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Financial Update Governance & Audit Committee 24th January 2023



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Current Year Position



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- Current Year Position continues to be challenging
- Month 6 report to Cabinet 17th November a projected Revenue overspend of £7.4M
- Services continuing to work to reduce spend and mitigate overspend
- Pressures continue and include:
 - Pay pressure
 - Income recovery
 - Service pressures such as Children’s Services and Home to School Transport
- Month 9 will be reported to Cabinet in February



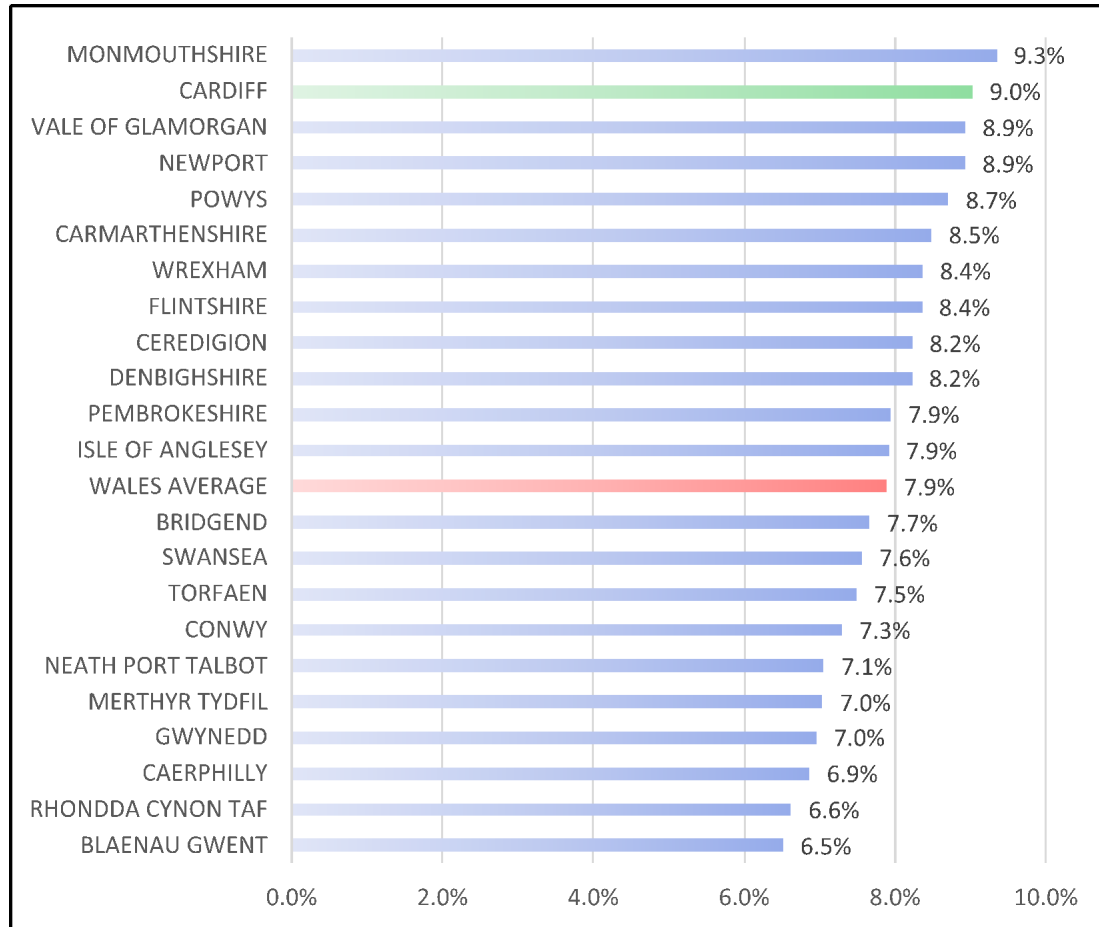
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Provisional Settlement Headlines – Revenue



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Overview of Non-hypothecated Funding Wales

- Welsh average increase: 7.9%
- Range: 6.5% (Blaenau Gwent) - 9.3% (Monmouth)
- No floor funding mechanism
- No transfer in of specific grants applicable to Cardiff

Cardiff

- Cardiff: 9% - second highest in Wales (Cash £48.2m)
- Favourable but comes in the context of unprecedented cost pressure



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Budget Modelling Update



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Resources Available	£000	Reflects:
Base Budget B/F	743,746	
Pay Award, NI & LGPS changes	29,677	<ul style="list-style-type: none"> • Shortfall in funding for 2022/23 pay award • Assumed pay award for 2023/24 • Reversal of NI increases & reduced LGPS (actuarial review)
Price Inflation	27,967	<ul style="list-style-type: none"> • Energy and Fuel • Commissioned Care Costs (inc RLW impact) • Home to School Transport • Levy increase to South Wales Fire Service
Commitments & Realignments	10,653	<ul style="list-style-type: none"> • Risk based realignments linked to Month 6 • Total figure is £16.653m – offset by release of £10m former Covid 19 contingency budget
Demographic Pressures	6,701	<ul style="list-style-type: none"> • Adult Services • Pupil Numbers, Special Schools, LDP places
Sub-Total Cost Pressures	74,988	
Resources Required	818,744	

- Total Cost Pressures - £74.988m
- Higher than anticipated settlement has helped in managing some of these
- However there is still a significant budget gap:
 - Resources Required - £818.7m
 - Resources Available - £795.2m
 - **Budget Gap - £23.5m**

Resources Available	£000	Reflects:
Aggregate External Finance	592,891	• Per Provisional Settlement
Council Tax	200,856	• 2023/24 tax base at 2022/23 prices
Earmarked Reserves	1,500	• Baseline assumption of £0.5m plus £1m energy reserve
Resources Available	795,247	



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Budget Modelling Update



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	£000	Reflects
Budget Gap	23,497	Resources required less resource available
Council Tax increase	(4,975)	Draft only - modelled at 3%
Efficiency Proposal	(8,500)	Current target
Shortfall still to be addressed	10,022	

The shortfall still to be addressed will be bridged through a combination of factors. Subject to consultation, these may include:

- Agreed service change proposals included post budget consultation
- Further efficiency proposals - including corporate measures, grant maximisation opportunities and expressions of interest in voluntary redundancy
- Further consideration of the overall level of reserves to be used in support of the budget



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Consultation



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Promotion of Consultation

- Survey available for online completion on the Council's website
- Co-ordinated social media & press campaign – links available through Council's social media accounts.
- Targeting of localised community groups & advertising to groups with typically lower response rates
- Links to survey shared with community groups – faith groups, community councils and partners including members of PSB. Also shared with Access Forum, Deaf Hub and RNIB
- Council staff - promoted via intranet, staff information email alerts and on Digigov

Content

- **School Funding**
- **Fee Increases** - Schools Meals, Bereavement, Sports Pitch hire, CPE Tariffs (Pay and Display) and Residents Permits
- **Service Change / Alternative Delivery** - Saint David's Hall, Cardiff International White Water, Museum of Cardiff, Recycling Centre Hours, Hubs – various, Sports pitches – rationalisation and asset transfer



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Next Steps



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- Ongoing refinement and analysis of base requirements, savings proposals and modelling
- Consultation ends 29th January – Cabinet consider consultation feedback in drafting final budget proposal
- Late Feb / Early March – Budget Scrutiny
- Council consideration of Cabinet’s draft budget proposal – 9th March 2023



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