

COUNCIL:

3 MARCH 2022

CABINET PROPOSAL

BUDGET REPORT 2022/23

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.

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 2022/23 (the Annual Treasury Management Strategy.)
3. Recommend to Council the Capital Strategy for 2022/23 including the Council's Minimum Revenue Provision Policy for 2022/23.
4. Recommend to Council the Prudential Code, capital expenditure and treasury indicators for 2022/23 – 2026/27.
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 2022/23.
8. Agree the rates of fees and charges for Council services for 2022/23.

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 the Council's financial standing.
10. Cabinet received an initial report on the Budget Strategy 2022/23 and the Medium Term Financial Plan (MTFP) in July 2021. The report identified the budget reduction requirement for the period 2022/23 – 2025/26 and set a framework for addressing the projected funding gap. It also summarised the financial challenges the Council has continued to experience during 2021/22 due to the Coronavirus pandemic.
11. Since July 2021, 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 2022/23, as set out later in this report.
12. The 2022/23 Budget Strategy Report also set the approach for the development of the Council's Capital Programme. The proposed Capital Programme 2022/23 – 2026/27 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 2022/23. The likely position over the medium term is set out in the MTFP at 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's 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 2022/23 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 2022/23 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. Future changes to the Prudential and Treasury Management Codes of Practice are explained later in the report and should be noted.

Context

18. The Council's key financial strategy documents, (as encapsulated in this report and its annexes), are framed by Capital Ambition and the Council's Corporate Plan. This ensures that 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 COVID-19 pandemic and associated public health measures have had significant financial implications for the Council, both in terms of additional costs and loss of income. During 2020/21, the Welsh Government put in place a COVID-19 Hardship Fund to support Local Authorities in managing additional costs and income loss directly resulting from the pandemic. The Fund has been extended until the end of the 2021/22 financial year but will not be in place during 2022/23. This represents a significant financial risk to the Council as illustrated in the table below, which summarises the level of support the Council has required from the Fund to date.

	Additional Expenditure £000	Income Loss £000	Total £000
2020/21	47,704	38,155	85,859
2021/22 (M1-9)*	21,235	12,955	34,190
TOTAL	68,939	51,110	120,049

** Including sums pending approval*

21. Additional costs and income loss supported from the fund include, but are not limited to:
- The procurement of protective equipment.
 - Operational changes to ensure the safe delivery of services.
 - The provision of emergency accommodation for homeless people.
 - Provision of food / financial assistance to those eligible for free school meals whilst schools were closed, and to pupils self-isolating.
 - Financial support to care providers, and other schemes run on behalf of WG, including self-isolation payments, care-home testing and statutory sick pay enhancement.
 - Income loss directly associated with the closure or reduced operation of the Council's cultural and sporting venues, including Arts Venues, Cardiff Castle and Cardiff International White Water.
 - Income loss associated with a reduction in activity in other areas including parking, moving traffic offences, trade waste and school catering.
22. The scope and scale of the financial support received to date illustrates the financial risk associated with the ending of the Hardship Fund. Many of the issues outlined above are likely to continue next financial year and are expected to be accompanied by longer tail challenges, including the significant demand increases now being seen in some areas such as Social Care. The 2022/23 Budget will need to be sufficiently robust to ensure that the Council can continue to cope with COVID-19 related financial pressures without recourse to external support.

Local Government Financial Settlement

23. The Local Government Financial Settlement is a key factor in drafting the budget. Due to the timing of the UK Budget, which took place in late October, the Provisional Settlement was not received until the 21st December 2021, with the Final Local Government Settlement due for publication on 2nd March 2022. This means that the Revenue Budget set out in this report reflects Provisional Settlement Funding (as reported to Cabinet on 13th January 2022.)
24. The Final Settlement will be received one day prior to Council's consideration of the 2022/23 Budget. In recognition of this timing, the recommendations to this report set out a contingent arrangement whereby the Council will either add to or draw down from reserves

should 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 by £20,000. 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 2022/23 Budget making the requisite changes, for consideration by Council on 3rd March 2022.

25. The headlines of the settlement are included below:
- On average, Welsh Local Authorities will receive a 9.4% increase in general revenue funding next financial year.
 - Individual Authority Settlements range from +8.4% to +11.2%.
 - Grants totalling £18.6 million at an All-Wales level will transfer into Revenue Support Grant (RSG) in 2022/23. The most significant of these are Gate Fees and an element of the Social Care Workforce Grant.
 - There will be no 'floor' protection in 2022/23.
 - Individual Local Authority allocations are for one year only. However, indicative All Wales allocations of 3.5% and 2.4% are set out for the years 2023/24 and 2024/25 respectively and are reflected in the Medium Term Financial Plan.
26. Cardiff will receive a 10.7% increase in Aggregate External Finance (AEF) in 2022/23 (£52.6 million in cash terms after adjusting for transfers). Included within the settlement is funding for additional pressures. These include agreed support for the payment of the Real Living Wage in the care sector as announced by the Deputy Minister for Social Services on 21st December 2021. ([Statement linked here](#)) It also includes allowances for increased pay and national insurance contributions from April 2022. From a financial risk and resilience perspective, as set out earlier in the report, in the absence of any Local Authority Hardship Fund next year, the Council will need to ensure it can cover any ongoing COVID-19 related pressures (both expenditure and income) from within this allocation.
27. In addition to AEF, the Provisional Settlement provides some details on specific revenue grant streams, with the majority continuing at existing levels, although information on specific individual local authority allocations is still awaited. Notable changes (at an all-Wales level) include:
- A new £40 million grant associated with Welsh Government's recently announced plan to extend Free School Meal provision.
 - A £22.8 million increase to the Childcare grant, also associated with recent Welsh Government announcements.
 - A £12.0 million increase to Pupil Development Grant.

- A £14.6 million decrease to the Regional Consortia Improvement Grant.
 - A £31.3 million decrease to the Recruit Recover Raise Standards Grant.
28. As indicated above, specific grant announcements include significant new allocations linked to recent WG policy announcements, including Free School Meals and Childcare. It is difficult to comment on the quantum of these sums at present. As further detail emerges on the implementation of these policies in 2022/23, the associated cost implications will need to be carefully worked through in the context of these funding allocations. The budget is predicated upon grant allocations being sufficient to cover the associated policy changes.
29. Cardiff's Capital Settlement is a £0.480 million increase in General Capital Funding (GCF) for 2022/23 (2.7%), with indicative increases of £3.9 million in each of 2023/24 and 2024/25. Whilst the additional GCF allocations are welcome, at present it is unclear whether those increases will be sustained in baseline allocations beyond 2024/25. It is also of note that there are currently significant pressures resulting from supply chain cost increases, demand for investment to maintain condition, and capital receipt assumptions.
30. There is little detail in terms of specific capital grant awards for Cardiff. As in previous years, these would need to be on a bid basis which can make long term financial planning difficult. This applies to the £20 million decarbonisation sum announced at an All-Wales level.

Revenue Budget 2022/23

31. A summary of the 2022/23 Revenue Budget is set out below. Each component of the budget build-up is detailed further in subsequent paragraphs.

Resources Required	£000
Base Budget B/F (adjusted for transfers)	686,734
Pay Award and NI changes	6,034
Price Inflation	10,664
Financial Pressures	4,413
COVID Recovery	10,000
Commitments, Realignments & Capital Financing	10,471
Policy Growth	5,500
Demographic Pressures	8,318
Schools Pressures	9,309
Savings	(7,708)
Resources Required	743,735

Resources Available	£000
Aggregate External Finance - per Provisional Settlement	544,715
Council Tax: 2022/23 tax base & 1.9% rate increase	199,020
Resources Available	743,735

Resources Required

32. Further information on resource requirements is set out below:

- Pay Award and NI Changes (£6.034 million)
There is currently no agreed award for 2022/23. 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 budget for an award of up to 3%. Figures also reflect the impact of the Health and Social Care Levy on Employers' National Insurance Contributions from 1 April 2022.
- Price Inflation (£10.664 million)
This sum includes key specific inflationary increases, predominantly in relation to commissioned Social Care. This year price uplifts reflect an estimate to support the payment of Real Living Wage in the care sector as referenced in paragraph 26. Provision is also included in respect of out of county education, energy and ICT licencing costs.
- Financial Pressures (£4.413 million)
This includes £3.3 million staffing requirements linked to significant pressure in Social Services together with £1 million support for organisational change and £150,000 for committee services and elections. The full cost of elections is covered within the 2022/23 budget.
- COVID-19 Recovery (£10.000 million)
This reflects the ongoing financial risk associated with COVID-19 Recovery in 2022/23. As outlined in an earlier section of the Report, the Council has received significant financial assistance from the WG COVID-19 Hardship Fund to help manage additional costs and income loss directly resulting from the pandemic. Support from the fund totalled £85.8 million in 2020/21, £34.2 million in 2021/22 to date, with the likelihood that this will exceed £40 million by year end.

It is expected that COVID-19 will continue to have a significant impact financially in 2022/23 including in relation to PPE, sickness cover, and most significantly, income recovery. In the absence of COVID-19 Hardship Fund support in 2022/23 this must be factored into the Council's Budget plans. It is anticipated that the £10 million COVID-19 Recovery budget will need to be supplemented by use of Earmarked Reserves. This hybrid approach is considered to provide an adequate level of resilience in 2022/23 and will be reviewed for 2023/24. In order to ensure the adequacy of this provision in 2022/23, there will be a

responsibility on all directorates to proactively manage the key areas of COVID-19 related financial risk in their areas from the outset of the financial year. This will be particularly important in income-funded areas where affected directorates will need to play a proactive role in managing any income losses by quickly reacting to changing events to manage costs or take any other action.

- Policy Growth (£5.500 million)

This represents a £5.500 million investment in key policy areas, and takes account of consultation feedback. Further detail on this investment is set out in Appendix 2 and is summarised in the table below.

Theme	£000
Young People	1,225
Community Improvement & Safety	861
Cleaner Streets	1,202
One Planet Cardiff	519
City Recovery and Infrastructure	1,693
TOTAL	5,500

- Commitments, Realignments & Capital Financing (£10.471 million)

This sum includes budgetary realignments of £4.942 million. This figure is the net effect of upward pressure on expenditure in some areas, including Children's Services and Legal Fees, coupled with reductions in expenditure and additional income in others. Reduction in budgeted expenditure include the removal of additional CTRS provision made in 2021/22 associated with the ending of the Job Retention Scheme, after taking account of current claim levels. The £10.471 million also includes £1.545 million in additional commitments, including the Fire Service Levy at £0.403 million and the full year costs of operating the Children's Services Review Hub at £0.513 million. It includes £3.338 million of Capital Financing Commitments, as well as the impact of the proposed Council Tax increase on the Council Tax Reduction Scheme budget (£0.646 million).

- Demographic Pressures (£8.318 million)

This sum includes £5.600 million for Adult Social Services and £1.843 million for Children's Social Services. It includes £0.150 million for Out of County Education Provision, £0.400 million for School Transport ALN Routes and £0.325 million to support a switch in waste streams linked to the pandemic.

- Schools' Pressures (£9.309 million)

Schools' pressures in the main reflect employee costs for teaching and support staff. These include an assumed 3% pay award for NJC staff, the full year impact of the September 2021 Teacher's pay award, an assumed 3% award for teaching staff from September 2022, a provision for incremental progression and the impact of the Health and Social Care Levy on Employers' National Insurance Contributions. The effect of changes in pupil numbers is also reflected. The growth is net of a £1.090 million Schools contribution to the Band B programme.

Revenue Budget Savings

33. The 2022/23 Budget is predicated on the delivery of £7.708 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.
34. 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. Equality Impact Assessment (EIA) screening has also been undertaken for all proposals. All have been screened and the outcome is that they are all classified as either 'Green' or 'Amber-Green' and as such no material or significant concerns have been identified. As per paragraph 33 above, these efficiency savings therefore have no significant impact on residents or customers and no concerns were identified
35. The £7.708 million savings reflect savings in all directorates, except for Schools, which following consideration post consultation by Cabinet, have been protected for 2022/23.

Nature of Saving	£000
Review of staffing arrangements	1,063
Reductions in premises costs	340
Reductions in external spend	3,980
Increase in Income	1,325
Reduction in General Contingency	1,000
TOTAL	7,708

36. In line with the Council's July 2021 Budget Strategy Report, in order to improve the deliverability of savings and maximise the chances of securing full year savings in 2022/23, proposals are being implemented in the current financial year where possible. This approach means that of the £7.708 million non-school savings required next year, £2.785 million have already been achieved.

Employee Implications of the Budget

37. 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	(7.4)
Vacant Posts	(6.9)
TBC / Redeployment	(4.0)
Total FTE posts deleted	(18.3)
Total FTE posts created	76.6
Net FTE Creation	58.3

38. The net increase of 58.3 full time equivalent (FTE) posts in 2022/23 is the first year in a number of years in which there has been a net increase, made possible by the opportunities to invest in policy growth areas in 2022/23. Created posts includes those previously funded on a temporary basis (via the Council's Financial Resilience Mechanism), which will now be funded permanently. Between 2012/12 and 2021/22, budget proposals resulted in the reduction of over 1,600 FTE posts in services other than schools, including 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

39. 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 2022/23. 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
 - Any specific inflationary cost pressures that will need to be met
 - Adequacy of charges relative to cost of provision
 - Any potential impact on demand for services.
40. 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 2022/23, 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

41. 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.
42. 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 2022/23	
Category	£000
Young People	1,210
Community Improvement and Safety	1,648
Cleaner and Greener Cardiff	670
City Infrastructure	272
TOTAL	3,800

Consultation and Engagement

43. As well as supporting organisational priorities, budget preparation has regard for the views of key stakeholders. In addition to public consultation, engagement on the 2022/23 Budget took place with the following stakeholder groups.

Consultee Group	Nature of Consultation / Engagement
Scrutiny Committees	Budget briefings took place during February 2022. 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 have provided a response to the Council's Budget consultation, which will be tabled and considered as part of the Cabinet meeting (Appendix 5b)
Audit Committee	At its meeting on 25 th January 2022 the Governance and Audit Committee considered the Treasury Management Strategy as part of their oversight function.

44. Consultation on the 2022/23 budget commenced with the 'Ask Cardiff' survey which asked citizens to indicate their budgetary priorities both in the short and long term. 'Ask Cardiff' generated 2,704 responses across the city. Building on the findings of 'Ask Cardiff', (which were set out in the January 2022 Budget Update Report), citywide public consultation on the Budget took place between 14th January 2022 and 6th February 2022. Due to the Coronavirus Pandemic, face-to-face engagement was not possible, and consultation was conducted electronically. The consultation received 1,547 responses. Further detail on the responses received is set out in Appendix 5a.
45. The consultation gave citizens the opportunity to prioritise different areas of service delivery. The table below summarises their top three priorities

and indicates how the 2022/23 Revenue Budget and Capital Programme 2022/23-2026/27 support these areas.

Priority	Features of Budget & Capital Programme
Vulnerable Children & Families	<ul style="list-style-type: none"> • £8.354m (11.8%) net budget increase in 2022/23 • £3.3 - capital investment in Right Homes Right Support Strategy for children plus investment in children's respite provision and gateway accommodation for young people.
Vulnerable Adults & Older People	<ul style="list-style-type: none"> • £15.832m (13.2%) net budget increase in 2022/23 • £28.2m disabled adaptations to enable people to remain in their own home • £5m included in the capital programme for Independent Living Wellbeing Centre
Schools (Teaching)	<ul style="list-style-type: none"> • £9.309m (3.6%) net budget increase in 2022/23 • Schools protection from efficiency savings • In addition to the above, the 2022/23 Budget also includes £2.4m investment for young people beyond the classroom including: <ul style="list-style-type: none"> • £0.750m for Youth Services • £0.500m to deliver a Summer of Smile Programme in 2022/23 • £0.250m for edible playgrounds • £0.200 m to support the new curriculum • £0.200m to support youth sport and physical activity • £0.100m to further invest in Child Friendly Cities

46. Despite a tailored budget survey aimed at younger people, distributed to all schools and the Youth Council, there was a low response from this children and young people. This reflects historical trends, with younger people having proven to be a hard group to reach through the use of traditional corporate engagement approaches, particularly on the Council's budget consultation. Restrictions associated with the pandemic have limited the use of face-to-face methodologies, making engagement with this group even more difficult. Over recent years, a variety of methodologies have been used to encourage participation amongst children and young people in both the budget consultation and Ask Cardiff survey, including incentives such as concert tickets or high street vouchers, with limited success.
47. While participation in the budget consultation was low, Cardiff's Child Friendly City work has enabled children and young people to express their voice and have this voice heard on priorities for the city. The Child Friendly City survey run by the Council with all schools in the city (conducted in 2019) gathered the views of over 6,000 pupils across Cardiff on their life in the city and their priorities for action, and the Children Commissioner for Wales's research reports (including a series of 'Coronavirus and Me' surveys run during 2020 and 2021, with local data shared with the Council), have provided valuable evidence on the

experience of young people in Cardiff during the pandemic. A new Child Friendly City survey will also be undertaken in spring 2022. Despite the low response to the budget consultation, the priorities identified through this more tailored – and more successful – approach to engaging children and young people has ensured that the voice of young people has been, and will continue to be, heard in priority setting for the Council.

Council Tax and Precepts

48. As indicated at paragraph 31 above, the proposed Council Tax increase to support delivery of the 2022/23 Revenue Budget Strategy is 1.9%. This is a reduction on the MTFP funding assumptions set out in July 2021 and in the Budget Update Report of January 2022, which both modelled a 4% increase. The increase generates net additional income of £3.065 million. Combined with efficiency savings of £7.708 million this will help deliver the 2022/23 Budget, including the investment in services outlined earlier in the Report. The proposed increase represents an additional £0.48 a week on a Band D property. Those eligible, will receive support through the Council Tax Reduction Scheme. 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

49. It is proposed that the approach to the CTRS should remain unchanged for 2022/23. 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 2022/23 Council Tax increase.

Directorate Implications of the Budget

50. The information detailed in previous sections outlines the Council-wide position in respect of the 2022/23 Revenue Budget. Appendix 6 sets out the resultant changes to individual directorate budgets between 2021/22 and 2022/23, and Appendix 7 shows the same information on a Cabinet Member portfolio basis. The two largest areas of the Council's budget (Education and Social Services) will receive significant additional resources next year. This addresses financial pressures in these areas and invests in areas of policy growth, consistent with the findings of the public consultation outlined later in this report.
51. Delegated schools' budgets will increase by £9.309 million (3.6%) in 2022/23. This increase includes provision for the pay costs of both teaching and support staff. It also reflects projected changes in pupil numbers. The £9.309 million is a net figure, which is **after** a £1.090 million contribution to the costs of the 21st Century Band B Programme

and schools' asset renewal. Schools are not being required to contribute an efficiency saving in 2022/23. Retained Education budgets will also increase by £1.817 million (4.7%) in 2022/23. This sum includes £0.943 million investment in the youth service, Cardiff Commitment, Schools Active Travel and Child Friendly Cities.

52. After contributing savings of £3.479 million, the budget for Social Services (including contingency allocations) will increase by a total of £23.928 million (12.5%) in 2022/23. This comprises £15.574 million (13.0%) for Adult Services and £8.354 million (11.8%) for Children's Services. As referenced earlier in the report, increases include the cost of supporting payment of the Real Living Wage within the care sector, as well as longer tail demand challenges associated with the pandemic resulting in additional demand for services and increases to required social work capacity.
53. As referenced in the next section on financial resilience, the 2022/23 Budget will retain £5.5 million of Social Services funding in contingency. This is in recognition of a number of risk factors including:
 - The difficulty in predicting demand with 100% accuracy, particularly in a post pandemic environment, and acknowledging that a small number of care packages can have a material impact on cost.
 - The fact that in addition to COVID-19 related financial support (the fall out of which has been addressed within 2022/23 budget allocations), Social Services received additional non-recurrent grant support in 2021/22 in excess of £12 million.
54. Movement in other directorate budgets is indicated in Appendix 6. Changes of note include a £11.3 million increase to the Corporate Management budget. This is largely due to the £10 million COVID Recovery budget being held centrally, so that its use can be prioritised during 2022/23 into those areas where COVID pressures continue to be felt most acutely. There are also significant policy growth allocations into some directorates including £1.8m for Planning, Transport and Environment. This reflects £1 million to permanently fund highways repairs that were previously supported on a one-off basis via the FRM, together with £0.4 million to support One Planet Cardiff delivery and £0.4 million to enhance transport and planning capacity. Economic Development will receive policy investment of £0.7 million including resources for a business investment team, additional city centre stewards, community engagement and safety in parks and a team of Youth Support and Physical Activity Inclusion Officers.

Financial Resilience

55. 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 – the Council's earmarked reserves have historically been low for an authority of its size, and previous assessments of financial resilience noted the need to increase reserves where possible and appropriate. The snapshot indicates that reserves did increase at the end of 2020/21. This was due to a combination of factors including planned increases, grant awards made late in the financial year, and less use of reserves during 2020/21 due to the pandemic. This increase will support the proposed hybrid strategy to managing ongoing pandemic related risk in 2022/23, whereby the £10 million COVID recovery budget will be supplemented from support from reserves if required. • Savings - the Council has identified over £200 million in savings since 2012/13. • Funding - the level of specific grant income that the Council receives has increased over time. Whilst funding increases are welcome, there is a risk when funding for core activities is via specific grants as it leaves the Council exposed to potential future grant fall out. • Financial Ratios - the illustrated ratios are consistent over time, and present no cause for concern.
Present	<ul style="list-style-type: none"> • Projected Outturn - the projected outturn for the current financial year is a £0.101 million overspend, but there are significant projected overspends in some directorates. The Revenue Budget for 2022/23 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. As already indicated, the level of support received emphasises the importance of including adequate cover in the 2022/23 Budget to be able to continue to deal with the financial impact of COVID-19 in 2022/23 without ongoing support from the Local Authority Hardship Fund. • Savings - There are £0.673 million unachieved savings in 2021/22. Some were a result of delayed implementation and are expected to be achieved during 2022/23. Where this is not expected to be possible, it has been addressed as part of budget allocations for 2022/23. • Capital Programme Outturn - there continues to be slippage on the Capital Programme in the current year. The level of slippage is reflected in the starting position for the Capital Programme for 2022/23. Whilst, pricing and supply chain pressures continue to play a role, the approach to 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 and to meet existing budget allocations before considering new priorities. The likely outturn position will be influenced significantly by grants received from WG in the latter part of the financial year.

Section	Points of Note
Future	<ul style="list-style-type: none"> • The MTFP section of the snapshot shows that the financial outlook remains challenging, with 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, new house-build programme, arena affordability envelope as well as commitments outlined in the Capital Strategy. 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 and timely income or revenue savings.

56. In order to ensure there is a resilience cover against areas that can be unpredictable or volatile, the 2022/23 budget proposals include specific contingencies. These reflect:

- The difficulty in modelling potential increases in the number and complexity of Looked After Children Placements (£2.500 million.)
- The difficulty in modelling demand in Adult Services (£3.000 million)
- Market volatility in respect of recycling materials (£0.350 million).

57. The Council will reduce its General Contingency of £3 million in 2022/23 by £1.0 million. In the past, this was specifically held to protect the Council against late or under-delivered savings. However, in recent years, as savings requirements have reduced the contingency has been retained to address the difficulties in predicting demand, and more recently due to the risks associated with the COVID-19 pandemic. In 2022/23, it is considered that the continued improvements in savings delivery and planning, higher level of reserves and specific contingencies for particular risks will enable a lower level of general contingency.

58. 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.

Reserves

59. 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.
60. Members, following advice provided by the Section 151 Officer, 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. Reserves are a finite resource, so their use to fund ongoing commitments creates a gap in the finances of future years. In addition, Cardiff's reserves are comparably low for an authority of its size.
61. After considering the above, Cabinet do not propose to release any funding from reserves in support of ongoing budget commitments in 2022/23. It is however noted that reserves are an important part of overall financial resilience, and as such the 2022/23 budget strategy is predicated on the basis that earmarked reserves may need to be reviewed in year to provide an additional level of support to the £10 million base-funded COVID-19 Recovery budget.
62. Appendix 9 outlines the level and anticipated movements on each of the Council's General Fund earmarked reserves, in accordance with their purpose. It 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 2020/21 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, 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 2022/23 Budget.
63. 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.
64. 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.

65. As at 31st March 2021, net school balances stood at a total surplus of £21.1 million, representing a significant increase of £15.3 million on the previous year's figure (£5.8m). In the main this is due to the provision by WG of £9.8 million of additional revenue grants to schools' budgets during March 2021. Periods of school closures due to the pandemic, and an inability to carry out many planned works because of issues with providers and suppliers also contributed to in-year savings, which in turn increased the balances carried forward. Within this net figure, two schools held deficit balances, (down from 18 the year before). 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.
66. The Section 151 Officer has considered the 2021/22 budget monitoring forecast and the 2022/23 Budget, including contingency budgets, and is satisfied that the projected level of reserves remains adequate to 31st March 2023.

Medium Term Financial Plan and Strategy

67. The Council's MTFP for the period 2023/24 – 2026/27 is contained in Annex 1 to this Report.
68. For the first time in a number of years, the Council has indicative funding allocations beyond the current financial year (at an All-Wales level). Whilst welcome from a planning perspective, it is important to emphasise their indicative nature and the potential for change. In the past, changing circumstances have resulted in funding allocations ultimately being less favourable than indicative amounts. This is a risk that must be considered in the context of current uncertainties.
69. 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
2023/24	23,931
2024/25	13,800
2025/26	15,827
2026/27	15,640
TOTAL	69,198

70. 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
- 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
- Consider opportunities to reduce reliance on the COVID-19 recovery budget over the medium term.

71. Further work on developing a fully defined set of proposals for 2023/24 in particular, will take place during the spring in order to inform the 2023/24 Budget Strategy Report which will be considered by Cabinet in July 2022.

Ring-fenced Accounts

72. 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.

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

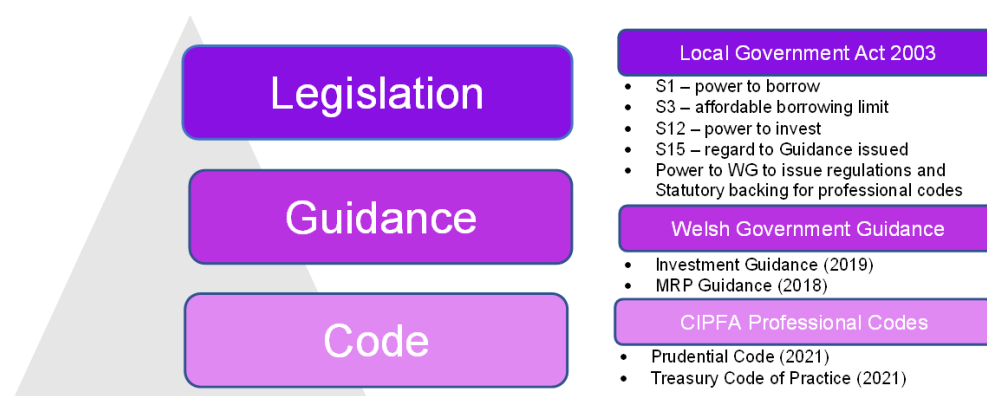
- The proposed HRA budget for 2022/23
- The HRA Medium Term Financial Plan
- The HRA Capital Programme
- The Council's Rent Policy for 2022/23, including details of tenant consultation
- The Annual Assessment of Affordability of rents as required under the terms of WG's Rent Policy
- Key Assumptions, Risks and Uncertainties

74. This report contains recommendations with regards HRA Rents for 2022/23. 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.

75. 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 2022/23

76. 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.



77. 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.

CIPFA Prudential and Treasury Management Code Updates

78. On 20th December 2021, CIPFA issued updates to the Treasury Management Code and Prudential Code. Whilst the reporting requirements do not formally need to be adopted until 2023/24, the Codes are now in force and should be followed when decisions on capital expenditure, treasury, service and commercial investment are being taken. Specific changes that impact on Treasury Management Strategy will be considered during 2022/23, with responsibilities and approach to awareness raising, responsibility and implementation within Directorates to be set out.
79. The revised codes have the following implications which will need to be considered across all stakeholders:

- Clarify what CIPFA expects a local authority to borrow for and what they do not view as appropriate.
- Set out a risk management approach to ensure capital investment or projects that result in an income do not have an unproportionate impact on core functions and service delivery, in the event that they do not perform as planned.
- Principles confirming that an authority must not borrow to invest primarily for financial return, apply with immediate effect.
- A new requirement for performance and reporting requirements for service and commercial investment, (especially where supported by borrowing/leverage), implementing statutory or locally determined indicators where relevant.
- Address Environmental, Social and Governance (ESG) issues within the Capital and Treasury Strategy.
- Require implementation of a policy to review commercial property holdings, with a view to divest where appropriate.
- Create new Investment Management Practices to manage risks associated with non-treasury investment (similar to the current Treasury Management Practices) and a governance process for updating and review.
- Update of definitions and items to be used in calculating indicators. e.g. removal of investment income from the definition of financing costs.
- A requirement for the Council to adopt a new debt liability benchmark treasury indicator to support the financing risk management of the Capital Financing Requirement.
- Ensure that any long-term treasury investment is supported by a business model.
- A requirement to effectively manage liquidity and longer-term cash flow requirements.
- Amendment to Treasury Management Practice 1 to address ESG policy within the treasury management risk framework.
- Amendment to the knowledge, competencies and skills register for individuals involved in the treasury management function - to be proportionate to the size and complexity of the treasury management conducted by the council.
- All investments and investment income to be attributed to one of the following three purposes: -
 - Treasury management
Arising from the organisation's cash flows or treasury risk management activity
 - Non-Treasury Management - Service delivery
Investments held primarily and directly for the delivery of public services including housing, regeneration and local infrastructure.
 - Non-Treasury Management - Commercial return
Investments held primarily for financial return with no treasury management or direct service provision purpose.

80. It should be noted that following a review of PWLB lending policy, a prohibition is in place to deny access to borrowing from the PWLB for any local authority which includes in its capital programme the acquisition of investment assets bought primarily for yield. It is therefore important to ensure that policy and financial processes are in place to eliminate this risk.

Capital Strategy 2022/23

81. The Council's Capital Strategy along with the detailed capital investment programme for 2022/23 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.
82. 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 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.
83. 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 2022/23 to 2026/27.
 - **Funding the strategy and investment programme** - the Capital Resources assumed to be used to fund the 2022/23 to 2026/27 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 2022/23

84. 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 2022/23 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 2022/23, subject to business case
- the HRA programme, with a focus on maintaining investment to support the Welsh Housing Quality Standards, cladding and priority energy efficiency schemes, regeneration and significant investment in new Council homes to meet the demand for good quality, affordable social housing.

85. In line with the budget strategy, new capital investment projects have been minimised, with a focus on delivering existing schemes in the approved capital programme. Additional capital investment is approved on service delivery priority projects including those predicated on the basis that existing budgets or income is to be generated to meet the capital financing costs over a prudent period include:

- Working with partners, delivering an Independent Living Wellbeing Centre as a key priority of the Ageing Well strategy.
- A recyclable property acquisition fund, to align existing council non operational land ownership interests and support neighbourhood regeneration initiatives on vacant or underused sites.

These projects are subject to a further business case to Cabinet and the revenue budget allows for feasibility and options appraisal for a number of other strategic service delivery projects for Cabinet consideration, and subject to approval of business case, inclusion in future years programmes. This includes enhanced service delivery arising from the relocation of the dog's home; Review of the Materials Recycling Facility, Burial space in the city, creation of a Youth Zone and renewable energy

projects following a post project appraisal of existing schemes. The Property Strategy considered by Cabinet in December 2021, also highlighted the need to identify options in respect to assets such as St David's Hall and City Hall.

86. It is however noted that unless such projects are to be funded by external grant to be received or retained, approval in future years will result in further increases to the Council's borrowing requirement.
87. The Capital Programme proposed for 2022/23 is based on known commitments and is in line with the Council's Capital Ambition and priorities. There are however, significant major development 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.

Major Development Projects

Arena – Budget Report Update (January 2022)

88. The Council previously approved an 'affordability envelope' in February 2019, to enable delivery of the new Indoor Arena. This set the funding parameters within which the Council would deliver a new Arena. Significant progress has been made since that point, including Cabinet approvals of the acquisition of the Red Dragon Centre and the appointment of a preferred Developer/Operator consortium to build and operate the Arena.
89. Following appointment of the preferred bidder in November 2020, including the securing and fixing of the key financial elements of the deal, the Council took the opportunity to review potential funding solutions in consultation with Council's treasury advisors. This work identified that the optimal funding solution was for the Council to move away from an "income strip / third party" funding model as had been previously agreed, and instead to adopt a "direct funding" approach for the Indoor Arena to ensure best value for money could be achieved for the Council. This would be at no direct cost to the Council as any costs of 'Direct Funding' would be matched or exceeded by annual lease income receivable by the Arena operator. By adopting this revised funding strategy, the Council now becomes the project funder, and will therefore take on the associated risks and rewards that entails. Provisions have been made within the Council's capital programme and budget planning processes to reflect this change in approach, whilst the Council's treasury indicators have also been updated.

90. In September 2021, Cabinet approved the Final Business Case for the Arena (including the revised funding strategy) and authorised the Council entering into a Development and Funding Agreement (DFA) and associated legal agreements with the successful parties to formally conclude the procurement process of the new Indoor Arena and replacement Travelodge Hotel at Atlantic Wharf, Butetown. A Planning Application for a new Indoor Arena and Hotel was submitted in November 2021, with a decision on whether to grant Planning Permission due in Spring 2022.
91. The revenue financing costs of capital expenditure will in the short-term be funded by the Arena affordability envelope. An existing revenue budget of £1.500 million in place and has been sufficient to cover all revenue costs to date. It is anticipated this budget will need to be increased by a further £1.000 million from 2023/24 onwards, and an additional £0.350 million in 2025/26, once construction of the Arena has commenced. This aligns with projections included within the MTFP. These revenue budgets will remain in place for the short-term and will be utilised to fund the borrowing costs associated with delivery of the Indoor Arena and enabling developments. It is expected the Indoor Arena and enabling developments will become self-financing and sustainable in the long-term, with these budgets no longer required.
92. Current projections for the Arena affordability envelope estimate the gross revenue impact will peak at circa £9 million. Whilst this is due to be fully offset by gross income receivable from Arena, Red Dragon Centre and Multi-Storey Car Parking revenues in the longer term, there will be interim support from the general fund revenue budget, in line with the affordability envelope.
93. Income and expenditure assumptions remain subject to the finalisation of robust business cases, whilst revenue financing costs will be dependent on the borrowing strategy the Council chooses to implement and the interest rate environment at the time of borrowing. The Council will remain exposed to interest rate risk as project funder until such a time that borrowing is locked in at affordable rates. Ongoing planning and monitoring work continues in an effort to mitigate these external risks as far as possible, whilst also exploring potential opportunities the interest rate environment may provide.
94. In addition, and as set out within the Atlantic Wharf Masterplan approved by Cabinet in December 2020, and revised masterplan in July 2021, the delivery of the new Indoor Arena is the anchor project within the wider Atlantic Wharf regeneration programme. Whilst funding solutions for the Arena and associated enabling developments have been identified, and are reflected within the MTFP and capital programme, there are no specific budget allocations included at this stage for any further projects or phases included within the wider Atlantic Wharf Masterplan. These will remain subject to robust business cases and future Cabinet/Council decisions.

Other Major Development Projects

95. The 2022/23 Capital Programme currently includes budgets for a number of schemes at the International Sports Village (ISV) in line with the ISV masterplan presented to and agreed by Cabinet in March 2021. This includes financial provisions to support the relocation of the Velodrome from Maindy to a new facility to be constructed at the International Sports Village, as well as the acquisitions of land within International Sports Village as part of a wider land acquisition and disposal strategy (approved by Cabinet in September 2021). The timing and value of receipts realised as part of the ISV land disposal strategy will be critical to the achievement of objectives, with any delays or loss of value of proposed disposals having a direct effect on revenue costs required to hold the site.
96. The Council is considering a number of major projects such as the regeneration of Atlantic Wharf, International Sports Village, 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 budget being required, although at this stage are not currently included within the 2022/23 Capital Programme or MTFP. Any proposals are therefore expected to be on a self-financing basis, utilising capital receipts and s106 contributions generated in line with the budgetary framework.

Treasury Management Strategy 2022/23

97. 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.
98. 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 2022/23 to 2026/27 based on the proposed Capital Programme.
 - Investment policy and strategy, including security and investments approved for use.

- The highlighting of CIPFA code changes, primarily in respect to commercial and service investments, to be reviewed and implemented by various stakeholders in 2022/23 and
 - The Treasury Function.
99. The Council receives reports on the approach to treasury management at the start of the financial year, at mid-year and at outturn. Governance and 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 Governance and Audit Committee considered a draft of the strategy at its meeting in January 2022.

Budgetary Framework

100. 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.
101. 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.
102. 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

103. To enable Cabinet to recommend to Council approval of:
- The Revenue and Capital Budget and to set the Council Tax for 2022/23
 - The Budget for the Housing Revenue Account
 - The Capital Strategy
 - The Treasury Management Strategy
 - The Prudential Code of Borrowing Indicators for 2022/23 – 2026/27
 - The Capital Programme for 2022/23 and the indicative programme to 2026/27, 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 2022/23 (as included in the Council's Capital Strategy at Annex 3)

Financial Implications

104. 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.

105. The Revenue Budget Strategy for 2022/23 has been constructed on the basis of a 10.7% increase in WG funding and a proposed 1.9% increase in Council Tax. The funding available through the WG grant is higher than anticipated and this has allowed appropriate base budget allocations to areas of high customer demand alongside an opportunity for targeted investment and growth in key policy areas. The WG funding though must be set in the context of the need to absorb additional pressures next year in respect of for example, pay inflation, increasing national insurance contributions and the requirements to pay Real Living Wage rates to the Care Sector. In addition, financial resilience is also a key factor in the construction of next year's budget particularly as services transition out of COVID-19 restrictions and the Council is required to fund ongoing pandemic costs in the absence of a Welsh Government Hardship Fund for 2022/23.
106. Whilst the Settlement has been more positive than expected, it has not detracted from the efforts by Services to deliver efficiency savings in 2022/23. Even though the total of savings is lower in comparison to recent years for 2022/23, the notion of continuously seeking out opportunities to deliver efficiency savings remains a central part of the Council's financial framework.
107. Fees and Charges proposals have been built into the Revenue Budget Strategy for 2022/23 that reflect all applicable statutory requirements, adequately cover the cost of service provision and can help manage the demand for services. These have been increased where appropriate, but the transitional effect of the COVID-19 pandemic is acknowledged and is likely to have an impact on demand for services and income levels (where applicable) in 2022/23. This will be a key requirement to monitor and offset where appropriate against the COVID-19 recovery budget established as part of the Budget Strategy for 2022/23.
108. The Medium Term Financial Planning position for the Council remains challenging given the demand pressures on services, the likely increasing cost base requirements and the projected levels of future resource availability. Welsh Government has provided indicative allocations for 2023/24 and 2024/25 which are welcome, but a cautious approach is needed given the all Wales nature of these projections and the uncertainty of the future public sector landscape post pandemic. The Strategy Report and the MTFP (Annex 1) have clearly set out the challenges and based on a prudent assessment of funding, work will need to continue on identifying transformative savings over the medium term. As stated previously, budget consideration and savings delivery should not be seen as an 'annual event' and work will continue in-year to ensure the ongoing robustness of budget management is maintained alongside a regular review of key financial risks.

109. Medium to longer term financial management is one of the standards of CIPFA's Financial Management Code (introduced in 2020). The medium-term financial plan is a key element of this, being integrated with the Council's service plans and its capital strategy. The Council will continue to comply with the Code in respect of its principles of Leadership, Accountability, Transparency, Standards, Assurance and Sustainability. Following an initial period allowed for self-assessment, the code is now effective. Where relevant improvements have been identified following assessment by the council, these will be agreed and implemented as part of ongoing performance improvement.
110. 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 2021/22 Statement of Accounts.
111. In terms of financial resilience, regular reporting to Members on budgetary and service performance is critical and the 'Financial Resilience Snapshot' (Appendix 8) continues to provide a key summary analysis. Within this, the level of available reserves is a key strategy consideration and opportunities to increase levels at the end of 2020/21 through one off Welsh Government funding in the main, has provided further support and resilience for the Council given the uncertainty arising from medium term financial challenges and not least, as we emerge from the pandemic. The Budget Report itself states that such reserves may be called upon to supplement the £10M Covid Recovery Budget and this hybrid approach will hopefully provide the resilience required. Also worthy of note in respect of reserves is that for 2022/23 no use of reserves is built into the Strategy in support of ongoing budgetary commitments, but prudent allowances have been made in future years within the MTFP.
112. In addition to earmarked reserves, the Council has maintained a General Contingency budget, although this has been lowered to £2M in 2022/23. This is felt to be appropriate given the improvements in the robustness of savings planning, higher levels of available earmarked reserves and the opportunity taken next year to set aside specific contingencies in key risk areas such as Adults and Children's Social Services. The better than anticipated Welsh Government settlement has also meant that the Financial Resilience Mechanism is available once again 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 and to ensure that capital receipts necessary to deliver the programme are delivered promptly.

114. The Budget Strategy has also highlighted the recent updates to the Treasury Management and Prudential Code. As required, a full review of implications will be undertaken in 2022/23 prior to formal adoption in 2023/24.
115. The Council has a statutory duty to ensure that the HRA achieves a balanced budget over the medium term and this has been evidenced as part of this budget report. Any liabilities of the HRA are ultimately liabilities of the Council so it is essential that a longer term planning and modelling horizon continues to be updated as part of its business plan, having regard to robust viability assessments for new development proposals and risks identified in the MTFP particularly in respect to certainty of rent policy.
116. 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 objectives within the Corporate Plan and the wider requirements of the Future Generations Act.
117. Financial control continues to be of fundamental importance due to the ongoing impact of the pandemic and recovery pressures on services. 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.
118. 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 2022/23 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 an adequate budget allowance has been made to mitigate the ongoing impact of the COVID-19 pandemic in 2022/23 and that this can be supplemented by earmarked reserves (following a risk assessment of those reserves) if required.
- I am satisfied that the overall level of available earmarked reserves is appropriate after allowing for planned use in 2022/23.

119. 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

120. 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)).

121. 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).

122. 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 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.
123. 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 and in fixing rents the Council must have regard, in particular, to the principle that the rents of dwellings of any class or description should bear broadly the same proportion to private sector market rents as the rents of dwellings of any other class or description. 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.
124. The body of the report refers to the Capital Programme. Detailed legal advice should be sought on each proposed project to ensure the same can be implemented in accordance with all legal and governance requirements.
125. Civil Enforcement. 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. Accordingly, the approach to car-parking fees, residents' permits, penalty charge notices and moving traffic offences and the like, must be based on legitimate considerations that can be

taken into account in accordance with the provision of the relevant legislation.

126. Equality Duty . All public authorities, when exercising any of their functions, are subject to the Public Sector Equality Duty (PSED) under the Equality Act 2010 (including specific Welsh public sector duties). These duties require the Council, in the exercise of its functions, to have 'due regard' to the need, in summary, 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. The PSED is a duty to have 'due regard'. It therefore requires the decision-maker to be properly informed as to the equality implications of the decision to be made. Paragraph 34 of the body of the report provides an outline of the actions taken to date as regards consideration of the PSED, how matters were analysed and the outcome thereof for the decision maker's consideration. As with any decision, the decision maker will need to consider whether it has sufficient information to assess the effects of the proposed decision on the aims in the PSED and consider gathering more information if needed. In this case it is recognised that the information set out in paragraph 34 is brief . Of importance, however, in terms of considering the question of the adequacy of information provided,(and is understood to be the rationale in terms of the succinctness of the information in paragraph 34), is the apparent conclusion reached on the PSED that , 'no material or significant concerns have been identified'. Further, it is understood that as part of the budget preparation various consultation and engagement has been undertaken as outlined in the body of the report , with feedback included in the body of the report or (as in the case of Scrutiny) will be tabled for the decision maker's consideration.

When taking strategic decisions, the Council also has a statutory duty to have due regard to the need to reduce inequalities of outcome resulting from socio-economic disadvantage ('the Socio-Economic Duty' imposed under section 1 of the Equality Act 2010). In considering this, the Council must take into account the statutory guidance issued by the Welsh Ministers (WG42004 A More Equal Wales The Socio-economic Duty Equality Act 2010 (gov.wales) and must be able to demonstrate how it has discharged its duty. It is understood that such matters are addressed throughout the report .

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

128. Employee and Trade Union Consultation . The report recognises that notwithstanding efforts to reduce impacts on staff resulting from savings, there will be some staff reductions during the financial year 2022/23. Legal Services understand 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 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. It is noted that the budget proposals also provide for the creation of posts.
129. Charging. 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.

130. Consultation . 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.
131. General . 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) and otherwise be reasonable and proper in all the circumstances

HR Implications

132. The final budget proposals are based on the outcome of the consultation exercise and the priorities set out in the Corporate Plan.
133. Paragraph 37 and 38 of the Report sets out information regarding net increase of 58.3 FTE Council posts overall made up of the deletion of 18.3 FTEs including the deletion of 6.9 FTE vacant posts, 7.4 FTE where voluntary redundancy or retirement applications have been approved, and 4 FTE posts to be determined. This has been significantly offset by the creation of 76.6 FTEs.
134. The net increase of 58.3 full time equivalent (FTE) posts in 2022/23 is the first year in a number of years in which there has been a net increase, made possible by the opportunities to invest in policy growth areas in 2022/23.
135. However, 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.

136. 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

137. There are no specific property implications in respect of the Budget Report 2022/23. It should be noted that the Corporate Property Strategy 2021-26 (CPS) was approved at Cabinet in December 2021, which sets out in detail on the Council's property strategy going forwards, including relevant targets over the next five years, performance against which may be monitored through the Annual Property Plan. 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 Consideration

138. The Cabinet considered this report on 24 February 2022 and 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 agreed that:
1. the changes to fees and charges as set out in Appendix 3 (a) and 3 (c) to this report be approved.
 2. Authority be delegated 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.
 3. the rents of all Housing Revenue Account dwellings (including hostels and garages) be increased by 3.1% having taking into account WG guidance.
 4. all service charges and the management fee for leaseholders as set out in Appendix 3 (b) be approved
 5. all Housing Revenue Account rent increases take effect from 4th April 2022.

6. the financial challenges facing the Council as set out in the Medium Term Financial Plan be recognised, and the opportunities for savings over the medium term be noted
7. in the event that final settlement differs from Provisional Settlement (as set out in paragraph 24 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 2022/23 Budget to reflect the requisite changes.

CABINET PROPOSAL

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 1.9% as set out in this report and that the Council resolve the following terms.
- 2.0 Note that at its meeting on 16 December 2021 Cabinet calculated the following amounts for the year 2022/23 in accordance with the regulations made under Section 33(5) of the Local Government Finance Act 1992:-
 - a) 149,107 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	2,697
Pentyrch	3,517
Radyr	3,983
St. Fagans	1,854
Old St. Mellons	2,321
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 2022/23 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 £495,086).
£1,169,190,086

- b) Aggregate of the amounts which the Council estimates for items set out in Section 32(3)(a) and (c).
£425,360,000
- 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.
£743,830,086
- 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.
£544,715,091
- 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.
£1,338.07
- f) Aggregate amount of all special items referred to in Section 34(1).
£495,086
- 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.
£1,334.75
- 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	1,357.37
Pentyrch	1,387.35
Radyr	1,367.62
St. Fagans	1,357.40
Old St. Mellons	1,357.01
Tongwynlais	1,364.56

- i) The amounts given by multiplying the amounts at 2.1(g) and 2.1(h) above by the number which in the proportion set out in the Council Tax (Valuation Bands) (Wales) Order 2003 is applicable to dwellings listed in a particular valuation band divided by the number which in that proportion is applicable to dwellings listed in valuation

band D calculated in accordance with Section 36(1) of the Act as the amounts to be taken into account for the year in respect of categories of dwellings listed in different valuation bands.

	A	B	C	D	E	F	G	H	I
	£	£	£	£	£	£	£	£	£
Area									
Lisvane	904.91	1,055.73	1,206.55	1,357.37	1,659.01	1,960.64	2,262.28	2,714.74	3,167.20
Penttyrch	924.90	1,079.05	1,233.20	1,387.35	1,695.65	2,003.95	2,312.25	2,774.70	3,237.15
Radyr	911.74	1,063.71	1,215.66	1,367.62	1,671.53	1,975.45	2,279.36	2,735.24	3,191.12
St. Fagans	904.93	1,055.76	1,206.57	1,357.40	1,659.04	1,960.69	2,262.33	2,714.80	3,167.27
Old St. Mellons	904.67	1,055.45	1,206.23	1,357.01	1,658.57	1,960.12	2,261.68	2,714.02	3,166.36
Tongwynlais	909.70	1,061.33	1,212.94	1,364.56	1,667.79	1,971.03	2,274.26	2,729.12	3,183.98
All other parts of the Council's Area	889.83	1,038.14	1,186.44	1,334.75	1,631.36	1,927.97	2,224.58	2,669.50	3,114.42

- 2.2 Note that for the year 2022/23, 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
£	£	£	£	£	£	£	£	£
201.41	234.97	268.54	302.11	369.25	436.38	503.52	604.22	704.92

- 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 2022/23 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	1,106.32	1,290.70	1,475.10	1,659.48	2,028.26	2,397.02	2,765.80	3,318.96	3,872.12
Penttyrch	1,126.31	1,314.02	1,501.75	1,689.46	2,064.90	2,440.33	2,815.77	3,378.92	3,942.07
Radyr	1,113.15	1,298.68	1,484.21	1,669.73	2,040.78	2,411.83	2,782.88	3,339.46	3,896.04
St. Fagans	1,106.34	1,290.73	1,475.12	1,659.51	2,028.29	2,397.07	2,765.85	3,319.02	3,872.19
Old St. Mellons	1,106.08	1,290.42	1,474.78	1,659.12	2,027.82	2,396.50	2,765.20	3,318.24	3,871.28
Tongwynlais	1,111.11	1,296.30	1,481.49	1,666.67	2,037.04	2,407.41	2,777.78	3,333.34	3,888.90
All other parts of the Council's Area	1,091.24	1,273.11	1,454.99	1,636.86	2,000.61	2,364.35	2,728.10	3,273.72	3,819.34

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 2022 to March 2023 in respect of the precept levied by the Police and Crime Commissioner for South Wales in the sum of £45,046,716.

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 2022 to 31 March 2023 namely

	£
County Council of the City and County of Cardiff	117,749
Vale of Glamorgan County Borough Council	13,125

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 2022/23.

(b) Approve the Treasury Management Strategy 2022/23 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 2022/23 – 2026/27 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 2022/23.

4.0 To approve the Budgetary Framework outlined in this report.

5.0 To maintain the current Council Tax Reduction Scheme as set out in this report.

The Cabinet
24 February 2022

The following Annexes are attached:

Annex 1	Medium Term Financial Plan 2023/24 – 2026/27
Annex 2	Housing Revenue Account 2022/23 Budget and Medium Term Financial Plan
Annex 3	Capital Strategy 2022/23 (including Capital Programme and Resources)
Annex 4	Treasury Management Strategy 2022/23

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 5a	Consultation on Cardiff Council's 2022/23 Budget
Appendix 5b	School Budget forum Letter and Cabinet response
Appendix 5c	Letters from Chairs of Scrutiny and Cabinet response
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

The following background papers have been taken into account:

- Budget Strategy 2022/23 and the Medium Term Financial Plan (July 2021)
- 2022/23 Budget Proposals - for Consultation (January 2022/23)
- The WG Provisional Local Government Settlement (December 2021)
- Equality Impact Assessment of Cardiff Council's 202/23 Budget Proposals
- Details of Fees and Charges