
DRAFT BUDGET PROPOSALS 2020-21

Purpose of Report

1. To provide Members with the context and papers for scrutiny of the 2020-21 draft budget proposals.

Context

2. The Council's Constitution allows all Scrutiny Committees to consider the draft budget proposals, as relevant to their terms of reference, to allow non-executive Members to feed comments, observations or recommendations to the Cabinet before final decisions are taken. The Cabinet will consider the draft budget proposals on 20 February 2020, prior to their presentation to Full Council for approval on 27 February 2020.
3. In line with the Policy Review and Performance (PRAP) Scrutiny Committee's Terms of Reference Members have responsibility for taking an overview of revenue and capital budget proposals from a corporate and strategic point of view; checking the alignment of the proposals to the Council's stated Corporate Plan priorities and well-being objectives, as well as the processes by which they have been developed;
4. Each of the Council's other four Scrutiny Committees will also consider the budget proposals and elements of the draft Corporate Plan relevant to their 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

tabled at the PRAP Scrutiny Committee meeting to inform Members' lines of inquiry in considering the overall budget.

Structure of the Meeting

5. The agenda for this meeting focusses on the Committee's corporate responsibilities, as outlined above, and this item (4) will be structured in two parts:

Part 4a - Firstly, a presentation providing an overview of all corporate budget proposals for 2020-21. This will also include a brief summary of the budget implications for specific services that fall within the Committee's Terms of Reference within the Resources, Governance & Legal, Economic Development, Central Transport Services and Performance & Partnerships budgets. Members will have an opportunity for questions before moving on.

Part 4b – Secondly a presentation on the Council's Capital Strategy 2020-21, Capital Investment Programme for 2020/21 – 2024/25 and Capital Funding for the same period.

6. To consider the overall budget proposals (**part 4a**) the Cabinet Members and officers listed below will be in attendance. Members will receive a presentation by the Corporate Director Resources and the Head of Finance, giving a corporate overview of the 2020-21 Budget Proposals, and the processes by which they were arrived. There will then be an opportunity for general questions on the entire Council budget proposals:

- Councillor Chris Weaver, Cabinet Member Finance, Modernisation and Performance;
- Chris Lee, Corporate Director Resources;
- Ian Allwood, Head of Finance;
- Gareth Newell, Head of Performance and Partnerships, with responsibility for co-ordinating the production of the Budget Consultation Report *Changes for Cardiff* 2019-20.

7. To consider the Capital Strategy 2020/21 (**part 4b**) Members will hear from
- Councillor Chris Weaver, Cabinet Member Finance, Modernisation and Performance;
 - Chris Lee, Corporate Director Resources;
 - Ian Allwood, Head of Finance;

Structure of the Papers

8. Attached to this report are a series of appendices as follows, to enable Members to scrutinise the draft budget proposals:

Appendix A – Budget Savings Proposals Summary 2020-21. These set out the savings to be achieved via **efficiency, income and service change**. Therefore the document is comprised of a summary plus three parts:

- A (i) Summary of Savings
- A (ii) Savings from **Efficiency**
- A (iii) Savings from **Income**
- A (iv) Savings from **Service Change**

Appendix B – Directorate Controllable Budgetary Analyses. This spreadsheet sets out, for each of the eleven Council Directorates, expenditure and income for the current 2019-20 financial year; and summarises 2020-21 savings proposals, allowing Members to see the overall budget context. The spreadsheet is made up of one page for each of the following directorates:

- B (i) Corporate Management
- B (ii) Economic Development
- B (iii) Education
- B (iv) Housing & Communities
- B (v) Performance & Partnerships
- B (vi) Street Scene Recycling & Neighbourhood services
- B (vii) Social Services
- B (viii).Planning, Transport & Environment
- B (ix) Central Transport Services

B (x) Governance & Legal Services

B (xi) Resources

**Appendix C – Financial Pressures, Commitments, Realignment & Capital
Ambition Policy Growth 2020-21.**

Appendix D – Employee Implications of the Budget Proposals 2020-21

Appendix E – Fees and Charges

E (i) General fund,

E (ii) Housing Revenue Account

Appendix F – Capital Strategy 2020-21

F (i) Capital Investment Programme Expenditure and
Funding 2020-21 – 2024-25.

Appendix G – Changes for Cardiff budget consultation analysis 2020-21.

Summary of Budgetary Position 2020/21

9. The resources available to finance the budget are made up as follows:

Resources Available	£000
Resources from WG	469,047
Council Tax (at nil increase)	178,363
Council Tax (at 4.5%, before CTRS impact)	8,026
Use of Reserves	750
Total Resources Available	656,186

10. The following table summarises the resources required to cover base expenditure, commitments and budget realignments. Savings of £9.764 million have enabled resources required to be brought back into line with resources available.

Resources Required	£000
2019/20 adjusted base (after transfers)	623,589
Employee Costs	273
Price Inflation	3,632
Financial Pressures	2,097
Policy Growth	1,775
Commitments, Realignments & Capital Financing	15,969
Demographic Pressures	3,659
Schools Growth	13,524
Council Tax Reduction Scheme	1,432
Savings	(9,764)
Total Resources Required	656,186

11. The proposed savings within this year's budget proposals total **£9.850 million**. They have been categorised as **efficiency**, **income** or **service change** savings.

- **£5.048 million** are savings from **Efficiency Savings**;
- **£2.541 million** are savings from **Income Generation**;
- **£2.175 million** are savings from **Service Change**

12. To enable the Committee to understand the prioritisation of proposed savings across directorates, the table below sets out the level of savings proposals for each directorate, as a percentage of overall savings.

Total Savings	Efficiency £000	Income £000	Service Change £000	Total £000	% of overall saving
Corporate Management	90	0	0	90	0.92%
Economic Development	1,052	426	0	1,478	15.14%
Education and Lifelong Learning – Non-Schools	586	365	0	951	9.74%
Education and Lifelong Learning – Delegated Schools	1,207	0	0	1,207	12.36%

People & Communities – Housing and Communities	408	201	0	609	6.24%
People & Communities – Performance & Partnerships	99	0	0	99	1.01%
People & Communities – Recycling & Neighbourhood Services	78	0	0	78	0.80%
People & Communities – Social Services	200	255	2,175	2,630	26.94%
Planning, Transport & Environment	418	1,072	0	1,490	15.26%
Resources – Central Transport Services	0	0	0	0	0.0%
Resources – Governance & Legal Services	0	0	0	0	0.0%
Resources – Resources	910	222	0	1,132	11.59%
Total	5,048	2,541	2,175	9,764	100.00%

Summary of proposals within each Appendix:

Cabinet Budget Proposals 2019-20	Appendix A
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13. Detailed savings proposals are set out for each Directorate (**Appendix A**). The spreadsheet sets out a number of details for each proposal: For each numbered proposal (line) Members will find:

- The Directorate against which the savings is proposed;
- A reference number by theme within which the saving falls; where E=**efficiency**, INC= **income** and S =**service change**
- Savings proposed and an explanation of the proposal;

- BA Sheet X-Ref - Budget Analysis Sheet Cross Reference, allowing the savings proposal to be tracked to the sub-division of the service from which it is proposed to be taken, when cross referenced with the Directorate Controllable Budgetary Analyses (**Appendix B (i-xi)**);
- Breakdown of the saving, for example will it be derived from 'employee costs', 'other spend', 'income' or a combination of these;
- A risk analysis in respect of the residual risk, an achievability rating and an Equalities Impact Assessment rating;
- The Cabinet Portfolio in relation to the proposed saving;
- An implementation date.

14. Of particular interest within the Committee's Terms of Reference will be:

Corporate Management		£000
E1	Reduce budget for past service contributions	90
Economic Development		
E5	Reduction in staff costs in Facilities Management	10
E10	Reduction in office rationalisation budget	92
E13	Reduced cleaning in corporate buildings	50
E15	Review of staffing resources within Facilities Management	117
Performance and Partnerships		
E32	Review of staffing arrangements	79
E 31	Third sector infrastructure grant	20
Resources		
E44	Business support efficiencies	105
E45	Staff efficiencies within information governance	50
E46	Efficiencies in recovery & revenue	60
E47	Reduction in accountancy staff budgets	110
E48	Organisational development staffing	27
E49	Customer & digital services restructure	173
E50	Reduction of ICT spend with external suppliers	100
E51	Reduction in emergency management unit salary budget	17

E52	Commissioning & procurement – staffing	2
E53	Health & Safety – staffing	44
E54	Human Resources – staffing efficiencies	147
E55	Resetting of the Information Governance offer	75
INC 21	Additional income in recovery and revenues	85
INC 22	WITS charge for business support function	25
INC 23	Commissioning & procurement-additional income(schools band B)	40
INC24	Commissioning & procurement-additional income	3
INC25	Health & Safety –additional external income	15
INC26	HR-Cardiff Academy income	29
INC27	Increased income within Information Governance	25
INC 10	Cardiff Works- increase income generation	15

Directorate Controllable Budgetary Analysis 2019-20

Appendix B

15. The eleven Directorate Controllable Budgetary Analysis sheets attached at **Appendix B** provide current year (2019/20) expenditure and income information, and savings proposals by Sub-Divisions of each Service.

Financial Pressures 2020-21

Appendix C

16. **Appendix C** is a summary of Financial Pressures the Council faces in 2020-21.

Members may wish to refer to all pressures listed when considering the budget overview. The pressures have been categorised into pressures, commitments, expenditure & income realignments, and capital ambition policy growth. For clarity these are defined as:

- Financial Pressures – issues anticipated for 2020/21 that will result in a financial pressure (£2,097m)
- Commitments – includes cost implications of previous Cabinet or Council decisions. Also includes increases to levies that the council is committed to paying (e.g. to South Wales Fire Service.) (£1,325m)

- Expenditure & Income Realignment - allocation to realign existing budgets in response to issues identified in the current year's monitoring position.(£13,180m)
- Policy Growth - budget growth to support policy initiatives.(£1,775m)

17. Total pressures council wide are £18,377million. Of particular interest within the Committee's terms of reference will be:

- **Pressures:** Facilities Management to be allocated in year £500,000; Lost rental income from retail parades £110,000; Additional VAT resource £100,000;
- **Commitments:** Continued replacement of Council fleet with electric vehicles £124,000; Corporate Apprentice Scheme £108,000; Members pay award £30,000;
- **Expenditure & Income Realignments:** Central Transport Services £600,000; Additional activities within Resources £515,000; Facilities Management £400,000; Energy costs £260,000; External Legal Fees £150,000;
- **Policy Growth:** Maintaining and developing Digital Services £80,000

Employee Implications	Appendix D
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18. The Employee Implications of the Budget, attached at **Appendix D** illustrates the posts to be deleted or created as a result of budget proposals. Overall, the budget proposes a reduction of 18.98FTE posts. The net position for each Directorate is as follows, note that not all Directorates have employee implications within the budget proposals:

Directorate	FTE Employee loss/gain
Economic Development	(17.90)
Education	11.90
Housing & Communities	(6.87)
Performance and Partnerships	(1.00)
Recycling & Neighbourhood Services	14
Planning, Transport & Environment	(3)
Resources	(16.11)
Total Council	(18.98)

19. Of particular interest within the Committee's remit will be a reduction in staff costs in Facilities Management ((0.40), a Review of staffing resources in Facilities Management (3), Reduced cleaning in corporate buildings(3.95), a staff restructure in Policy, Partnerships and Performance Management (2), and a loss of 16 FTE in the Resources Directorate.

Fees and Charges 2020-21

Appendix E

20. **Appendices E (i) and E (ii)** provide a summary of Fees and Charges, including General fees and charges, those that apply to the Housing Revenue Account (HRA), and those for Outdoor Activities. Listed are those that have a proposed price change and those where there is no proposed increase. Most price increases apply from April 2020.

Council Capital Strategy 2020/21 and Programme 2019-20 to 2023-24
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Appendix F

21. The Council's Capital Strategy and Programme for the next 5 years will be presented and considered separately at the meeting. The key appendices to support this section will be F and F (i).

22. The Capital Strategy is an integral part of the Budget report. It is the framework that the Council uses to develop a clear, consistent and informed process in making capital investment decisions. It is an integral part of the Council's strategic and financial planning framework, which includes Capital Ambition, Corporate Plan, Revenue & Capital budget, Medium Term Financial Plan, and Treasury Strategy.

23. The Capital Strategy sets out the Council's approach to working with partners, asset management planning, risk appetite, governance and decision making, capital investment in 2020/21 and indicatively to 2024/25, funding the strategy, managing the borrowing requirement, prudent Minimum Revenue Provision (MRP) Policy for repayment of capital expenditure, and affordability.

24. The Corporate Director Resources is required to report on the deliverability, affordability and risk associated with the Capital Strategy.

25. Capital investment can be broadly split into 3 types.

- a. Expenditure on existing assets
- b. Expenditure on specific projects or non-treasury investments to meet strategic aims
- c. Expenditure on non-treasury investments purely to maximise financial return on assets and generate revenue income.

26. The Capital Programme is a 5 year rolling programme with robust processes in place to approve, manage and monitor capital projects arising from the Capital Strategy.

27. The Capital Investment Programme for 2020/21-2024/25, attached at **Appendix F (i)**, proposes total capital expenditure of £938,875 million over five years. The Programme has two parts, a **General Fund**, and the **Public Housing Capital Programme (HRA)**.

Part one, the General Fund has different categories of expenditure as follows:

- a. **Annual Sums** - for example line 20 - Non Schools Property Asset Renewal
To address the condition of the non-schools property stock within the Council in accordance with directorate Asset Management Plans and priority works
- b. **Ongoing Schemes** – for example line 48 - Modernising ICT to Improve Business Processes - *Investment in corporate technology projects allowing the Council to make business process improvements and improve service delivery.*
- c. **New Capital Schemes** - for example line 61 – Web casting and infrastructure – *Fixed and portable microphone/webcasting system acquisition and replacement due conditions and additional regulatory requirements for Council meetings.*
- d. **Schemes funded by Grants and Contributions** – for example line 71 – Welsh Medium Education Capital Grant (WG) – *To support capital investments that will facilitate growth in welsh medium education and use of the welsh language.*

- e. **Existing Invest to Save Schemes** – for example line 82 –new cemetery Cardiff North – *To increase burial provision in the north of the city.*
- f. **New Invest to Save Bids-** for example line 96 – Core office strategy – digital infrastructure. *Smarter working, digital infrastructure and minor building adaptations to allow consolidation into alternative council buildings including County Hall.*

28. Part two of the Capital Programme is the **Public Housing Capital Programme (HRA)**, for which all funding is ring fenced. For example line 100 - New Build and Acquisitions – *Develop or acquire new housing and land in order to increase the level of affordable housing in the city* - £39,375m proposed in 2020/21, followed by an indicative £64,215m in 2021/22, £64,980m in 2022/23, £40,205m in 2023/24, and £46,780m in 2024/25, committing a total of £255,555m over 5 years.

Budget consultation on Savings Proposals

Appendix G

29. The Council's budget consultation survey was launched on 19 December 2019 and ran until 31 January 2020. A range of mechanisms were used as part of the process, including: email, internet/intranet, social media, face to face at hubs and focus groups, hard copy distribution at libraries, hubs and council buildings. (See appendix 5 to Appendix G for the full list of venues, events and organisations). A series of engagement events were run and invited the public to select their top three priorities for investment with their reasons. The top 3 were:

- d. **Building more affordable houses and tackling homelessness**
- e. **Communities where people feel safe**
- f. **Helping older people live in their own homes for as long as possible.**

30. The Changes for Cardiff budget consultation results have now been analysed and a full copy of the report is attached at **Appendix G**. A combined total of approximately 2,051 validated responses were received; this compares to 2,937 in 2018/19 and 2,078 in 2019/20.

31. In October 2019 the Committee scrutinised the Council's approach to budget consultation and commented that Members felt they had been unable to properly review consultation practice before publication due to challenging timescales. The Committee considered it important to evaluate and reflect the wider make up of Cardiff's demography, endorsing the importance and value of a qualitative response alongside the quantitative response. The Committee pointed out the importance of defining both demographic groups and sub-demographic groups, to ensure that all groups, particularly under-represented groups, were accessed.

Scope of the Scrutiny

32. The scope of this pre-decision scrutiny is to consider:

- The overall Corporate budget proposals in terms of their relationship to the Corporate Plan 2020-21, to test whether they will support delivery of the aims and priorities set out in the Plan, and to test the processes and assessments used in their development;

Way Forward

33. 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 agree the comments, concerns and observations that should go forward to the Cabinet during discussion at the Way Forward, item 6 on the agenda.

Legal Implications

34. 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 of 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

35. 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

Members are invited to consider the information presented in these papers and at the meeting, and refer any comments, observations and concerns for consideration by the Cabinet prior to its meeting on 20 February 2020.

DAVINA FIORE

Director of Governance and Legal Services

14 February 2020