

The Proposal in the Budget Report under Agenda item 9 be amended as below:
Conservative Group

Line	Directorate	Description	(Savings)/ Costs £000	Cumulative £000
Directorate Savings				
E40	Planning, Transport & Environment	Review of Staffing Resources within Planning (coupled with line INC15)	22	22
INC5	Economic Development	Increase retail yield at Cardiff Castle	(80)	(58)
INC15	Planning, Transport & Environment	Implement various Planning initiatives	(65)	(173)
INC18	Planning, Transport & Environment	Increase General Fees and Charges income.	(10)	(183)
INC25	Resources	Additional External Income for Health & Safety	(15)	(198)
INC26	Resources	Increase Cardiff Academy Income	(30)	(228)
	Council Wide	Opportunities for additional income throughout the Council	(150)	(378)
	Council Wide	Improve Sickness Absence rates by approx. 2.5 FTE across the Council	(270)	(648)
	Council Wide	Reduction in Agency & Consultancy Spend	(100)	(748)
	Council Wide	Removal of General Contingency Budget	(3,000)	(3,748)
	Council Wide	Drawdown from Earmarked Insurance Reserve	(175)	(3,923)
Additional Expenditure/Financial Pressures				
	Planning, Transport & Environment	Additional Subsidy for Socially Necessary Bus Routes	60	(3,863)
	Economic Development	Funding for new tree planting	50	(3,813)
Net Position			(3,813)	(3,813)

Proposed by Cllr Gavin Hill-John

Seconded by Cllr Adrian Robson

Statutory Officer Commentary on the Conservative Budget Proposals 2020/21

In summary the proposal from the Conservative Group includes a number of new savings proposals and increases to existing savings proposals as well as drawdowns from the Earmarked Insurance Reserve and the removal of the General Contingency

Budget. In addition two new financial pressures have been proposed. No savings proposals or financial pressures have been rejected and no changes to the Capital Programme have been proposed. Overall, the proposal results in a reduction to the Cabinet's proposed increase to the rate of Council Tax from 4.5% to 1.9%.

The proposals have not been subject to detailed discussions with Directorates, nor have equality impact assessments been undertaken in respect of these. However, within this constraint, they have been reviewed as to their financial achievability and risk.

The total value of increases to existing savings proposals stands at £228,000 and the new savings proposed total £3.695 million with the new financial pressures amounting to £110,000. It is proposed that £3.0 million will be provided by the removal of the General Contingency Budget from the 2020/21 budget and £175,000 drawdown from the Insurance Reserve. The net effect on the overall budget position is to reduce resources required by £3.813 million. The net effect would facilitate a reduction in the proposed increase to the rate of Council Tax, with the amendment proposing an increase of 1.9%.

The most significant, in value, of the new savings proposals is the removal of the £3m General Contingency Budget in full. This would present a substantial risk to the Council as notwithstanding the better than anticipated Settlement for 2020/21, there are no guarantees that additional WG funding will continue into future financial years, with the identification of savings likely to become increasingly harder year on year. This Contingency also provides a mitigation if approved budget savings are not delivered in full as well as providing the Council with protection against exposure to additional costs in relation to demand-led services, where that demand is difficult to predict, or other unpredicted financial events impact on the monitoring position. Removal of this contingency could therefore significantly impact upon the Council's revenue budget monitoring position in 2020/21 and seriously jeopardise the overall financial resilience of the Council. There is a risk therefore that in the absence of other mitigations, such as additional unbudgeted savings, that this would result in the need to utilise reserves to ensure that the impact upon the 2020/21 budget monitoring position is minimised. As reserves can only be utilised once, there is a risk that this could result in a weakening of the Council's balance sheet and overall financial resilience. This £3m contingency also needs to be considered in the context of the comparatively low level of reserves held by the Council.

A number of the changes to existing savings proposals relate to income generation, as well as the inclusion of a new proposal to pursue opportunities to deliver additional income throughout the Council of £150,000. These income generation proposals total £385,000 and are in addition to the Cabinet's existing income generation proposals which total £2.541 million. In relation to the proposal to generate additional Council wide income of £150,000 it would be necessary to understand the details of these opportunities so the potential impact upon achievability can be understood. As this stage the proposal would be considered to be at the general planning stage, and given it is in addition to a number of existing income generation proposals, it would be appropriate to categorise this as a red risk in terms of achievability. In addition, to enable such a proposal to proceed, it would be necessary to receive detailed business cases prior to the start of the new financial year. This would allow a fully informed view of the overall risk to be taken and allow implementation of new income streams as soon as possible, ensuring that as much of the saving is achieved in 2020/21 and reducing the amount that would carry forward as unachieved savings into 2021/22.

Of the proposals where an increased target is proposed the following also needs to be considered :-

- The Cardiff Works proposal has an existing achievability risk of Red-Amber. An increase of 50%, from £100,000 to £150,000, in the target for this proposal would further increase the risk of achievability. An element of the Cardiff Works saving is expected to be delivered by the provision of more in-house agency staff so the alignment of this proposal with the £100,000 proposed reduction in Agency / consultants expenditure needs to be considered. A further factor to consider with the additional Cardiff Works Income is the relationship with the £270,000 saving from reducing sickness absence rates. A substantial element of this saving is expected to be delivered through a reduction in agency expenditure so the relationship between the additional income for Cardiff Works and the reduction in Agency expenditure would need to be understood.
- The proposal to increase the retail yield at Cardiff Castle by a further income of £80,000 to be added to the original Cabinet proposal of £20,000 will also present a challenge to fully achieve the saving in 2020/21. This proposal involves the on-selling of retail products where a surplus of £100,000 would require additional income of £136,000. Given the time available to review this proposal and the uncertainty inherent with the generation of additional income this proposal is considered to be a red risk for achievability.
- There are a number of Cabinet proposals where the alternative budget is proposing additional income of £98,000. The majority of these proposals have a current deliverability risk rating of Amber-Green and although the additional income proposed is not individually significant the uncertainty associated with the stretching of these income targets and the current lack of detail to support these proposals leads to a revised achievability risk rating of Red-Amber being considered more appropriate.

Two of the new savings proposed – improved sickness absence and reduction in agency / consultants spend - would have to be categorised as being in the general planning stage, due to their Council-wide nature, and, therefore, it would have to be assumed, at this point, that there is a red risk to their achievability.

As well as proposals in relation to savings, this alternative budget outlines the intended use of the specific earmarked reserve for Insurance where a drawdown of £175,000 is proposed. This presents a risk in terms of financial resilience and the Council's ability to respond to financial challenges, as well as potentially resulting in a financial pressure in future years. The reason for this is that the Insurance Reserve is held to guard against potential future insurance claims. Reducing this balance could present a risk in the Council's ability to meet the costs arising from these claims, as well as potentially leading to financial pressures in future years, should the periodic reviews of the Insurance Fund recommend an increase to the overall level of reserve held.

Legal Implications

The legal context and implications set out in the main budget report also apply to these Proposals and regard should be had to the same.

As regards the proposals in respect of; Removal of General Contingency Budget and Drawdown from Earmarked Insurance Reserve, attention is drawn to the requirement,

when the Council is considering its budget, to have regard to the S151 Officer's advice as to the robustness of the estimates and the adequacy of the proposed reserves in the budget proposals. The body of the main budget report and this addendum setting out such advice, including advice on financial resilience, reserves and contingencies.

Any specific proposals which are developed in relation to these proposals will require appropriate consultation, equality impact assessment and evaluation in relation to the Council's wellbeing objectives. Where these alternative proposals require consultation and an equality impact assessment, any decision taken to incorporate the proposals into the Council's budget will be an in principle decision and the details of the implementation proposals will have to be subject to consultation and equality impact assessments, which must be taken into account in a final decision on whether to implement the proposals or not.

Budget Summary – Conservative Proposal 2020/21

Resources Available:	£000	£000
Welsh Government	(469,047)	
Use of Reserves	(925)	
Council Tax at 1.9% Increase	<u>(181,750)</u>	
		(651,722)
 Resources Needed:		
2018/19 Adjusted Base Budget	623,589	
Commitments, Inflation & Realignments	37,663	
New Financial Pressures Accepted	3,982	
 Less:		
Council Savings	(10,512)	
Removal of Contingency Budget	<u>(3,000)</u>	
		651,722

RECOMMENDATIONS- CONSERVATIVE GROUP

(a) Recommendations to Council

The Conservative Group, have examined the Cabinet budget proposals and considered the responses received to the Budget Consultation. Having taken account of the comments of the Section 151 Officer in respect of the robustness of its proposed amendments to the budget report (alternative budget proposals) and the adequacy of reserves as required under Section 25 of the Local Government Act 2003, the Conservative Group recommend that Council:

- 1.0 Approve the Revenue, Capital and Housing Revenue Account budgets including all proposals and increasing the Council Tax by 1.9% as set out in the main budget report, subject to the amendments set out in this proposal, including

increasing the Council Tax by 1.9%, and that the Council resolve the following terms.

2.0 Note that at its meeting on 19 December 2019 the Council calculated the following amounts for the year 2020/21 in accordance with the regulations made under Section 33(5) of the Local Government Finance Act 1992:-

a) 147,277 being the amount calculated in accordance with Regulation 3 of the Local Authorities (Calculation of Council Tax Base) (Wales) Regulations 1995, as amended, as its Council Tax base for the year.

b)	Lisvane	2,499
	Pentyrch	3,316
	Radyr	3,841
	St. Fagans	1,592
	Old St. Mellons	2,047
	Tongwynlais	820

being the amounts calculated in accordance with Regulation 6 of the Regulations as the amounts of its Council Tax base for the year for dwellings in those parts of its area to which special items relate.

2.1 Agree that the following amounts be now calculated by the County Council of the City and County of Cardiff for the year 2020/21 in accordance with Sections 32 to 36 of the Local Government Finance Act 1992:-

a) Aggregate of the amounts which the Council estimates for the items set out in Section 32(2)(a) to (d) (including Community Council precepts totalling £445,570).

£1,065,734,570

b) Aggregate of the amounts which the Council estimates for items set out in Section 32(3)(a) and (c).

£414,892,000

c) Amount by which the aggregate at 2.1(a) above exceeds the aggregate at 2.1(b) above calculated in accordance with Section 32(4) as the budget requirement for the year.

£650,842,570

d) Aggregate of the sums which the Council estimates will be payable for the year into its Council Fund in respect of Revenue Support Grant, its council tax reduction scheme, redistributed Non-Domestic Rates.

£469,047,025

e) The amount at 2.1(c) above less the amount at 2.1(d) (net of the amount for discretionary relief of £400,000), all divided by the amount at 2.0(a) above, calculated in accordance with Section 33(1) as the basic amount of Council Tax for the year.

£1,237.09

- f) Aggregate amount of all special items referred to in Section 34(1).
£445,570
- g) Amount at 2.1(e) above less the result given by dividing the amount at 2.1(f) above by the amount at 2.0(a) above, in accordance with Section 34(2) of the Act, as the basic amount of Council Tax for the year for dwellings in those parts of the area to which no special items relate.
£1,234.07
- h) The amounts given by adding to the amount at 2.1(g) above the amounts of special items relating to dwellings in those parts of the Council's area mentioned below, divided in each case by the amount at 2.0(b) above, calculated in accordance with Section 34(3) as the basic amounts of Council Tax for the year for dwellings in those parts of the area to which special items relate.

	£
Lisvane	1,252.08
Pentyrch	1,286.84
Radyr	1,266.94
St. Fagans	1,253.39
Old St. Mellons	1,256.33
Tongwynlais	1,262.12

- i) The amounts given by multiplying the amounts at 2.1(g) and 2.1(h) above by the number which in the proportion set out in the Council Tax (Valuation Bands) (Wales) Order 2003 is applicable to dwellings listed in a particular valuation band divided by the number which in that proportion is applicable to dwellings listed in valuation band D calculated in accordance with Section 36(1) of the Act as the amounts to be taken into account for the year in respect of categories of dwellings listed in different valuation bands.

	A	B	C	D	E	F	G	H	I
	£	£	£	£	£	£	£	£	£
Area									
Lisvane	834.72	973.84	1,112.96	1,252.08	1,530.32	1,808.55	2,086.80	2,504.16	2,921.51
Pentyrch	857.89	1,000.87	1,143.86	1,286.84	1,572.81	1,858.76	2,144.73	2,573.68	3,002.62
Radyr	844.62	985.40	1,126.17	1,266.94	1,548.48	1,830.02	2,111.56	2,533.88	2,956.19
St. Fagans	835.59	974.86	1,114.12	1,253.39	1,531.92	1,810.45	2,088.98	2,506.78	2,924.57
Old St. Mellons	837.55	977.14	1,116.74	1,256.33	1,535.52	1,814.69	2,093.88	2,512.66	2,931.43
Tongwynlais	841.41	981.65	1,121.88	1,262.12	1,542.59	1,823.06	2,103.53	2,524.24	2,944.94
All other parts of the Council's Area	822.71	959.83	1,096.95	1,234.07	1,508.31	1,782.54	2,056.78	2,468.14	2,879.49

2.2 Note that for the year 2020/21, the Police and Crime Commissioner for South Wales has stated the following amounts in precepts issued to the Council, in

accordance with Section 40 of the Local Government Finance Act 1992 for each of the categories of dwelling shown below:-

VALUATION BANDS

A	B	C	D	E	F	G	H	I
£	£	£	£	£	£	£	£	£
181.81	212.11	242.41	272.72	333.32	393.92	454.53	545.43	636.34

- 2.3 Having calculated the aggregate in each case of the amounts at 2.1(i) and 2.2 above, the County Council of the City and County of Cardiff in accordance with Section 30(2) of the Local Government Finance Act 1992 hereby sets the following amounts as the amounts of Council Tax for the year 2020/21 for each of the categories of dwellings shown below:-

Part of Council's Area

VALUATION BANDS

A	B	C	D	E	F	G	H	I
£	£	£	£	£	£	£	£	£

Area

Lisvane	1,016.53	1,185.95	1,355.37	1,524.80	1,863.64	2,202.47	2,541.33	3,049.59	3,557.85
Pentyrch	1,039.70	1,212.98	1,386.27	1,559.56	1,906.13	2,252.68	2,599.26	3,119.11	3,638.96
Radyr	1,026.43	1,197.51	1,368.58	1,539.66	1,881.80	2,223.94	2,566.09	3,079.31	3,592.53
St. Fagans	1,017.40	1,186.97	1,356.53	1,526.11	1,865.24	2,204.37	2,543.51	3,052.21	3,560.91
Old St.									
Mellons	1,019.36	1,189.25	1,359.15	1,529.05	1,868.84	2,208.61	2,548.41	3,058.09	3,567.77
Tongwynlais	1,023.22	1,193.76	1,364.29	1,534.84	1,875.91	2,216.98	2,558.06	3,069.67	3,581.28
All other parts of the Council's Area	1,004.52	1,171.94	1,339.36	1,506.79	1,841.63	2,176.46	2,511.31	3,013.57	3,515.83

- 2.4 Authorise the Corporate Director Resources to make payments under Section 38 of the Local Government (Wales) Act 1994 from the Council Fund by equal instalments on the last working day of each month from April 2020 to March 2021 in respect of the precept levied by the Police and Crime Commissioner for South Wales in the sum of £40,164,662.

- 2.5 Agree that the Common Seal be affixed to the said Council Tax.

- 2.6 Agree that the Common Seal be affixed to precepts for Port Health Expenses for the period 1 April 2020 to 31 March 2021 namely

	£
County Council of the City and County of Cardiff	113,783
Vale of Glamorgan County Borough Council	12,817

- 2.7 Agree that notices of the making of the said Council Taxes signed by the Chief Executive be given by advertisement in the local press under Section 38(2) of the Local Government Finance Act 1992.
- 3.0 In accordance with the Local Government Act 2003, the Local Authority (Capital Finance and Accounting) (Wales) Regulations 2003 and subsequent amendments and the CIPFA Prudential Code and Treasury Management Codes of Practice:
- (a) Approve the Capital Strategy 2020/21
 - (b) Approve the Treasury Management Strategy 2020/21 and authorise the Section 151 Officer to raise such funds as may be required to finance capital expenditure by temporary or long term borrowing.
 - (c) Approve the Prudential Indicators for 2020/21 to 2024/25 including the affordable borrowing limit
 - (d) Delegate to the Section 151 Officer the authority to effect movement between limits for borrowing and long term liabilities within the limit for any year to bring forward or delay schemes within the Capital Programme.
 - (e) Approve the Minimum Revenue Provision Policy for 2019/20 and 2020/21
- 4.0 To approve the Budgetary Framework outlined in this report
- 5.0 Maintain the current Council Tax Reduction Scheme as set out in the report.

THE CONSERVATIVE GROUP
27th February 2020