



Cabinet Budget Proposal 2020/21

Scrutiny

February 2020



Gweithio dros Gaerdydd, gweithio gyda'n gilydd
Working for Cardiff, working together



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Strategic Context

- The Council's key strategy financial documents are framed by Capital Ambition and the Corporate Plan.



- This ensures resources are allocated in a way that supports the Council's priorities.
- Given the link between the Corporate Plan and wider Well-being goals, it also helps ensure the Budget supports long-term sustainability - in line with the Council's duties under the Well-being of Future Generations (Wales) Act 2015.



Provisional Settlement Overview

Provisional Settlement - Timing

- Settlement timescales delayed for 2020/21 – Spending Review and General Election
- Provisional Settlement - issued 16th December 2019
- Final Settlement due 25 February 2020 (post Cabinet, pre Council)
- Material changes are not anticipated
- Changes (if there are any) anticipated to be managed by an adjustment to/ from Reserves
- Cabinet Recommendations would give authority to Section 151 Officer to issue a Budget Addendum to this effect.

Provisional Settlement – Content and Impact

- Cardiff increase is 4.1% compared to Welsh average +4.3%
- Lower than average settlement due to restatement of population figures (from projections to MYE)
- One year only – challenging from a planning context
- Specific Grants – some transfers, some increases (Social Services), some reductions (SWG).
- Settlement is better than Welsh Local Government had previously been planning for
- This is welcome, but not indicative austerity is over
- Must take the opportunity to consolidate resilience following the extended financial challenge.



Revenue Budget 2020/21

Resources Required	£000	£000	Notes
Base Budget Brought Forward		623,589	
Employee Costs	273		Assumed 2% NJC award, VLW, Reduction in Employer's Super Rate
Price Inflation	3,632		Commissioned Care, Energy, Out of County Education, NDR
Financial Pressures	2,097		Lost income (retail parades, commuted sums), grants, short stay LAC Centre
Policy Growth	1,775		See next slide
Commitments, Realignment & Capital Financing	15,969		£1.465m Capital Financing, Realignment & Commitments next slide
Demographic Pressures	3,659		£1.384m Adults, £2.175m Children's, £0.1m Waste
Schools Growth	13,524		Full employee costs, pupil growth and growth re: pupil needs
Council Tax Reduction Scheme	1,432		Impact of a 4.5% increase
Savings	(9,764)		See later slide
Total Resources Required		656,186	
Resources Available	£000	£000	
AEF	469,047		Per Provisional Settlement
Council Tax (2020/21 Base @ 2019/20 Prices)	178,363		Before 2020/21 Price Increase
Council Tax (+4.5%, before CTRS impact)	8,026		2020/21 Price increase (Gross – Net is £6.594m after CTRS above)
Use of Reserves	750		Strategic Budget Reserve
Total Resources Available		656,186	



Revenue Budget 2020/21 - Policy Growth Commitments and Realignments

The better than anticipated settlement has allowed targeted investment in policy growth – supporting key priorities:

Policy Growth	
Estate Management Teams	454
Central Area Cleansing	430
Expansion of Open Access Youth Support	201
Cardiff Commitment Curriculum and Skills Programme	170
Support & Improve Outcomes for Children Looked After	150
Maintaining & Developing Digital Services	80
Delivery of Music Strategy	70
Child Friendly City Programme Costs	65
Community Safety Manager	65
Continuation of the Love Where You Live Campaign	60
Road closures - protest marches and Stadium events.	30
Capital Ambition Policy Growth Total	1,775

Commitments

These include the financial implications of previous Cabinet / Council decisions as well as levies payable to other bodies. Includes:

- £551,000 levies payable to other bodies
- £169,000 for demountables at Cantonian High School
- £137k for RDP / LDP
- £125k to reduce reliance on homelessness reserve
- £108k Corporate Apprentices

Realignments

The better than anticipated settlement has allowed opportunity to address base budget structural issues. These include:

- £4.850m for Children's Services
- £2.922m for Waste Services
- £1.500m for Adult Services
- £0.750m EOTAS and Out of County
- £0.600m CTS



Revenue Budget 2020/21 - Savings



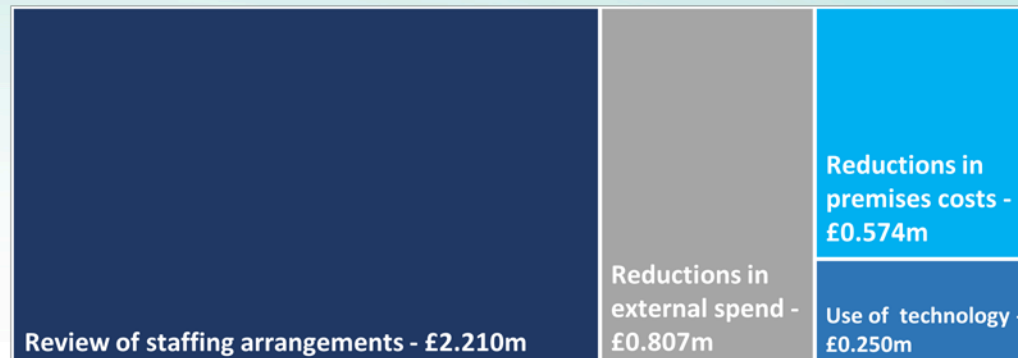
	Non-Schools £000	Schools £000	Total £000
Efficiency Savings	3,841	1,207	5,048
Income Generation*	2,541	0	2,541
Service Change	2,175	0	2,175
TOTAL	8,557	1,207	9,764

* £277,000 in place in the current year



£1.255 million achieved in 2019/20

Breakdown of £3.841m Efficiency



Breakdown of £2.175m Service Change



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Revenue Budget 2020/21 - Employee Implications

Directorate	Deletions	Creations	Net
Economic Development	(17.15)	1.00	(16.15)
Education	(2.00)	13.90	11.90
Housing and Communities	(6.87)	4.00	(2.87)
Performance and Partnerships	(2.00)	1.00	(1.00)
Recycling and Neighbourhood Services	(2.00)	12.00	10.00
Planning, Transport & Environment	(5.00)	0	(5.00)
Resources	(19.30)	3.19	(16.11)
TOTAL	(54.32)	35.09	(19.23)



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Consultation

Approach

Citywide Consultation:

- 19th December 2019 to 31st January 2020 (programme of engagement from 6th January to avoid Christmas clash)
- Variety of Online and Face-to-Face methods
- Promoted via email to The Citizens' Panel, Councillors, Senior Management Team and Cardiff Public Service Board Members, Community Councils and Third Sector Organisations working with target groups
- Communicated to Cardiff 50+ Forum, Cardiff Access Forum, Employee Black Minority Ethnic Network, Cardiff Youth Council
- Shorter survey distributed to Secondary School Sixth Forms across Cardiff
- Facilitated Focus Group session with Diverse Cymru
- Council Officers on hand at Hubs and Libraries to promote the survey

Feedback

- **2,051 Respondents (71 from events at Hubs and Libraries – all from Southern Arc)**
- **Top 3 Priorities:**
 - Investing in sustainable transport to reduce congestion and improve air quality
 - Building more affordable houses and tackling homelessness
 - Tackling climate change
- **Strong Support for Budget Themes, for example:**
 - 89% agree the Council should continue to focus on delivering efficiencies whilst protecting frontline services
 - 77% agree the Council should continue to focus on income generation
 - 70% agree the Council should continue to prioritise growth for schools by keeping their efficiency targets low
 - Overall support for Fee Increases (86% Pest Control, 77% Registration, 56% School Meals, 53% Bereavement)
 - 84% support the use of technology in the provision of care

Use of Financial Resilience Mechanism in 2020/21

- Planned investment for 2020/21 is summarised below:

Financial Resilience Mechanism - one-off use for 2020/21

Category	£000	
Visible Street Scene	1,451	Highway Asset Management, Flood & Drainage Work, Deep Clean, City Centre Cleaning
Transport Initiatives	215	Cycle Parking, Public Realm, Social Bus Subsidy
Parks and Sport	478	Ash Die Back, Community Sport Volunteer Conference, statutory compliance in outdoor sport, Parks and Playgrounds
Education	550	Cardiff Commitment Experience of Work Programme, Youth Activities
Other	1,106	Children's Social Worker market supplement, LDP, Food Co-ordinator (3 yr), promotion of Cardiff as a Living Wage city
TOTAL	3,800	



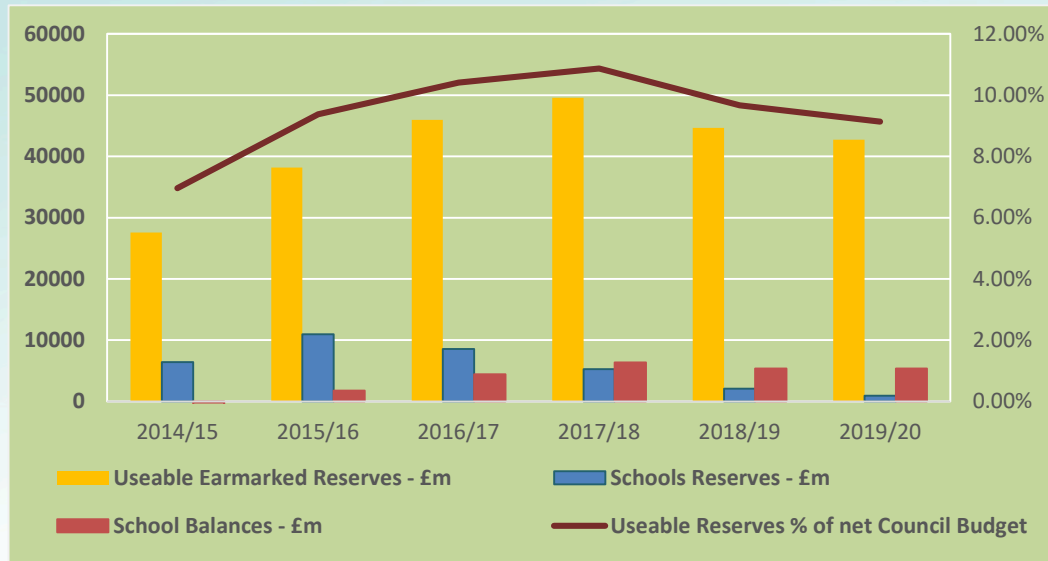
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Reserves



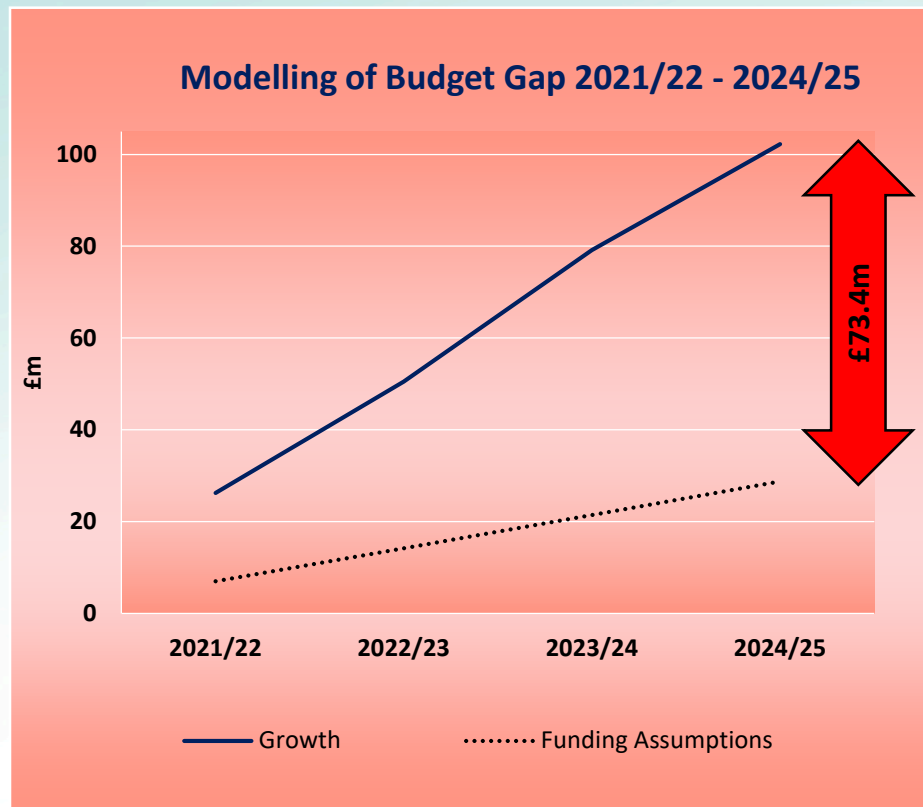
	Projection at 31 March 2020 £000	Projection at 31 March 2021 £000
General Fund Reserve	14,255	14,255
General Fund Earmarked Reserves	43,656	40,703
HRA General Reserves	8,473	8,473
HRA Earmarked Reserves	1,000	1,000

- The 2020/21 Budget includes £0.750m use of reserves
- The Section 151 officer is content that the level of reserves is sufficient to enable this drawdown and remains adequate to March 2020.



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Medium Term Financial Plan 2021/22 – 2024/25



	2021/22 £000	2022/23 £000	2023/24 £000	2024/25 £000	TOTAL £000
Total Pressures	26,244	24,241	28,680	23,046	102,211
Funding Assumptions	(7,036)	(7,141)	(7,248)	(7,357)	(28,782)
Budget Requirement Reduction	19,208	17,100	21,432	15,689	73,429
Council Tax Assumptions - at 4%	6,090	6,334	6,587	6,880	25,891
Total Savings	13,118	10,766	14,845	8,809	47,538
Budget Requirement Strategy	19,208	17,100	21,432	15,689	73,429

- Significant uncertainty regarding funding – UK Budget 11 March
- Need to continue work on identifying savings and opportunities for transformation beyond the one-year budget cycle

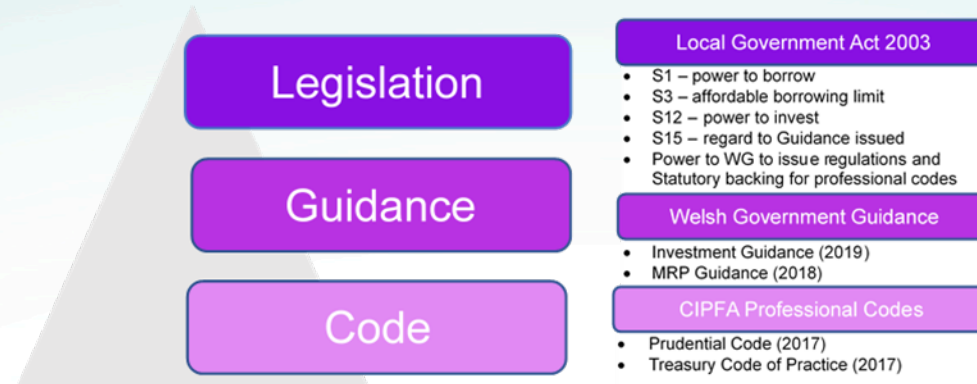


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Capital Programme Development 2020/21 – 2024/25

- Capital expenditure is money spent on an asset being purchased or created that will last for a number of years e.g. schools, buildings and highway infrastructure
- Capital and Treasury Strategy – Informed decision making; compliance with codes and statute.



- Indicators required to be considered by Council re affordability, prudence and sustainability based on future income assumptions
- Five year Capital Programme previously set for the period 2019/20 to 2023/24
- The 2020/21 Budget will update the Capital Programme and move it on to 2024/25
- Capital Strategy includes detailed investment programme and funding
- Significant increase in investment for affordable housing following proposed removal of debt cap. Costs of HRA investment are met from within the HRA.

General Fund Capital Programme - Summary

Capital Programme	2020/21* £000	2021/22 Indicative £000	2022/23 Indicative £000	2023/24 Indicative £000	2024/25 Indicative £000	Total £000
Annual Sums Expenditure	24,906	21,587	15,787	14,815	14,815	91,910
Ongoing schemes	18,036	30,980	41,934	9,159	9,134	109,243
New Capital Schemes (Exc. ITS)	10,635	12,880	7,845	7,850	2,855	42,065
Schemes Funded by External Grants /Contributions	58,068	92,564	75,991	7,705	0	234,328
Invest to Save (ITS)/ Earn Schemes	25,884	38,017	27,244	19,979	500	111,624
Total General Fund Programme	137,529	196,028	168,801	59,508	27,304	589,170

*Includes estimate of slippage into 2020/21, subject to final outturn 2019/20



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Public Housing (HRA) Capital Programme - Summary

Capital Programme	2020/21 £000	2021/22 Indicative £000	2022/23 Indicative £000	2023/24 Indicative £000	2024/25 Indicative £000	Total £000
Regeneration and Area Improvement Strategies	2,900	2,900	2,750	2,750	2,750	14,050
External and Internal Improvements to Buildings	11,150	17,100	16,250	9,500	9,350	63,350
New Build Council Housing / Acquisitions	39,375	64,215	64,980	40,205	46,780	255,555
Disabled Facilities Service	3,350	3,350	3,350	3,350	3,350	16,750
Total Public Housing Programme	56,775	87,565	87,330	55,805	62,230	349,705



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Capital Funding

- General Fund cash grant and supported borrowing approval from WG
- Public Housing Major Repairs Allowance Grant (subject to WG approval of business plan)
- Capital Receipt assumptions – Progress to be updated in Annual Property Plan
- WG grants subject to annual bid process – no certainty for 2020/21 or beyond
- Where capital expenditure is incurred without resource to pay for it, this results in the need to borrow. Borrowing is a long term commitment to the revenue budget (HRA and General Fund) – Must be Prudent / Sustainable / Affordable now, as well as long term
 - Interest & debt repayment costs impact on Revenue Budget



Capital Programme Expenditure 5 Years = £938.9 million

- The graph below sets out Capital Resources
- Additional borrowing accounts for over a third of the programme

