

**SWYDDFA CYMORTH Y CABINET  
CABINET SUPPORT OFFICE**

Fy Nghyf / My Ref: CM36993  
Eich Cyf / Your ref: NRS/RM/GH/14.02.17

Dyddiad / Date: 16 February 2017

Councillor Rod McKerlich  
Chair, Economy & Culture Scrutiny Committee  
Scrutiny Services  
Room 263  
County Hall  
Cardiff  
CF10 4UW



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

Annwyl / Dear Councillor McKerlich

**Economy & Culture Scrutiny Committee – 14 February 2017  
Draft Corporate Plan 2016 – 2018 and Budget Proposals 2016/17**

Thank you for your letter dated 15 February 2017 and the useful comments raised. I can assure you that Cabinet was able to reflect on the points raised prior to meeting on 16 February 2017.

The following paragraphs set out responses to your specific points.

In preparing the Capital Programme both the Section 151. Officer and the Cabinet are cognisant of the potential impact on overall debt levels and any impact on financial resilience for the Council. In this regard all proposed capital schemes have been reviewed and prioritised in order to limit any additional borrowing requirement. The budget report sets out in detail the proposed Capital Programme together with the statutory and local financial indicators setting out the impact on the Capital Financing Requirement for the Council. In addition to the detailed information set out in the Budget Report, Council and Audit Committee also receive regular reports during the year on Financial Resilience, Borrowing and Treasury Management activity. This ensures that the long term affordability of the Capital Programme including its impact on the Revenue Budget is kept under regular review. The Council's Minimum Revenue Provision (MRP) policy which provides a prudent basis for debt repayment is set out for approval in the Budget Report. In setting the Capital Programme, there is a balance to be struck between undertaking investment in infrastructure and assets that will benefit future generations without unduly burdening them with high ongoing levels of debt repayment.

**ATEBWCH I / PLEASE  
REPLY TO:**

Swyddfa Cymorth Y Cabinet / Cabinet Support Office,  
Ystafell / Room 514, Neuadd y Sir / County Hall,  
Glanfa'r Iwerydd / Atlantic Wharf, Caerdydd / Cardiff,  
CF10 4UW Ffon / Tel (029) 2087 2479

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

Cyflawni ein gwledigaeth o ddot y brifddinas orau i fyw ynddi yn Ewrop

Mae'r Cyngor yn croesawu gohebiaeth yn Gymraeg a Saesneg a byddwn yn sicrhau ein bod yn cyfathrebu â chi yn eich dewis iaith boed yn Gymraeg, yn Saesneg neu'n ddwyieithog dim ond chi roi gwybod i ni pr un sydd well gennych. Ni fydd gohebu yn Gymraeg yn creu unffwrdd

difference | gwnewch | wahaniciaeth

I trust that this letter captures the points raised in your letter and thank you again for your support in the budget process.

Yn gwyir,  
Yours sincerely,



**Y Cyngorydd / Councillor Graham Hinchey**  
**Aelod Cabinet dros Wasanaethau Corfforaethol a Perfformiad**  
**Cabinet Member for Corporate Services & Performance**

Cc Christine Salter – Section 151 Officer  
Members of the Economy and Culture Scrutiny Committee  
Cllr Nigel Howells, Chair of Policy Review and Performance Scrutiny Committee  
Claire Deguara, Cabinet Business Manager

Fy Nghyf / My Ref: NRS/RM/GH/14.02.17

Dyddiad / Date: 15 February 2017

Councillor Graham Hinchey  
Cabinet Member: Corporate Services and Performance  
City of Cardiff Council  
County Hall  
Atlantic Wharf  
Cardiff  
CF10 4UW



Dear Councillor Hinchey

## **ECONOMY AND CULTURE SCRUTINY COMMITTEE – 14 FEBRUARY 2017**

### **Draft Corporate Plan 2016 – 2018 and Budget Proposals 2016/17**

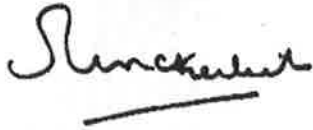
Thank you for attending February meeting of the Economy and Culture Scrutiny Committee to present us with an overview of the Council's finances, including the final settlement, budget proposals and medium term outlook. I will be grateful if you could also pass on the thanks of Committee to Christine Salter and Ian Allwood who attended the meeting and provided clarification on all our questions.

As discussed during the meeting, Members of the Committee are concerned that the Council's debt is high and continually increasing, with approximately £666m quoted during the meeting as the current level of debt. It was explained to us that while there is no absolute ceiling for the level of borrowing the Council can make, a robust review is undertaken of all Capital bids submitted at the outset of the budget process, ensuring that all approved borrowing is supporting the delivery of Council priorities. Despite this, we cannot escape the feeling that a better handle must be taken on the debt of this Council, and that there must come a time where we cannot afford to continue borrowing substantial sums of money each year.

The Committee will write separately to each Cabinet Member whose portfolio falls under the terms of reference of the Economy and Culture Scrutiny Committee, highlighting the budgetary and operations issues that were discussed during the meeting. I will ensure you also receive a copy of these letters for the purposes of understanding our view of the budget at a micro level.

I would be grateful if you would consider the above comments, observations and recommendations, and look forward to receiving your feedback.

Regards,

A handwritten signature in black ink, appearing to read 'Rod McKerlich', with a horizontal line underneath it.

**Councillor Rod McKerlich**  
**Chairperson, Economy and Culture Scrutiny Committee**

cc Christine Salter – Section 151 Officer  
Cabinet Office  
Members of the Economy and Culture Scrutiny Committee  
Cllr Nigel Howells, Chair of Policy Review and Performance Scrutiny  
Committee