services) – Employee Implications** – Appendix 7 sets out the employee implications for Commercial & Collaborative Services relevant to the Committee's terms of reference.
- **Appendix 8: Economic Development Directorate – Controllable Budget Analysis** - The financial information element of the pack has been updated to include the relationship between the 2016/17 budget lines and savings proposed against each line as part of the 2017/18 budget for the Economic Development Directorate.

Consultation and Engagement

31. The Cabinet report setting out the *2017/18 Budget Proposals – For Consultation* was approved on 10 November 2016. It included details of the consultation and engagement used in the development and consideration of the budget proposals.
32. In consultation with both the public and partners a range of ideas have been explored as to how savings and income can be maximised, although the scale of cuts required means that consideration must be given to the level of services provided, and in some instances whether the resources remain to enable them to continue. The reality of this is that to maintain or improve some services, reductions will need to be made in other areas.
33. The 2016 survey included a focus on preliminary budget questions and well-being, as well as community safety, transport, waste and volunteering.
34. An on-line consultation document 'Ask Cardiff' was launched on the 10 November 2017 and hard copies were distributed to hubs, libraries and leisure centres, focussing on existing areas of high footfall, to enable people to give their views on the consultation, complete the questionnaire, share their ideas for ways in which the Council can work.
35. Further opportunities for engagement, including with the Audit Committee and the Schools Budget Forum will also take place during the coming months. These opportunities for stakeholders to engage and provide comments will also help inform the budget process. In addition, the need to engage effectively with the Council's own staff, both directly and through their trade unions will remain a high priority throughout the budget setting process.

36. The timetable for the budget consultation process ran from the 10 November 2016 until midnight on the 11 December 2016. Results have now been analysed and the consultation document is attached as **Appendix 14**.

Way Forward

37. Officers will make a presentation on the budget position, consultation proposals, financial pressures and capital items falling within the terms of reference of this Committee. The Cabinet Members and Officers will also be available to answer questions arising from their presentations and the attached papers.
38. Following consideration of the budget proposals, presentations and answers to Member questions, the Committee may wish to provide its comments, concerns and recommendations for the Cabinet at its business meeting on 16 February 2017.
39. In addition to this any comments, concerns and recommendations made at this meeting will be recorded in the form of a letter and sent to the Policy Review & Performance Scrutiny Committee for its meeting on the 15 February 2017. This letter, along with the letters written by the other three scrutiny committees will help provide additional context to the Policy Review & Performance Scrutiny Committee when they consider the overall impact of the Draft Corporate Plan 2017 – 2019 and Draft Budget Proposals 2017/18.

Legal Implications

40. 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 of 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

41. 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

42. The Committee is recommended to give consideration to the information received at this meeting and to submit any recommendations or comments to the Cabinet prior to its consideration of the final budget proposals.

DAVINA FIORE
Director for Governance & Legal Services
14th February 2017