

SWYDDFA CYMORTH Y CABINET CABINET SUPPORT OFFICE



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

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Dyddiad/Date: 24 February 2021

Councillor Ramesh Patel
Chairperson Environmental Scrutiny Committee
City of Cardiff Council
County Hall
Cardiff
CF10 4UW

Annwyl/Dear Ramesh

Environmental Scrutiny Committee – 23 February 2021 Draft Budget Proposals 2021/22

Thank you for your letter dated 24 February 2021 and the useful comments raised. I can assure you that Cabinet was able to reflect on the points raised prior to our meeting on 25 February 2021.

I know that Cabinet see great merit in the early involvement of Scrutiny in shaping policy and budget commitments. However, there are some practical challenges to consider such as the timing of any budget settlements from the Welsh Government. Steps were taken this year to broaden the Performance Panel to include policy / performance and budgetary issues. Looking forward, this may inform individual scrutiny committees to consider which budgetary issues warrant further early consideration in order to contribute to the revenue and capital budget proposals which will deliver a balanced budget for 2022/23 and beyond.

Some specific comments in respect of the points made are included below:

- Benchmarking information in respect of Bereavement Fees is attached. This was collated in October 2020 when officers were reviewing the fee increases for this coming year and an assumption of a 2% inflationary increase was made for the other Authorities. Once all fees are published, the data will be updated and I will of course be happy to share a copy showing the 2021/22 actuals.
- I attach an Appendix A, which sets out an explanation and summary of invest to save schemes.
- I attach an Appendix B, which provides further detail on One Planet Cardiff expenditure.
- **Socially Valuable Bus Routes** – The bus services funded by this money supports multiple areas/wards across the city helping residents access work, education and health provision including for example Grangetown, Caerau, Ely, Llanishen and Fairwater. It is not currently possible to assess post-Covid

GWEITHIO DROS GAERDYDD, GWEITHIO DROSOCH CHI
Mae'r Cyngor yn croesawu gohebiaeth yn Gymraeg, Saesneg neu'n ddwyieithog. Byddwn yn cyfathrebu â chi yn ôl eich dewis, dim ond i chi roi gwybod i ni pa un sydd well gennych. Ni fydd gohebu yn Gymraeg yn arwain at oedi.

WORKING FOR CARDIFF, WORKING FOR YOU
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demand but as bus patronage recovers with the advent of the vaccination rollout, the performance of these supported services will be monitored. It should be noted that these services are supported because passenger levels are below those required for the service to be operated commercially. The working arrangements through the BES2 Agreement will also identify an assessment process for reviewing the bus network that will also take into account the impacts of COVID.

- **Low Traffic Neighbourhoods** - the Council has sought funding from the Welsh Government's Active Travel Fund to undertake investigation work to assess the feasibility of implementing Low Traffic Neighbourhoods in Cardiff during the 2021/22 financial year. This work will build on the public engagement exercise and study undertaken by Living Streets in 2020 which focussed on Plasnewydd. The study identified opportunities for introducing measures to create a healthy street environment and highlighted the potential for developing a Low Traffic Neighbourhood (LTN) in Plasnewydd.

With funding secured, the Council will commission a more detailed investigation of the feasibility of implementing a LTN in Plasnewydd. The work will involve data gathering (traffic flows and speeds) to identify patterns of movement and engagement with the local community including local amenity groups in the area. This activity will inform the development of initial proposals for filtering out through-traffic and implementing greening and other placemaking improvements in line with a 'streets for health' approach.

We hope that funding will enable us to investigate the feasibility of an LTN in one other area of the city in addition to Plasnewydd during 2021/22.

The aim of this work will be to devise LTN schemes, which can be delivered in financial year 2022/23. Each scheme will be developed as a pilot, which will be fully evaluated and will provide 'proof of concept' and learning to inform the development of detailed criteria for selecting other areas of the city where LTNs can be delivered.

Providing the pilots are successful, our ultimate aim would be to roll out LTNs to all parts of the city where they can help to create healthier streets and neighbourhoods and support the Council's wider active travel agenda.

- Line 435 Blue Badge Fraud – Proposal to charge a maximum of £360 to recover the costs of the Blue Badge enforcement & investigation (benchmarking with other Councils have been undertaken). Please note the Court decides the level of fine applicable on a case by case basis.
- Line 444 Car Park Season Passes – the increase in charge reflects that season ticket charges have remained static for a number of years and is in line with the parking strategy.
- Street Lighting conversion to LED - 1,250 residential street lights have been converted (Radyr pilot) and 23,750 are programmed to be converted in the next 18 months.

- Dimming - A Central Management System (CMS) was introduced when LED street lighting was implemented on the strategic road network. The LED street lighting on the residential road network will also have a Central Management System and will synchronise with the existing system. The CMS allows Officers to raise and lower lighting levels to support improving energy efficiency; whilst allowing the management of any concerns relating to lighting levels.
- Household Waste Recycling Centre – North Cardiff – as communicated in Council, there were a number of sites assessed but none were deemed viable due to location, financial viability and key transport routes. Strategic Estates will continue to identify any potential sites for further review. Capital Funding is included in the Capital Programme.
- Dog Fees - The fees proposed are reasonable compared with other rehoming charities and also ensure the new owners are aware that taking on a dog has a long term financial commitment as well as a welfare one. The recent thefts of dogs are very much aimed at the 'higher end' breeds which are often sold for in excess of £3,000

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

Yn gywir/Yours sincerely,



Y Cyngorydd/Councillor Chris Weaver
Aelod Cabinet dros Gyllid, Moderneiddio a Pherfformiad
Cabinet Member for Finance, Modernisation & Performance

cc Councillor Huw Thomas, Leader, Cardiff Council;
 Councillor Caro Wild, Cabinet Member Strategic Planning & Transport;
 Councillor Michael Michael, Cabinet Member Clean Streets, Recycling & Environment;
 Chris Lee, Corporate Director Resources;
 Ian Allwood, Head of Finance;
 Andrew Gregory, Director of Planning, Transport & Environment;
 Neil Hanratty, Director of Economic Development
 Matt Wakelam, Assistant Director Street Scene;
 Davina Fiore, Director of Governance & Legal Services;
 Gary Jones, Head of Democratic Services;
 Members of Cardiff's Environmental Scrutiny Committee.

Appendix A

Written summary on invest to save schemes that explains how they operate, typical return on investment, and repayment periods. Finance

Unsupported borrowing - Opportunity afforded by the Prudential Code

Changes made in the Local Government Act 2003 gave Local authorities the opportunity to make real choices in the form of unsupported borrowing for Capital schemes. Local authority capital expenditure was previously controlled by Central Government. This change allowed Councils to deliver improvement in services whilst putting in place measures to protect the interests of the Council Tax and Rent payer (Prudential Code).

Unsupported Borrowing must be repaid from Council tax or rents, specific revenue budgets, future savings or income streams.

Types of Unsupported Borrowing

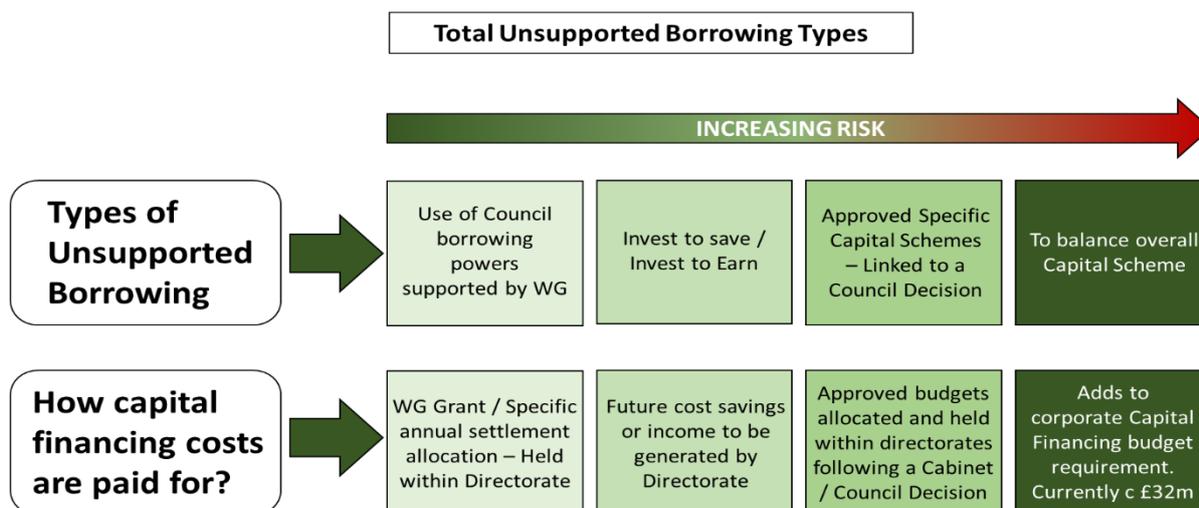
There are currently no nationally imposed restrictions to the quantum of borrowing that can be undertaken to pay for capital investment.

The Council approves its own affordable borrowing limit as part of the Local Government Act 2003 and this is set at a level consistent with the programme of capital investment proposed.

There are two main types of borrowing to pay for capital investment which form part of the Council's borrowing requirement and is managed as part of the Treasury Management Strategy:

- 'Supported Borrowing' - costs of servicing are included within the annual Revenue Support Grant (RSG) the Council receives from Welsh Government.
- 'Unsupported Borrowing' - costs of servicing to be met from Council tax, rent, savings, additional income or sale of assets. The types of unsupported borrowing typically undertaken by the Council and how capital financing costs are paid for are shown below.

The diagram below is an extract from the Capital Strategy and details the four main types of unsupported borrowing undertaken by the Council to date and how revenue costs (capital financing costs of servicing that borrowing) are paid for.



Revenue Budget Impact of Capital schemes funded by Borrowing

The revenue budget impact of borrowing for capital schemes include:

- The costs of operating / maintaining new assets.
- The capital financing costs of servicing any borrowing required to pay for investment (interest and the Council's approach to making prudent provision for repayment of capital investment paid for by borrowing).
- The revenue costs of preparing and delivering projects.

Requirement for a Business Case demonstrating affordability

Any projects given approval to proceed on the basis of paying for themselves over a period of time, require a robust business case. The capital programme includes an allowance of £500,000 p.a for the S151 officer to approve small projects during a year. All other projects are generally identified in previous and future budget proposals as separate line items and progressed only after confirmation of a business case.

Directorates must repay the internally calculated costs of servicing any borrowing over the life of the project from their budgets. This budget can either be in the form of:

- Revenue income assumed from the project
- Revenue savings deemed to be generated as a result of the project
- Grant income from Welsh Government towards the project to be received over its useful life.

Any business case will need to demonstrate that assumed interest costs and repayment of the initial capital expenditure over a prudent period can be afforded. This period is generally deemed to be an estimate of the useful life of the expenditure being incurred, but the prudent period is determined by the S151 Officer in line with a policy approved by Council as part of the budget process.

Directorates will need to repay the costs of any invest to save / earn schemes, irrespective of whether the income or savings initially assumed are actually generated. They therefore represent a long term risk to directorate revenue budgets and so on going monitoring of performance and any models initially assumed to capture savings and income is essential.

The section below highlights some of the investment historically undertaken. Some projects may be short term and have a longer period of repayment than others so typical returns and repayment periods will differ for each.

Examples of existing projects undertaken by borrowing to be repaid from Revenue or other Budgets

- Creation of Cardiff International Whitewater
- Homelessness Single Assessment Centre
- Schools 21st Century Schools Band A and Band B financial Models
- Streelighting dimming and LED conversion
- Radyr Weir
- Energy Retrofit Schemes
- Town Centre Loans
- Highways and Schools Local Government Borrowing Initiative
- Controlled Parking Enforcement and Moving Traffic Enforcement set up
- Cardiff North Cemetery
- Vehicle Replacement Strategy – Buy versus lease

- Core Office Strategy
- Investment in Leisure Centres as part of GLL contract
- Parks implementation of 3G Pitches
- Private Sector Rental Scheme Loans
- Acquisition of Red Dragon Centre

Examples of projects included in the 2021/22 programme based on borrowing to be repaid from Revenue or other Budgets (Subject to business to approval of business case)

- Cardiff Heat Network Limited Loan
- Pilot projects for supported living
- Coastal Erosion Local Government Borrowing Initiative
- Pentwyn Leisure Centre Redevelopment
- International Sports Village Redevelopment
- Contribution to City Deal expenditure in advance of central government grant
- Indoor Arena – Enabling and Direct Funding replacement for income strip

Appendix B One Planet Posts

| 5yr plan - PTE Additional Resource | Perm/T emp | Impact/Delivery |
|--|------------|---|
| White Paper Resource | | |
| Programme Manager | Perm | <ol style="list-style-type: none"> 1. Lead delivery on key transportation projects in the City Centre/across the City e.g. Castle Street/Transport interchange & East Side Canal Quarter contained in the White Paper. 2. Ensure quicker delivery of Parking Strategy/Traffic Regulation Orders in a customer focussed way - streamlining e.g. technology mapping/providing clear mitigation for Sustainable Travel Transport choices. 3. Manage key delivery of innovative Transport solutions e.g. technology including smart corridors. |
| Metro, Bus/Strategic Corridors | 1yr | <ol style="list-style-type: none"> 1. Successfully deliver £1mn assessment spend. 2. Ensure Cardiff Crossrail moves to next design/delivery stage – clear public announcement. 3. Ensure New crosscity bus routes/wider city strategy is delivered/public. 4. Ensure bus measures aligned with Castle St/Smart corridor outcomes are delivered. |
| Electrical Team - Telematics | 1yr | <ol style="list-style-type: none"> 1. Delivery of multiple schemes associated with the sustainable and active travel agenda and Transport White Paper ambitions. 2. Design of new signalised traffic junctions. 3. Configuration of existing junctions to tie into new scheme designs - Smart Corridors. 4. Delivery of multiple intelligent transport system solutions. |
| Electrical Team - Street Lighting Design | 1yr | <ol style="list-style-type: none"> 1. Delivery of multiple schemes associated with the sustainable and active travel agenda and Transport White Paper ambitions. 2. Design of new signalised traffic junctions. 3. Configuration of existing junctions to tie into new scheme designs - Smart Corridors. 4. Delivery of multiple intelligent transport system solutions. |

| One Planet | | |
|--|------|---|
| Programme Manager/Lead | Perm | <ol style="list-style-type: none"> 1. Co-ordinating the delivery of the One Planet Cardiff strategy and climate emergency response. 2. Defining, procuring and project managing key renewable energy and energy efficiency projects. 3. Tracking National policy change, best practice and managing periodic strategy review. |
| Housing Retrofit Officer (Domestic Energy) | 1yr | <ol style="list-style-type: none"> 1. Developing a strategy and delivery framework for upscaled domestic energy Retrofit (beyond current HRA/ARBED scope). 2. Key liaison on City Region and Health dimensions and in securing appropriate funding, skills development and supply chains. 3. Direct delivery of initial phase of domestic retrofit projects for privately owned housing in the city. |
| EV Delivery Officer | 1yr | <p>Deliverability on site will be dependent on funding being allocated</p> <ol style="list-style-type: none"> 1. Installation of 22kw chargers at 11 car park sites. 2. Installation of further 10 residential EVCPs. 3. Delivery of long term EV Delivery Strategy. |
| Senior Carbon & Climate officer | 1yr | <ol style="list-style-type: none"> 1. Detailed carbon modelling and impact assessment across the One Planet Cardiff projects. 2. Monitoring and reporting on Council wide Carbon reduction action. 3. Assisting in the delivery and project management of key renewable energy and energy efficiency projects. |

| Overall Support & Resource | | |
|---------------------------------------|-----|--|
| Finance | 1yr | Financial Co-ordination - One Planet/Carbon Footprint Council Wide |

