

SWYDDFA CYMORTH Y CABINET CABINET SUPPORT OFFICE

Fy Nghyf / My Ref: CM46130
Eich Cyf / Your Ref:
Dyddiad / Date: 4th August 2021



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Councillor David Walker
Chairperson
Policy Review & Performance Scrutiny Committee
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Annwyl/Dear David

Policy Review & Performance Scrutiny Committee - 14 July 2021 Budget Strategy 2022/23 & Medium Term Financial Plan

Thank you for your letter dated 15 July 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 15 July 2021. I have set out my response below, to the issues raised.

Financial Modelling

The table below summarises Aggregate External Finance (AEF) increases for Cardiff, and at an All Wales level over the last five years. As referenced at the meeting, in the period immediately prior to that, settlements were negative, as also referenced in the table.

	Cardiff %	All Wales %
2014/15	-2.7	-3.4
2015/16	-2.9	-3.4
2016/17	-0.1	-1.3
2017/18	0.5	0.2
2018/19	0.9	0.2
2109/20	0.9	0.2
2020/21	4.1	4.3
2021/22	3.8	3.8

Settlements for 2017/18 – 2019/20 are eroded to 0.3%, 0.5% and 0.7% once new responsibilities are taken into account

Wales Fiscal Analysis (WFA), a research unit within Cardiff University's Wales Governance Centre, recently undertook (April 2021) some useful modelling in this area. It shows that based on the UK Government's pre-Covid spending plans, it may have been appropriate to assume indicative AEF increases more in line with the levels received in 2020/21 and 2021/22. However, as set out in the economic context section of the Budget Strategy Report, UK spending plans have changed as a result of the pandemic, with downwards adjustments to spending levels made in both November 2020 and March 2021. Taking these adjustments into account, WFA modelling suggests 0.9% to be a realistic current assessment of AEF increases in 2022/23.

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

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



We recognise that any modelling includes a number of assumptions and variables and all developments will be kept under close review. Currently however, it is considered a risk to plan for a higher increase that may not materialise, given this would expose the Council to the risk of having to find additional savings requirements at very short notice. In the event that the settlement is better than the 1% working assumption, any savings planning undertaken as a result of assuming a worse settlement, will not be lost, as it will support the position over the medium term.

COVID-19

To clarify, all monies received from the Hardship Fund last year were used to cover expenditure that was incurred last year. The fund operates on a reimbursement basis to support Local Authorities with additional expenditure that has already been incurred. The Council did however, receive other grants at the end of last year, that provide a degree of resilience.

The Council has undertaken financial modelling around the financial impact of different Alert Levels in the latter part of 2021/22. Whilst further lockdowns are not budgeted in the Medium Term Financial Plan, this will continue to be kept under close review, and the Budget Strategy Report sets out key risks to be monitored.

Hybrid Working

I would like to provide further assurance that changes to working practices will not be forced upon employees. Employee engagement will be key in developing the hybrid working model, and a staff survey has recently been launched to understand how staff would like to work in the future. The video illustrating what hybrid working may look like is linked below: <https://www.youtube.com/watch?v=2BzeaUSzm4Y>

Capital Receipts

I note your request for pre-decision scrutiny of the Property Strategy, and its alignment with the Budget Strategy, and have passed it on to the Cabinet Member and Director concerned.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'C. Weaver', is written on a light yellow rectangular background.

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