

DRAFT BUDGET PROPOSALS 2024/25

Purpose of Report

1. To provide Members with context for the scrutiny of the 2024/25 draft Budgetary Proposals and provide papers that set out the proposals.

Context

2. The Council is required to approve its annual budget for the year ahead at Full Council on 7 March 2024. The Constitution allows all Scrutiny Committees to consider the draft budget proposals relevant to their terms of reference, enabling non-executive Members to feed comments, observations or recommendations to the Cabinet before final budget decisions are taken. This year the Cabinet will consider the draft budget proposals on 29 February 2024, prior to their presentation to Full Council for approval the following week.
3. The Policy Review and Performance (PRAP) Scrutiny Committee's Terms of Reference afford Members responsibility for taking an overview of revenue and capital budget proposals from a corporate, strategic point of view; checking the alignment of the budget proposals to the Council's stated Corporate Plan priorities and well-being objectives, as well as the processes by which they have been developed. The Committee also has specific responsibility for service budgets that fall within the Resources (*Finance, Human Resources, Governance & Legal, Digital & Customer Services*), the Economic Development (*County Estates*) and the People and Communities (*Performance & Partnerships*) directorates.
4. In addition to PRAP's strategic overview the Council's four other Scrutiny Committees will also consider the budget proposals and elements of the draft

Corporate Plan relevant to their own terms of reference. Following these meetings, the Chair of each Committee will write a letter to the Cabinet, summing up the Committee's comments. Copies of these letters will be circulated prior to the PRAP Scrutiny Committee meeting to inform Members' lines of enquiry in considering the overall budget.

Structure of the Meeting

5. The agenda for this meeting focusses predominantly on the Committee's corporate responsibilities, whilst also examining proposed savings in the Resources Directorate, as outlined above. This item (4) will therefore be structured in three parts:
 - **Part 1** - an opportunity for questions on all corporate **Revenue Budget** proposals for 2024/25.
 - **Part 2** - an opportunity for questions on the Council's **Capital Budget**, the Investment Programme 2024/25 – 2028/29 and Capital Resourcing for the same period.
 - **Part 3** – an opportunity for questions specifically related to proposals for the **Resources Directorate** (*Finance, Human Resources, Governance & Legal, Digital & Customer Services*).

6. To consider the overall budget proposals (part 1) the following Cabinet Member and officers listed below will be in attendance. Members will receive an overview of the 2024/25 Budget Proposals from the Corporate Director Resources and the Head of Finance. There will then be an opportunity for general questions on the Council-wide budget proposals:
 - Councillor Chris Weaver, Cabinet Member Finance, Modernisation and Performance;
 - Chris Lee, Corporate Director Resources;
 - Ian Allwood, Head of Finance; and
 - Gareth Newell, Head of Performance and Partnerships (Budget Consultation report 2024-25.)

7. To consider the Capital Programme 2024/25 -2028/29 (part 2) Members will hear from:
 - Councillor Chris Weaver, Cabinet Member Finance, Modernisation and Performance;
 - Chris Lee, Corporate Director Resources;
 - Ian Allwood, Head of Finance; and
 - Anil Hirani, Capital Account Manager.

8. To consider the Resources budget proposals in isolation (part 3) Members will hear from:
 - Councillor Chris Weaver, Cabinet Member Finance, Modernisation and Performance;
 - Chris Lee, Corporate Director Resources;
 - Ian Allwood, Head of Finance; and
 - additional senior managers where required.

Structure of the Papers

9. In addition to the information set out in this scrutiny cover report, Members will find a range of Appendices as follows:

Appendix 1 – Budget support for the Corporate Plan and Future Generations

Appendix 2 – Council Wide Revenue Budget Overview

Appendix 2a – Directorate Revenue Budgets

Appendix 2b – Efficiency Savings Proposals

Appendix 2c – Service Change Proposals

Appendix 2d – Fees and Charges

Appendix 2e – Earmarked Reserves General Fund

Appendix 3 – Capital Budget

Appendix 3a – Capital Programme 2024/25 – 2028/29

Appendix 3b – Capital Funding 2024/25-2028/29

Appendix 3c – Capital Strategy 2024/25

Appendix 4 – Medium Term Financial Plan 2025/26 – 2028/29

Appendix 5 - Financial Resilience Snapshot 2023/24 month 9

Appendix 6a – Budget Consultation Report 2024/25

Appendix 6b - How Consultation responses impacted the Budget 2024/25

10. For Members information and to aid their understanding, below is an explanation of each Appendix:

Appendix 1 – Budget support for the Corporate Plan and Future Generations

sets out how the Revenue Budget and Capital Programme are consistent with the Council's priorities, invest in the future of the city and support the five ways of working at the heart of the Well-being of Future Generations (Wales) Act 2015.

Appendix 2 – an overview of Council-wide Directorate Revenue Budget,

providing a complete picture of the revenue budget build. This appendix is in the form of an Excel spreadsheet that allows Members to see how the budget for 2024/25 has been built. The overview explains that from the current budget base of £806,474 million the 2024/25 budget required to deliver Council services and meet Council priorities is £849,284. The £30.327million budget gap will be met by *Savings*, *Council Tax* increases, and *Earmarked Reserves* as highlighted by all the cells shaded grey.

Appendix 2a - Directorate Revenue Budgets – The Council has 12 Directorate budgets. The budget for each one is found here, with an indication where a Directorate's base budget has benefitted from a transfer from the Rate Support Grant (RSG), realignment, pressure and demographic growth bid, or savings have been applied. Members will find this sheet useful as it illustrates the differing scale of Directorate budgets.

Appendix 2b – Detailed **Directorate efficiency savings** are set out in this spreadsheet. The proposed savings within this year's budget total **£16.908million**. **£10.470 million** are from **Efficiency Savings**; **£4.052 million** are from **Service Change Savings**; and **£2.386 million** are **Corporate Savings**.

The spreadsheet sets out a number of details for each proposal: For each numbered proposal (line) Members will find (L-R):

- The Directorate against which the savings is proposed;
- A reference number for the proposal
- The saving proposed and a description of the proposal;
- A breakdown of the efficiency saving, for example will it be derived from '*employees*', '*external spend*', or '*income*';
- The Net Employee Implications of the proposal (FTE)
- A risk analysis for each proposal in respect of an achievability rating (*Green, Amber-Green, Amber, Red-Amber, Red*) the residual risk, and an Equalities Impact Assessment (EIA) rating;

Appendix 2c – This spreadsheet sets out **Service Change Proposals** for each Directorate. For each numbered proposal (line) Members will find (L-R):

- The Directorate making the service change;
- A reference number for the service change proposal;
- The service change proposed and a description of the proposal;
- A breakdown of the service change saving; for example, will it be derived from '*employees*', '*external spend*', or '*income*';
- The Net Employee Implications of the proposal (FTE)
- A risk analysis for each proposal in respect of an achievability rating (*Green, Amber-Green, Amber, Red-Amber, Red*) the residual risk, and an Equalities Impact Assessment (EIA) rating;
- An indication of whether the proposal has been the subject of public consultation and the city-wide response.

Appendix 2d – Fees and Charges - provides a full list of *Fees and Charges* for 2024/25. These cover a broad range of income sources such as charges to rent Council buildings and venues; the use of Council caravan and camping facilities; parks facilities; community halls; sporting activities; parking; waste; libraries; bereavement services; and much more.

Appendix 2e – Earmarked Reserves General Fund - provides a summary, setting out allocations of money the Council has reserved for specific purposes. The General Fund *Earmarked Reserves* are monies put aside by services/functions/directorates for future use in clearly designated areas for specific purposes if required. The list is alphabetical. This year the proposal is to use £27.573 million of earmarked reserves, no council general reserves, £15.100 million of Schools Reserves and £79 million of Housing Revenue Account reserves.

Appendix 3 – Capital Budget. 3 appendices support scrutiny of the Capital Budget. The Capital Strategy is the underpinning document (Appendix 3c). The Capital Investment Programme (3a) and Funding Overview (3b) are included at the end of this document, but for ease of reference have also been separated out as 3a and 3b.

Appendix 3a – Capital Investment Programme 2024/25 – 2028/29. Members can see the complete project list of the Councils Capital Investment Programme for the next 5 years in this appendix. Capital projects are funded via several different methods. The spreadsheet therefore categorises capital allocations as follows:

- Annual Sums Expenditure;
- Ongoing Schemes/Amendments to Ongoing Schemes;
- New Capital Schemes (excluding invest to save);
- Schemes funded by Grants and Contributions;
- Additional borrowing by the Council to be repaid from revenue savings or invest to save business cases.
- New Invest to Save Bids

Appendix 3b Funding Overview – This spreadsheet shows the Capital funds available for both the *General Fund*, and the *Public Housing Fund*. It includes funding levels for 2024/25 and indicative funding levels for the following 4 years. More information on the Capital Funding and the Capital Programme can be found at paragraphs 45-48 below.

Appendix 3c – Capital Strategy 2024/25. This is the framework the Council uses when capital investment is needed to deliver the administration’s priorities, to develop a clear, consistent and informed process in undertaking capital investment decisions.

Appendix 4 – Medium Term Financial Plan 2025/26 – 2028/29 – the document that forecasts the Council’s financial position, aids preparations for the challenges of setting a balanced budget, informs understanding and protects the Council’s long term financial health.

Appendix 5 – Financial Resilience Snapshot – this appendix provides an *at-a-glance* view of the Council’s financial resilience, looking back over the last four years from 2019/20 and forward the next four years to 2028/29. It shows the Revenue and Capital budget positions at month 9 2023/24.

Appendix 6a – Budget Consultation Report. Each year following the announcement of the Provisional Settlement the Council enters into a formal public consultation period to test citizen appetite for budget proposals. Further information on the results of this year’s survey can be found at paragraphs 49-53 of this report.

Appendix 6b - How Consultation responses impacted the Budget 2024/25 – having consulted widely on budget proposals the Cabinet set out in this appendix exactly how public responses have made a difference to the proposals going forward in the final draft budget report.

Scope of Scrutiny

11. The scope of this pre-decision scrutiny is to consider the overall corporate budget proposals in terms of their relationship to the Corporate Plan 2024-27, to test whether they will support delivery of the priorities, objectives and steps set out in the Plan, and to test the processes and assessments used in their development.

12. Following the Scrutiny Committee meeting, the Chair will detail the Committee's comments or recommendations in correspondence to the Cabinet, for their consideration, prior to finalising their budget proposals. The Cabinet will consider draft budget proposals on 29 February 2024. At that meeting the Cabinet will formally agree their budget recommendations for consideration and adoption by Full Council, at its meeting on 7 March 2024.

Summary & Overview of 2024/25 Budget Proposals

Local Government Financial Settlement

13. The Local Government Financial Settlement is a key factor underpinning the construction of the draft budget. Due to the timing of the UK Autumn Statement, which took place in November 2023, the Provisional Settlement was not received until the 20 December 2023.

14. On 24 January 2024, the UK Government announced £600 million extra funding for English Local Authorities. On 7th February, the Minister for Finance and Local Government issued a statement on the resultant £25 million consequential funding for Wales ([Written Statement: Additional Funding for Local Government 2024-25](#)). It stated that this would be used to:

- a. Reverse a £10.6 million reduction to the Social Care Workforce Grant, that was announced in the Provisional Settlement.
- b. Increase the Revenue Support Grant by £14.4 million.

15. The headlines of the 2024/25 Provisional Settlement, together with the impact of the consequential funding (indicative allocations have been provided by Welsh Government) are set out in the table below:

	Provisional	Plus Consequential
Wales Average AEF* increase	+3.1%	+3.3%
Range of AEF increases	+2% to +4.7%	+2.3% to +5%
Floor Protection**	At 2%	At 2.3%
Cardiff	+4.1%	+4.3%

* *Aggregate External Finance*

** *funded via additional £1.3 million funding at Provisional Settlement.*

16. In cash terms, Cardiff's initial 4.1% AEF increase equated to £25.353 million (including taxbase adjustments), and this increased to £26.972 million as a result of the consequential funding. Cardiff's above average settlement is largely due to distribution increases in respect of population and pupil numbers. These are partially offset by decreases in Cardiff's distribution for free school meals, tourism, and transport. Although Cardiff's AEF increase is slightly above average, it covers less than half of the pressures that the Local Authority faces in 2024/25.

17. The information on specific revenue grants that was included in the Provisional Settlement presented several challenges, including that information was only available at an All-Wales level, grants totalling more than £25 million were yet to be confirmed, and significant reductions were indicated in several key areas. *(Further information on specific grants is included in the 2024/25 Cabinet Budget Report at paragraph 29.)*

18. Several specific grants are expected to transfer into the RSG in 2024/25. It has been indicated that all transfers will be included within the Final Local Government Settlement, and Local Authorities have been formally notified of transfer sums. Cardiff's transfers have been reflected in the AEF figures included within the 2024/25 Cabinet Budget Report.

Final Settlement Timing

19. The Final Local Government Settlement is expected to be published on 27 February 2024 - after the publication date of the Cabinet Budget Report. Any

changes to the level of AEF assumed are expected to be minimal and it is proposed that they are managed by a proportionate contribution to or from reserves. In the event of minor changes, if the published version of the report is not able to be amended, the recommendations to the Budget Report authorise the Section 151 Officer to prepare an addendum to the 2024/25 Budget making the requisite technical adjustments for consideration by Council on 7th March 2024.

Unfunded Public Sector Pension Schemes

20. Recent fund valuations of unfunded public sector pension schemes, and notably changes to the SCAPE (Superannuation Contributions Adjusted for Past Experience) rate, mean that employer's superannuation contributions to these schemes will increase significantly from 1st April 2024. This affects the Teachers' Pension Scheme and the fire-fighters' Pension Scheme and the impact of both for the 2024/25 Budget is set out in paragraphs 15-17 below. Clear indications are that the UK Government will fund this issue (with a resultant Wales consequential) and the Minister for Finance and Local Government has confirmed that all funding received by Welsh Government will be passported to Local Authorities. However, confirmation may not be before the end of the 2023/24 financial year.

Teachers Pensions Contributions

21. The 2024/25 Budget Proposal reflects a net nil position in respect of the TPS issue outlined above, (estimated to be between £6 million and £7 million for Cardiff Council.) It is assumed that the requisite expenditure budget will be offset by specific grant income. The issue is therefore considered to be one of timing. Once received, funding will be fully allocated to schools but until that time the increased rate of pensions will become payable from 1st April 2024.

22. Should confirmation be received that no or limited funding will be available, then it is proposed that an urgent report is made to Council in respect of any budget policy framework requirements. This will include consideration of funding options and the impact of any in year requirements on both schools and wider council services. Members will continue to be updated on the position and subject to the

funding agreement being received, the Council's July 2024 Budget Update Report will provide the next formal update on this issue.

South Wales Fire & Rescue Service Levy

23. Specific grant funding to cover increased contribution to fire-fighters pensions is expected to be payable to Local Authorities (rather than directly to the SWFRS), and levies have been issued on this basis. In budgetary terms, Cardiff's total increase in fire levy compared with 2023/24 is £1.943 million. Of this £0.306 million is estimated to be attributable to increased pension costs and it is therefore assumed that this will be met from specific grant, (although this may not be confirmed before the end of the 2023/24 financial year). It is proposed that in the event of no, or limited grant funding being available, the budgeted income stream will instead be met by a draw down from Strategic Budget Reserve. This differs to the proposed treatment for TPS outlined above, because the sum in question is much less.

Revenue Budget 2024/25

24. A summary of the 2024/25 Revenue Budget is set out below.

Resources Required	£000
Base Budget B/F	806,474
Pay Inflation	7,671
Price Inflation	12,574
Commitments (including Capital Financing)	5,292
Realignments	12,421
Demographic Pressures	6,773
Schools Pressures	12,804
Sub Total - Cost Pressures 2024/25	57,535
Resources Required	864,009

Resources Available	£000
Aggregate External Finance	623,158
Council Tax (2024/25 Tax Base at 2023/24 Council Tax Rate)	210,024
Earmarked Reserves	500
Resources Available	833,682

25. The difference between resources required and resources available is £30.327 million. The strategy to close this gap is set out below:

Strategy to address Budget Gap	£000
Efficiency & Income Savings	10,470
Corporate Savings & Measures including further use of Reserves	5,386
Service Change Proposals	4,052
A 6% Council Tax Increase (net effect after impact on CTRS)	10,419
TOTAL	30,327

26. After taking into account the relevant aspects of Budget Strategy set out in the above table, the net cash limit for 2024/25 is £849.284 million as summarised below:

	£000
Base Budget Brought Forward	806,474
Pressures	57,535
Savings	(16,908)
Impact on CTRS Budget of 6.0% council tax increase	2,183
Net Budgeted Expenditure 2024/25	849,284

Funded by:	£000
Aggregate External Finance (including anticipated grant transfer)	623,158
Council Tax (2024/25 Tax Base at 2024/25 Council Tax Rate)	222,626
Earmarked Reserves	3,500
Budget Funding 2024/25	849,284

Revenue Budget Savings

27. The 2024/25 Budget is predicated on the delivery of £10.470 million in directorate efficiency savings. Efficiency savings are defined as achieving the same output (or more) for less resource, with no significant impact on the resident / customer. The £10.470 million savings reflect savings across all non-schools directorates. Further details are available in **Appendix 2b**.

Nature of Saving	£000
Review of staffing arrangements	6,137
Reductions in external spend and premises costs	2,615
Increase in income and grant maximisation	1,718
TOTAL	10,470

Corporate Savings and Measures

28. The strategy to balance the 2024/25 Budget includes £5.386 million of Corporate Savings and measures. As well as a further £3.000 million use of reserves (over and above the baseline assumption of £0.5 million), this includes:

- Removal of the Council's £1.000 million General Contingency Budget
- A £0.500 million reduction to the Adult Services specific contingency budget (from £2.000 million to £1.500 million)
- A £0.150 million reduction to the Children's Services specific contingency budget (from £2.150 million to £2.000 million)
- £0.736 million cross-cutting savings, including in relation to car allowances, furniture, mobile phone, postage & hybrid mail costs, and early repayment of invest to save schemes.

29. The reductions to contingency are considered further in the section of the report on financial resilience.

Service Change Proposals

30. The 2024/25 Budget includes £4.052 million in service change proposals. These are distinct from efficiency savings in that they have an impact on existing levels of service. **Appendix 2c** summarises the service change proposals included in the budget together with the nature of the consultation undertaken. For some proposals, consultation involves a specific organisation or group of service users who are specifically affected by a proposal. Other proposals have been the subject of city-wide consultation. Some proposals, whilst internally facing, go beyond what can be classed as efficiency savings when taken together with proposals already put forward as part of the £10.470 million above and are therefore included on the service change list.

31. Cabinet have fully considered the outcomes of the consultation exercises undertaken and the service change proposals included in the Budget are consistent with consultation findings. Cabinet is proposing not to take forward some of the saving options that were consulted upon at this time. These include proposals totalling £1.019 million in relation to ward-based cleaning and focussed placement of public bins. In addition, other proposals will be taken forward, but at a lower level to that consulted upon. These include proposals in relation to Community Park Rangers, Community Hubs, Local Action Teams and proposed increases to some fees and charges. A summary can be found at **Appendix 6b**

Equalities Impact of Savings Proposals

32. All relevant budget proposals have been subject to a full Equality Impact Assessment (EIA), the findings of which have informed the Council's consultation and engagement activity, thereby ensuring that the voice of those disproportionately impacted by any changes is heard in the budget setting process. The Council engages directly with the groups identified as being disproportionately impacted.

Council Tax

33. The proposed Council Tax increase to support delivery of the 2024/25 Revenue Budget Strategy is 6.0%, which generates net additional income of £10.419 million. Combined with savings and corporate measures totalling £19.908 million this will help to bridge the 2024/25 Budget Gap. The increase, which is higher than previously modelled, will enable some of the Council's key services to be protected. Those eligible, will receive support through the Council Tax Reduction Scheme (CTRS).

Employee Implications of the 2024/25 Revenue Budget

34. The posts deleted or created as part of the budget are set out in the table below. For deleted posts, the table identifies the anticipated method of release.

Employee Implications of Budget	FTE
Voluntary Redundancy	25.55
Vacant Posts	89.75
Retirement / Flexi Retirement	1.05
TBC / Redeployment	62.10
Total FTE posts deleted	178.45
Total FTE posts created	(16.30)
Net FTE Reduction	162.15

Financial Resilience Mechanism

35. The Council currently has a £2.0 million budget called the Financial Resilience Mechanism (FRM) that was set up to help the Council deal with funding uncertainty. It is used to invest in priority areas, but investment is one-off and determined each year. This means that the budget is used proactively, but could be reduced or deleted if required, without affecting day-to day services.

36. In 2023/24 the FRM was reduced by £1.8 million (to £2.0 million.) The reduction was linked to minimising the impact of energy price increases considered likely to

be temporary in nature. The 2023/24 Budget Report noted an intention to reinstate the FRM over the medium term if energy prices decreased. However, despite the energy price reductions incorporated into the Budget for 2024/25, the FRM has been retained at the lower level of £2.0 million to avoid adding to the already extremely challenging Budget Gap for 2024/25.

37. For 2024/25, £1.0 million of the £2.0 million Financial Resilience Mechanism will be required to manage timing issues linked to the delivery of the £16.908 million savings included in the 2024/25 Budget. The remaining £1 million will be used to provide one-off support to the areas set out in the table below:

£1 million FRM support for 2024/25		£000
Schools	An intervention fund to support addressing in year demand challenges and to pump prime agreed efficiency programmes.	600
Cardiff Commitment	High impact activities for young people, including further development of Careers and Work-Related Experiences, and progression pathways for our most vulnerable groups.	200
Waste Strategy	Funding to support the changes required in delivering the Waste Strategy for the City.	150
Sport Development Grant Scheme	A continuation of the focus towards supporting the transfer of Council facilities to local sporting clubs by providing funding to ensure facilities meet statutory compliance before transfer.	50
TOTAL		1,000

Earmarked Reserves

38. The 2024/25 Budget proposes to release a total of £3.500 million from earmarked reserves in support of budget commitments in 2024/25. Of this sum, £0.5 million is specifically linked to further energy price decreases anticipated in 2025/26, which will offset the fall-out of a one-off funding source. The remaining £3.0 million can be accommodated from the Council's Strategic Budget Reserve,

which is set aside to support financial resilience and help manage budget reduction requirements.

39. **Appendix 2e** outlines the level and anticipated movements on each of the Council's General Fund earmarked reserves, in accordance with their purpose. The Council's balance sheet also includes school balances which represent the accumulated surpluses or deficits generated by individual schools.

40. Individual Schools have a responsibility to set a balanced budget and that remains the expectation and requirement. However, the financial pressures are such that it is very likely that in the short term the overall balances of schools will be an aggregated deficit for 2024/25. This will be through a combination of the need for redundancy costs to be incurred in 2024/25 that will deliver savings in the short and medium term, and the pressures of balancing individual school budgets whilst delivering educational outcomes. This overall deficit balance for schools will need to be carefully managed in order to ensure that there is no knock-on impact on the Council's financial resilience. It is therefore of paramount importance that all agreed deficit recovery plans are deliverable within the timescale set for each school.

Financial Resilience

41. **Specific Base-funded contingencies** - to ensure there is a resilience cover against areas that can be unpredictable or volatile, the 2024/25 budget proposals include specific contingencies. These reflect:

- The difficulty in modelling potential increases in the number and complexity of Looked After Children Placements (£2.000 million – reduced from £2.150 million.)
- The difficulty in modelling demand in Adult Services (£1.500 million – reduced from £2.000 million)
- Market volatility in respect of recycling materials (£0.350 million).

42. **General Contingency** - the 2024/25 Budget reflects removal of the Council's £1.000 million General Contingency Budget. In the past, this was specifically held to protect the Council against late or under-delivered savings, or emerging areas of in-year pressure. Given the size of the budget gap for 2024/25, to minimise any further impact on front line services, or on the level of Council Tax, the contingency has been removed. Whilst this presents a level of risk to the Council's financial resilience moving forward, (particularly given increased saving requirements), the decision is considered reasonable in light of specific contingencies remaining available (albeit at a reduced level) for the most volatile areas of demand, and the degree of resilience currently available in earmarked reserves. Robust budget monitoring from the outset of the financial year will be more crucial than ever in 2024/25, to ensure that early corrective action can be taken where required.

43. A snapshot has been prepared which considers wider aspects of financial resilience and this is available at **Appendix 5**.

Medium-Term Financial Plan

44. The Medium-Term Financial Plan identified a significant Budget Gap of £142.3 million over the period 2025/26 – 2028/29, of which £44.3 million relates to 2025/26. Further information is included in **Appendix 4**.

Draft Capital Programme 2023/24 to 2027/28

45. General Capital Funding (GCF) at an All-Wales level will be £180m for 2024/25, of which Cardiff's allocation is £18.188m, or just over 10%. GCF can be spent on capital expenditure of a Local Authority's own choosing and is not specific to a project or scheme. The allocation is made up of two elements - £9.215m of Cash Grant and £8.973m of Supported Borrowing approval. The capital financing costs of the latter being re-imbursed as part of future years RSG.

46. There is no indication of Cardiff's GCF for 2025/26 or beyond. However, the current expectation is that it will fall to circa £15 million, as advised in previous indicative settlements - i.e. the current levels of GCF are assumed to be temporary.

47. Within the Provisional Settlement, there remains reference to a £20m Local Government De-Carbonisation allocation for 2023/24 and 2024/25. However, details of the allocation and approach for both years remain unclear. A list of specific capital grants for 2024/25 is identified on an all-Wales basis but as many of these will be on a bid basis, Cardiff-specific allocations are not yet known.

48. The proposed 2024/25 Budget outlines capital expenditure proposals of £1.633 billion for the financial years 2024/25 to 2028/29, of which £457.7 million is earmarked for 2024/25. The Capital Strategy is available as **Appendix 3c**.

Budget consultation & Engagement

Appendix 6

49. Consultation on the Council's budget proposals for 2024/25 was undertaken by the Cardiff Research Centre. The consultation ran from 8 January 2024 to 4 February 2024, following the budget announcement from the Welsh Government on 20 December 2023.

50. The survey was available online and in hard copy, in English, Welsh, Arabic, Polish and Bangla.

51. The Cardiff Research Centre worked closely with partnership organisations to ensure as representative a response as possible. In a bid to ensure the survey was promoted as widely as possible, the survey was promoted via

- **Email** - Organisations known to work with less frequently heard groups; Cardiff's Citizen's Panel; Ward members in areas known to traditionally have a low response rate.

- **Internet/intranet** - hosted on the Council website, at www.cardiff.gov.uk/budget; and promoted to Council employees via DigiGov, Intranet and Staff Information. An accessible version of the survey (for use with screen readers) was made available alongside the main survey. The webpage received 7,440 views in total across both the English and Welsh versions, with 4,429 accessing the page from the scrolling bar on the homepage of the website.
- **Social media** - promoted on the Council's corporate Facebook, Twitter, Instagram and Linked In accounts by the Corporate Communications Team throughout the consultation period (to a combined audience of around 185,000 followers). Targeted promotion was facilitated via stakeholder's social media accounts and Facebook 'boosts' of paid advertising aimed at those less frequently heard i.e. under 25's, Minority Ethnic groups and those living in the 'Southern Arc' of the city. Fifty-four posts were published, which were viewed 67,671 times, with 1,358 clicks through to the Budget Consultation page.
- **Hard copies - Hard** copies of the survey were made available in Hubs, libraries and community buildings across the city from Monday 8 January; they were also provided to Members Services, for all councillors to distribute. Partner organisations were invited to request hard copies for distribution.
- **Youth Survey** - The Child Friendly Cardiff team created a modified version of the survey using less formal language and distributed this to Schools Admin and Headteachers newsletters for completion online between 11 January and 4 February 2024.
- **Face to face interviews** - An assessment of results received was made approximately halfway through the survey window to understand the profile of respondents. Officers went to areas with the lowest levels of response to gather views of residents about the budget proposals, particularly those belonging to under-represented groups.

Areas identified were Adamsdown, Caerau, Cathays, Ely, Grangetown, Llanrumney, Rumney, Splott and St Mellons; interviews were also conducted in Central Library, capturing respondents for across the city.

52. Whilst respondents in some areas were very positive about being asked for their views and welcomed the opportunity to speak to a council officer about the issues raised, other areas saw poor engagement with little interest, which was hampered by poor weather affecting footfall.

53. After data cleansing to remove blank and duplicated responses, a total of **9,001 responses were received for the main survey, with a total of 103 responses to the Youth survey**. A total of 1,932 face-to-face contacts were undertaken. A copy of the consultation document is attached at **Appendix 6**.

Part 3 - Budget Proposals specific to the Resources Directorate

54. This scrutiny also provides the Committee with an opportunity to consider the draft Cabinet budgetary proposals for the proposals that relate to its terms of reference. Set out below is the full impact of the proposals on the Resources Directorate.

55. The Directorate includes Finance, Human Resources, Digital and Customer Services, Commissioning & Procurement, Central Transport Services and Governance & Legal Services.

56. Members are asked to refer to WBO 7 of the Corporate Plan (item 3). and appendices 2, in relation to the following budgetary proposals,

Resources Efficiency Savings – Appendix 2b

There are 7 savings lines totalling **£1.355million**

RESE1 – Central Transport Services Restructure

RESE2 – Finance- recharging of staff

RESE3 – Finance supplies and services

RESE4 – Review of Finance Staffing

RESE5 – Cardiff Academy

RESE6 – Additional Voluntary Contributions (AVC) Scheme

RESE7 – Review of ICT delivery services including alternative provision for bulk printing.

Resources Service Change Savings – Appendix 2c

There are 3 service change lines totalling **£396,000**

RESSC1 – Customer Service Automation

RESSC2 – Insurance Claims Handling

RESSC3 - Accountancy

Resources Earmarked Reserves – Appendix 2e - shaded grey

Line 2 – Apprenticeships & Trainees

Line 3 – Arena Funding Strategy Mitigation

Line 8 – Capital Business Case Development

Line 22 – Council Tax & Council Tax Reduction Scheme

Line 24 – Digital Transformation

Line 25 – Discretionary Rate Relief

Line 27 – Employee Changes

Line 38 - ICT Holding Account

Line 41 - Insurance

Line 42 – Invest to Save

Line 50- Non-Domestic Rates Due Diligence

Line 56 - Resources

Way Forward

57. Cabinet Members and officers will be attending the meeting as set out in the 'structure of the meeting' section above. Members are invited to question those in attendance, and during discussion at the Way Forward agree the comments, concerns and observations that should go forward for consideration by the Cabinet.

Legal Implications

58. 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

59. 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

The Committee is recommended to consider the information presented in these papers and received at this meeting, and to submit any recommendations or observations to the Cabinet prior to its consideration of the final budget proposals on 29 February 2024.

LEANNE WESTON

Interim Deputy Monitoring Officer

22 February 2024