

Budget Update & Consultation 2024/25

Reason for this Report

1. To update members on the Provisional Local Government Financial Settlement, brief the Committee on the budget consultation approach for 2024/25 and provide an opportunity for Members to contribute to the consultation as key stakeholders in the budget preparations for 2024/25.
2. In addition to provide headline findings of the Ask Cardiff survey that have informed the budget consultation.

Structure of the papers

3. Attached at **Appendix A** is a Cabinet report titled *2024/25 Budget Modelling Update and Consultation Requirements*, to which there are two appendices:
 - Appendix 1** – Provisional Local Government Financial Settlement 2024/25 – Statement and Key Data Table;
 - Appendix 2** – Budget Consultation 2024/25 details.

Background and Context

4. The Committee's Terms of Reference confer responsibility for scrutiny of the Council's citizen engagement and consultation activity. Members have regularly expressed an interest in ensuring that the Council's budget consultation with Cardiff residents comprehensively targets all sectors, particularly minority, seldom heard, underrepresented and hard to reach sectors of the population.

5. Delivering the budget consultation in a timely manner to inform budget decision making is often a challenge because of its dependency on the UK Autumn Statement, in late November this year, and the subsequent announcement of the Local Government Provisional Settlement by Welsh Government. The Provisional Settlement was received on 20th December 2023, it is a critical factor in drafting the budget strategy and can significantly affect the overall position.
6. The Cabinet will hold an additional meeting on 8 January 2024, to agree the proposed approach to Budget Consultation for 2024/25, with a view to the formal budget consultation commencing on 8 January 2024 and running until 4 February 2024. Whilst budget consultation commenced earlier in 2023 as part of the Ask Cardiff Survey, the results of this focussed consultation process will inform Cabinet discussion and debate in preparing their final 2024/25 budget proposals.
7. The Council's five Scrutiny Committees routinely scrutinise budget proposals in February, prior to Cabinet agreeing the final budget and consideration by Full Council in March. Scrutiny Committee's also regularly monitor the Council's financial performance throughout the year. Each year the analysis of the results of the annual budget consultation is presented to Members alongside the budget proposals to inform the internal challenge.
8. The Final Settlement for 2024/25 is expected in the first week of March 2024.

Issues

9. The report attached at **Appendix A** provides:
 - an update on the Council's budget preparations for 2024/25, including the impact of the Provisional Settlement and;
 - details of the public consultation that will take place to inform Cabinet's preparation for the Council setting its 2024/25 budget, allowing Cabinet to lay before March Council, proposals, which if approved, would result in the adoption of a balanced budget for 2024/254.
10. Cardiff Council will receive a 4.1% increase in Aggregate External Finance (AEF) in 2024/25, which equates to £25.353m in cash terms. The increase reflects

population and pupil number data however is less than half of the total gross pressures the Council faces.

11. A number of All-Wales grants will cease or reduce in 2024/25 (see *point 14* of Appendix A), which will be challenging for the Council. These include grants in relation to teachers pay, free school meals holiday provision, childcare, retail leisure & hospitality rates relief, social services workforce, homelessness, and communities for work.
12. The Cabinet report draws attention to funding uncertainty around teachers' pensions (*points 19-20*), with the impact for Cardiff estimated at £7million. This sum is not reflected in the new budget gap because indications are that the UK Government will fund the increase.
13. With the announcement of the Provisional Settlement the Cabinet report updates the Council's budget modelling (*points 25-30*), Costs are estimated to increase by £56.078m for 2024/25 and at this point there is a budget gap between *resources available* (£829,482m) and *resources required* (£859,972m) of £30.490m. The gap will be addressed through service change proposals, finalisation of the position on schools' budgets for 2024/25, further efficiency proposals (currently modelled on £10.354m), and the use of reserves (currently modelled on £500,000).
14. A Council Tax increase of 3% has been used for modelling purposes. The final level of Council Tax increase will only be decided following the consultation process, as part of the final budget proposal.
15. Members are specifically referred to the section of the report headlined **Consultation and Engagement** (*points 40 to 44*). The Budget Consultation (**Appendix 2**) runs from 8th January 2024 to 4th February 2024. The report states that consultation on the 2024/25 budget will build on the findings of the Ask Cardiff survey.
16. Important points to note are that:
 - The consultation document will be available for online completion on

the Council's website.

- Hard copies will be available in Hubs and Libraries.
- Multi-lingual posters in community buildings will carry a QR code linked to the budget pages of the website.
- A co-ordinated social media and press campaign, and partner involvement will seek to ensure citywide engagement:
- Links to the consultation will be made available on the Council's corporate social media accounts, with posts targeting localised community groups across the city, and targeted advertising aimed at groups with a typically lower response rate.
- Links to the survey will also be shared with community groups, such as faith groups, community councils and the Cardiff Youth Council, and partners, including members of the PSB, to be shared with their contacts.
- The survey will be available in English, Welsh, Arabic, Polish, Bengali, and via screen reader for the visually impaired.
- The consultation will also be promoted to Council staff via the intranet and Staff Information alerts, and the Working for Cardiff App.
- The Participation Strategy improved engagement practices will be adopted for seldom heard voices.
- A dedicated team will target seldom heard voices.
- Trade unions have been consulted on the budget projections for 2024/25 and will continue to be consulted on efficiency savings, particularly where posts are at risk of redundancy. The report suggests that given the budget gap outlined there are likely to be redundancies during the financial year 2024/25.

17. At **Appendix 2** to **Appendix A** Members will find the proposed online budget consultation survey. The narrative outlines the Council's budget challenges for 2024/25 and how the Council proposes to close the gap.

18. The 40 questions that make up the consultation focus on Hubs & Libraries; Parks; Waste & Street Cleansing; Parking; Leisure & Sports; Culture & Events;

Bereavement Services; Fees & Charges; and a further 20 questions about the respondent.

Scope of the Scrutiny

19. Members will have an opportunity to ask questions and contribute to the 2024/25 budget consultation.

20. To facilitate the scrutiny in attendance will be Cabinet Member for Finance, Modernisation & Performance, Councillor Chris Weaver; Corporate Director Resources, Christopher Lee; Head of Performance and Partnerships, Gareth Newell and Principal Research & Consultation Officer, Claire Owens.

Legal Implications

21. The Scrutiny Committee is empowered to enquire, consider, review and recommend but not to make policy decisions. As the recommendations in this report are to consider and review matters there are no direct legal implications. However, legal implications may arise if and when the matters under review are implemented with or without any modifications. Any report with recommendations for decision that goes to Cabinet/Council will set out any legal implications arising from those recommendations. All decisions taken by or on behalf of the Council must (a) be within the legal powers of the Council; (b) comply with any procedural requirement imposed by law; (c) be within the powers of the body or person exercising powers on behalf of the Council; (d) be undertaken in accordance with the procedural requirements imposed by the Council e.g. Scrutiny Procedure Rules; (e) be fully and properly informed; (f) be properly motivated; (g) be taken having regard to the Council's fiduciary duty to its taxpayers; and (h) be reasonable and proper in all the circumstances.

Financial Implications

22. The Scrutiny Committee is empowered to enquire, consider, review and recommend but not to make policy decisions. As the recommendations in this report are to consider and review matters there are no direct financial implications at this stage in relation to any of the work programme. However, financial implications may arise if and when the matters under review are implemented with or without any modifications. Any report with recommendations for decision that goes to Cabinet/Council will set out any financial implications arising from those recommendations.

RECOMMENDATION

23. The Committee is recommended to:

- i. Note the proposed approach to the 2024/25 budget consultation;
- ii. Consider whether it wishes to relay any comments or observations to inform the consultation findings.

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4 January 2024