

Council Wide	Drawdown from Business Case Development reserve	(350)	(6,639)
Council Wide	Drawdown from Resources Reserve	(200)	(6,839)
Council Wide	Drawdown from General Reserve	(400)	(7,239)
Education	Cardiff 'Little Gigs' Sponsorship income	(75)	(7,314)
Planning Transport & Environment	Except householder, increase planning pre application consultations fees	(6)	(7,320)
Total Directorate Savings		(7,320)	(7,320)
Additional Expenditure/Financial Pressures			
Economic Development	Reverse proposal for St David's Hall	500	(6,820)
Economic Development	Reverse proposed increase in pitch fees (£7k) and further reduce pitch fees income target	30	(6,790)
Housing and Communities	Reverse cut in staffing budget	90	(6,700)
Planning, Transport and Environment	Create pothole rapid repair fund	50	(6,650)
Planning, Transport and Environment	Protect and expand school bus routes	100	(6,550)
NET REVENUE POSITION		(6,550)	(6,550)
BUDGET REQUIREMENT		(6,550)	(6,550)
BUDGET SHORTFALL		0	0

CAPITAL

Reduced Expenditure Commitments:

Planning, Transport and Environment	Strategic Cycleway Improvement Programme. Reduce by £500,000 and transfer to Bus Corridor Improvements	(500)	(500)
Economic Development	Following outsourcing of waste management, reduction in Waste Recycling and Collection Review	(400)	(900)

New/Increased Expenditure Commitments:

Planning, Transport and Environment	Bus Corridor Improvements. Additional sum for Bus Corridor Improvements, including technology to prioritise buses at traffic lights on key routes.	900	0
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TOTAL NET CAPITAL POSITION **0** **0**

Proposed by Cllr Jayne Cowan

Seconded by Cllr Adrian Robson

Statutory Officers Commentary on the Conservative Budget Proposals 2023/24

Financial Implications

The proposal from the Conservative Group includes ten new savings proposal, two new expenditure commitments, the removal of three savings proposals and a drawdown from reserves. Overall, the proposal results in a reduction to the Council's proposed increase to the rate of Council Tax from 3.95% to 0%.

The proposal seeks a zero increase in Council Tax and proposes to fund the net reduction in Council Tax income of £6.550 million compared to the Cabinet proposals largely through a deletion of the General Contingency Budget of £1 million in 2023/24 and drawdown from specific earmarked reserves of £4.739 million. The balance would be funded through new savings proposals and a reversal of three savings proposals.

The proposals have not been subject to detailed discussions with directorates, consultation with the public, staff and trade unions where necessary nor have equality impact assessments yet been undertaken in respect of these. However, within these constraints, they have been reviewed as to their financial achievability and risk.

The first new savings proposal is to delete the General Contingency budget of £1.0 million. This would present a high level of risk to the financial resilience of the Council going forward and reduce the ability of the Council to respond to short term financial pressures. Notwithstanding the realignments included in the 2023/24 Council budget, as the Council

continues to recover from the pandemic and in the light of the current economic climate and significant inflationary pressures on the Council, there remains a risk that overspends could occur during 2023/24 and the full contingency budget could be required.

Furthermore, there remains significant uncertainty regarding the financial position over the medium term. With the pandemic and the cost-of-living crisis continuing to impact on customer confidence and particularly income generation levels, there remains the possibility that the contingency will be required in full during the remaining years of the medium-term plan. Added to this is the uncertainty regarding the cost of demand-led services, with that demand being difficult to predict, as well as the Council's comparatively low level of reserves. Should this proposal be taken forward, the risk that the Council may need to make unplanned use of reserves, in the event of an overspend, would increase. As reserves can only be utilised once, there is a risk that this could result in a weakening of the Council's balance sheet and overall financial resilience.

The proposed reduction in the General Contingency budget would facilitate the additional expenditure commitments and the reversal of three planned savings proposals. The three savings proposals that would be withdrawn relate to planned fee increases for pitch fees (with an additional £23,000 proposed reduction to the existing income target), the reversal of a staffing saving within Housing and Communities and the removal of the proposal for an alternative operator model for St David's Hall.

The first new expenditure commitment is the creation of a pothole rapid repair fund of £50,000. The second new commitment is in relation to the allocation of additional money to protect and expand school bus routes amounting to £100,000. Further work would need to be undertaken in order to understand the feasibility of delivering the required outcomes from these additional allocations.

Four of the new savings proposed – improved sickness absence, reduction in agency/consultants spend, regional working with other local authorities and management restructure would have to be categorised as being in the general planning stage, due to their Council-wide nature. Specific proposals would need to be developed and the timescales required including any requirement for notice periods would mean that only part year savings are likely to be achievable. It would have to be assumed, at this point, that there is a red risk to their achievability. It would be necessary to understand the details of where any related cost reductions would take place so the potential impact upon achievability can be understood. This proposal will also need to identify whether any employed roles need to be created to carry out the work undertaken by agency workers/consultants which could impact on the overall savings.

The new saving proposed for temporary letting of office space in County Hall would also need to be considered as at the general planning stage and therefore also a red risk in terms of achievability.

Two of the savings proposals are linked to increasing income through sponsorship and uplifted planning fees for pre application consultancy charges. With regard to the latter, no increases are proposed in the Council budget due to concerns that this could impact on the level of submissions from developers with a consequent reduction in income. The implementation of all of these proposals would be required as soon as possible to ensure that as much of the saving as possible is achieved in 2023/24 and reducing the amount that would carry forward as unachieved savings into 2024/25.

The new saving proposed for the outsourcing of waste management through a waste management contract includes a drawdown of £350,000 from the Business Case Development earmarked reserve for set up costs during 2023/24 in order to realise in year savings of £150,000. This proposal is considered to require a full and detailed business case to fully understand any implications including existing contractual obligations, joint working arrangements and an appropriate procurement approach. Procurement advice indicates that the likely timescales for a tender process if a competitive dialogue approach was required are in the region of 18 to 24 months. Should this proposal be taken forward, the risk that the Council may need to make unplanned use of reserves, in the event of an overspend, would increase. As reserves can only be utilised once, there is a risk that this could result in a weakening of the Council's balance sheet.

As well as proposals in relation to savings, this alternative budget outlines the intended use of six specific earmarked reserves, with total drawdowns proposed of £4.739 million, including the Business Case Development reserve as referenced in the paragraph above. A drawdown of reserves at this level in addition to any drawdowns currently proposed within the Council budget would seriously weaken the Council balance sheet and impact on the financial resilience over the medium term with the Budget Gap for 2024/25 estimated to be in the region of £40.521 million.

The Insurance Reserve is held to guard against potential future insurance claims. Reducing this balance could present a risk in the Council's ability to meet the costs arising from these claims, as well as potentially leading to financial pressures in future years, should the periodic reviews of the Insurance Fund recommend an increase to the overall level of reserve held. In addition, the Council budget includes a savings proposal for a reduction in the Insurance base budget of £200,000 and any further commitments would increase the future risk around this reserve. The Treasury Management Reserve is set aside to manage risk in relation to major projects and to offer some protection and flexibility to the wider capital programme, particularly in the current context of inflationary pressures. The Strategic Budget reserve mitigates against risk to general financial resilience and the future budget requirements over the period within the Medium-Term Financial Plan. This presents a significant risk in terms of financial resilience and the Council's ability to respond to financial challenges, as well as potentially resulting in a financial pressure in future years. The Resources reserve provides support across the Directorate particularly where transition to new methods of operation are required.

In addition to the revenue proposals outlined above, proposals have also been put forward in relation to the Capital Programme. In total, there are two proposals for reductions to expenditure commitments, releasing related funding to increase the proposed expenditure commitment in relation to the bus corridor improvement scheme. The total net effect on the Capital Programme is nil but any impacts on the proposed match funding arrangements and scheme deliverability would need to be determined.

Legal Implications

The legal context and implications set out in the main budget report also apply to these proposals and regard should be had to them. As regards the proposals in respect of reductions in the General Contingency Budget and the drawdowns in budget reserves, attention is drawn to the requirement, when the Council is considering its budget, to have regard to the S151 Officer's advice as to the robustness of the estimates and the adequacy of the proposed reserves in the budget proposals. The body of the report and this

addendum sets out this advice, including advice on financial resilience, reserves and contingencies.

Specific plans which are developed in relation to the proposals put forward will require evaluation in relation to the Council's wellbeing objectives, and may require consultation with the public, staff, and trade unions, as well as Equality Impact Assessments. Decisions taken in advance of this detailed work, can only be "in principle" decisions subject to the necessary consultation, equality impact assessments and wellbeing evaluations, and the results of these must be taken into account by the decision makers when considering any decision whether or not to implement. The time necessarily taken to follow these decision-making processes, is likely to result in these proposed savings not having a full year effect in 2023/4.

The proposals put forward to reduce agency and consultancy spend and put in place additional measures to tackle sickness absence mean that consideration must be given to whether consultation is appropriate and/or an equality impact assessment is required. Where consultation and/or an equality impact assessment is required, any decision taken to incorporate the proposals into the Council's budget will be an in-principle decision and the details of the implementation proposals will have to be subject to consultation and equality impact assessments, which must be taken into account in a final decision on whether to implement the proposals or not.

The recommendations for a management restructure, and regional working via pooled services if approved, would require detailed advice (including legal advice) to be obtained on the process to be followed, financial implications such as redundancy costs, consultation and other requirements.

The recommendation to outsource the waste management service would require a project team to be assembled to produce a business case and if accepted, then work on the detail of the project. This would require detailed legal, HR and procurement advice, the evaluation of the proposals on existing contracts and shared working arrangements, and if the project were to progress, documentation such as specifications and contracts to be prepared. Under employment legislation (The Transfer of Undertaking Regulations) existing staff would be likely to transfer to the new service provider on their current terms and conditions of employment, limiting the ability to make any savings on staffing costs.

The proposed increase in discretionary pre planning application consultancy charges may be subject to legal challenge if the charge does not comply with the relevant legislative provisions and is higher than the recovery of costs incurred in the provision of the service and is not considered to be fair and reasonable.

Please note that to the extent any of the proposals require any statutory or other processes to be followed then this may impact on the timeline for deliverability of the saving proposal.

Budget Summary – Conservative Proposal 2023/24

Resources Available: -	£000	£000
Welsh Government	593,605	
Use of Reserves	6,239	
Council Tax - no increase	<u>200,856</u>	
		800,700
Resources Needed: -		
2022/23 Base Budget B/f	743,746	
Commitments, inflation and realignments	76,604	
Less:		
Savings & Reductions in Contingency	<u>(19,650)</u>	
		800,700

RECOMMENDATIONS CONSERVATIVE GROUP

(a) Recommendations to Council

The Conservative Group, 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 0% as set out in this report and that the Council resolve the following terms.
- 2.0 Note that at its meeting on 15 December 2022 Cabinet calculated the following amounts for the year 2023/24 in accordance with the regulations made under Section 33(5) of the Local Government Finance Act 1992:
 - a) 150,482 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	2,866
Pentyrch	3,605
Radyr	4,057
St. Fagans	1,941
Old St. Mellons	2,485
Tongwynlais	826

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 2023/24 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 £541,709). £1,274,151,709
- b) Aggregate of the amounts which the Council estimates for items set out in Section 32(3)(a) and (c). £479,549,000
- 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. £794,602,709
- 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. £593,605,016
- 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. £1,338.35
- f) Aggregate amount of all special items referred to in Section 34(1). £541,709
- 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 | 1,358.13 |
| Pentyrch | 1,387.35 |
| Radyr & Morganstown | 1,373.92 |
| St Fagans | 1,358.96 |
| St Mellons | 1,356.75 |
| Tongwynlais | 1,364.41 |
- 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	905.42	1,056.32	1,207.22	1,358.13	1,659.94	1,961.74	2,263.55	2,716.26	3,168.97
Pentyrch	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	915.94	1,068.61	1,221.26	1,373.92	1,679.23	1,984.55	2,289.86	2,747.84	3,205.82
St. Fagans	905.97	1,056.97	1,207.96	1,358.96	1,660.95	1,962.94	2,264.93	2,717.92	3,170.91
Old St. Mellons	904.50	1,055.25	1,206.00	1,356.75	1,658.25	1,959.75	2,261.25	2,713.50	3,165.75
Tongwynlais	909.60	1,061.21	1,212.80	1,364.41	1,667.61	1,970.81	2,274.01	2,728.82	3,183.63
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 2023/24, 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
£	£	£	£	£	£	£	£	£
216.31	252.37	288.42	324.47	396.57	468.68	540.78	648.94	757.10

- 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 2023/24 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	1,121.73	1,308.69	1,495.64	1,682.60	2,056.51	2,430.42	2,804.33	3,365.20	3,926.07
Pentyrch	1,141.21	1,331.42	1,521.62	1,711.82	2,092.22	2,472.63	2,853.03	3,423.64	3,994.25
Radyr	1,132.25	1,320.98	1,509.68	1,698.39	2,075.80	2,453.23	2,830.64	3,396.78	3,962.92
St. Fagans	1,122.28	1,309.34	1,496.38	1,683.43	2,057.52	2,431.62	2,805.71	3,366.86	3,928.01
Old St. Mellons	1,120.81	1,307.62	1,494.42	1,681.22	2,054.82	2,428.43	2,802.03	3,362.44	3,922.85
Tongwynlais	1,125.91	1,313.58	1,501.22	1,688.88	2,064.18	2,439.49	2,814.79	3,377.76	3,940.73
All other parts of the Council's Area		1,290.51	1,474.86	1,659.22	2,027.93	2,396.65	2,765.36	3,318.44	3,871.52

- 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 2023 to March 2024 in respect of the precept levied by the Police and Crime Commissioner for South Wales in the sum of £48,826,895.
- 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 2023 to 31 March 2024 namely
- | | £ |
|--|---------|
| County Council of the City and County of Cardiff | 152,438 |
| Vale of Glamorgan County Borough Council | 17,053 |
- 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 2023/24.
 - (b) Approve the Treasury Management Strategy 2023/24 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 2023/24 – 2027/28 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 2023/24.
- 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.

Cllr Jayne Cowan Conservative Group
7 March 2023