

CABINET MEETING: 25 FEBRUARY 2021

BUDGET REPORT 2021/22

**FINANCE, MODERNISATION AND PERFORMANCE
(COUNCILLOR CHRIS WEAVER)**

AGENDA ITEM: 7

Appendix 3 (c) and Appendix 13 are exempt from publication because they contain information of the kind described in paragraphs 14 and 21 of parts 4 and 5 of Schedule 12A to the Local Government Act 1972.

Reason for this Report

To enable the Cabinet to:

1. Recommend to Council their proposal for the estimates of expenditure and income in order to set the Council Tax in accordance with the Local Government Finance Act 1992, having considered and reflected on the responses to all aspects of the budget consultation.
2. Recommend to Council the strategy and plan for the control of the Authority's borrowing and investments for the year 2021/22 (the Annual Treasury Management Strategy.)
3. Recommend to Council the Capital Strategy for 2021/22 including the Council's Minimum Revenue Provision Policy for 2021/22.
4. Recommend to Council the Prudential Code, capital expenditure and treasury indicators for 2021/22 – 2025/26.
5. Recognise the financial challenges facing the Council, as set out in the Medium Term Financial Plan and note the opportunities for savings.
6. Recognise the work undertaken to raise awareness of, and to ensure the financial resilience of the Council.
7. Set the rent levels for Housing Revenue Account properties, service charges and management fees for leaseholders for 2021/22.
8. Agree the rates of fees and charges for Council services for 2021/22.

Background

9. The Council's Budget Report must provide assurance that a balanced budget and affordable Capital Programme have been set and that due consideration has been given to financial standing.
10. Cabinet received a report on the Budget Strategy 2021/22 and the Medium Term Financial Plan (MTFP) in September 2020. The report identified the budget reduction requirement for the period 2021/22 – 2024/25 and set a framework for addressing the projected funding gap. It also summarised the financial challenges the Council has experienced during 2020/21 as a result of the Coronavirus pandemic, and risks around its ongoing impact.
11. Since September, the forecast position has been updated to take account of more recent information, including the Provisional Local Government Finance Settlement and the results of the public consultation. All updates are reflected in the Council's Revenue Budget for 2021/22, as set out later in this report.
12. The 2021/22 Budget Strategy Report also set the approach for the development of the Council's Capital Programme. The proposed Capital Programme 2021/22 – 2025/26 reflects existing commitments made in previous years as well as new schemes proposed for approval. Further detail is set out in this report.

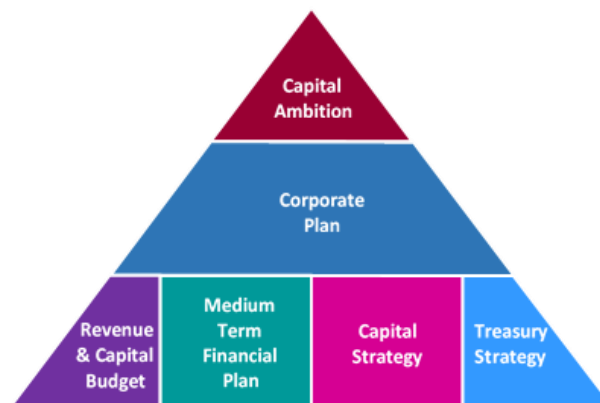
Issues

13. The information contained in this report addresses the statutory requirements summarised in the following paragraphs.
14. The Local Government Finance Act 1992 requires the Council to produce a balanced budget. In line with this duty, this report sets the Revenue Budget and associated Council Tax for 2021/22. The likely position over the medium term is set out in the Medium Term Financial Plan in Annex 1.
15. In setting the budget, the Local Government Act 2003 requires the Council to have regard to the Section 151 Officer's advice on the robustness of estimates and the adequacy of reserves. This report includes commentary on financial risk and resilience and the Section 151 Officer assessment is set out in the financial implications to this report.
16. The Local Government and Housing Act 1989 places a statutory duty on local authorities to maintain a separate Housing Revenue Account (HRA) for the costs associated with the management and maintenance of Council dwellings. HRA rents must comply with the Welsh Government (WG) Policy for Social Housing Rents. The HRA revenue budget and associated rent levels for 2021/22 are contained in Annex 2, along with details of the HRA Capital Programme.
17. The CIPFA Prudential and Treasury Management Codes of Practice, require the Council to approve the 2021/22 Capital Strategy and Treasury Management Strategy prior to the beginning of the financial year. These

strategies are outlined in Annex 3 and Annex 4 respectively, with CIPFA currently consulting on updates to the Codes in respect of borrowing for commercial investment, treasury management governance, skills, knowledge and Prudential Indicators. Annex 3 also contains the Capital Programme for 2021/22 – 2025/26.

Strategic Context

18. Capital Ambition and the Council's Corporate Plan provide the framework for the Council's key financial strategy documents. This helps to ensure that scarce 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.



19. Appendix 1 sets out how the Revenue Budget and Capital Programme are consistent with the Council's priorities, invest in the future of the city and support the five ways of working at the heart of the Well-being of Future Generations (Wales) Act 2015.

COVID-19 Pandemic

20. The ongoing COVID-19 pandemic continues to have a significant financial impact on the Council. In responding to the unprecedented challenge of the pandemic the Council has worked with partners to adapt public services, support local businesses and workers, and to keep citizens, particularly the city's most vulnerable citizens, staff, and communities safe. Throughout the pandemic, the financial implications of the Council's actions to support the city through the crisis and to deliver services safely have been closely monitored.
21. During 2020/21, additional costs associated with COVID-19 have included the procurement of protective equipment, provision of emergency accommodation for homeless people, and the continued provision of food / financial assistance to those entitled to free school meals whilst schools were closed, and to pupils self-isolating. They also reflect the provision of financial support to care providers, supplier relief in other areas and operational changes required to ensure the safe delivery of services.

22. In addition, income loss associated with the pandemic reflects the closure of the Council's cultural and sporting venues, including theatres, Cardiff Castle and Cardiff International White Water. It also reflects a reduction in activity in other income generating areas including planning, parking, moving traffic offences, trade waste and school catering. The Council has taken action to mitigate these losses including the furlough / flexible furlough of 562 individuals. It should be noted that the Council has only placed staff on furlough, and claimed against the Job Retention Scheme where individuals' posts are funded by income that could not be generated due to the pandemic.
23. To date, the WG has committed £557 million as part of a COVID Hardship Fund to support Local Authorities during 2020/21. As at the end of December 2020, this Council's accepted and pending claims to WG totalled over £37 million in respect of expenditure and over £30 million in respect of income.
24. Within its draft budget, the WG had identified £766 million of COVID-19 related consequential funding for 2021/22 (compared to over £5 billion in 2020/21) and have so far nominally allocated £77 million to key areas including contract tracing, support to the Bus industry and Free School Meals (for holiday provision in 2021/22). Since publication of the WG Budget, there have been announcements for additional funding at a UK level, for which, the consequential funding for devolved administrations is yet to be clarified, for example, the Prime Minister's recent announcement of £300 million for catch-up learning.
25. The level of financial support received by the Council during 2020/21 emphasises the significant impact that the pandemic has had on Local Authority finances. Whilst vaccine roll-out offers hope for recovery during 2021/22, the situation remains extremely challenging, and there are a number of key risks that it will be critical for the Council to monitor closely during 2021/22. In reality, it is likely that the financial risks associated with COVID-19 will extend well beyond 2021/22. The MTFP at Annex 2 sets this position out and notes the implications that the UK economic context may have for public spending over the medium term.
26. The table below focuses specifically on the particular risks that pose the greatest threat to financial resilience during 2021/22, considered under four key drivers.

Wider Issue	Potential Implications for Cardiff Council	Rate
Failure of businesses / Unemployment	• Potential increase in Council Tax Reduction Scheme Demand	R
	• Loss of investment estate income	R
	• Free School Meals - any eligibility increase	R
	• Potential need to increase Bad Debt Provisions	RA
Public Health Measures	• Ongoing loss of income - venues, music service etc.	R
	• School catering - ongoing viability of current model	R
	• Provider and Supplier viability	R
	• Ongoing costs of PPE	RA
	• Any learning needs catch up (post schools closure)	RA
	• Cleansing - schools and offices	A
Behavioural Shift	• Test Track Protect - assume funding ongoing and sufficient	A
	• New transport norms - impact on Parking & CPE income	R
	• Impact on Cardiff Bus	RA
	• More emphasis on outside space - maintenance / cleansing	A
	• Switch in waste streams - more household waste	A
Demographics	• Office and ICT requirements - new ways of working	A
	• Will there be increased family breakdown?	R
	• Difficulty in predicting demand in Adult Social Care	RA
	• Homelessness - transitional arrangements / any increase	A

27. It will be critical to scrutinise the risks above from the very outset of the 2021/22 year, particularly those with higher risk ratings. In these areas, in particular, there will be a need to determine at the earliest opportunity, any areas where Government support or directorate recovery plans are insufficient or unable to address ongoing financial pressure. At the first signs of this, it will be crucial to put in place remedial action in order to protect the Council's financial position in the short, medium and long-term outlook.

BREXIT Arrangements

28. A second specific risk factor, which forms part of the background against which the 2021/22 Budget is being set, is the impact of the recently agreed Trade Deal with the European Union. There is a need to closely monitor and react appropriately to any practical implications that arise across the range of services delivered.

Local Government Financial Settlement

29. The Local Government Financial Settlement is a key factor in drafting the budget. Due to the timing of the UK Spending Round, which took place in late November, the Provisional Settlement was delayed until 22nd December 2020. This is more than two months later than the usual October publication date. There is a similar delay to the publication of the Final Local Government Settlement, which is due for publication on 2nd March 2021. This means that the Revenue Budget set out in this report reflects Provisional Settlement Funding (as reported to Cabinet on 13th January 2021.)

30. In order to manage the timing of the Final Settlement, the recommendations to this report set out a contingent arrangement whereby the Council will either add to or draw down from reserves if Final Settlement funding allocations differ from the Provisional Settlement. To exemplify, if the Final Settlement is £20,000 less than the Provisional Settlement, the Council will increase its drawdown from reserves. Conversely, if the Final Settlement is £20,000 more than the Provisional Settlement, the Council would transfer a sum of £20,000 to reserves. The recommendations to this report authorise the Section 151 Officer to prepare an addendum to the 2021/22 Budget making the requisite changes, for consideration by Council on 4th March 2021.
31. The headlines of the Provisional Settlement are included below:
- On average, Welsh Local Authorities will receive a +3.8% increase in general revenue funding next financial year.
 - Individual Authority Settlements range from +2% to +5.6%.
 - Grants totalling £5.127 million at an All Wales level will transfer into Revenue Support Grant (RSG) in 2021/22 (£3.98 million Teachers Pay Grant and £1.1 million for the Coastal Risk Management Programme).
 - There will be no 'floor' protection in 2021/22.
 - Settlement information is for one year only, which continues to make medium term planning extremely challenging.
32. Cardiff will receive a +3.8% increase in Aggregate External Finance (AEF) in 2021/22 (£18 million in cash terms after adjusting for transfers). Cardiff's settlement is at the level of the Welsh average. This is after the impact of transitional arrangements to move to use of mid-year population estimates within the funding formula, which see growth assumptions for the city reduced.
33. In addition to AEF, the Provisional Settlement provides details on specific revenue grant streams, albeit this is incomplete. The majority of grants for which information is currently available will continue at existing (or increased) levels, although information on specific individual local authority allocations is yet to be announced. One exception is the Sustainable Waste Grant, which will reduce by £1 million at an All Wales level. The Council's revenue budget addresses this reduction in order to mitigate its impact on services. Notable increases in specific grants (at an all Wales level) include:
- Social Care Workforce and Sustainability Grant increased from £40 million to £50 million
 - Support for Minority Ethnic and Gypsy, Roma, Traveller learners rises from £10 million to £11million
 - Bus Revenue Support (Traws Cymru) rises from £3.2 million to £4.4 million
 - Road Safety Grant rises from £0.95 million to £2 million

34. Since publication of the Provisional Settlement, the Council has received specific notifications in respect of grant allocations that were not included in settlement tables. Of particular note in this regard is the Council's indicative Housing Support Grant allocation for 2021/22. At £21.9 million (subject to an acceptable spending plan), the indicative allocation is a £5.2 million increase on the 2020/21 grant allocation. This level of funding will enable the delivery of single person and homeless schemes next year, without the need for additional base budget funding.
35. Cardiff's capital settlement is a 1.62% increase in General Capital Funding (GCF) for 2021/22, which is £0.282 million in cash terms. In addition, some details on an all Wales basis are included in respect of specific capital grants, such as £20 million for the continuation of the public highways refurbishment grant, but as with specific revenue grants, further detail is awaited.
36. The level of revenue funding announced in the Provisional Settlement is better than the planning assumption reflected in the Council's MTFP that was published in September 2020. That iteration of the MTFP, which predated the Spending Round, had assumed a potential +1.5% increase in funding for 2021/22.
37. Whilst the improved funding position for 2021/22 is welcome, the position for 2022/23 and beyond is much less certain. The UK economy will be transitioning to new arrangements post BREXIT and the 'long tail' impact of COVID-19 is still likely to be felt. These factors will no doubt have a significant impact on the next UK Government spending review planned during 2021, which will be a key determinant of medium term resource availability.

Revenue Budget 2021/22

Resources Required

38. The resource requirement for 2021/22 is modelled in the table below:

Resources Required	£000	£000
Base Budget Brought Forward		656,186
Pay Award (non-schools) (i)	3,672	
Price Inflation (ii)	3,950	
Financial Pressures (iii)	2,266	
Policy Growth (iv)	800	
Commitments, Realignment & Capital Financing (v)	10,031	
Demographic Pressures (vi)	5,515	
Schools Growth (vii)	8,881	
		35,115
Resources Required		691,301

39. Further information on resource requirements is set out below:
- i. **Pay Award** - there is currently no agreed award for 2021/22. For non-teaching staff, Local Government pay is a matter for collective bargaining between the national employers and trade unions through the National Joint Council. As it is not possible to pre-empt this process, figures allow for an award of up to 2%. This balances recent messages at UK level on public sector pay, with preparedness from a budgetary perspective.
 - ii. **Price Inflation** - this includes key specific inflationary increases, the most significant of which is £3.225 million for commissioned Adult Social Care. Provision is also included in respect of out of county education, energy and ICT licencing costs.
 - iii. **Financial Pressures** - this reflects an increase in Council Tax Reduction Scheme eligibility, as well as staffing requirements linked to a significant increase in the number of Looked After Children. It includes cost pressures associated with an increase in household waste streams experienced during the pandemic, and funding to compensate for a reduction in the core Sustainable Waste Grant in 2021/22.
 - iv. **Policy Growth** - this represents a £0.800 million investment in key policy areas. Further detail on this investment is set out in Appendix 2.
 - v. **Commitments, Realignments & Capital Financing** - includes budget realignments totalling £5.100 million. These address structural deficits evident in the Month 9 monitoring position. The most significant realignments for 2021/22 include £1.704 million for Children's Services, £1.082 million for Education Out Of County Provision, £1.033 million for School Transport costs and £1.350 million for Adult Services (of which £0.600 million is to be funded via additional specific grant). It also includes £2.045 million of additional commitments, including the Fire Service Levy at £0.389 million and the full year costs of operating the Children's Assessment Centre at £0.432 million. It includes £2.847 million of Capital Financing Commitments.
 - vi. **Demographic Pressures** - this includes £1.605 million for Adult Social Services, £3.550 million for Children's Social Services (of which £0.400 million is to be funded by additional specific grant), £0.760 million for Out of County Education Provision and £0.100 million for Recycling and Neighbourhood Services.
 - vii. **Schools Growth** - reflects employee costs for teaching and support staff including an assumed 2% pay award for NJC staff, a 2.5% award for teaching staff and a provision for incremental progression. Also includes pupil number growth and growth in respect of additional pupil needs.

Resources Available

40. Resources available to the Council in 2021/22 (before any increase in the rate of Council Tax are set out below):

	£000
Aggregate External Finance (i)	487,913
Council Tax (2021/22 tax-base at 2020/21 prices) (ii)	187,044
Use of Reserves (iii)	750
Resources Available	675,707

41. Further information on resources available is set out below:

- i. **Aggregate External Finance** – reflects the Council's AEF for 2021/22 as announced in the Provisional Local Government Settlement in December 2020.
- ii. **Council Tax** – this is the amount to be raised from Council Tax before any increase in the rate of the tax. It reflects the 2021/22 Council Tax Base approved by Cabinet in December 2020.
- iii. **Use of Reserves** – this reflects a drawdown of £0.750 million from the Strategic Budget Reserve. Further information is set out in the Reserves section of the Report.

Funding Gap

42. Comparing the resources available to the Council (with no increase in the rate of Council Tax) with the resources required results in the following shortfall.

Funding Gap	£000
Resources Required	691,301
Resources Available	675,707
Shortfall	15,594

43. The funding gap will be addressed through a combination of savings proposals and an increase in Council Tax. The Council has due regard for the level of the increase in Council Tax but has to balance this against the need to fund key services. The proposed increase for 2021/22 is 3.5%. This is a reduction on the potential 4% increase modelled in the Budget Strategy Report in September 2020. A 3.5% increase will generate net additional income of £5.350 million, after allowing for the associated increase in the costs of the Council Tax Reduction Scheme (CTRS.)
44. The table below sets out how the 2021/22 Funding Gap will be addressed. Further information on savings proposals is set out in the next section.

Strategy to Address Funding Gap	£000
Savings Proposals	10,244
Council Tax increase at 3.5% (net of CTRS)	5,350
Shortfall	15,594

45. After updating the resources required and available to reflect proposed savings and a 3.5% Council tax increase, the resultant net cash limit for Cardiff Council in 2021/22 is £682.252 million.

Revenue Budget Savings

46. The 2021/22 Budget is predicated on the delivery of £10.244 million in efficiency savings. Efficiency savings are defined as achieving the same output (or more) for less resource, with no significant impact on the resident / customer.
47. Savings have been reviewed to ensure they have minimal impact on service delivery, and that they are deliverable and appropriate in the context of the Council's financial resilience, both next year and over the medium term. All proposals have been screened for their equalities impact and no concerns were identified.
48. The £10.244 million savings proposal include a 1% efficiency proposal in Schools (£2.540 million) along with £7.704 million in other directorates as summarised below:

Nature of Saving	£000
Review of staffing arrangements	1,706
Reductions in premises costs	762
Reductions in external spend	2,224
Capital financing (early repayment)	1,300
Income	1,712
TOTAL	7,704

49. In line with the Council's September 2020 Budget Strategy Report, in order to improve the deliverability of savings and maximise the chances of securing full year savings in 2021/22, proposals are being implemented in the current financial year where possible. This approach means that of the £7.704 million non-school savings required next year, £1.005 million have already been implemented.

Employee Implications of the Budget

50. The posts deleted or created as part of the budget are set out in the table below. For deleted posts, the table identifies the anticipated method of release.

Employee Implications of Budget	FTE
Voluntary Redundancy	(8.2)
Vacant Posts	(9.8)
TBC / Redeployment	(9.8)
Total FTE posts deleted	(27.8)
Total FTE posts created	14.8
Net FTE Reduction	(13.0)

51. The net decrease of 13.0 full time equivalent (FTE) posts in 2021/22, adds to significant FTE reductions in previous years. Since 2012/13, budget proposals have resulted in the reduction of over 1,600 FTE posts in services other than schools. This includes the deletion of vacant posts and posts that have transferred out of the Council's direct control, as well as posts deleted through redeployment or redundancy.

Fees and Charges

52. The Budget does not include a blanket uplift to fees and charges. Appendix 3 sets out the detailed list of proposed fees and charges for 2021/22. In determining fees and charges, directors were advised to consider the particular circumstances in which they charge for services, including:
- Any applicable statutory frameworks
 - Whether existing income budgets are being met
 - Adequacy of charges relative to cost of provision
 - Any potential impact on demand for services.
53. It is important that the Council is able to react to changing events, both in terms of income opportunities and shortfalls. This will be particularly important during 2021/22, when there will be a need to monitor fees and charges in the context of post-pandemic financial recovery, and to flex where required. It is proposed that the Council continues to delegate 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 particular time-period, or for a particular client group. Decisions will 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.

Financial Resilience Mechanism

54. The Council has a £3.8 million budget called the Financial Resilience Mechanism (FRM) that was set up to help the Council deal with funding uncertainty. It is used to invest in priority areas, but investment is one-off and determined each year. This means that the budget is used proactively, but could be deleted in future if required, without affecting day-to day services.

55. In the context of the better than anticipated funding position, the FRM will not be required to address the funding position and is therefore available for one-off investment. The table below provides a summary of how it will be used and further information is included in Appendix 4.

FRM – One-off use for 2021/22	
Category	£000
Cleaner and Greener Cardiff	1,282
Children and Young People	1,057
Support for Communities	651
City Infrastructure	810
TOTAL	3,800

Consultation and Engagement

56. As well as supporting organisational priorities, budget preparation has regard for the views of key stakeholders. In addition to public consultation, engagement on the 2021/22 Budget took place with the following stakeholder groups.

Consultee Group	Nature of Consultation / Engagement
Scrutiny Committees	Budget briefings took place during February 2021. Responses received from Scrutiny Committees will be tabled and considered as part of the Cabinet meeting. (Appendix 5c)
Trade Unions	Consultation has taken place with the Trade Union Partnership with comments considered in advance of the Cabinet meeting.
Employees	Consultation has taken place both generally through staff meetings, and particularly with employees affected by budget proposals.
School Budget Forum	Following a number of briefings over the budget formulation period, the Forum met on 20 th January 2021 to consider Cabinet's budget proposals as they affect their remit. The response from the forum will be tabled and considered as part of the Cabinet meeting (Appendix 5b).
Audit Committee	At its meeting on 26 th January 2021 the Audit Committee considered the Treasury Management Strategy as part of their oversight function. The relevant parts of the report reflect their views.

57. Citywide public consultation on the Budget took place between 13th January 2021 and 10th February 2021. The consultation took place when the whole of Wales was at its highest alert level for the Coronavirus Pandemic, when people were only able to meet with members of their household or support bubble. This meant that face-to-face engagement could not take place, and that consultation was conducted electronically.

The consultation received 2,870 responses. Further detail on the responses received is set out in Appendix 5a.

58. As part of the consultation, citizens were given the opportunity to prioritise different areas of service delivery. The table below summarises their top three priorities and indicates how the 2021/22 Revenue Budget and Capital Programme 2021/22-2025/26 support these areas.

Priority	Features of Budget & Capital Programme
Leading an economic recovery through supporting businesses and workers and delivering our major regeneration schemes	<ul style="list-style-type: none"> • £73m - Support for Cardiff Capital Region City Deal (CCRCDD) Projects • £22.5m – for delivery of the International Sports Village Master Plan • £24.3m direct capital contribution towards construction of a new indoor arena • £50,000 – revenue funding to provide direct policy support for the City Region, Great Western Gateway and other Strategic Partnerships
Investing in our schools and improving educational attainment and supporting children and young people	<ul style="list-style-type: none"> • £251m - 21st Century Schools Band B investment programme • £54.7m - investment in the existing schools estate • £6.2m - net additional revenue support for Children’s Services • £6.3m - net additional revenue support for Schools • £0.2m - for Child Friendly City Initiatives - Children’s Universities and Innovation Labs • £0.5m - Summer engagement programme for Children & Young People • £0.3m – funding to support the most vulnerable young people to be able to transition to Education Employment and Training (EET) and to re-engage those young people who have dropped out of EET during the pandemic.
Keeping our communities safe and tackling anti-social behaviour	<ul style="list-style-type: none"> • £0.2m to combat motorcycle nuisance • £0.5m to meet demand for additional alley-gating schemes • £2.1m - the COVID crisis has amplified the importance of local spaces, shopping and services for communities. This sum will support public realm and green space improvements, community safety measures and improved neighbourhood facilities to help communities to adapt and thrive. • £29.9m on wider neighbourhood regeneration initiatives • £3.2m - investment in Youth and Wellbeing Hubs

59. In addition to the budget consultation, the findings of the annual Ask Cardiff citizens’ survey were considered in setting the Council’s Corporate Plan and budget priorities. The Ask Cardiff 2020 survey, which ran from 12th

October to 22nd November 2020 and received 4,715 responses, asked questions on citizen satisfaction with city life and public services, and this year included a series of questions relating to the impact of the pandemic. The Ask Cardiff 2020 report, which includes breakdown of responses by demographic groups, can be found [here](#).

Council Tax and Precepts

60. As indicated at paragraph 43 above, the proposed Council Tax increase to support delivery of the 2021/22 Revenue Budget Strategy is 3.5%. This is a reduction on the MTFP funding assumptions set out in September 2020, which outlined a 4% increase. An increase of 3.5% is considered to balance the impact on services and the ability of the public to pay, recognising that those eligible would receive support through the Council Tax Reduction Scheme (CTRS). The detail of the Council Tax resolutions, including information on Community Council and Police and Crime Commissioner precepts is set out for approval within the recommendations at 2.0 to 2.7.

Council Tax Reduction Scheme

61. It is proposed that the approach to the CTRS should remain unchanged for 2021/22. The scheme will continue to comply with the relevant WG regulations. In addition, the scheme will continue to provide additional help for war pensioners by disregarding the income from war pensions including War Widows' Pensions, War Disablement Pensions and income from the Armed Forces and Reserve Compensation Scheme. This is in line with the Council's commitment to support veterans and their families. The budget provides for the impact on the CTRS of the proposed 2021/22 Tax increase.

Directorate Implications of the Budget

62. The information detailed in previous sections outlines the Council-wide position in respect of the 2021/22 Revenue Budget. Appendix 6 sets out the resultant changes to individual directorate budgets between 2020/21 and 2021/22, whilst Appendix 7 shows the same information on a Cabinet Member portfolio basis. The two areas with the most significant budgetary increases in cash terms for 2021/22 are Education and Social Services.
63. On a like for like basis (i.e. after adjusting for transfers), delegated schools' budgets will increase by £6.341 million (2.5%) in 2021/22. This increase includes provision for the pay costs of both teaching and support staff. These sums will be retained centrally pending clarity on pay award agreements. It also provides for growth in pupil numbers and additional learning needs. The £6.341 million is a net figure, which is **after** allowing for schools' contributing a 1% efficiency saving (£2.540 million) and £1.090 million towards the costs of the 21st Century Band B Programme and schools' asset renewal. Retained Education budgets will also increase by £2.725 million (8.1%) in 2021/22. This reflects budgetary allocations for areas of pressure in the current financial year, in particular Out of County Placements and School Transport.

64. After contributing savings of £2.037 million, the budget for Social Services (including contingency allocations) will increase by a total of £11.375 million (6.3%) in 2021/22. This can be broken down into:

- **A net increase of £5.167 million (4.4%) for Adult Services** – this includes a £1.300 million realignment in respect of the 2020/21 budgetary position, of which £0.600 million is assumed to be funded by additional specific grant. It also includes provision for additional demand in 2021/22 and an inflationary allowance in respect of commissioned social care costs.
- **A net increase of £6.208 million (9.5%) for Children’s Services** – this includes a £1.704 million realignment in respect of the 2020/21 budgetary position, which reflects in-year increases in the number of looked after children. It includes £1.375 million for placements in 2021/22, (of which £0.400 million will be funded from additional specific grant), along with £0.715 million to fund associated workforce pressures. This is supplemented by an allocation of £2.175 million to contingency to cover further potential increases in the number and complexity of Looked After Children Placements in 2021/22, given the difficulty in predicting demand in this area, and the potential for lasting impacts of the pandemic.

Financial Resilience

65. When setting the budget, Members must have regard to the Council’s financial standing, risks and resilience. Financial Resilience Snapshots are regularly prepared to support discussions regarding the Council’s financial health, and the current snapshot is set out in Appendix 8 (a). The first column considers historic trends, the second column summarises the current financial year and the final column covers the future financial outlook. Key headlines are summarised in the table below:

Section	Points of Note
Past	<ul style="list-style-type: none"> • Earmarked Reserves – levels have not fluctuated significantly over recent years, and any downward movement reflects use in line with intended purpose. In order to improve financial resilience, the Council will continue to review opportunities to increase earmarked reserves where appropriate. • Savings - the Council has identified over £200 million in savings since 2012/13, which is a challenging position from which to continue to identify savings. • Funding - the level of specific grant income that the Council receives has increased over time. Whilst any increase in funding is welcome, there is an inherent risk when funding for core activities is via specific grants. This is because the costs funded by these grants are integral to the operation of core services, leaving the Council exposed to potential future grant fall out. • Financial Ratios - the illustrated ratios are consistent over time, and present no cause for concern.

Section	Points of Note
Present	<ul style="list-style-type: none"> • Projected Outturn - the projected outturn for the current financial year is a £0.384 million overspend, but there are significant projected overspends in some directorates. The Revenue Budget for 2021/22 includes budgetary realignments to address areas of significant over-spend. • COVID19 - the snapshot summarises by directorate, the significant level of funding the Council has received in year from WG's Local Authority Hardship Fund. The level of support received emphasises how critical it will be to scrutinise key risk areas from the very outset of the year. In the event that Government support or directorate recovery plans prove to be inadequate to meet ongoing pressure, there will be a need to act quickly in order put remedial action in place. • Savings - There are a number of unachieved savings in 2021/22. In many cases, the ability to implement these has been affected by the pandemic. Those considered to present most significant risk to the 2021/22 position, in particular Social Services, have been addressed as part of the budgetary realignments referred to above. • Capital Programme Outturn - there is significant slippage on the Capital Programme in the current year. The level of slippage is reflected in the starting position for the Capital Programme for 2021/22. Whilst, the unprecedented circumstances of 2020/21 played a role, slippage has been an issue for several years and accordingly the Capital Strategy outlines the need for discipline from directorates to ensure resources, skills and capacity are available to deliver the investment programme on time. The likely outturn position is expected to be influenced significantly by grants received from WG in the latter part of the financial year.
Future	<ul style="list-style-type: none"> • The MTFP section of the snapshot shows that the financial outlook remains challenging, with significant additional savings requirements over the medium term. The approach to managing these is set out in the MTFP at Annex 1. • Based on the proposed capital programme, the projections of the capital-financing requirement show a significant increase over the medium term. This reflects commitments in previous budgets such as 21st Century Schools and the new house-build programme, as well as new commitments approved in 2020/21. The costs of servicing the resultant borrowing requirement will need to be managed as part of the Council's MTFP and over the longer-term. • The local affordability indicator shows capital financing costs as a ratio of controllable budget. The gross indicator reflects total capital financing requirement, whilst the net indicator recognises that some of these costs will be met either from Invest to Save (ITS) income, or specific directorate budgets. The indicator is influenced significantly by funding assumptions for future years, including RSG. However, at present it is showing that capital-financing costs are expected to account for a greater proportion of controllable revenue budget over the period modelled. This emphasises the importance of robust business cases where additional capital investment is undertaken on the basis that it will be paid for from future income or revenue savings.

66. In order to ensure there is a resilience cover against areas that can be unpredictable or volatile, the 2021/22 budget proposals will include specific contingencies. These reflect:

- The difficulty in modelling potential increases in the number and complexity of Looked After Children Placements (£2.175 million.)
- Market volatility in respect of recycling materials (£0.350 million).
- A £0.750 million CTRS contingency to reflect potential changes in the volume of claimants plus £1.195 million to reflect the proposed increase in the rate of Council Tax.

- A £0.150 million contingency to associated with an anticipated review of the pricing model in respect of building services.
67. The Council will also maintain its General Contingency of £3 million in 2021/22. In the past, this was specifically held to protect the Council against late or under-delivered savings. The savings requirement for 2021/22 is lower than in previous years, and the revised approach to identifying and implementing savings should offer greater assurance with regard to their successful and timely delivery. However, it is not proposed to reduce the general contingency for 2020/21 for the following reasons:
- The position over the medium term is uncertain, and the lower savings requirement for 2021/22 cannot be assumed to become the norm.
 - The exposure to additional cost in relation to demand-led services, where that demand is difficult to predict.
 - The uncertainty brought about by the pandemic and the difficulty in judging what the long-tail effects of COVID19 may be on the economy, public finances generally, and future demand on services.
 - The comparatively low level of the Council's reserves
68. The level of the contingency will be reviewed over the medium term, based on ongoing monitoring of the factors outlined above. As set out earlier in the Report, the Council plans to take opportunities to increase its earmarked reserves where appropriate, and this would provide an additional level of assurance in potentially reducing this contingency in future. If the contingency is not required in full or part next year, it will itself assist in providing such an increase to reserves.
69. Appendix 8 (b) contains a summary of the financial resilience challenges facing the Council. This financial resilience risk forms part of the Council's Corporate Risk Register, which is regularly reported to the Council's Senior Management Team (SMT), Cabinet and Audit Committee. The Section 151 Officer will continue to highlight the financial standing of the Council on a regular basis as part of Members' overall awareness of financial matters.
70. A key factor in relation to the Council's financial resilience is its General and Earmarked Reserves. These are considered in the next section of the report.

Reserves

71. The Council's strategy for holding and using reserves is set out in its Financial Procedure Rules. CIPFA recommended accounting practice requires the Section 151 Officer to create a protocol for reserves and balances that covers their purpose, the ongoing validity of that purpose and the approval process for transferring funds to and from reserves.
72. Members, following advice provided by the Section 151 Officer, will consider the level of reserves held and whether any should be used to support the budget setting process. There is no statutory minimum

regarding the level of reserves that should be held. Instead, decisions should reflect the individual position of each council. Members are made aware that over-reliance on reserves to fund the budget should be avoided for a number of reasons. Firstly, reserves are a finite resource and so their use to fund ongoing commitments creates a gap in the finances of future years. Secondly, benchmarking shows that Cardiff's reserves are comparably low for an authority of its size. Thirdly, use of earmarked reserves to fund the budget would compromise the original purpose for which they were set aside.

73. After considering the above, Cabinet propose to release a sum of £0.750 million from reserves in support of the budget. This amount will be funded from the Strategic Budget Reserve, which was set up specifically to support financial resilience and the budget requirements of the Council over the medium term. This sum strikes an appropriate balance between supporting services next financial year, and the continued ability to set balanced budgets in the longer term. The use of this sum is reflected in Appendix 9, which outlines the level and anticipated movements on each of the Council's General Fund earmarked reserves, in accordance with their purpose.
74. Appendix 9 also sets out the anticipated position on the Council's General Reserve. The General Reserve is maintained to help cushion the impact of unexpected events or emergencies. The balance on the Council's General Reserve as at the end of 2019/20 was £14.255 million, and it is anticipated that this balance will remain unchanged in the current financial year. In the context of the need to maintain financial stability and flexibility moving forward, on the advice of the Section 151 Officer, it is Cabinet's intention not to make any use of the General Reserve to fund the 2021/22 Budget.
75. The Council holds other reserves, which are ring-fenced for specific use and may not be used in connection with the Council's overall budget. These include HRA earmarked reserves, which are set aside to fund specific HRA projects and the General Housing Reserve, which is the HRA equivalent of the Council's General Reserve. Details on the projected levels of HRA reserves are set out in Appendix 9.
76. The Council's balance sheet also includes school balances. These represent the accumulated surpluses or deficits generated by individual schools. Schools' balances are not available to support the Council's Budget Strategy however they still form a part of overall financial resilience. Whilst deficit balances present a risk to financial resilience, and the Council should take steps to ensure that these are managed over time, schools should also not hold excessively large balances. The Council is able to intervene to address both issues should it feel there is cause to do so.
77. As at 31st March 2020, net school balances stood at a total surplus of £5.8 million, representing an increase of £0.1 million on the previous year's figure. Within this net figure, 18 schools held deficit balances, although a number of these were marginal deficits. All schools holding deficit

balances have recovery plans in place, which demonstrate that the deficits will be cleared within agreed timescales, and are specific to each school's situation. In addition, a number of primary schools held a surplus balance, in excess of locally agreed thresholds, for a minimum of a fifth consecutive year. In line with WG guidance, the Council is in the process of clawing back the balance in excess of the threshold from these schools during the 2020/21 financial year.

78. The Section 151 Officer has considered the 2020/21 budget monitoring forecast and the 2021/22 Budget, including contingency budgets, and is satisfied that the projected level of reserves at 31st March 2021 is sufficient to allow the £0.750 million contribution to the 2021/22 Budget, and that the projected level of reserves remains adequate to 31st March 2022.

Medium Term Financial Plan and Strategy

79. The Council's MTFP for the period 2022/23 – 2025/26 is contained in Annex 1 to this Report. There are a number of inherent uncertainties, in particular, the Council has no indicative AEF figures beyond 2021/22, and these are a key variable in the MTFP.
80. In light of the better than anticipated 2021/22 Local Government Settlement, funding assumptions within the MTFP are more positive than in previous years. However, for prudence they do not assume funding increases at the level received in 2021/22. This is in recognition of the risk that public finances could be tightened as a means of addressing the unprecedented levels of UK debt brought about by the pandemic. The UK Budget expected in March 2021 should provide further information in this regard.
81. The MTFP still identifies a significant budget gap over the medium term. This is because inflationary pressure and demand for services are anticipated to exceed funding increases. The table below summarises the anticipated budget gap over the medium term.

Financial Year	£000
2022/23	21,310
2023/24	23,635
2024/25	20,004
2025/26	19,951
TOTAL	84,900

82. The MTFP notes that, in order to continue to protect the Council's ongoing financial resilience, the approach to identifying the savings requirements outlined above will need to:
- continue to review and challenge all directorate budgets, and to require baseline efficiencies from all services
 - embed a proactive and ongoing approach to identifying and implementing savings, which moves beyond an annual process and

identifies and takes efficiency, and maximising digital transformation opportunities as arise

- continue to accelerate detailed planning and preparatory work to improve the deliverability of savings focussing on transformative and digital type
- identify opportunities to work across directorates and in partnership with other organisations
- continue to maximise income streams and explore the potential for new income streams, particularly where services are not universal
- target productivity savings to ensure that optimum value for money is achieved within scarce resources
- consider the level at which it is affordable to continue to subsidise services of a more discretionary nature

83. Further work on developing a fully defined set of proposals for 2022/23 in particular, will take place during the spring in order to inform the 2022/23 Budget Strategy Report which will be considered by Cabinet in July 2021.

Ring-fenced Accounts

84. The Local Government and Housing Act 1989 places a statutory duty on local authorities to maintain a separate Housing Revenue Account (HRA) for the costs associated with the management and maintenance of Council dwellings. The account is ring-fenced, which means that local authorities must not subsidise costs relating to Council Housing from the General Fund, and vice versa.

85. Annex 2 contains key budgetary information in respect of the HRA including:

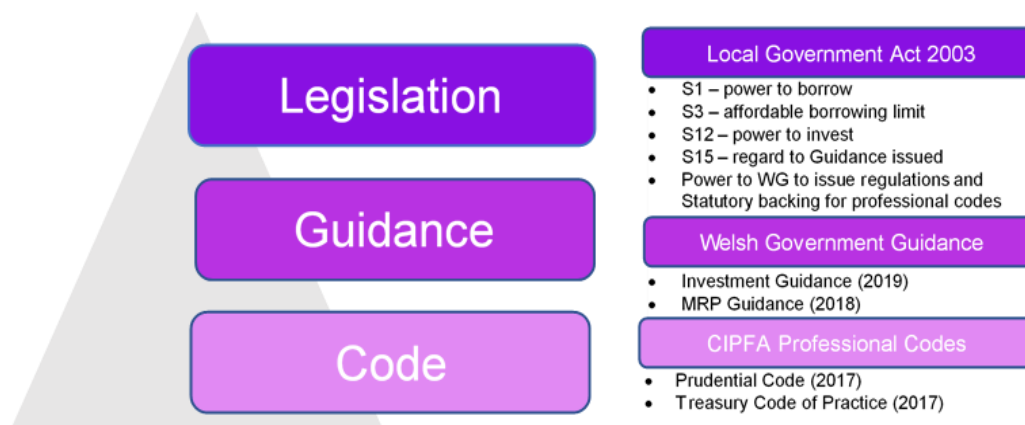
- The proposed HRA budget for 2021/22
- The HRA Medium Term Financial Plan
- The HRA Capital Programme
- The Council's Rent Policy for 2021/22, including details of tenant consultation
- The Annual Assessment of Affordability of rents as required under the terms of WG's Rent Policy
- Key Assumptions, Risks and Uncertainties

86. This report contains recommendations with regards HRA Rents for 2021/22. As noted above, the proposals are set out in Annex 2, which also includes details of the tenant consultation that was undertaken. An Equality Impact Assessment has been carried out and did not identify any issues.

87. Other ring-fenced areas of the Council's accounts include the Civil Parking Enforcement Account and the Activities Transferred from Cardiff Bay Development Corporation including Cardiff Harbour Authority. Budgetary information in respect of these areas is set out in Appendices 10 and 11 respectively.

Capital Strategy and Treasury Management Strategy 2021/22

88. The Capital and Treasury Management strategies are an integral part of the Council's Strategic and Financial Planning Framework. They are developed in line with the CIPFA Prudential Management and Treasury Management Codes as well as statutory guidance issued both nationally and in Wales.



89. The CIPFA Professional Codes have statutory backing and require the Council to determine a suite of indicators highlighting the longer term impact of capital investment decisions on the revenue budget, affordability, prudence and sustainability. Many of the indicators are 'required' indicators, but the Council also produces its own locally determined indicators to support decision making in line with best practice. The detailed indicators are highlighted in the respective strategies and Appendix 12 provides a guide to the indicators and their meaning. Consultation is currently taking place on enhancements to the CIPFA Codes, which will be considered in future Capital Strategy and Treasury Management Strategy updates.
90. The Section 151 Officer is required to report explicitly on the affordability and risk associated with the Capital Strategy and where appropriate have access to specialised advice to enable them to reach their conclusions. This statement is incorporated within the financial implications to this Report.

Capital Strategy 2021/22

91. The Council's Capital Strategy along with the detailed capital investment programme for 2021/22 and indicative allocations for future years, is set out in Annex 3 to this Report. Successfully delivering the commitments set out in Capital Ambition will require capital investment and having a capital strategy in place informs capital investment decisions by providing a framework, which will:
- provide a longer term view of capital expenditure plans whilst setting out all the financial risks to which the authority is exposed
 - ensure decisions can demonstrate sufficient regard to the long term financing, affordability implications and potential risks to the authority

- provide an overview of the Council's asset management planning arrangements, which includes any maintenance requirements that have resource and business planning implications.
92. The Council's Section 151 Officer is required to comment specifically as part of the budget in respect to the deliverability, affordability and risks of the Capital Strategy. The strategy sets out the approach to various factors, as identified below, and covers the Council's approach to:
- **Working with partners** - recognising the enabling role played by the Council in delivering investment and the need for alignment with WG on a longer term and sustained approach to capital investment.
 - **Asset Management Planning** - how the Council demonstrates stewardship of assets used in service delivery and the need to understand condition and alternative options as a basis for understanding investment requirements.
 - **Risk Appetite** - the main areas where capital investment paid for by borrowing would be considered and how such decisions are informed by robust business cases.
 - **Governance and decision-making** - identifying priorities for investment, securing value for money, and monitoring and reporting of the approved capital programme.
 - **Capital Investment Programme** - the detailed five year capital investment programme proposed for 2021/22 to 2025/26.
 - **Funding the strategy and investment programme** - the Capital Resources assumed to be used to fund the 2021/22 to 2025/26 investment programme.
 - **Managing the borrowing requirement** - identifying the Capital Financing Requirement and setting out the strategy to manage Treasury activities including the borrowing requirement and treasury investments.
 - **Prudent Minimum Revenue Provision (MRP) Policy Statement** - setting out the approach of provision for repayment of capital investment paid for by borrowing required to be specifically be approved by Council.
 - **Affordability** - understanding the impact of capital investment decisions on the Council's revenue budget and MTFP via the calculation of various prudential indicators.

Capital Investment Programme 2021/22

93. The detailed programme includes:
- annual sums such as disabled adaptations and expenditure to improve existing assets such as infrastructure and property
 - allocations for specific projects approved in previous years
 - new capital investment proposed in the 2021/22 Budget
 - assumptions for known external grants and contributions, which in most cases are subject to a bid process
 - projects proposed to proceed on the basis of revenue savings, revenue income or other sources of retained income to repay initial investment

over time, including new schemes approved in 2021/22, subject to business case

- the HRA programme, with a focus on maintaining investment to support the Welsh Housing Quality Standards, regeneration and significant investment in new Council homes to meet the demand for good quality, affordable social housing
94. The programme proposed includes the second and final tranche of viability support (£6.6 million) to be given to Cardiff Bus ('The Company'), which was referred to in the report to Council in October 2020 headed "Securing the Future Sustainability and Viability of Cardiff City Transport Services limited". The October Council report recommended, amongst other things, that any release of funds allocated in future years will be subject to review and included as part of future budget proposals. Following a review by the Board of the Company, this is the only opportunity to secure Department for Transport Grant (£5.7m) towards Ultra Low Emission Buses and ensure this is not lost to the company as a means of setting in place a vehicle replacement strategy as part of securing financial viability. All other material facts as set out in that report remain relevant. It is therefore proposed that the final tranche of viability support (£6.6 million) be released to the Company in 2021/22, to allow the Company to implement that part of its Turnaround Strategy relating to fleet investment and strengthening the balance sheet. If approved, this will be done via the issue and acquisition of additional equity in the company during 2021/22 - see recommendation 4.0.
95. New Capital investment projects proposed as part of the budget include:
- A new neighbourhood, district and local centre regeneration scheme
 - Additional funding for schools property asset renewal
 - Developing opportunities for youth activities
 - Match funding for schemes to support the One Planet Strategy in addition to the specific projects included in the programme
 - Additional investment in parks and green spaces including playgrounds
 - New public realm and exposure of the dock feeder pace as part of air quality improvements at Churchill Way
 - Improvements to Children's respite provision
96. Capital investment proposed on the basis that existing budgets or income is to be generated to meet the capital financing costs over a prudent period include:
- Supported living projects for adults with complex needs
 - Supported accommodation for young people to help them live independently
 - Residential provision for children within the city.
 - Implementation of a district heat network delivered via a new company subsidiary
 - Subject to approval of a business case and WG funding construction to address flood and coastal erosion risk at the estuary of the river Rumney.

- Redevelopment of Pentwyn Leisure Centre
- Implementing the master plan for the International Sports Village
- Indoor Arena enabling costs and subject to due diligence, direct funding of the arena construction by the Council as an alternative for third party funding. This will be fully funded by annual lease income from the Arena Operator.

Major Development Projects

Arena – Budget Report Update (January 2021)

97. This section is contained in confidential Appendix 13.

Other Major Development Projects

98. The Capital Programme proposed for 2021/22 is based on known commitments and is in line with the Council's Capital Ambition and priorities. There are however, significant major projects covering schools, transport, housing and economic development initiatives that may have short, medium and long-term financial implications as well as consideration of alternative funding approaches. As options, business cases, risks and financial implications are determined; these will need to be considered as part of annual updates to the Capital Strategy, the detailed Capital Programme and the Medium Term Financial Plan in future years. 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.
99. The Council is considering a number of major projects such as the redevelopment of the International Sports Village (ISV), reviewing the current condition of Core Office buildings (County Hall and City Hall) and considering strategies for any necessary upgrades to these buildings etc. Schemes such as these will remain subject to robust business cases being considered by Cabinet in due course, and could result in significant capital provisions being required, although at this stage are not currently included within the 2021/22 Capital Programme or MTFP.

Treasury Management Strategy 2021/22

100. The Treasury Management Strategy is included at Annex 4 and covers the following areas:
- Borrowing to finance the cash requirements arising from the Council's Capital Programme.
 - Treasury investments and determining how short term cash flows will be safely managed to meet the Council's financial commitments and objectives.
 - The approach to Non-Treasury Management Investments.
101. The strategy is an integrated strategy for the Council, which covers both General Fund and HRA activities. It includes:

- The current treasury position.
- Economic background and prospects for interest rates.
- Borrowing, including:
 - policy
 - council borrowing requirement based on its capital expenditure plans and choice between internal and external borrowing and
 - borrowing strategy
- Treasury management indicators and limits for 2021/22 to 2025/26 based on the proposed Capital Programme.
- Investment policy and strategy, including security and investments approved for use.
- Non-treasury investments and
- Training.

102. The Council receives reports on the approach to treasury management at the start of the financial year, at mid-year and at outturn. Audit Committee Terms of Reference set out their responsibility to seek assurances that the Council has complied with the Treasury Management Strategy and Practices by demonstrating effective control of the associated risks and pursuing optimum performance consistent with those risks. The Audit Committee considered a draft of the strategy at its meeting in January 2021.

Budgetary Framework

103. Under the Budget and Policy Framework Procedure Rules, the Council is able to specify the extent of virement within the budget and the degree of in-year changes. The Council's Financial Procedure Rules also allow virements within directorate budgets.

104. In addition to the virements above, the Section 151 Officer will also undertake all necessary technical adjustments to budgets and accounts during the year and reflect any changes to the accounting structure as result of management and organisational changes within the Council.

105. As set out in the Council's Constitution, the Section 151 Officer will also undertake all necessary financial and accounting adjustments required in order to prepare the Council's Statement of Accounts in accordance with the CIPFA Code of Practice on Local Authority Accounting.

Reason for Recommendations

106. To enable Cabinet to recommend to Council approval of:

- The Revenue and Capital Budget and to set the Council Tax for 2021/22
- The Budget for the Housing Revenue Account
- The Capital Strategy
- The Treasury Management Strategy
- The Prudential Code of Borrowing Indicators for 2021/22 – 2023/24

- The Capital Programme for 2021/22 and the indicative programme to 2025/26, delegating to the Section 151 Officer authority to bring forward or delay schemes within the programme to match resources where necessary
- The Minimum Revenue Provision Policy for 2021/22

Financial Implications

107. Whilst the financial assumptions, basis and implications of the proposed Revenue and Capital Budget Strategy are set out within the detail of this report and appendices, this section provides an opportunity to summarise key aspects and to comment on the robustness of those details as the Council's Section 151 Officer.
108. The Revenue Budget Strategy for 2021/22 has been constructed in the context of a 3.8% increase in WG funding and a proposed 3.5% increase in Council Tax. The funding available through the WG grant is higher than anticipated and this has allowed for targeted investment and an opportunity to address base budget structural issues. It has not though avoided the need to make savings and the Council is still seeking to deliver savings across all areas, with the priority being to maximise the delivery of efficiency savings and support transformation of our services for residents and visitors to the City in part to minimise the ongoing and likely long-standing impact of the COVID-19 pandemic.
109. Fees and Charges proposals have been built into the Revenue Budget Strategy for 2021/22 that reflect all applicable statutory requirements, adequately cover the cost of service provision and can help manage the demand for services.
110. The Medium Term Financial Planning position for the Council remains uncertain, given both the absence of WG grant information beyond 2021/22 and the likelihood of challenges to be faced due to the uncertain post pandemic legacy. The report and the MTFP (Annex 1) has clearly set out the challenges and based on a prudent assessment of funding, work will need to continue on identifying savings, further resilient actions and opportunities for transformation beyond the traditional one-year budget cycle. Budget consideration and delivery is not an 'annual event' and work has continued in-year to ensure the robustness of budgets alongside regular review of the key financial risks, in particular those arising from the pandemic has been a critical consideration.
111. The position reported last year in respect of purportedly under-declared landfill tax and work with HMRC remains ongoing. The position will be kept under review and a further update included in both the Council's Out-turn Report and the 2020/21 Statement of Accounts.
112. In terms of financial resilience, regular reporting to Members on budgetary and service performance is critical and the 'Financial Resilience Snapshot' provides a key summary analysis. Within this, the level of available reserves is a key strategy consideration and positive action has been taken in order to ensure earmarked reserves are at a level, which supports

the financial resilience of the Council given the uncertainty arising from medium term financial challenges and not least, as we emerge from the pandemic. In addition to earmarked reserves, the Council has maintained its General Contingency budget at the previous years' level and will review future year requirements based on the impact of the pandemic on directorate expenditure and associated recovery plans, and once funding (and therefore savings requirements) over the medium term are more certain. The better than anticipated Welsh Government settlement has also meant that the Financial Resilience Mechanism is available to fund one off investment in-year but again this represents an important mitigation for any future settlement volatility and the legacy of the pandemic into the medium term.

113. The Capital Strategy contained within this report sets out the current investment plans across council assets and the funding arrangements that are in place. The Capital Programme at Cardiff continues to grow as new schemes are developed and delivered. Any additional schemes are though subject to robust business cases and are set in the context of overall affordability with regard to our Prudential Indicators. Regular reporting of performance against these indicators for Members confirms that the current and planned programme continues to operate within the limits set. Clearly, this position will be kept under constant review, in particular where the later years of the programme are refined as further information becomes available.
114. The Council has a statutory duty to ensure that the HRA achieves a balanced budget and this has been evidenced as part of this budget report.
115. The budget proposals have been set in response to the feedback from public consultation in terms of the priorities set. The impact and link through to wider strategic priorities have also been highlighted and in particular, how the budget is contributing to requirements in respect of the Future Generations Act.
116. Financial control continues to be of fundamental importance due to the impact of the pandemic and the lack of certainty of future settlements. It is vital that responsible officers take ownership of their budgets and that expenditure remains within approved levels. Compliance with financial rules and governance requirements is expected and this will continue to be monitored and reported on regularly as part of the Council's performance management arrangements.
117. In conclusion, as the Council's Section 151 Officer, the following comments are made in respect of the adequacy of the budget proposals in terms of their robustness and affordability
 - I am satisfied that the Budget estimates are based on accurate and robust data modelling.
 - I believe the Revenue Budget Strategy for 2021/22 and the Medium Term Financial Plan set out a prudent and appropriate allocation of resources that balances the delivery of services whilst ensuring the continued financial resilience of the Council.

- I am satisfied that the Capital Strategy sets out an investment programme that is deliverable, affordable and mitigates risk appropriately.
- I am satisfied that the Council maintains a minimum level of General Fund balances at £14.255 million and this is appropriate in the context of all other available reserves, the challenges facing the Council in the medium term and the focus on maintaining and strengthening financial resilience.
- I am satisfied that the level of available earmarked reserves is appropriate after allowing for planned use in 2021/22.

118. I believe the proposals set out in this report will allow the Cabinet to recommend to Council a Revenue and Capital Strategy that is balanced and robust.

Legal Implications

119. The body of the Budget Report sets out certain legal duties and constraints in relation to setting a balanced budget and Council Tax. They form part of the legal implications to which the decision maker must address its mind notwithstanding that they are not repeated in this section of the Report. The Local Government Finance Act 1992, as amended, ('LGFA 1992') requires the Council to set a balanced budget, including the level of the Council Tax. This means the income from all sources must meet the proposed expenditure. Best estimates must be employed to identify all anticipated expenditure and resources. The approval of the Council's budget and Council Tax, and the adoption of a financial strategy for the control of the Council's borrowing or capital expenditure are matters reserved, by law, to full Council. However, the Cabinet has responsibility for preparing, revising and submitting to Council estimates of the various amounts which must be aggregated in making the calculations required in order to set the budget and the Council Tax; and may make recommendations on the borrowing and capital expenditure strategy, (pursuant to the Local Authorities (Executive Arrangements) (Functions and Responsibilities) (Wales) Regulations 2007)).

120. Local authorities must decide every year how much income they are going to raise from Council Tax. This decision must be based on a budget that sets out estimates of what the Council plans to spend on services. As the Council Tax must be set at the start of the financial year and cannot be increased during the year, consideration must be given to risks and uncertainties and allowances made in funds for contingencies and reserves. The budget and the Council Tax must be set by 11th March in the preceding financial year. A failure to comply with the time limit may leave the Council open to challenge by way of judicial review. When the Council is considering its budget, it must have regard to the Section 151 Officer's report on the robustness of the estimates and the adequacy of the reserves in the budget proposals (section 25 of the Local Government Act 2003). This ensures that Members make their decision on the basis of authoritative advice. Members should provide clear reasons if they disagree with the professional advice of the Section 151 Officer. Members should note that, after the Council has approved its budget and

Council Tax, it is possible for the Council to make substitute calculations during the year (although the basic amount of Council Tax cannot be increased), subject to certain provisos (s.37 LGFA 1992).

121. The Local Government Act 2003 establishes a system to regulate the capital expenditure and borrowing of authorities. The heart of the prudential borrowing system is the duty imposed upon authorities to determine and keep under review how much money they can afford to borrow. The Local Authorities (Capital Finance and Accounting) (Wales) Regulations 2003 (as amended) specify the Prudential Code for Capital Finance to which local authorities in Wales must have regard in setting and reviewing their affordable borrowing limits (sections 3 and 5 of the 2003 Act). Regard must also be had to the CIPFA Prudential and Treasury Management Codes of Practice, as well as WG guidance in respect of Investments and the Minimum Revenue Provision.
122. The Local Government & Housing Act 1989 Part VI sets a statutory regime for housing finance. The Council has a general duty to review the rents of its houses from time to time. The review of the rents is a Cabinet function, and is undertaken with regard to the provisions of legislation, which governs housing finance. Rents for council houses are a credit to the HRA and outgoings a debit. The Council is under a duty to prevent a debit balance on the HRA, which is ring-fenced. There are restrictions in the way in which the account can be operated and the proposals in this report must comply with these accounting requirements to ensure that the rent should be set so as to ensure that the Council is able to comply with its duty to prevent a debit balance arising on the HRA.

Cardiff Bus

123. The body of the report refers to the Capital Programme. The programme proposed includes provision for the release of the second and final tranche of viability support (£6.6 million) to Cardiff City Transport Services Limited. The report to Council in October 2020 headed "Securing the Future Sustainability and Viability of Cardiff City Transport Services" envisaged that financial support could extend over two years and provided that '... any release of funds allocated in future years will be subject to review and included as part of future budget proposals'. Detailed legal advice was contained in the October report and remains relevant to the decision to release the further tranche of viability support. Counsel's advice has been obtained on this matter and has confirmed that the proposal can be achieved within legal constraints.

Civil Enforcement

124. Appendix 10 to the report notes that the income generated from car parking fees, residents' permits, penalty charge notices and moving traffic offences (MTOs) will be used to fund the associated operational costs including the cost of the enforcement service. Further, that any surplus or deficit will be transferred to a separate account and can only be used for specific purposes in accordance with Section 55 of the Road Traffic Regulations Act 1984 ('1984 Act'). The report anticipates a surplus. It is apparent from the statutory provision that there is no requirement of

revenue neutrality. That said, it is important to note that in making orders under the Road Traffic Regulation Act 1984 (as regards parking and other matters), the 1984 Act is not a fiscal measure and does not authorise a local authority to use its powers to charge purely in order to raise surplus revenue for other transport purposes. The approach to car-parking fees, residents' permits, penalty charge notices and moving traffic offences must be based on legitimate considerations that can be taken into account in accordance with the provision of the relevant legislation.

Equality Duty

125. The Council has to satisfy its public sector duties under the Equality Act 2010 (including specific Welsh public sector duties) – the Public Sector Equality Duties (PSED). These duties require the Council to 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. As noted in the report, consideration has been given to the requirements to carry out Equality Impact Assessments in relation to the various saving proposals and EIAs have been carried out in respect of certain of the saving proposals, so that the decision maker may understand the potential impacts of the proposals in terms of equality. This assists the decision maker to ensure that it is making proportionate and rational decisions having due regard to the public sector equality duty. Where a decision is likely to result in a detrimental impact on any group sharing a Protected Characteristic, consideration must be given to possible ways to mitigate the harm. If the harm cannot be avoided, the decision maker must balance the detrimental impact against the strength of the legitimate public need to pursue the service remodelling to deliver savings. The decision maker must be satisfied that having regard to all the relevant circumstances and the PSED, the proposals can be justified, and that all reasonable efforts have been made to mitigate the harm. It is noted that Equality Impact Assessments (which include consideration of views and information obtained through consultation) are background papers to this report. The decision maker must consider and have due regard to the information obtained from the Equality Impact Assessments prior to making the decisions recommended in the report.

The Well-Being of Future Generations (Wales) Act 2015 ('The 2015 Act')

126. The 2015 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

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. 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. 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. 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://gov.wales/topics/people-andcommunities/people/futuregenerations-act/statutory-guidance/?lang=en>.

Employee and Trade Union Consultation

127. The report recognises that notwithstanding efforts to reduce impacts on staff resulting from savings, there will be some staff reductions during the financial year 2021/22. Legal Services are instructed that: (i) engagement has been ongoing between Directors and Trade Unions to discuss budget saving implications and (ii) the Council has formally consulted with Trade Unions about the 2021/22 budget proposals and the likely impact on staff, particularly where posts are at risk of redundancy. Under the general law, relating to unfair dismissal all proposals to make redundancies must involve reasonable consultation with the affected employees and their trade unions. In relation to any potential redundancies, it is important that all required statutory notices are served. Due to the fact that the potential number of redundancies could exceed 20 posts Section 188 of the Trade Union and Labour Relations (Consolidation) Act 1992 requires consultation to be undertaken with the Unions to include ways of avoiding the dismissals, of reducing numbers of employees being dismissed and or mitigating the consequences of dismissals. To this end Legal Services are instructed that consideration is being given to redeployment opportunities, VR and that consultations are ongoing. It is noted that the budget proposals also provide for the creation of posts.

Charging

128. Each proposal to make or increase charges must comply with the statutory framework (including primary and secondary legislation and any statutory guidance issued) relating to the activity in respect of which charges are being levied, including any limitations on levels of charges. Where reliance is placed on the power to charge for discretionary services (Section 93 of the Local Government Act 2003), any charges must be set so that when the charges are taken as a whole no surpluses are made (i.e. the power is limited to cost recovery). Where activities are being undertaken for which charges are being made with the intention of producing surplus income, it is necessary to consider whether that activity is material and would amount to “commercial trading”. For commercial trading, the Council must develop a business case and establish an arms’ length company to undertake that activity (in accordance with the general trading power under Section 95 Local Government Act 2003), or identify another statutory power for a particular trading activity.

Consultation

129. Duties to consult certain stakeholders in respect of proposals may arise from a number of different sources. Members will note that the Council has engaged in consultations as part of the budget process as set out earlier in the report under the heading “Consultation and Engagement”. In considering this matter, Members must genuinely and conscientiously consider the feedback from each consultation and have proper regard to it when making any decision in relation to the subject matter of that consultation. Members should carefully consider the results of the consultation as set out in the Appendices to the report.

General

130. All decisions taken by or on behalf of the Council must:
- Be within the legal powers of the Council and of the body or person exercising powers on behalf of the Council.
 - Comply with any procedural requirement imposed by law.
 - Be undertaken in accordance with procedural requirements imposed by the Council e.g. procedure rules.
 - Be fully and properly informed.
 - Be properly motivated (i.e. for an appropriate, good and relevant reason).
 - Be taken having regard to the Council’s fiduciary duty to its tax payers as elected members are trustees of the public interest and of its statutory purposes for which public powers are conferred on them. This general duty requires the Council to act prudently and in good faith in the interests of those to whom the duty is owed.
 - Otherwise be reasonable and proper in all the circumstances

HR Implications

131. The final budget proposals are based on the outcome of the consultation exercise and the priorities set out in the Corporate Plan. The budgetary position as outlined in this report represents a necessary response to the identified budget shortfall.
132. Paragraph 50 and 51 of the Report sets out information regarding net decrease of 13.0 FTE Council posts overall made up of the deletion of

26.3 FTEs including the deletion of 9.8 FTE vacant posts, 8.2 FTE where voluntary redundancy or retirement applications have been approved, and 9.8 FTE posts to be determined. This has been offset, somewhat, by the creation of 14.8 FTEs.

133. Whilst the numbers of staff impacted by this budget proposal may not be as significant as in previous years, the Council retains a range of mechanisms designed to support the people implications of the Council's budget proposals. Through the continued use of such mechanisms, the Council will consistently work hard to reduce the number of compulsory redundancies wherever possible. In addition to redeployment, other mechanisms include use of flexible working policies plus access to skills support through the Cardiff Academy allowing employees to either refresh their existing skills or develop new skills in order to enhance their opportunities to find another role in the Council or externally.
134. The Trade Unions and employees have been consulted throughout the budget planning process and their comments have been considered. As part of the Council's commitment to partnership working, the Trade Unions and employees will continue to be consulted in all the proposals that impact on staff.

Property Implications

135. There are no specific property implications in respect of the Budget Report 2021/22. The Strategic Estates Department will assist where necessary in supporting delivery in relevant areas such as the Capital Strategy, the Capital Investment Programme and Major Development 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.

CABINET PROPOSAL

(a) Recommendations to Council

The Cabinet, having taken account of the comments of the Section 151 Officer in respect of the robustness of the budget and the adequacy of the reserves as required under Section 25 of the Local Government Act 2003, and having considered the responses to the Budget Consultation recommend that Council:

- 1.0 Approve the Revenue, Capital and Housing Revenue Account budgets including all proposals and increasing the Council Tax by 3.5% as set out in this report and that the Council resolve the following terms.
- 2.0 Note that at its meeting on 17 December 2020 Cabinet calculated the following amounts for the year 2021/22 in accordance with the regulations made under Section 33(5) of the Local Government Finance Act 1992:-

- a) 147,794 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 | 2,513 |
| Pentyrch | 3,369 |
| Radyr | 3,847 |
| St. Fagans | 1,746 |
| Old St. Mellons | 2,192 |
| Tongwynlais | 822 |

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 2021/22 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 £457,978).
£1,112,538,978
- b) Aggregate of the amounts which the Council estimates for items set out in Section 32(3)(a) and (c).
£430,979,000
- 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. £681,559,978
- 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.
£487,912,796
- 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.
£1,312.96
- f) Aggregate amount of all special items referred to in Section 34(1).
£457,978
- 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.

£1,309.86

- 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	1,330.15
Pentyrch	1,361.80
Radyr	1,342.73
St. Fagans	1,329.18
Old St. Mellons	1,332.12
Tongwynlais	1,337.84

- 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.

Area	A £	B £	C £	D £	E £	F £	G £	H £	I £
Lisvane	886.77	1,034.56	1,182.36	1,330.15	1,625.74	1,921.33	2,216.92	2,660.30	3,103.68
Pentyrch	907.87	1,059.18	1,210.49	1,361.80	1,664.42	1,967.04	2,269.67	2,723.60	3,177.53
Radyr	895.15	1,044.35	1,193.54	1,342.73	1,641.11	1,939.50	2,237.88	2,685.46	3,133.04
St. Fagans	886.12	1,033.81	1,181.49	1,329.18	1,624.55	1,919.93	2,215.30	2,658.36	3,101.42
Old St. Mellons	888.08	1,036.09	1,184.11	1,332.12	1,628.15	1,924.17	2,220.20	2,664.24	3,108.28
Tongwynlais	891.89	1,040.54	1,189.19	1,337.84	1,635.14	1,932.44	2,229.73	2,675.68	3,121.63
All other parts of the Council's Area	873.24	1,018.78	1,164.32	1,309.86	1,600.94	1,892.02	2,183.10	2,619.72	3,056.34

- 2.2 Note that for the year 2021/22, 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 £
191.81	223.78	255.75	287.72	351.66	415.60	479.53	575.44	671.35

- 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 2021/22 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	1,078.58	1,258.34	1,438.11	1,617.87	1,977.40	2,336.93	2,696.45	3,235.74	3,775.03
Pentyrch	1,099.68	1,282.96	1,466.24	1,649.52	2,016.08	2,382.64	2,749.20	3,299.04	3,848.88
Radyr	1,086.96	1,268.13	1,449.29	1,630.45	1,992.77	2,355.10	2,717.41	3,260.90	3,804.39
St. Fagans	1,077.93	1,257.59	1,437.24	1,616.90	1,976.21	2,335.53	2,694.83	3,233.80	3,772.77
Old St. Mellons	1,079.89	1,259.87	1,439.86	1,619.84	1,979.81	2,339.77	2,699.73	3,239.68	3,779.63
Tongwynlais	1,083.70	1,264.32	1,444.94	1,625.56	1,986.80	2,348.04	2,709.26	3,251.12	3,792.98
All other parts of the Council's Area	1,065.05	1,242.56	1,420.07	1,597.58	1,952.60	2,307.62	2,662.63	3,195.16	3,727.69

- 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 2021 to March 2022 in respect of the precept levied by the Police and Crime Commissioner for South Wales in the sum of £42,523,290.

- 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 2021 to 31 March 2022 namely

	£
County Council of the City and County of Cardiff	113,768
Vale of Glamorgan County Borough Council	12,832

- 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 2021/22.

- (b) Approve the Treasury Management Strategy 2021/22 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 2021/22 – 2025/26 including the affordable borrowing limit.
 - (d) Delegate to the Section 151 Officer the ability to effect movement between the limits for borrowing and long-term liabilities, within the limit for any year, and to bring forward or delay schemes in the Capital Programme.
 - (e) Approve the Minimum Revenue Provision Policy for 2021/22
- 4.0 Subject to Council approving the Capital budget and further to the decision of Council in October 2020, headed “Securing the Future Sustainability and Viability of Cardiff City Transport Services limited”, authorise the issue and acquisition of additional equity in Cardiff City Transport Services Limited to allow the release of £6.6 million included in the 2021/22 capital programme with this payment being subject to Cardiff City Transport Services Limited agreeing to use the same solely to carry out interventions to support viability and strengthen the balance sheet through fleet acquisition.
- 5.0 To approve the Budgetary Framework outlined in this report.
- 6.0 To maintain the current Council Tax Reduction Scheme as set out in this report.

(a) Matters for Cabinet Decision

The Cabinet, having taken account of the comments of the Section 151 Officer in respect of the robustness of the budget and the adequacy of the reserves as required under Section 25 of the Local Government, Act and having considered the responses to the Budget Consultation is recommended to:

- 7.0 Approve the changes to fees and charges as set out in Appendix 3 (a) and 3 (c) to this report.
- 8.0 Delegate authority to the appropriate Director in consultation with the appropriate Cabinet Member, the Section 151 Officer and the Cabinet Member for Finance, Modernisation & Performance, to amend or introduce new fees and charges during the year, subject if necessary (having regard to the proposed change), to an Equality Impact Assessment and public consultation being undertaken and the results thereof being duly considered before the delegated authority is exercised.
- 9.0 Agree that the rents of all Housing Revenue Account dwellings (including hostels and garages) be increased by 1.5% having taking into account WG guidance.

- 10.0 Approve all service charges and the management fee for leaseholders as set out in Appendix 3 (b).
- 11.0 Agree that all Housing Revenue Account rent increases take effect from 5 April 2021.
- 12.0 Recognise the financial challenges facing the Council as set out in the Medium Term Financial Plan, and to note the opportunities for savings over the medium term.
- 13.0 Agree that in the event that final settlement differs from Provisional Settlement (as set out in paragraph 30 of the report), there will be a proportionate adjustment to or from earmarked reserves, and that the Section 151 Officer be authorised to prepare an addendum to the 2021/22 Budget to reflect the requisite changes.

SENIOR RESPONSIBLE OFFICER	Chris Lee Corporate Director Resources and Section 151 Officer
	19 February 2021

The following Annexes are attached:

Annex 1	Medium Term Financial Plan
Annex 2	Housing Revenue Account 2020/21 Budget and MTFP
Annex 3	Capital Strategy 2020/21 (including Capital Programme)
Annex 4	Treasury Management Strategy

The following Appendices are attached:

Appendix 1	Budgetary Support for Corporate Plan and Future Generations
Appendix 2	Policy Growth Areas
Appendix 3	Summary of Fees and Charges (a) General Fund (b) Housing Revenue Account (c) Fees and Charges Appendix 3 (c) is exempt from publication because it contains information of the kind described in paragraphs 14 and 21 of parts 4 and 5 of Schedule 12A to the Local Government Act 1972.
Appendix 4	Use of Financial Resilience Mechanism
Appendix 5	Changes for Cardiff Consultation
Appendix 6	Directorate Revenue Budgets
Appendix 7	Cabinet Portfolio Revenue Budgets
Appendix 8	(a) Financial Resilience Snapshot (b) Financial Risk and Mitigations
Appendix 9	Earmarked Reserves
Appendix 10	Civil Parking and Enforcement Account
Appendix 11	Cardiff Harbour Authority
Appendix 12	Guide to Prudential Indicators

Appendix 13 Arena Budget Update Report (January 2021) - exempt from publication because it contains information of the kind described in paragraphs 14 and 21 of parts 4 and 5 of Schedule 12A to the Local Government Act 1972.

The following background papers have been taken into account

- Budget Strategy 2021/22 and the Medium Term Financial Plan (September 2020)
- 2021/22 Budget Proposals - for Consultation (January 2021)
- The WG Provisional Local Government Settlement (December 2020)
- Equality Impact Assessment of Cardiff Council's 2021/22 Budget Proposals
- Details of Fees and Charges