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Cabinet 2023/24 Budget Proposals Scrutiny February 2023



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Corporate Plan Alignment



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- The Council's key strategy financial documents are framed by Capital Ambition and the Corporate Plan.



- This ensures resources are allocated in a way that supports the Council's priorities.
- Given the link between the Corporate Plan and wider Well-being goals, it helps ensure the Budget supports long-term sustainability - in line with the Council's duties under the Well-being of Future Generations (Wales) Act 2015.
- Detail on how the Council's Budget supports Corporate Plan Priorities is set out in Appendix 1 to the Budget Report



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Current Year Context



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Directorate	£000
Corporate Management	(3,377)
Economic Development	1,646
Recycling & Neighbourhood	1,756
Education & Lifelong Learning	4,582
Housing, & Communities	(2,378)
Performance & Partnerships	(464)
Adult Services	(1,820)
Children’s Services	6,577
Planning, Transport & Environment	(2)
Governance & Legal Services	620
Resources	(56)
Total Directorate Position	7,084
Capital Financing	(1,700)
General Contingency	(2,000)
Summary Revenue Account / Council Tax	(344)
Total Net Council Position	3,040

- The Month 9 Monitoring Position is being presented to Cabinet on 2 March 2023
- The Monitoring Position continues to project an overspend of £3.040 million in the event of no further interventions by the end of the year.
- The summarises the Directorate Positions for Month 9



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Provisional Settlement Overview



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Provisional Settlement - Timing

- Provisional Settlement - issued 14 December 2022
- Final Settlement – anticipated post publication for Cabinet , pre Council
- Material changes not anticipated
- Changes (if there are any) anticipated to be managed by an adjustment to/ from Reserves
- Cabinet Recommendations would give authority to Section 151 Officer to issue a Budget Addendum to this effect.

Provisional Settlement – Content and Impact

- Cardiff increase is 9.0%, Welsh average is 7.9%
- Settlement is better than planned for (indicative was 3.5%)
- Comes with additional pressures – Real Living wage, pay increases, rising / high levels of inflation, need to manage the legacy of the pandemic (income impact).



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Resources Required	£000
Base Budget Brought Forward	743,746
Employee Costs	31,094
Price Inflation	27,126
Commitments, Realignments & Capital Financing	10,547
Demographic Pressures	7,651
GROSS PRESSURES	76,418
Impact on CTRS Budget of 3.95% Council Tax	1,383
Savings	(17,666)
Total Resources Required	803,881

Resources Available	£000
AEF	(593,592)
Council Tax – 2023/24 Tax Base and 2022/23 Rate	(200,856)
Council Tax (before impact on CTRS)	(7,933)
Use of Reserves	(1,500)
Total Resources Available	(803,881)

Red lines are the aspects of Budget Strategy that address the £24.216 million budget gap



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Gross Pressures - £76.418 million



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Pay Inflation £31.094m: Includes 2022/23 pay award shortfall, Updated LGPS and NI Rates, assumed awards for 2023/24 (6% NJC), Teachers per IWRPB recommendations plus a margin in recognition of ongoing industrial action

Price Inflation £27.126m: Includes energy price increases (£11.8m), Commissioned Care costs (£9.4m), Fire Levy (£2.4m), Fuel (£0.7m), Home to School Transport (£1.4m), plus ICT, Taxi costs (care), Member Remuneration, Butetown Tunnel

Commitments: £3.677m: Includes capital financing, painting of structures & maintenance of public realm, SRS pay contribution, vehicle replacement & increase to Voluntary Redundancy budget

Realignments: £6.870m: A net figure comprising £16.780m realignments offset by release of £10m Covid-19 Budget

- **Realignments** - inflationary & demand pressure inherent in current year's monitoring position. Includes £8.120m Children's Services, £1.000m School Catering, £3.095m HTS Transport, £1.4m Out of County Ed. & £1.7m for Recycling and NS
- **£10m Covid-19 Budget** - created in 22/23 (fall out of WG C19 Hardship Fund). Has been important in managing pressure in 2022/23 - but combination of further recovery, realignments (above) and earmarked reserves - appropriate to release in 2023/24

Demographic Pressures (£7.651m): £3.975m Adult Social Services, £0.850m Out of County Education Placements and £2.826m schools



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Savings



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Savings	£000
Efficiency Savings	(10,090)
Corporate Savings and Measures	(3,000)
Reduction in Financial Resilience Mechanism	(1,800)
Service Change Proposals	(2,776)
TOTAL	(17,666)

Efficiency Savings	£000
Review of Staffing Arrangements	(3,385)
Reduction in Premises Cost	(197)
Reduction in External Spend	(2,813)
Increase in Income	(3,695)
TOTAL	(10,090)

Efficiency Savings

- Achieving the same output (or more) for less resource, with no significant impact on the resident / customer.

Corporate Savings and Measures

- £1m reduction in general contingency (from £2m to £1m)
- £1m reduction in Adult Services contingency (from £3m to £2m)
- £1m savings to corporate budgets – including CTRS and Insurance

Reduction in FRM

- Proposed to reduce the FRM by £1.8 million in 2023/24 – leaves £2m
- Reduction is specifically linked to minimising the impact of energy price increases that may prove to be temporary in nature.
- FRM will be reinstated if prices subside in 2024/25 and beyond
- One off use of FRM in 2023/24 (see further slide)

Service Change Proposals

- See next slide



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Service Change Proposals - £2.776 million



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Dir.	Service Change	£000
ECD	Events Management – Reduce Support for Events	25
ECD	Saint David’s Hall Operating Model (reflects part year)	500
ECD	Cardiff White Water Operating Model (reflects part year)	50
RNS	Recycling Centres – reduce operating hours (one day)	60
EDU	Education – Regional Services	50
P&P	Reform of Third Sector Infrastructure Grant	65
H&C	Volunteers in Hubs and Libraries	90
ADU	Internal Supported Living – transition to Third Sector	300
CHD	New Trusted Adult Model	100
CHD	Future development of model to deliver residential – to manage the market and increased demand	549
ALL	Pay Award avoided through implementing above	137
TOTAL		1,926

Dir.	Increase Fees and Charges	£000
ECD	Municipal Sports Pitch and Facility Provision in Parks	7
PTE	Bereavement	90
PTE	CPE – Parking Tariffs	447
PTE	Residents’ Permits	306
TOTAL		850



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Employee Implications of Budget



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Employee Implications of Budget	FTE
Voluntary Redundancy	50.9
Vacant Posts	55.3
Potential Transfer of Posts	48.2
Retirement / Flexi Retirement	1.5
TBC / Redeployment	22.5
Total FTE posts deleted	178.4
Total FTE posts created	(5.5)
Net FTE Reduction	172.9



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Consultation



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Aspect of 2023/24 Budget	Citywide Consultation Response
Protection of Schools Budget	73% agreement
Income Proposals <ul style="list-style-type: none"> Sports pitch fee increase Pay & Display fee increase Bereavement charges increase School Meal prices - 5% increase Parking permit increases (£24 first permit & £54 second) 	63% support 66% support 64% support 30% support (35% supported higher increases, 35% supported no increase) 51% felt first permit about right level, 39% felt second about right level (43% felt second too high)
Service Change Proposals Accepted <ul style="list-style-type: none"> New partner to run Saint David's Hall Cardiff International White Water One day closure of recycling centres Hubs – deletion of vacant posts & recruitment of volunteers 	59% support (26% against) 77% support (8% against) 46% support for closure, (40% for reduced opening hours) Highest support of 4 options (37%)
Service Change Proposals Not Taken Forward <ul style="list-style-type: none"> Hubs – reduced hours Hubs – one day closure Mobile operation of museum of Cardiff 	17% (compared with 37% above) 21% (compared with 37% above) 57% support (43% keep where it is)

Ask Cardiff

- Budget Priority Question - 3,856 responses
- Top three priorities both short and long term were
 - School & Education including Youth Services
 - Supporting vulnerable children & families
 - Supporting vulnerable adults & older people
- Revenue Budget and Capital Programme support these areas

Citywide Consultation - 5,932 responses

- Built on findings of Ask Cardiff
- Ran between 23 Dec 2022 to 29 Jan 2023
- Measures included in the 2023/24 Budget are consistent with the outcomes of citywide consultation



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Financial Resilience Mechanism – One off Sums



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	£000	
Stronger	565	<ul style="list-style-type: none"> • £150k Youth Festivals • £75k Little Gigs talent contest for children and young people • £10k blood pressure monitor loan scheme • £100k Community Events • £100k Sport Development Grants • £130k Grassroots Music / Art
Fairer	715	<ul style="list-style-type: none"> • £100k Targeted youth work projects to create opportunities to enhance informal learning, • £100k Programme of internships for young people with additional learning needs • £130k Gender equality project to engage and empower young girls in Cardiff, • £165k in total to increase children’s access to leisure and recreation activities with priority for Children Looked After and those on the edge of care • £200k Neighbourhood and Community Regeneration • £20k for the Age Friendly Cardiff website and its promotion.
Greener	720	<ul style="list-style-type: none"> • £0.270 million for carbon reduction schemes • £50,000 One Planet youth and summit events • £0.300 million for the taxi clean air scheme • £50,000 to enhance cleansing education and enforcement • £50,000 to explore opportunities in relation to e-cargo bikes – last mile delivery.
TOTAL	2,000	



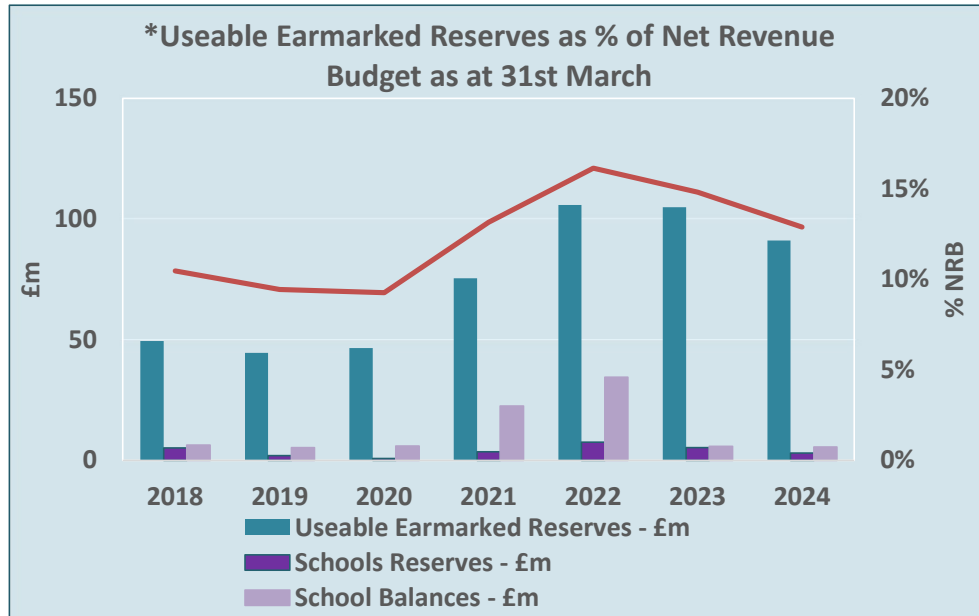
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Reserves



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	Projection at 31 March 2023 €000	Projection at 31 March 2024 €000
General Fund Reserve	14,255	14,255
General Fund Earmarked Reserves	110,332	94,245
HRA General Reserves	10,200	10,450
HRA Earmarked Reserves	15,502	15,502

- The 2023/24 Budget assumes €1.5 million use of reserves as budget funding
- The S151 officer is content that the level of reserves is sufficient to enable this drawdown and remains adequate to March 2024.



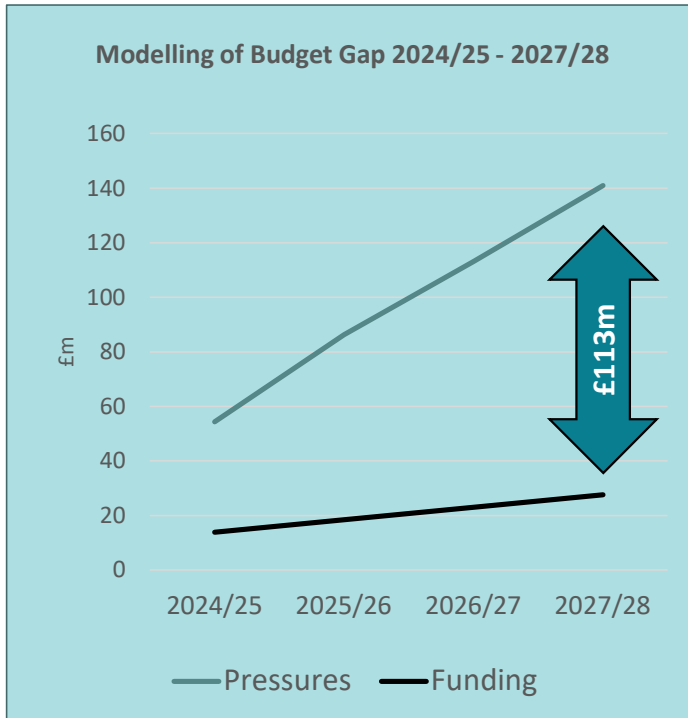
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Medium Term Financial Plan 2024/25 – 2027/28



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Directorate	2024/25 £000	2025/26 £000	2026/27 £000	2027/28 £000	Total £000
Total Pressures	54,361	31,918	26,826	27,844	140,949
Funding - AEF & Reserves	(13,840)	(4,563)	(4,597)	(4,521)	(27,521)
Total Budget Gap	40,521	27,355	22,229	23,323	113,428
Council Tax - Modelled at 3%	(5,172)	(5,327)	(5,487)	(5,652)	(21,638)
Savings	(35,349)	(22,028)	(16,742)	(17,671)	(91,790)
Budget Strategy Requirement	(40,521)	(27,355)	(22,229)	(23,323)	(113,428)

- C-Tax assumptions are used for modelling purposes only
- Need to continue work on identifying savings and opportunities for transformation beyond the one-year budget cycle
- Above is a base case – other scenarios are considered in the MTFP



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Housing Revenue Account – MTFP



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Housing Revenue Account 2023/24 Budget and Medium-Term Financial Plan

Annex 2

CARDIFF COUNCIL



- Background, key objectives and service priorities
- Rent policy framework – Average 2023/24 rent increase approved Dec 22 +6.5%: £7.22 per week (£7.67 based on 49 week collection)
- Current WG rent policy of CPI + 1% runs to 2024/25
- Revenue Budget and Capital Investment Programme
- Significant capital investment to meet demand for new affordable housing and regeneration/area improvements
- Key Assumptions
- Affordability and Value for Money
- Financial Resilience
- Risks and Uncertainties
- HRA 30 Year Business Plan to be sent to WG March 2023



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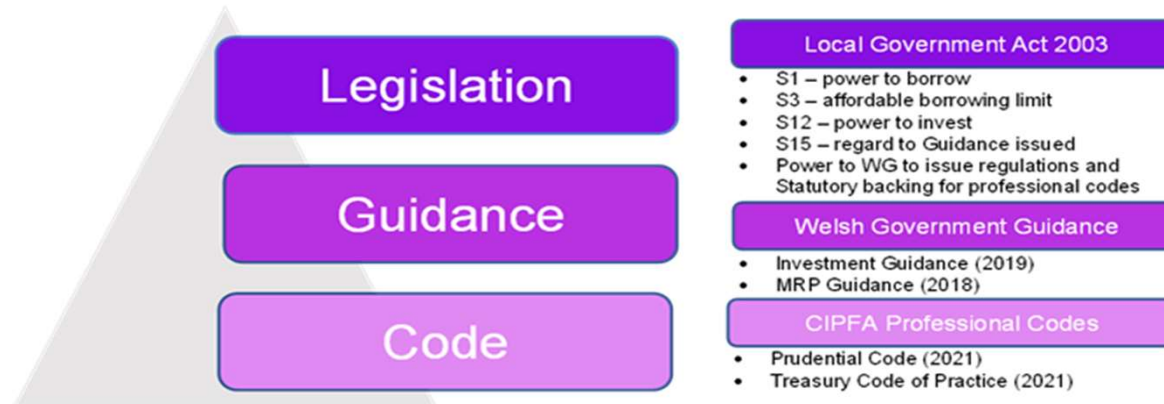
Capital Programme Development 2023/24 – 2027/28



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- Capital expenditure is money spent on an asset being purchased or created that will last for a number of years e.g. schools, buildings and highway infrastructure
- Capital and Treasury Strategy – Informed decision making; compliance with codes and statute.



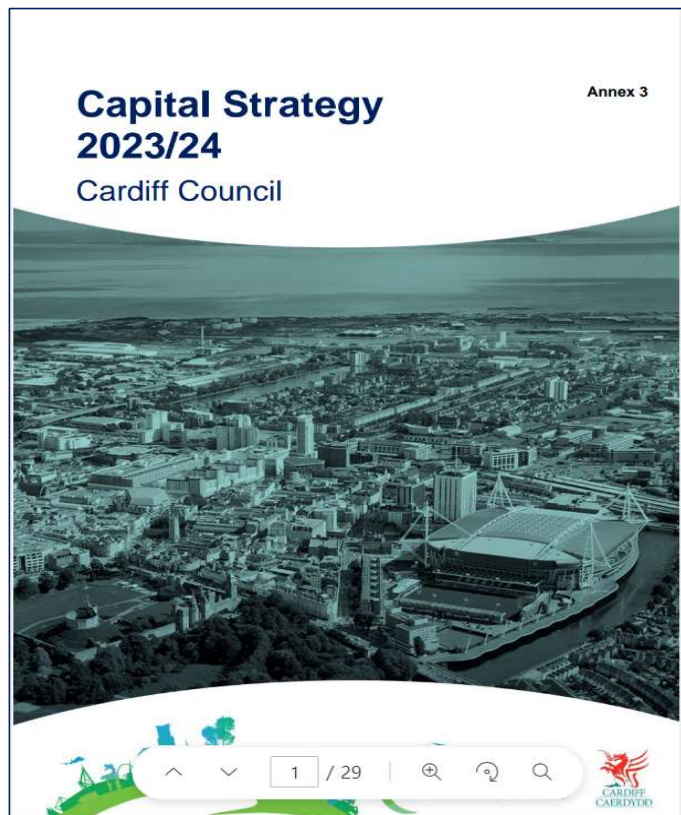
- Indicators required to be considered by Council re affordability, prudence and sustainability based on future income assumptions
- Five year Capital Programme previously set for the period 2022/23 to 2026/27
- The 2023/24 Budget will update the Capital Programme and move it on to 2027/28
- Capital Strategy includes detailed investment programme and funding



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Capital Strategy 2023/24



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Sets out Council's approach to:

- Working with partners
- Asset Management Planning
- Risk Appetite
- Governance and decision-making
- Five Year Capital Investment Programme - General Fund and HRA
- Funding the strategy and investment programme
- Managing the borrowing requirement and link to the proposed Treasury Management Strategy
- Prudent Minimum Revenue Provision (MRP) Policy i.e approach to repayment of expenditure to be paid for by borrowing
- Affordability and Prudential indicators.



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Capital Investment Programme 2023/24 – 2027/28



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Capital Programme Expenditure	2023/24 Including Slippage £000	Indicative 2024/25 £000	Indicative 2025/26 £000	Indicative 2026/27 £000	Indicative 2027/28 £000	Total £000
Annual Sums	28,894	24,675	22,315	19,765	19,665	115,314
Ongoing Schemes	36,381	35,935	25,478	8,891	585	107,270
New Schemes / Additional Annual Sums	6,170	4,000	1,000	0	0	11,170
Schemes funded by Grants & Contributions (Further grants subject to approval of bids)	92,084	161,308	72,488	22,123	6,775	354,778
Invest to Save	39,398	122,044	110,284	42,390	3,500	317,616
Total General Fund	202,927	347,962	231,565	93,169	30,525	906,148
Public Housing	111,000	102,260	85,745	88,720	118,820	506,545
Total Capital Programme Expenditure	313,927	450,222	317,310	181,889	149,345	1,412,693



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Capital Programme Funding



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	<u>2023/24</u>	<u>Indicative</u>	<u>Indicative</u>	<u>Indicative</u>	<u>Indicative</u>	<u>Total</u>	
	£000	£000	£000	£000	£000	£000	%
General Fund							
WG Unhypothecated Supported Borrowing	(8,925)	(8,925)	(8,901)	(8,901)	(8,901)	(44,553)	4.9
WG General Capital Grant	(9,166)	(9,166)	(6,135)	(6,135)	(6,135)	(36,737)	4.1
Additional General Capital Grant unallocated from 2021/22	(4,670)	(1,300)	(1,000)	0	0	(6,970)	0.8
Additional Borrowing to balance existing capital programme	(36,097)	(36,381)	(28,947)	(10,410)	(5,004)	(116,839)	12.9
Additional Borrowing - Invest to save/earn schemes to be repaid from revenue savings/incidental income or directorate budgets	(39,398)	(122,044)	(110,284)	(42,390)	(3,500)	(317,616)	35.1
Earmarked Capital Receipts	(7,877)	(2,500)	(300)	0	0	(10,677)	1.2
Non Earmarked Capital Receipts assumption	(3,000)	(3,340)	(3,300)	(3,000)	0	(12,640)	1.4
Direct Revenue Financing	(210)	(210)	(210)	(210)	(210)	(1,050)	0.1
Earmarked Reserves	(1,500)	(2,788)	0	0	0	(4,288)	0.5
External grant and contributions estimates	(92,084)	(161,308)	(72,488)	(22,123)	(6,775)	(354,778)	39.2
Total General Fund	(202,927)	(347,962)	(231,565)	(93,169)	(30,525)	(906,148)	100.0
Public Housing (HRA)							
Major Repairs Allowance WG Grant	(9,570)	(9,570)	(9,570)	(9,570)	(9,570)	(47,850)	9.45
Additional Borrowing	(69,250)	(69,215)	(48,543)	(68,050)	(102,750)	(357,808)	70.64
Revenue / Reserves	(5,400)	(1,400)	0	0	0	(6,800)	1.34
External grant and contributions estimates	(24,280)	(21,575)	(27,132)	(10,600)	(6,500)	(90,087)	17.78
Capital Receipts	(2,500)	(500)	(500)	(500)	0	(4,000)	0.79
Total Public Housing	(111,000)	(102,260)	(85,745)	(88,720)	(118,820)	(506,545)	100.0
Total Capital Programme Resources Required	(313,927)	(450,222)	(317,310)	(181,889)	(149,345)	(1,412,693)	



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