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Financial Update Governance & Audit Committee 15th November 2022



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2022/23



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Summary of Month 4 Position – Cabinet 28th Sept



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Division	Net Budget £000	Projected Outturn £000	Variance £000
Corporate Management	37,488	31,014	(6,474)
Economic Development	9,100	6,232	2,860
Education (Retained)	310,731	315,659	4,928
Governance & Legal Services	6,102	7,202	1,100
Housing & Communities	48,457	48,140	(317)
Performance and Partnerships	3,319	3,238	(81)
Planning, Transport, Environment	7,800	7,832	32
Recycling & NS	36,024	35,635	(389)
Resources	16,275	16,070	(205)
Social Services - Adults	32,482	132,364	(123)
Social Services - Children's	78,977	87,927	8,950
Capital Financing	34,309	32,609	(1,700)
Contingency	2,000	0	(2,000)
Summary Revenue Account	20,471	20,759	288
Discretionary Rate Relief	400	410	10
Council Tax Collection	0	(483)	(483)
Total	743,746	751,114	7,368

Main Variances

Corporate Management

- Utilisation of COVID/energy budget contingency at month 4

Economic Development

- Income shortfalls within Culture, Venues & Events
- High cost of energy across council buildings.
- Pressures within Property Services, and Sport, Leisure & Dev.

Education

- School Transport - rising costs in fuel & driver supply plus increased no. of pupils with ALN requiring transport.
- Out of area placement pressures
- School catering services - price increases in relation to food & transport costs combined with reduced income from paid school meals.

Children's Services

- Majority relates to additional bespoke placements that have arisen this year reflecting the complexity of need and the limited spaces available in the residential market.

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2023/24



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Current Budget Gap 2023/24



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	Revised £000
Employee Costs	23,360
Price Inflation	25,165
Capital Financing	4,128
Commitments & Realignments	1,220
Demographic Pressures	8,851
Emerging Financial Pressures	7,500
AEF* - assumes +3.5% & NI risk	(16,565)
Earmarked Reserves	(500)
TOTAL PER OCTOBER UPDATE	53,159

- The table summarises the Budget Gap per October Budget Update Report
- Employee Costs – includes funding shortfall re: 2022/23 pay offers & revised assumptions for 2023/24 award given sustained levels of inflation
- Price inflation - Largely energy and commissioned care costs
- Capital Financing - based on existing programme
- Demographic - social care, school transport, pupil numbers
- Emerging pressures - reflects risk re: in-year monitoring position and volatile conditions generally re: inflation etc.
- Real risk gap could increase further - demand / price fluctuations / if directorates are unable to successfully tackle some of the key causes of cost pressure inherent in the month 4 position.



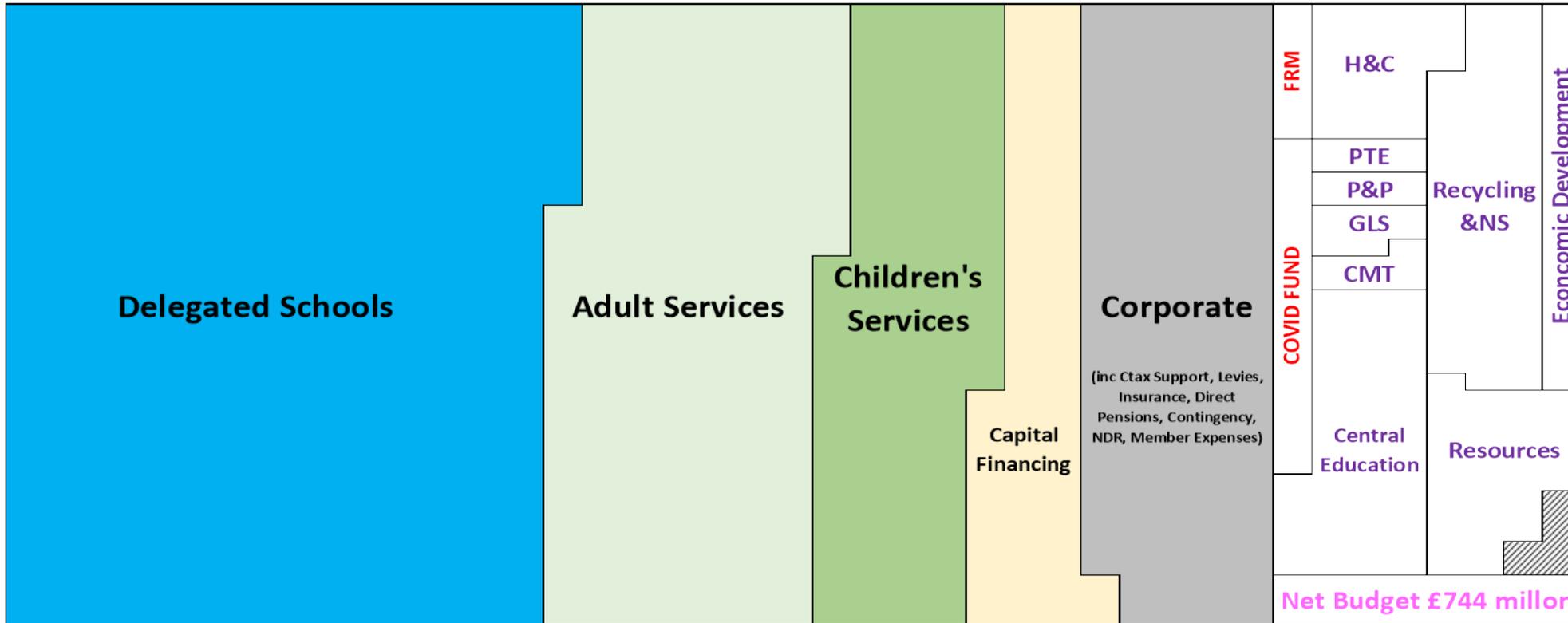
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The Size of the Challenge



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£53m

- This is a scale representation of the size of the challenge
- £53 million must be identified from the base budgets outlined above, to redirect into the areas of pressure identified within the budget gap.



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Ongoing Risk Areas Under Review



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- Effective budgetary management in the current year to mitigate overspend
- Achievement of in-year savings - and where they are not on track, robust, immediate plans to bring them back on course
- Careful management of income-funded areas
- Development of a robust set of savings proposals for 2023/24
- Updated modelling - Revenue Budget key sensitives – Pay, Non Pay Inflation, demand, income assumptions etc..
- Development in parallel of our Capital Programme and Strategy



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Next Steps

- Cabinet Review of Month 6 position 17th November
- UK Government Budget Statement 17th November
- Mitigation actions and review on going in year
- Budget strategy work
 - Continual assessment of bottom line budget gap
 - Timing of the Welsh Government settlement announcement not yet confirmed (likely to be 13th December)
 - Services seeking to identify opportunities to deliver Efficiency savings - deliver early / in year where possible
 - Likely requirement for significant service change / transformation given the scale of the budget gap faced



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