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Governance & Audit Committee Financial Update

23rd January 2024



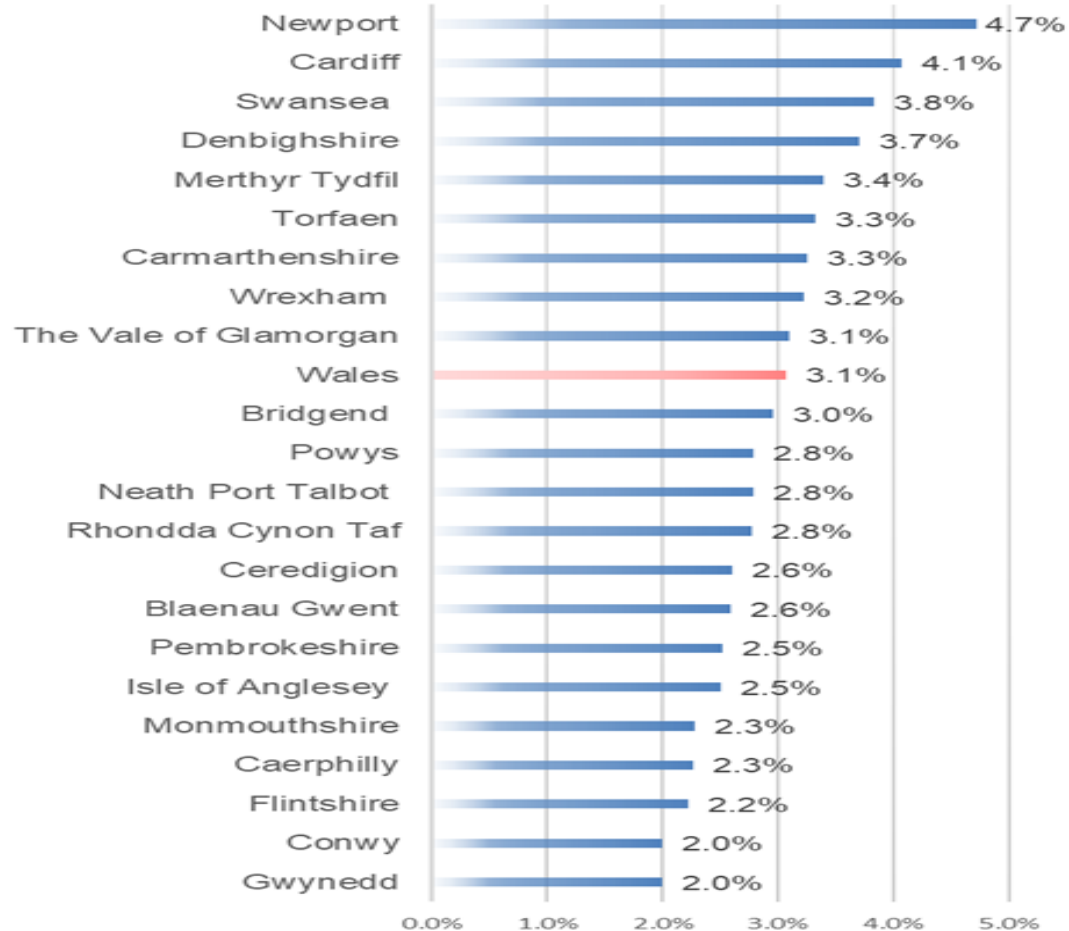
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Provisional Settlement Headlines – Revenue



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Overview of Non-hypothecated Funding Wales

- Welsh average increase: 3.1%
- Range: 2.0% (Gwynedd & Conwy) - 4.7% (Newport)
- Floor funding mechanism in place at 2% (cost £1.3M)

Cardiff

- Cardiff: 4.1% - second highest in Wales (Cash £24.246m) (last year increase was £48M)
- Positive formula impacts – population and pupil numbers
- Negative formula impacts – FSM , tourism and transport

No further year indicatives included

Some caution / risks – in particular around Specific Grants



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Budget Gap 2024/25

(AT Provisional Settlement Announcement)

Elements of the Budget Gap 2024/25		£000
Budget Gap	Employee Related	22,000
	Prices	11,587
	Commitments & Realignments	11,687
	Capital Financing	3,591
	Demographic Pressures	7,213
	Gross Pressures	56,078
	Funding	(25,587)
Net Budget Gap	30,491	
Draft Strategy	Modelled Council Tax (+3%)	5,209
	Savings Required	25,282
	Total	30,491



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- Settlement reflected +4.1% (additional £5.171m including tax base)
- Savings requirement - £25.282 million (assuming 3% modelled Ctax publicly at this stage)

Budget Modelling Update



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	£000	Reflects
Budget Gap	30,490	Resources required less resource available
Council Tax increase	(5,209)	Draft only - modelled at 3%
Efficiency Proposals & Corporate Savings	(10,354)	No impact on Service Delivery
Shortfall still to be addressed	14,927	

The shortfall still to be addressed will be bridged through a combination of factors. Subject to consultation, these may include:

- Service change proposals to be included post budget consultation, if agreed.
- Finalisation of the position on schools' budgets for 2024/25
- Further scope to extend efficiency proposals.
- Further consideration of funding sources that are within the Council's control – including Earmarked Reserves and Council Tax.



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Budget Consultation - Overview



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Two Stage Approach:

- **Ask Cardiff Survey 2023: *Helped shape budget priorities***
 - Ran from Monday 9th October to Sunday 19th November 2023
 - Included questions to identify budget priorities for both the 2023/24 financial year and the longer term.
 - 3,187 responses received.
- **Budget Consultation: *Seeking public views on specific proposals***
 - Running from Monday 8th January to Sunday 4th February 2024
 - Report on consultation findings to be published 19th February 2024.
 - Survey developed in accordance with legal and good practice considerations, including the “Gunning Principles”.



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Next Steps



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- Ongoing refinement and analysis of base requirements, savings proposals and modelling
- Consultation ends 4th February 2024 – Cabinet consider consultation feedback in drafting final budget proposal
- Late Feb / Early March – Budget Scrutiny
- Final Local Government Settlement not due until end of Feb / Early March
- Council consideration of Cabinet’s draft budget proposal – 7th March 2024
- Quarter 3 (Month 9) due into Cabinet shortly



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