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Financial Update Governance & Audit Committee 21st March 2023



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Current Year Position 2022/23



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- Current Year Position continues to be challenging
- Month 9 report to Cabinet 2nd March overspend projection £3.040M (Month 6 overspend of £7.4M)
 - Pressures in Economic Development, Education, Children's Services and Recycling Services
- Services continuing to work to reduce spend and mitigate overspend
- Will be seeking a balanced position overall at year end



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Budget Strategy 2023/24



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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

- Reduction in 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 Changes - £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



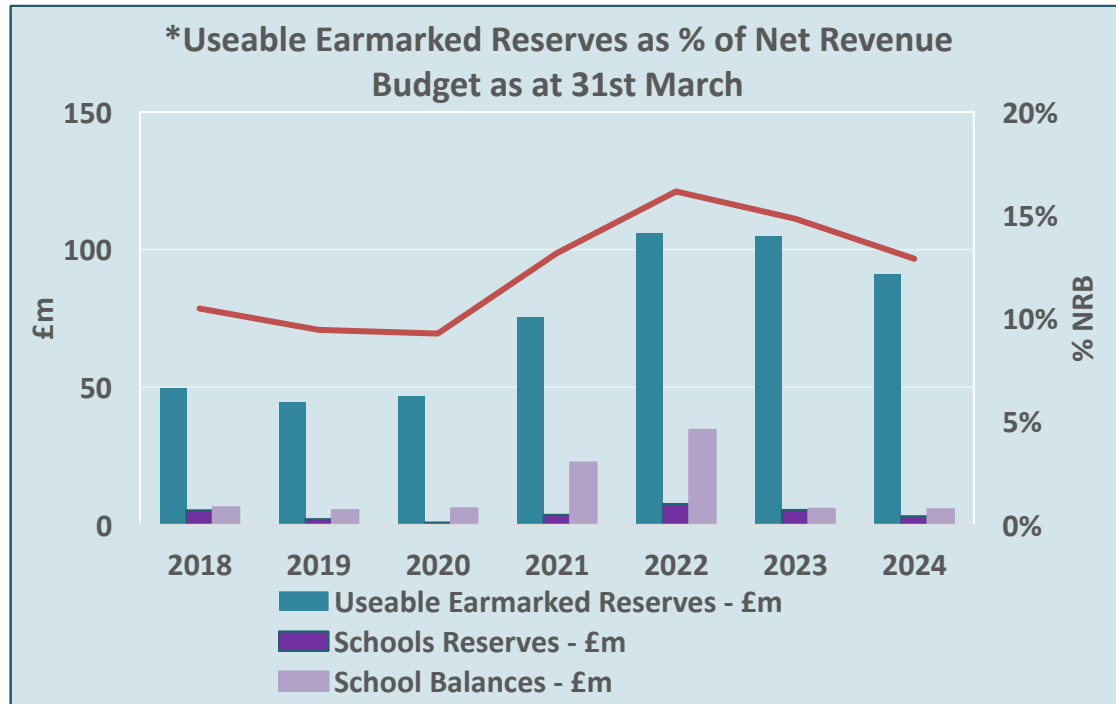
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Reserves



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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 includes £1.5 million use of reserves as budget funding



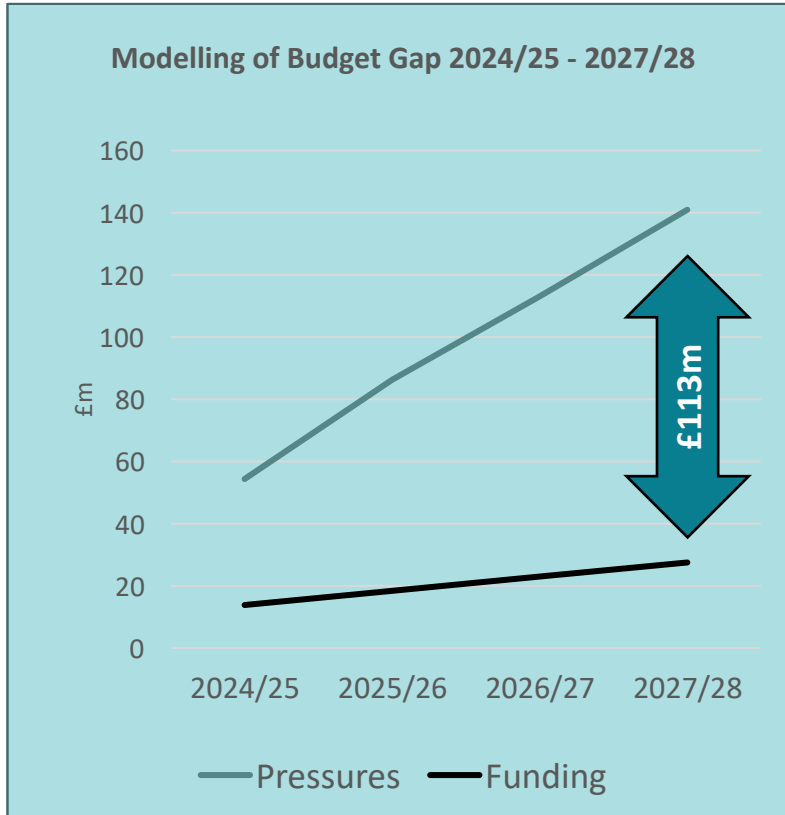
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Medium Term Financial Plan 2024/25 – 2027/28



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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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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>	Indicative	Indicative	Indicative	Indicative		
	£000	<u>2024/25</u>	<u>2025/26</u>	<u>2026/27</u>	<u>2027/28</u>	<u>Total</u>	%
		£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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Further Work Planned



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- Year end Accounts Closure 2022/23
- Delivery of 2023/24 and regular Budget Monitoring (Quarterly reporting to Cabinet)
- A refresh of MTFP assumptions and modelling over the summer with an updated MTFP presented to Council in July 2023
- Early work in the summer to consider budget requirements in respect of 2024/25



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