CYNGOR CAERDYDD
CARDIFF COUNCIL

COUNCIL: 21 SEPTEMBER 2023

CABINET PROPOSAL

BUDGET 2024/25 AND THE MEDIUM-TERM FINANCIAL PLAN: UPDATE REPORT

Reason for this Report

1. To provide an update on budget preparation for 2024/25, including the most recent estimate of the 2024/25 budget gap.

2. To provide an update in relation to the Medium-Term Financial Plan and Capital Programme.

3. To outline the budget timetable that will be followed to present the 2024/25 Budget to Council in February/March 2024.

4. To provide an update in relation to the Council's financial resilience.

5. To agree an Income Generation Framework outlining the Council's approach to setting income from sales, fees, and charges for 2024/25.

General Background

6. The 2023/24 Budget Report presented in March 2023, included the Council's 2023/24 Capital Strategy and Medium-Term Financial Plan (MTFP). The MTFP identified a potential budget gap of £113.4 million over the period 2024/25 – 2027/28 with £40.5 million in respect of 2024/25.

7. This report updates the MTFP for more recent information, outlines the 2024/25 Budget Strategy timetable, and sets out the approach for rolling the Capital Programme forward one year. The updated MTFP is included as Annex 1 while Appendix 1 provides an overview of the Budget Update in a summarised question and answer format.

8. This report also provides an updated assessment of the Council's financial resilience and sets out an income generation framework (Appendix 2) covering the approach to setting fees and charges for 2024/25.

Issues

9. Before the 11th March 2024, Cabinet Members have a collective duty to place before the Council proposals, which if approved, would result in a balanced budget for 2024/25. As part of planning for that position, this Report provides an update on the key factors likely to affect the 2024/25 Budget.

Corporate Plan Alignment

10. The Council's key financial strategy documents are framed by the policy statement Stronger, Fairer, Greener and the Council's Corporate Plan. This alignment ensures that resources are spent in a way that maximises support for the Council's priorities. Given the Corporate Plan's alignment with wider local and national goals aimed at creating a more sustainable Wales, it also helps to ensure that financial strategy supports long-term sustainability, in line with the Council's duties under the Well-being of Future Generations (Wales) Act 2015.

11. The 2024/25 Budget will be developed alongside the updated Corporate Plan, in readiness for approval of both next March. Continued work will be required to ensure that financial resources are available as and when required, to deliver Plan objectives. Given the challenging financial outlook, this will include seeking to maximise external support through grant funding opportunities and working with partners. Financial planning will continue to evolve alongside business case work on strategies, plans and initiatives linked with delivery.

Inflation

12. In April 2023, CPI slowed to 8.7%; down from 10.1% in March 2023, and the first time since August 2022 that inflation has been below 10%. Whilst further falls are anticipated this year, the recently announced May 2023 CPI rate remained unchanged from April at 8.7%. Slowing inflation does not mean that prices are decreasing, just that they are rising more slowly, and the fall in April was partially due to the sharp energy increases of the previous year not repeating themselves. Whilst the headline CPI rate has fallen slightly, there is

still concern that inflation affecting some elements of the basket of goods is still very high, with food inflation for example, at over 18%.

13. The Government has set itself a target to halve the inflation levels seen in the early months of 2023, before the year is out. Forecasters are generally expecting CPI to fall sharply over the remainder of the year, linked to a fall in wholesale gas prices, an anticipated reduction in the cost of imported goods, and Bank of England monetary policy regarding interest rates. However, it is notable that the Bank of England's latest forecasts suggest that decreases may not be as steep as previously predicted. With inflation still very high in core elements of the CPI basket of goods, price increases will remain a critical factor to keep under review in terms of budget planning.

14. CPI outlooks vary by forecaster and over time, as indicated in the table below. The MTFP considered in March 2023 was based on inflation forecasts published by the Office of Budget Responsibility (OBR) in November 2022. Updated OBR figures were published alongside the UK Spring Budget, and these indicated a slight increase on previous forecasts. In May 2023, the Bank of England revised its inflation forecasts to 5.1% by the end of 2023, (compared with 3.9% in its February forecast). The Bank also indicated that it does not now expect inflation to reach its 2% target until the end of 2024. Whilst the picture is changeable, there is a consistent message that inflation is likely to fall, although perhaps not as quickly as originally forecast, and with ongoing challenges for some goods and services.

		2023 - Quarterly				2024 - Quarterly				2025 Quarterly			
		1	**2**	**3**	**4**	**1**	**2**	**3**	**4**	**1**	**2**	**3**	**4**
OBR	Nov 2022	10.2	8.9	6.9	3.8	2.5	0.4	-0.2	-0.1	-0.1	-0.6	-1.1	-1.3
	Mar 2023	9.7	6.9	5.4	2.9	1.5	0.8	0.6	0.5	0.5	0	0	-0.1
BoE	Feb 2023	9.7	8.5	6.2	3.9	3.0	1.0	1.7	1.4	1.0	0.8	0.6	0.5
	May 2023		8.2	7.0	5.1	4.4	3.4	2.9	2.3	1.5	1.1	1.0	1.0

Published forecasts are by calendar year. MTFP planning considers average forecasts by financial year – 2024/25 is highlighted.

15. Where possible, the MTFP relies on more specific indicators of price for forecasting. However, where CPI *is* directly used in forecasts, assumptions have been updated from a nil increase for 2024/25, to 2%.

<u>Goods and Commodities</u>

16. With regards goods and commodities, key areas that have had a significant impact on the Council for 2022/23 and 2023/24 are energy, food and fuel, with energy by far the most significant.

17. For 2023/24, energy prices had a significant impact on budgets for Council buildings, schools, and street lighting. At present, with 65% of energy purchased for 2024/25, indicative pricing suggests a price decrease of circa 20-25% next financial year and estimates for this are included in the budget gap. The impact of energy price reductions is partially offset by plans to increase the Council's Financial Resilience Mechanism (FRM).

18. The FRM budget was reduced from £3.8 million to £2.0 million in 2023/24 to help manage energy costs. The 2023/24 Budget Report indicated an intention to reinstate the FRM to £3.8 million should energy prices subside over the medium term. The MTFP currently reflects a £0.9 million increase to FRM in each of the financial years 2024/25 and 2025/26 to reinstate it to its former level. Assumptions for energy costs will be reviewed at regular intervals throughout the year.

19. The impact of food inflation has been experienced across all catering-based settings. As most of these areas are income funded, inflationary pressure will be a key consideration when setting charges for 2024/25. The approach to income generation is set out in further detail at paragraph 35. With regards school meals, there will be a need to consider how cost of provision compares with the price per meal inherent in the Universal Free School Meal Grant, and whether any corrective cost-base action is required.

20. Fuel inflation affects the cost of operating the Council's fleet, most notably in Waste Management. Fuel prices have passed their 2022/23 peak but will be kept under close review. The removal of the temporary fuel duty cut (£0.05), originally planned for April 2023, was postponed to April 2024 in the UK's Spring Budget. As the additional cost associated with this had been budgeted, the postponement provides a degree of resilience against price volatility in the current year. Future MTFP updates will need to consider the Council's Fleet Strategy 2023 – 2028, both in terms of vehicle procurement, but also with regards any potential change in fuel costs associated with decarbonisation of the vehicle fleet.

<u>Workforce Costs</u>

21. As a service-driven organisation, workforce costs are a key cost driver of internally provided services. Across the UK, sustained levels of high inflation have resulted in protracted pay negotiation processes and upward pressure on pay awards. From a financial-planning perspective, there are two key pay awards to consider - the NJC award and the Teachers Pay Award. In the absence of indicative 2024/25 awards, planning includes lower assumptions than recent years linked to forecasts of falling inflation.

22. The current year's NJC pay award (2023/24) is yet to be agreed. For 2023/24, the Council has budgeted for an *average* award of up to 6%. In February 2023, as part of the NJC bargaining process, the Employers made a full and final offer of £1,925 on all spinal points. An award based on this offer could be accommodated within the current funding envelope. However, it has been

rejected by the national committees of all three unions who are either balloting industrial action or consulting their members. Until the 2023/24 award is agreed, there is a risk that any funding shortfall for the current financial year may need to be addressed in the 2024/25 Budget.

23. For 2024/25, planning assumptions for NJC allow for an increase of up to 5% of pay. This reflects a lower annual pay award (2%), coupled with cover for two key risks. Firstly, the risk of a higher than budgeted 2023/24 award as outlined in the preceding paragraph; secondly, the risk that higher awards at the bottom of the pay spine may need to extend progressively further up the spine to prevent further erosion of pay differential. The latter is a key risk to keep under close review over the medium term.

24. There are three Teachers Pay awards with planning implications for 2024/25:

- September 2022: In recent months, it was indicated that the former recommendation of a 5% award should be increased by a 1.5% consolidated (or ongoing) element and a 1.5% non-consolidated (or one-off) element. WG have stated that funding will be provided for the 1.5% consolidated element of the award in 2023/24, and budget planning assumes that this will continue into 2024/25.
- September 2023 - recommended pay award of 5%.
- September 2024 - no indicative pay award, so planning reflects 2%.

25. Pay award assumptions are a critical factor to keep under review. There is currently uncertainty regarding multiple awards, all of which have the potential to impact 2024/25. In addition, the assumption that 2024/25 awards will be comparatively lower than recent years, remains subject to significant uncertainty, including whether inflation reduces in line with forecasts. As pay is such a significant budget, small changes can have a big impact on cost.

<u>Commissioned Services</u>

26. Pay and cost pressures have been equally challenging for providers of commissioned services and it is inevitable that they will seek to pass these on in their pricing. Although price increases for 2024/25 are not anticipated to be as stark as those of recent years, there will still be significant pressure in some areas, depending on key cost drivers. Pressures may emerge through retender of services as existing arrangements end, including for example, passenger transport. They will also be linked to annual fee reviews, most notably those in commissioned social care, where Real Living Wage (RLW) is a key cost driver. The RLW announced each Autumn is based on conditions the preceding spring. This means that although inflation is expected to fall significantly before 2024/25, as it is still high in Spring 2023, a 2024/25 fee uplift that seeks to maintain WG's RLW commitment for registered care workers will be significant on a commissioned care budget of over £150 million.

Construction and Materials inflation

27. Construction and materials costs have generally always outpaced the standard measures of inflation such as CPI. However, the COVID 19 pandemic, energy inflation, skilled labour and supply chain challenges have had a significant impact between 2020-2023. The Highway Asset Management Plan considered by Cabinet in May 2023 highlighted a 56% increase in surfacing treatments for highways during that period, and average building construction cost indices show increases of 25%. Forecasts from the building industry suggest continuing inflation in such costs (BCIS General Building Cost Index) of 17% to 2027.

28. Construction and material price increases affect the capital programme and revenue budget in terms of managing and maintaining Council assets. Inflationary pressures are having multiple effects, including cost increases where commitments are yet to be delivered, capacity constraints, willingness to tender for works, and the pricing of risk into contracts and the cost of professional advice services that form a key part of construction cost. External grant funding may not keep up with such increases, and so the risk of affordability should the Council continue with such projects, is significant, unless costs are reduced elsewhere.

Demand

29. Demand has historically been one of the most difficult areas to predict. This has become more challenging in recent years due to the impact of factors such as the pandemic and the cost-of-living crisis which have further disrupted any discernible patterns or trends. Estimates of demand are included in the budget gap for key areas but will need refinement as the position in the current year becomes clearer. Children's Services will be a critical area to keep under review, following unprecedented cost pressure linked to the number and complexity of children-looked-after placements. Other key areas to monitor include Adult Social Care, Additional Learning Needs and Homelessness.

Funding and Income

Non-hypothecated Funding: 2024/25

30. The 2023/24 Final Local Government Settlement included an indicative All Wales funding allocation of 3% for 2024/25 and the equivalent cash increase of £17.8 million is reflected in planning assumptions. In recent years, final funding allocations have been more favourable than indicative amounts. However, this should not be viewed as a likely trend; it was previously more common for final settlements to be *less* favourable than indicatives, and this remains a key risk.

31. A key date in the budget-setting process will be Provisional Local Government Settlement (Provisional Settlement), as it provides further clarity to the funding position. Settlement dates are usually influenced by the timing of confirmation of the Welsh block grant as prior to that, any Local Government funding

announcements would be liable to change. This may suggest a continuation with later timescales (December rather than October), in the interest of certainty.

32. In terms of funding assumptions, it is important to note that the July 2023 MTFP is predicated on the assumption that a potentially significant Teachers Pensions pressure will be fully funded. It is also assumed that the 1.5% WG funding for the consolidated element of the September 2022 Teachers pay award will continue. It should be noted that these funding assumptions are *in addition* to the 3% assumption set out above. The issue in respect of Teachers Pensions is set out further in paragraph 45.

Specific Grant Funding: 2024/25

33. Specific grants must be used for a particular purpose, which is defined by the grant provider. The Council receives a significant amount of specific grant funding, which has increased in recent years. Whilst additional funding is welcome, there are additional risks and burdens when funding is channelled through specific grants as opposed to via the RSG. This is because specific grants are a temporary funding source and (with a few exceptions), awards are made on an annual basis.

34. The annual nature of specific grant funding can make recruitment challenging. It also poses the risk of cash or real term reductions at short notice. Timescales are made more challenging by the fact that specific grant announcements are made alongside Provisional Settlement, with grant listings usually at An All-Wales level and often incomplete at that point. In times of inflationary pressure, the risk of real term reductions is more acute because unless grant increases are comparable to pay awards and other price pressures, they will no longer be adequate to fund their associated cost base. WG are currently undertaking a funding flexibility review aimed at relieving the administrative burden linked to specific grants. The impact of this review, including any potential grant transfers into the RSG will need to be factored into plans as further information becomes available.

Income

35. The Council generates income from sales, fees, and charges. There are many reasons why Local Authorities charge for services. These include:

- to protect the sustainability of services.
- to enable provision of services the market doesn’t supply.
- to help manage demand by placing a value on services.
- to support policy.
- to address behaviour – e.g. the issue of fines for littering.

36. In setting fees and charges, it is important to have a clear understanding of the key purpose of the charge (as summarised above), the charging basis (e.g.

full cost recovery etc) and the risks associated with the income stream. In turn this necessitates clear application of relevant legislative frameworks, together with a thorough understanding of cost base, clientele, and the market in which services operate. Appendix 2 contains a proposed Income Generation Framework aimed at ensuring clear and consistent application of key principles for fee-funded services. This will be used as the approach to determining fees and charges for 2024/25.

37. Given the scale of the budget gap, it will be important to maximise income streams where possible, subject to any identified risks or policy considerations. In recognition that factors affecting income generation are muti-faceted, the Council does not assume a blanket annual uplift to fees and charges in line with inflation. However, a clear rationale will be required where it is proposed to hold fees and charges static for 2024/25, or to increase them by less than the rate of inflation. Income increases resulting from fees and charges proposals, will be factored into 2024/25 Budget Plans as appropriate following any necessary consultation.

Capital Financing

Interest Rates

38. The main components of the Capital Financing budget are interest costs and prudent provision for the repayment of borrowing. One of the tools available to the Bank of England (BoE) to try to stabilise inflation is to increase interest rates. In June, the Bank of England increased interest rates for the 13th consecutive time to 5.0%, the highest level since the 2008 financial crisis. Wider economic and UK fiscal factors have also had an impact on UK Gilt yields which determine Public Works Loan Board Borrowing rates for Local Authorities. Whilst interest rates fluctuate with economic cycles, there has been an increase from recent, historic lows, to rates now exceeding 5%.

39. Existing borrowing is at fixed rates. However, given current commitments and a significant future borrowing requirement linked to capital investment, there remains a significant risk of increased costs well into the long term. Whilst there is a market view that rates may fall back as soon as inflation is deemed to be under control, it is unclear whether this will be to levels previously experienced. As set out in the Treasury Management Strategy for 2023/24, the timing and approach to borrowing will be a key factor in mitigating risks to short term and long-term costs.

40. No change is forecast to the Council's agreed policy for repayment of debt, which already allows management of the timing of costs to ensure that the financial impact can be managed over the life of projects, where deemed prudent by the S151 Officer.

Programme Development

41. The capital financing costs currently included in the 2024/25 Budget Gap and MTFP are based on the *existing* capital programme. Even with no additional investment, there are risks linked to interest rates, capital receipts and inflationary pressure on existing schemes. Capital financing costs included in the MTFP will need to be updated in parallel with development of the 2024/25 – 2028/29 Capital Programme; the approach for this is outlined in the section on Capital Strategy later in this report. There are several key considerations to manage capital financing costs and ensure the sustainability and affordability of borrowing commitments in the long-term. These include the maximisation of grant funding, ensuring a sustainable and well-maintained asset base, and limiting any borrowing to pay for key city transformation priorities or to address identified corporate risks.

Asset Management

42. The outcomes of various asset management plan updates to Cabinet on the condition of assets will also need to consider and prioritise the revenue budget requirements of maintaining existing assets to a standard that mitigates against letting condition lapse to the point where additional capital budget, and therefore further borrowing, is required; to do otherwise would be unsustainable.

Outturn 2022/23

43. Whilst the outturn position for 2022/23 was balanced overall, there was a mixed picture across directorates. The 2023/24 Budget included budgetary realignments for issues arising from the 2022/23 monitoring position. These were based on the Month 9 monitoring position which was the latest available position at the time of 2023/24 budget-setting. Additional pressure in some areas has since been highlighted as part of the 2022/23 outturn position. The 2024/25 Budget Gap has been updated to reflect these, most notably in relation to Children's Placements.

Commitments and Realignments

44. The 2024/25 Budget Gap includes allowance for known realignment requirements and for commitments (where this refers to the financial impact of previous Cabinet of Council decisions.) These include base funding to continue the Coed Caerdydd initiative following the fall out of temporary funding, public realm maintenance linked to former capital schemes, and a contribution towards potential pay award costs of the Shared Regulatory Service. Also included are the partial reinstatement of the FRM budget linked to energy price reductions, sums to support school catering and Waste Management Strategy.

Other Issues

Teachers Pensions

45. The outcome of the latest actuarial review of the Teacher's Pension Scheme (TPS) is due to take effect from 1st April 2024. Whilst some commentators have warned of a significant impact, there is still uncertainty including factors such as the SCAPE rate, the McCloud remedy and the employers cap. Pending further clarity on outcomes, a figure of £8.5 million is estimated. This is comparable to the impact of the last actuarial review for Cardiff Council and is at the lower end of the suggested potential impact of the current review. It equates to circa 5% of pensionable pay (an increase of over 20% on employers' superannuation contributions.)

46. In the March 2023 iteration of the MTFP, the TPS pressure was included as part of the employee costs reflected in the budget gap. However, for budget planning from hereon in, it is proposed that it be treated as a memorandum item, tempered by an assumption that full funding will be provided by WG. This treatment ensures that the pressure is still visible given the materiality of the risk but limits its impact on budget planning given the high degree of uncertainty. It is of note that the outcome of the last actuarial review was ultimately funded in full. Funding of this pressure is assumed to be over and above the 3% AEF core funding assumption previously outlined.

Budget Reduction Requirement – 2024/25

47. Based on the considerations outlined above, the table below sets out the indicative budget gap for 2024/25, which is now estimated at £36.760 million. This comprises additional costs of £53.568 million offset by estimated additonal funding of £16.808 million.

	Mar 2023 £000	Updates £000	Jul 2023 £000
Employee Costs	28,430	(6,901)	21,529
Price Inflation	7,259	2,449	9,708
Capital Financing	5,591	0	5,591
Commitments & Realignments	2,203	3,972	6,175
Demographic Pressures	7,878	(313)	7,565
Emerging Financial Pressures	3,000	0	3,000
Estimated Additional Costs	**54,361**	**(793)**	**53,568**
Funding	(13,840)	(2,968)	(16,808)
SUB TOTAL	**40,521**	**(3,761)**	**36,760**
Memorandum – TPS *		***8,500***	***8,500***

48. Updates to the indicative 2024/25 budget gap since the Budget Report in March 2023 include:

- Revision of the AEF assumption for 2024/25 from +2.4% to +3.0%, to reflect Final Local Government Settlement 2023/24 (which was received after publication of the 2023/24 Budget Report).
- A reduction in the commitments figure to reflect funds set aside in earmarked reserve at 2022/23 Outturn to support ongoing operation of the Corporate Apprentice Scheme.
- Revision of demographic and pricing pressures to reflect risks associated with the upcoming retender of passenger transport services.
- Revision of price inflation indicators in line with latest information.
- Revision of the Teachers Pay assumption for September 2023 to take account of negotiations that have occurred since March 2023.
- An assumption that any increase in employers' superannuation costs linked to actuarial review of the Teachers' Pension Scheme will be fully funded by Welsh Government.

Emerging Pressures and Ongoing Risk

49. The position is susceptible to further change and will continue to be kept under close review. The sum allowed within the gap for emerging pressures reflects this uncertainty and provides a degree of protection against the risk factors recapped below, all of which will require ongoing monitoring. Any impacts will be factored into future budget updates as further clarity becomes available.

- **Pay Award Uncertainty** - including in relation to 2024/25 awards as well as earlier awards that could have an ongoing impact into 2024/25 if higher than budgeted.
- **Real Living Wage** - the rate due to be implemented by May 2024 due for announcement later this year. If higher than planning assumptions, this will affect forecast pay and price pressure.
- **Teachers Pensions** - the outcome of the actuarial review, its impact on employers' contributions and whether it will be fully funded.
- **Price inflation** - review of factors affecting key cost drivers, updated CPI forecasts and the impact of any contract renewals.
- **Cost of Care Exercise** - the outcome of the exercise due to be undertaken in 2023/24 on the future cost of Older People Residential and Nursing placements and the extent to which this can be managed within the current funding envelope.
- **Capital Financing** – the impact of rolling forward the capital programme one year to 2024/25 – 2028/29.
- **Specific Grants** – the quantum of future grants relative to the existing cost base, together with any impact of the funding flexibility review.
- **Demand** – the ongoing impact of any emerging in-year pressures in key areas.
- **In year monitoring issues** - any cost pressures that emerge as part of the 2023/24 monitoring process.

- **Local Government Financial Settlement** – the extent to which Provisional Settlement differs from indicative funding allocations.
- **Council Tax Base** - the tax base for 2024/25 due for Cabinet consideration in December 2023, and any related AEF redistribution.

Medium-Term Budget Reduction Requirement

50. The preceding paragraphs covered the forthcoming financial year in more detail. The table below sets out the revised position over the medium term and indicates an estimated budget gap of £36.760 million for 2024/25 and £119.205 million over the period 2024/25 – 2027/28. Further detail on each component of the gap, along with information on key assumptions is included in the MTFP at Annex 1.

	Medium-Term Budget Gap				
	2024/25 £000	**2025/26 £000**	**2026/27 £000**	**2027/28 £000**	**TOTAL £000**
Employee Related	21,529	12,631	5,660	6,725	**46,545**
Prices	9,708	5,995	8,222	8,081	**32,006**
Commitments & Realignments	6,175	625	1,197	(107)	**7,890**
Capital Financing	5,591	4,099	2,378	2,970	**15,038**
Demographic Pressures	7,565	9,214	8,672	6,511	**31,962**
Financial Pressures	3,000	3,000	3,000	3,000	**12,000**
Funding	(16,808)	(3,057)	(3,072)	(3,299)	**(26,236)**
Total	**36,760**	**32,507**	**26,057**	**23,881**	**119,205**

51. Paragraph 49 outlined some key issues that will require close consideration in respect of the 2024/25 Budget Gap. All those equally apply to later years of the MTFP, together with the additional considerations below:

- The ongoing economic outlook.
- The fact that there will be a General Election within the MTFP timeframe.
- Council Tax Reform - due to be introduced in 2025.
- Annual refresh of the Corporate Plan

52. Current assumptions within the MTFP are prudent and based on best available information. However, there is always a risk of change. If key assumptions fluctuate by small margins, they have the potential to significantly affect forecasts. The MTFP at Annex 1 considers a range of scenarios around the medium term in greater detail.

Modelling Savings Requirements

53. The table below models the potential savings requirement over the medium term. These assumptions will be reviewed as the budget process progresses, not least because the budget gap itself may change. Council tax levels included are purely for modelling purposes at this stage.

	2024/25 £000	2025/26 £000	2026/27 £000	2027/28 £000	TOTAL £000
Modelled Council Tax (+3%)*	5,172	5,327	5,487	5,652	21,638
Savings Required	31,588	27,180	20,570	18,229	97,567
Total	**36,760**	**32,507**	**26,057**	**23,881**	**119,205**

**Levels are for modelling purposes and are subject to ongoing review and Member approval*

54. Directorates are currently in the process of identifying savings options to support early 2024/25 budget strategy work. As always, every effort will be made to continue to identify efficiency savings (defined as achieving the same output (or more) for less cost). However, building on historic levels of savings, it will not be possible to balance the 2024 /25 budget through efficiencies alone, and there will inevitably be a need for savings that impact on service delivery.

55. Where possible, efficiency savings where no policy decision is required will be implemented during the current financial year, to maximise the possibility of securing full year savings in 2024/25. A reminder of the voluntary redundancy scheme will be circulated to all staff, to enable managers to consider expressions of interest alongside work on savings proposals. Directorates are currently drawing up service change options for review and these will be consulted on during coming months.

Schools

56. At present, Schools pressures incorporated within the £36.760 million budget gap for 2024/25 totals £9.408 million. In percentage terms this equates to 3.2% on current school budgets, which is comparable to current planning assumptions for the Council's overall AEF increase of 3.0%. In addition to the £9.408 million, the MTFP is predicated on the assumption that significant additional funding may need to be passported to schools in 2024/25 linked to actuarial review of the Teachers Pensions Scheme. There will be a need to track the impact of this potentially significant pressure at an individual school level.

57. As noted earlier in the report, there are many uncertainties regarding inflationary pressures, including teaching and NJC pay awards, as well as indicative energy pricing that will need to be kept under review as the year progresses. With regards pupil number growth, there is a net increase across all schools both in 2024/25 and over the medium term. However, the position is mixed across sectors; up until September 2027, projections show a continued reduction in primary pupil numbers and an increase in secondary pupils, although the level of the increases in the secondary sector incrementally reduce over the period.

Consultation and Engagement

58. In order to provide an opportunity for people to have their say on what is important to them and their communities. The proposed Budget Timetable

Framework for 2024/25 is included at Appendix 3. Over this period, as well as undertaking public consultation, engagement will also take place with the third sector, Scrutiny Committees, Governance and Audit Committee, Schools (via the School Budget Forum) and Trade Unions. In addition, employee engagement at all levels within the organisation continues to be given high priority.

59. The Council has various mechanisms in place to engage directly with employees including staff information emails, team briefings and the staff app. Employees will continue to receive briefings on the overall position through these channels at all key stages of the budget process. In addition, managers will ensure that there is appropriate engagement and consultation with employees who may be affected by any proposals.

Housing Revenue Account

60. The Council sets a five-year budget for the Housing Revenue Account (HRA). This aligns to a 30-year business plan which is updated annually and submitted to the WG for approval. The current five-year budget inclusive of the rent uplift for 2023/24 was approved by Council in February 2023. The current HRA business plan was approved in March 2023.

61. Key risks and uncertainties in the medium term include but are not limited to the following:

- The potential for a restricted rent uplift in future years due to any changes to the WG rent policy beyond 2024/25 and/or the impact of CPI levels which would reduce resources to support service provision to tenants and the capital schemes that can be taken forward.
- Cost inflation increases above rent uplifts impacting on operational costs and capital contracts.
- Interest rate rises resulting in increased costs of borrowing undertaken for capital expenditure proposed including the significant borrowing for the new build housing programme.
- A reduction in the WG Major Repairs Allowance grant which could impact the achievability of the planned Capital Programme and ongoing maintenance of the Wales Housing Quality Standard.
- The ongoing impact of the cost-of-living crisis on tenants' ability to pay rent and service charges along with additional costs of collection and recovery and an increased requirement for tenant support and advice services.
- The challenge of decarbonisation targets without additional funding and the ongoing impact on energy costs for tenants.
- Failure to meet the new build housing programme targets which would limit the impact on the housing waiting list and homelessness. Delays to timing of lettings also result in reduced rental income and increased holding costs of vacant sites.

- Increased demand for services requiring prioritisation within available resources to ensure service delivery achieves maximum impact.

62. These risks to the financial resilience of the HRA will require close monitoring and management throughout the year and over the medium term. Future rent levels remain uncertain, and this is a significant risk factor for the HRA as the Council cannot control or effectively predict a key component of HRA planning and budgeting.
63. The 5-year Social Housing Rent policy introduced in 2020/21 will continue until 2024/25 and allows for a maximum 1% rent increase above the rate of the September CPI. Where CPI is outside the range of 0% to 3%, a ministerial decision will be required.

64. The rent uplift decision for 2024/25 will be reported to Cabinet for approval in December in line with the Renting Homes (Wales) Act 2016 which requires landlords to give tenants two months' notice of their rent charge. In line with the WG rent setting policy, the approach to rent setting, whilst aimed at a balanced budget which meets all spend commitments for the HRA including significant future capital financing costs, will need to consider cost efficiencies, value for money and affordability for tenants.

65. The Directorate have committed to seek opportunities for digitalisation, service efficiencies and service change, as appropriate, along with a review and reprioritisation of the Capital Programme where feasible to assist in reducing costs and meeting any revenue budget shortfall which may arise. This will need to be balanced against any impact on services and investment at a time when the HRA is responding to a range of additional pressures.

66. In addition, the Directorate have entered into a series of voluntary commitments under an agreement with the WG to ensure that tenants are protected, including the provision of targeted support, working in partnership to develop a consistent approach to assessing affordability across the social housing sector in Wales and implementing a no eviction policy due to financial hardship for the term of the rent settlement.

67. The risks can be further mitigated by the availability of HRA earmarked reserves and balances, but it should be noted that any decisions to manage the position in the short term through use of earmarked reserves and balances must be taken in the knowledge that such reserves are one off and will not meet any ongoing funding gap in the longer term.

Capital Investment Programme

68. The Council sets a five-year rolling capital investment programme, which is updated annually. The current five-year programme was approved by Council in March 2023 and is summarised below. The 2024/25 Budget Strategy will roll the programme forward a year, to cover 2028/29.

Indicator						
Capital Programme Expenditure						
	2023/24* £000	2024/25 Indicative £000	2025/26 Indicative £000	2026/27 Indicative £000	2027/28 Indicative £000	**Total £000**
Annual Sums Expenditure	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 Capital Schemes (Exc ITS)	6,170	4,000	1,000	0	0	11,170
Schemes Funded by External Grants and Contributions	92,084	161,308	72,488	22,123	6,775	354,778
Existing and new Invest to Save (ITS) Schemes	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**
Total Public Housing (HRA)	**111,000**	**102,260**	**85,745**	**88,720**	**118,820**	**506,545**
Total Capital Programme	**313,927**	**450,222**	**317,310**	**181,889**	**149,345**	**1,412,693**

** The final slippage figure will be reflected in the Month 4 2023/24 budget monitoring report.*

69. To comply with regulations and the CIPFA Prudential Code for Capital Finance in Local Authorities, Council approves a Capital Strategy setting out the long-term context in which capital investment decisions are made. In parallel it must also approve a Treasury Management Strategy which includes the approach to managing associated borrowing implications. The Council's Capital Strategy will be updated as part of the 2024/25 budget process and sets the framework and approach to:

- Working with partners
- Asset Management Planning
- Risk Appetite
- Governance and decision-making
- Capital Investment Programme
- Funding the strategy
- Managing the borrowing requirement
- Prudent Minimum Revenue Provision (MRP) Policy Statement
- Affordability of the investment plan

70. The investment programme is based on the Council's medium-term view of investment requirements and includes projects maintaining momentum in city regeneration, modernising school buildings, delivering a significant house building programme and approved priorities arising from Stronger, Fairer, Greener.

71. The detailed investment programme will be updated to ensure it remains prudent, affordable and sustainable against the backdrop of wider impacts which include:

- Construction price increases and supply chain pressures.
- The Council's own capacity and constraints to implement projects.
- Changes and uncertainty in the interest rate environment.
- Increased demand and pressures, for which prudent capital investment can be a key mitigating tool where affordable and sustainable to do so.

72. As part of this update, it remains essential that one of the key mitigations against financial resilience risk is the requirement for options appraisal and a clear process for the development and approval of business cases before projects are approved to be include in the detailed Capital Programme and the Medium-Term Financial Plan in future years.

Importance of Option Appraisal, Business Cases and Due Diligence

73. Implementation of capital schemes approved as part of the budget framework will need to be subject to the governance, financial, procurement and contract procedure rules set out in the constitution, as well as required Cabinet or Officer decision approval of business cases as relevant.

74. The size and complexity of Capital Projects including unanticipated taxation, wider financial and operating risks makes it essential that due diligence is undertaken on business cases and viability assessments for capital projects, with sourcing of external expertise where relevant. There must also be consideration of whether investment could be better made by, or together with others, as part of thorough options appraisal exercises. It is essential that such best practice is embedded in Council processes. The approach of Cabinet approval of proportionate business cases for significant projects prior to full inclusion in the capital programme is an essential tool to ensure financial resilience and understanding of affordability and risk.

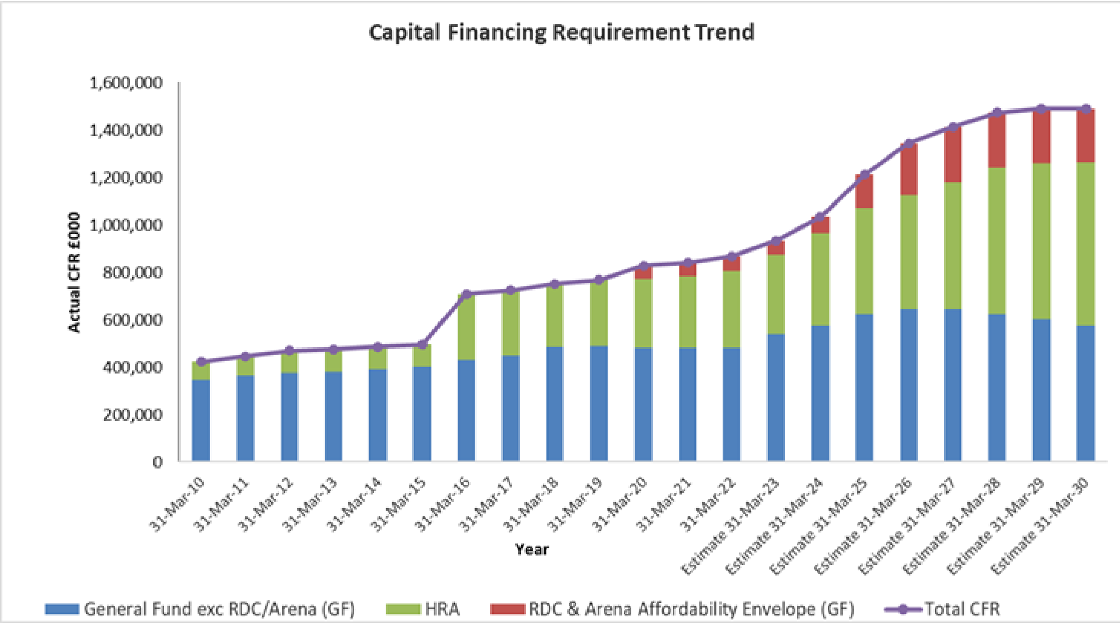
Capital Programme Affordability

75. The affordability of the programme is reviewed annually considering the impact of the issues highlighted above. The impact on the revenue budget of borrowing and operating costs is factored into the MTFP and considered alongside other financial pressures. The Section 151 Officer is required to provide a view on the deliverability, affordability and risk associated with the Capital Strategy.
76. The Council continues to be successful in bidding for external grants for specific capital schemes from Welsh Government and other external bodies. This external funding is essential to support affordability of meeting policy objectives set by National Government but is often only available on a bid basis and has short term timescales. This makes long-term planning difficult.

77. The demand and need for investment in our critical infrastructure, and to improve service delivery and outcomes for the city, has a significant impact on affordability, requiring prioritisation and consideration of alternative ways of achieving the same outcome. The Council has two main resources that it can directly influence to fund investment - capital receipts and borrowing. Both are considered in further detail below.

Borrowing

78. Borrowing has long-term financial consequences, and costs span generations. When the Council incurs capital expenditure without an immediate resource to pay for it (e.g., grant, revenue or capital receipt), it results in a need to borrow. While it may not be necessary to take additional external borrowing immediately, the Council's underlying need to borrow, called its Capital Financing Requirement (CFR), increases. In other words, there will ultimately be a requirement to borrow money, which will need to be repaid.



79. Based on the existing programme, the medium-term financial plans for the General Fund and Housing Revenue Account show the capital financing budgets increasing into the long term. This assumes no further increases in unsupported borrowing beyond that to which there is already commitment. In addition, it assumes capital receipts targets will be met, and that all projects approved on an invest to save basis continue to deliver as planned and represent no risk to the revenue budget.

80. As part of the Capital Strategy, Treasury Management Strategy and Housing Medium-Term Financial Plans, indicators prepared to support the assessment of affordability, prudence and sustainability of borrowing will also be updated.

Capital Receipts

81. Capital receipts are an important means of increasing the affordability of the Capital Programme. The generation of capital receipts is also consistent with the need to accelerate a reduction in the Council's asset base where this can support savings requirements or reduce maintenance liabilities.

82. The Capital Programme approved by Council in February 2018 set a target for non-earmarked General Fund Capital receipts of £40 million, with a subsequent increase of £1 million to this target in 2019/20, Total receipts

against the target in the 5 years up to 31 March 2023 are £13.181 million. It is clear that this is not an acceptable outcome and given the new demand for investment in the schools and non-schools property estate, an enhanced focus is needed on disposal, relinquishment and alternative use to ensure the significant asset base of the Council is affordable and sustainable. This needs to be a clear focus of the updated Annual Property Plan, to also set out the priority detailed investment to be undertaken in the medium term.

83. The Council has also incurred expenditure on projects which assume that future capital receipts will be received to repay expenditure incurred on those projects, such as land acquisition at the International Sports Village. Expenditure incurred in advance of realisation of receipts represents a risk of abortive costs, and to the level of borrowing and should be reviewed regularly as part of the overall annual property plan and relevant project governance processes.

Developing the Capital Programme 2024/25 to 2028/29

84. As mentioned above the capital investment programme is a strategy that aims to meet the long-term challenges facing the city. As such, priority elements of the programme should not change significantly because of short-term disruptors. However, the update of the investment programme must have regard to the current challenges outlined above namely, longer term affordability in the context of the overall MTFP, materials and supply cost pressures, proportionate business cases prior to inclusion of schemes in the programme, and review of resources available to pay for capital commitments.

85. Given existing commitments, the uncertain economic climate, and the need to confirm costs, no additional commitments will be entered into that would represent new borrowing commitments **for either the General Fund or the Housing Revenue Account,** unless there is a statutory requirement on the Council to undertake the work, only the Council is required to pay for the work, and it addresses an identified corporate risk.

86. In updating and formulating the five-year Capital Programme for 2024/25 to 2028/29, the approach to formulating investment priorities will be as follows:

- Schemes already included in the indicative programme to be reviewed for increased cost pressures and sourcing of external funding where this will allow such schemes to progress.
- Schemes already included in the indicative programme to be reviewed in respect of timing and risk to service delivery objectives. Schemes that are not time critical to be deferred to later in programme to focus internal capacity on delivery of priority schemes, allowing the impact of economic uncertainty to be clearer, and to spread the timing of any borrowing requirement and treasury management risk.
- Update and agree financial models as part of the proposed budget, and approved as part of the Council's budget framework to meet key city priorities to ensure investment proposed remains affordable and consistent with the MTFP, with updates to timing of expenditure. This

to include: Housing Revenue Account, Capital Investment Plan, Arena affordability envelope principles agreed by Council in February 2019 and Schools Organisation Plan financial model.

- To seek longer term planning frameworks for capital investment with Welsh Government and other external grant providers.
- All new investment to be in accordance with approved Asset Management Plans, Corporate Plan and:

    - have considered all alternative solutions for funding and achieving the same outcome before requesting council-funding.
    - demonstrate value for money in expenditure and approach to delivering outcomes.
    - undertaken only where there is a statutory requirement on the Council to undertake such works to address identified corporate risks.

Financial Resilience

87. Given the challenges identified, it is important to undertake regular review of the Council's financial standing and resilience. The snapshot included at Appendix 4 provides a high-level overview of the financial health of the Council. Whilst the snapshot presents no immediate cause for concern the ongoing challenges linked to the medium term are clear. Other points of note within the snapshot are summarised below:

- Whilst the revenue outturn position for 2022/23 was balanced overall, there were significant overspends in some directorates. Overspends that exceeded realignments provided as part of the 2023/24 Budget have been considered in refreshing the 2024/25 Budget Gap.
- There was significant capital programme slippage in 2022/23 linked to capacity and supply challenges outlined earlier in the report. Given financial restraints, this highlights the need for directorates to undertake a robust and realistic assessment of delivery capabilities as part of rolling the programme forward and profiling expenditure.
- The percentage of savings achieved has improved in recent years. Whilst this is encouraging, it must be noted that overall savings quantum in these years was comparatively lower, due to better settlements. Given the scale of savings requirements over the medium term, the importance of timely and robust savings planning cannot be underestimated.
- The snapshot highlights the importance of external income (specific grants and fees and charges) to the Council, but also the emphasises the risks it can pose. For fees and charges, this can include susceptibly to external factors, whilst for specific grants, there is a risk of real term reductions, grant fall-out and planning challenges. It is critical that these income streams and the risks associated with them are managed as proactively as possible - at best to help address the budget gap, at worst to avoid adding to it.
- The snapshot identifies that whilst earmarked reserves have increased, latest published comparators show that Cardiff's reserves are

comparably low for an authority of this size. Over the medium term, it will be key that directorates recognise the one-off nature of these resources and carefully prioritise them to ensure that, in line with their intended purpose, they are either spent on areas of most impact, or retained as a buffer against areas of highest risk.

Scrutiny Consideration

88. The Policy Review and Performance Scrutiny Committee is due to consider this issue on 12h July 2023. Any comments will be circulated at the Cabinet meeting.

Reasons for Recommendations

89. To note the 2024/25 Budget and MTFP Update and to approve the next steps.

90. To note the Income Generation Framework and agree this be used as the approach to setting fees and charges for 2024/25.

91. To note the Budget Timetable Framework and forward this to Council for approval.

Legal Implications

92. It is the responsibility of the Cabinet to receive financial forecasts and develop a medium-term financial strategy with a view to proposing a Budget for the Council to approve. Any specific legal issues arising will be addressed as part of the proposed budget preparation. These implications do not contain legal advice on the individual projects referred to in the report, which will be provided on the respective projects as and when considered.

93. The report provides that the proposed Budget Timetable framework for 2024/25 will make provision for consultation. In order for there to be robust consultation, the process must occur when proposals are at a formative stage; it should give sufficient reasons for any proposal to permit proper consideration; and it should allow adequate time for consideration and response. There must be clear evidence that the decision maker has considered the consultation responses before taking its decision on the budget. It is important to note that the consultation raises the legitimate expectation that any feedback received from the consultation will be taken into account in developing the proposals consulted upon.

General legal requirements

Equality Requirements

94. In considering this matter the decision maker must have regard to the Council's duties under the Equality Act 2010. Pursuant to these legal duties Councils must, in making decisions, have due regard to the need to (1) eliminate unlawful discrimination, (2) advance equality of opportunity and (3)

foster good relations on the basis of protected characteristics. Protected characteristics are: (a). Age,(b) Gender reassignment(c) Sex (d) Race – including ethnic or national origin, colour or nationality, (e) Disability, (f) Pregnancy and maternity, (g) Marriage and civil partnership, (h) Sexual orientation (i) Religion or belief – including lack of belief.

95. When taking strategic decisions, the Council also has a statutory duty to have due regard to the need to reduce inequalities of outcome resulting from socio-economic disadvantage ('the Socio-Economic Duty' imposed under section 1 of the Equality Act 2010). In considering this, the Council must take into account the statutory guidance issued by the Welsh Ministers (WG42004 A More Equal Wales The Socio-economic Duty Equality Act 2010 (gov.wales) and must be able to demonstrate how it has discharged its duty.

Well-Being of Future Generations (Wales) Act 2015

96. The Well-Being of Future Generations (Wales) Act 2015 ('the Act') places a 'well-being duty' on public bodies aimed at achieving 7 national well-being goals for Wales - a Wales that is prosperous, resilient, healthier, more equal, has cohesive communities, a vibrant culture and thriving Welsh language, and is globally responsible.

97. In discharging its duties under the Act, the Council has set and published well being objectives designed to maximise its contribution to achieving the national well being goals. The well being objectives are set out in Cardiff's Corporate Plan Stronger, Fairer, Greener 2023-26. When exercising its functions, the Council is required to take all reasonable steps to meet its well being objectives. This means that the decision makers should consider how the proposed decision will contribute towards meeting the well being objectives and must be satisfied that all reasonable steps have been taken to meet those objectives.

98. The well being duty also requires the Council to act in accordance with a 'sustainable development principle'. This principle requires the Council to act in a way which seeks to ensure that the needs of the present are met without compromising the ability of future generations to meet their own needs. Put simply, this means that Council decision makers must take account of the impact of their decisions on people living their lives in Wales in the future. In doing so, the Council must:

- Look to the long term
- Focus on prevention by understanding the root causes of problems
- Deliver an integrated approach to achieving the 7 national well-being goals
- Work in collaboration with others to find shared sustainable solutions
- Involve people from all sections of the community in the decisions which affect them

99. The decision maker must be satisfied that the proposed decision accords with the principles above; and due regard must be given to the Statutory Guidance issued by the Welsh Ministers, which is accessible using the link below:

https://www.gov.wales/well-being-future-generations-statutory-guidance

Welsh Language

100. The decision maker should also have regard, when making its decision, to the Council's wider obligations under the Welsh Language (Wales) Measure 2011 and the Welsh Language Standards.

Financial Implications

101. The financial implications are set out in the detail of the report. In summary, the report refreshes the MTFP and sets out the Budget Strategy for 2024/25. It outlines a likely budget reduction requirement of £119.2 million over the period 2024/25 – 2027/28, of which £36.7 million relates to 2024/25. Further detail on the elements of the budget gap is included at Annex 1. The current outline strategy modelled to address the budget gap is a combination of council tax increases (£21.6 million) and savings (£97.6 million.) The gap will continue to be reviewed during the current year to reflect most recent information.

HR Implications

102. The report outlines the contexts under which the budget is being set together with the continued financial challenges faced by the Council in balancing reducing finances with increasing demands, the challenges that the COVID pandemic has created and the current cost of living crisis and its effects on the Council's finances. The Council will continue to review the shape and scope of the organisation and the way in which services are delivered and efficiencies achieved. New service delivery models will need to meet demand pressures and reflect budgetary realities alongside securing further efficiency savings through better collaboration and partnerships, integration of service delivery and reducing duplication of effort and resources.

103. Given the level of savings required in 2024/25 and beyond, it will be key that the savings proposals identified are robust and deliverable. The extent of financial challenge in a continued period of restraint will result in savings targets for controllable budgets that will be considerably challenging and will result in significant changes to how local government services are delivered. The availability of resources to support the delivery of these sustained changes will be key.

104. Whilst it is not possible to provide specific HR implications on any changes at this time, it is clear that the ongoing budget difficulties will continue to have significant people implications associated with actions necessary to manage the financial pressures facing the Council. As service delivery proposals are

brought forward, there will be consultation with employees (those directly and indirectly impacted) and the Trade Unions so that they are fully aware of the proposals, have the opportunity to respond to them and understand the impact that the new model of service will have on them. Further and specific HR implications will be provided when relevant models are proposed.

105. Any proposed reductions in resource levels will be managed in accordance with the Council's recognised policies for restructuring which include, where appropriate, redeployment and voluntary redundancy. The Council's Voluntary Redundancy Scheme is always available, however, whilst those interested in leaving on this basis (with a post subsequently deleted) should express an interest to do so, a business case to support the exit will still need to be made and signed off. Flexible retirement continues to be another option available and a Sabbatical policy is in place as well as ability to request voluntary reductions in working hours. Training and development to support new skill requirements will remain available in order to place employees in the best possible position for potential redeployment.

106. Initial Trade Union consultation has taken place on this report. The Trade Union Partnership Meeting will be utilised to facilitate early discussion with Trade Unions on any key organisational proposals, with more detailed discussion continuing with employees and trade unions at local directorate level. It is essential that there continues to be appropriate consultation on proposals that are taken forward, as and when they are developed. This could include early proposals which are required to be implemented in preparation for the 2024/25 financial year. Many of these will have people implications that will need to be considered at an early stage in consultation with the Trade Unions and employees affected.

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Property Implications

112. There are no further specific property implications in respect of the Budget 2024/25 Update Report. It is noted that the receipts against the non-earmarked General Fund Capital receipts target to 31 March 2023 are significantly lower than the original target anticipated at this juncture. Following the impact of Covid and other factors on the disposal programme, the Corporate Property Strategy 2021-26 approved at Cabinet in December 2021 set out progress against Capital Programme receipts targets and revisions to anticipated disposals and capital investments up to 2026. An update of in year progress in 2023/24 is to be provided to Cabinet over the summer via the Annual Property Plan. The Strategic Estates team will work with Education and other departments to identify further potential disposals which may help to address the current shortfall in anticipated receipts.

113. More generally, the Strategic Estates team continues to work closely with Finance, as well as the Council's tenant base, to mitigate and recover from the impact of the pandemic and recent inflationary pressures on the Budget position. It is noted from the Budget Report that inflation has continued to be

at elevated levels this year, especially in respect of energy costs, which have a direct impact on the costs of running the Council's estate.

114. The Strategic Estates Department will continue to assist where necessary in supporting delivery in relevant areas such as the Capital Programme and Major Projects. Where there are property transactions or valuations required to deliver any proposals, they should be done so in accordance with the Council's Asset Management process and in consultation with Strategic Estates and relevant service areas.

CABINET CONSIDERATION

115. On 13 July 2023, Cabinet considered this report and resolved that:

i. the budget principles on which the Budget Strategy will be based and the approach to meeting the Budget Reduction Requirement both in 2024/25 and across the period of the Medium-Term Financial Plan be agreed.

ii. directorates work with the relevant Portfolio Cabinet Member(s), in consultation with the Corporate Director Resources and Cabinet Member for Finance, Modernisation and Performance to identify potential savings to assist in addressing the indicative budget gap of £36.7 million for 2024/25 and £119.2 million across the period of the Medium-Term Financial Plan.

iii. Authority be delegated to the Chief Executive, in consultation with the Leader and Cabinet Member for Finance, Modernisation and Performance, the authority to implement any saving proposal in advance of 2024/25 where no policy recommendation is required or where a policy decision has already been taken.

iv. It be noted that work will continue to update and refresh the MTFP and that this will be reported to Members as appropriate.

v. It be noted that the Income Generation Framework at Appendix 2 and agree this be used as the approach to setting fees and charges for 2024/25.

vi. consultation on the 2024/25 budget proposals will take place when the detail of options is available in order to inform the preparation of the draft 2024/25 Budget.

CABINET PROPOSAL

Council is recommended to agree that the Budget Timetable Framework set out in Appendix 3 be adopted, and that the work outlined is progressed with a view to informing budget preparation.

THE CABINET
13 July 2023

The following annexes are attached:

Annex 1: Medium Term Financial Plan

The following appendices are attached:

Appendix 1: Budget Update Overview - Questions & Answers
Appendix 2: Income Generation Framework
Appendix 2a: Income Summary Statement
Appendix 3: Proposed Revenue Budget Timetable Framework 2024/25
Appendix 4: Finance Resilience Snapshot

The following background papers have been taken into account:

2023/24 Budget Report – March 2023
Capital Strategy 2023/24