



Cabinet Budget Proposal 2021/22

Scrutiny

February 2021



Gweithio dros Gaerdydd, gweithio gyda'n gilydd
Working for Cardiff, working together



Contents

1. Strategic Context
2. COVID19
3. Local Government Settlement
4. Draft Revenue Budget (savings, employee imps, fees & charges)
5. Consultation and Engagement
6. Financial Resilience Mechanism
7. Reserves
8. HRA – Medium Term Financial Plan
9. Capital Programme Development
10. Capital Strategy 2021/22
11. Detailed Capital Investment Programme and Funding



Strategic Context

- The Council's key strategy financial documents are framed by Capital Ambition and the Corporate Plan.



- This ensures resources are allocated in a way that supports the Council's priorities.
- Given the link between the Corporate Plan and wider Well-being goals, it also helps ensure the Budget supports long-term sustainability - in line with the Council's duties under the Well-being of Future Generations (Wales) Act 2015.
- Detail on how the Council's Budget supports Corporate Plan Priorities is set out in Appendix 1 to the Budget Report



COVID19 – Current Year Context and WG Support

The ongoing COVID-19 pandemic continues to have a significant financial impact on the Council

2020/21 Financial Support

- To date, the WG has committed £557 million as part of a COVID Hardship Fund to support Local Authorities during 2020/21.
- At end of Dec 2020 Cardiff's accepted and pending claims to WG = £37m+ expenditure and £30m+ income.
- Expenditure - includes protective equipment, emergency accommodation for homeless people, food / financial assistance for those entitled to free school meals whilst schools were closed. Also, financial support to care providers, supplier relief in other areas, and operational changes required to ensure the safe delivery of services.
- Lost Income - reflects closure of cultural & sporting venues, including theatres, Cardiff Castle and Cardiff International White Water. Also a reduction in activity in other income generating areas including planning, parking, moving traffic offences, trade waste and school catering.

2021/22 Financial Support

- 2021/22 – WG's draft budget: £766 million of C-19 related consequential funding for 2021/22 (compared to over £5 bn in 2020/21)
- So far nominally allocated £77 million to key areas including contract tracing, support to the Bus industry and Free School Meals (for holiday provision in 2021/22).
- Since publication of the WG Budget, there have been UK funding announcements - consequential funding for devolved administrations is yet to be clarified.



COVID19 – Looking Forward

- 2020/21 position shows pandemic’s impact on LA finances.
- Vaccine roll-out offers hope for recovery but the situation remains challenging
- There are key risks that it will be critical for the Council to monitor closely during 2021/22.
- The MTFP sets out longer tail risks and notes implications that the UK economic context may have for public spending
- The table (right) focusses on the risks that pose the greatest threat to financial resilience during 2021/22.
- It will be critical to scrutinise these risks from the outset of 2021/22, particularly those with higher risk ratings.
- Need to determine at the earliest opportunity, any areas where Gov. support or directorate recovery plans are insufficient or unable to address ongoing financial pressure.
- At the first signs of this, it will be crucial to put in place remedial action to protect the Council’s financial position.

Wider Issue	Potential Implications for Cardiff Council	Rate
Failure of businesses / Unemployment	• Potential increase in Council Tax Reduction Scheme Demand	R
	• Loss of investment estate income	R
	• Free School Meals - any eligibility increase	R
	• Potential need to increase Bad Debt Provisions	RA
Public Health Measures	• Ongoing loss of income - venues, music service etc.	R
	• School catering - ongoing viability of current model	R
	• Provider and Supplier viability	R
	• Ongoing costs of PPE	RA
	• Any learning needs catch up (post schools closure)	RA
	• Cleansing - schools and offices	A
Behavioural Shift	• Test Track Protect - assume funding ongoing and sufficient	A
	• New transport norms - impact on Parking & CPE income	R
	• Impact on Cardiff Bus	RA
	• More emphasis on outside space - maintenance / cleansing	A
	• Switch in waste streams - more household waste	A
Demographics	• Office and ICT requirements - new ways of working	A
	• Will there be increased family breakdown?	R
	• Difficulty in predicting demand in Adult Social Care	RA
	• Homelessness - transitional arrangements / any increase	A



Provisional Settlement Overview

Provisional Settlement - Timing

- Settlement timescales delayed for 2021/22 – Spending Review
- Provisional Settlement - issued 22nd December 2020
- Final Settlement due 2 March 2021 (post Cabinet, pre Council)
- Material changes are not anticipated
- Changes (if there are any) anticipated to be managed by an adjustment to/ from Reserves
- Cabinet Recommendations would give authority to Section 151 Officer to issue a Budget Addendum to this effect.

Provisional Settlement – Content and Impact

- Cardiff increase is 3.8% - at Welsh average
- Reflects restatement of population figures
- One year only – challenging from a planning context
- Specific Grants – some transfers, some increases (Social Services), some reductions (SWG).
- Settlement is better than Welsh Local Government had previously been planning for
- This is welcome, but not indicative austerity is over
- Must take the opportunity to consolidate resilience following the extended financial challenge.



CREV GWIR IN THESE STONES
FEL GW YDR HORIZONS
OR WRNALS A WENJING

Revenue Budget 2021/22

Resources Required	£000	£000	Notes
Base Budget Brought Forward		656,186	
Employee Costs	3,672		Assumed 2% NJC award, VLW
Price Inflation	3,950		Commissioned Care, Energy, Out of County Education, NDR, ICT
Financial Pressures	2,266		CTRS demand, LAC social work, switch in waste streams, waste grant reduction
Policy Growth	800		See next slide
Commitments, Realignments & Capital Financing	10,031		£2.847m Capital Financing, Realignments & Commitments next slide
Demographic Pressures	5,515		Adult Services, Children's Services, Education – out of county pupils numbers
Schools Growth	8,881		Employee costs, pupil growth and growth re: pupil needs
Council Tax Reduction Scheme *	1,195		Impact of a 3.5% increase
Savings *	(10,244)		See later slide
Total Resources Required		682,252	
Resources Available	£000	£000	
AEF	(487,913)		Per Provisional Settlement
Council Tax (2021/22 Base @ 2020/21 Prices)	(187,044)		Before 2021/22 Price Increase
Council Tax (+3.5%, before CTRS impact) *	(6,545)		2021/22 Price increase (Gross – Net is £5.350m after CTRS above)
Use of Reserves	(750)		Strategic Budget Reserve
Total Resources Available		(682,252)	

* Asterisked items address a £15.594m budget gap

Revenue Budget 2021/22 - Policy Growth Commitments and Realignment

The better than anticipated settlement has allowed targeted investment in policy growth – supporting key priorities:

Policy Growth	
Playground Management	188
Parks – Trees, Biodiversity and Urban Rangers	112
Support for the City Development Agenda	50
Cardiff Commitment – Education and Skills	265
One Planet Cardiff	120
Digital Services Development – Data Capture	50
Human Resources Equalities Training Budget	15
Capital Ambition Policy Growth Total	800

Commitments

These include the financial implications of previous Cabinet / Council decisions as well as levies payable to other bodies. Includes:

- £0.474 million levies payable to other bodies
- £0.432 million full year costs of Children’s Short Stay Assessment Centre
- £0.464 million to base fund Children’s Social Worker Market Supplement
- £0.200 million service transformation activity post pandemic
- £0.240 million to reinstate the base budget for the Project Management Team
- £0.125 million to reduce reliance on homelessness reserve

Realignments

The 2021/22 Budget also addresses base budget structural issues. These include:

- £1.704m for Children’s Services’ Placements
- £1.350 million for Adult Services (£0.6m of this through additional grant)
- £1.033 million School Transport
- £1.082 million for Education Out of County Provision
- £0.300 million External Legal Fees
- £0.270 million Ty Storrie



Revenue Budget 2020/21 – Efficiency Savings

Nature of Saving	£000
Review of staffing arrangements	1,706
Reductions in premises costs	762
Reductions in external spend	2,224
Capital financing (early repayment)	1,300
Income	1,712
TOTAL	7,704
Schools' Efficiency at 1%	2,540
Total Savings	10,244

- Efficiency savings - achieving the same output (or more) for less resource, with no significant impact on the resident / customer.
- Proposals have been reviewed to ensure they have minimal impact on service delivery, and that they are deliverable and appropriate.
- All proposals have been screened for their equalities impact and no concerns were identified.
- To improve the deliverability of savings and maximise the chances of securing full year savings in 2021/22, proposals are being implemented in the current financial year where possible.
- Of the £7.704 million non-school savings required next year, £1.005 million have already been implemented.



Revenue Budget 2021/22 - Employee Implications

Directorate	Deletions	Creations	Net
Economic Development	(6.5)	5.8	(0.7)
Education	(2.0)	7.0	5.0
Housing and Communities	(4.0)	0.0	(4.0)
Performance and Partnerships	(2.8)	0.0	(2.8)
Planning, Transport & Environment	(6.0)	2.0	(4.0)
Resources	(3.5)	0.0	(3.5)
Social Services	(3.0)	0	(3.0)
TOTAL	(27.8)	14.8	(13.0)



Consultation

Approach

Citywide Consultation:

- 13th January to 10th February 2021
- Lockdown - traditional methods of engagement were impossible
- Consultation was delivered solely online
- Promoted via email to:
 - Organisations that work with less frequently heard groups
 - Cardiff Youth Panel
 - Cardiff Citizen's Forum
- Hosted on the Council website
- Promoted to Council employees - DigiGov, Intranet & Staff Info
- Promoted to almost 90,000 followers via Facebook and Twitter
- Facebook campaign reached approximately 150,425 users, and on Twitter, 989,898 users.
- Targeted promotion was facilitated via stakeholder's social media accounts
- Facebook boosts aimed at those less frequently heard i.e. under 25's, Minority Ethnic groups and those living in the 'Southern Arc' of the city. This reached around 125,200 users, with 2,973 clicks through to the survey itself

Results

- 2,870 Respondents

Top 3 Priorities:

1. Leading an economic recovery through supporting businesses and workers and delivering our major regeneration schemes
2. Investing in our schools and improving educational attainment and supporting children and young people
3. Keeping our communities safe and tackling anti-social behaviour

The Budget and Capital Programme provide support for these areas

- In addition to the budget consultation, Ask Cardiff findings were considered in setting the Corporate Plan and Budget Priorities.
- The Ask Cardiff 2020 survey, which ran from 12th October to 22nd November 2020 and received 4,715 responses



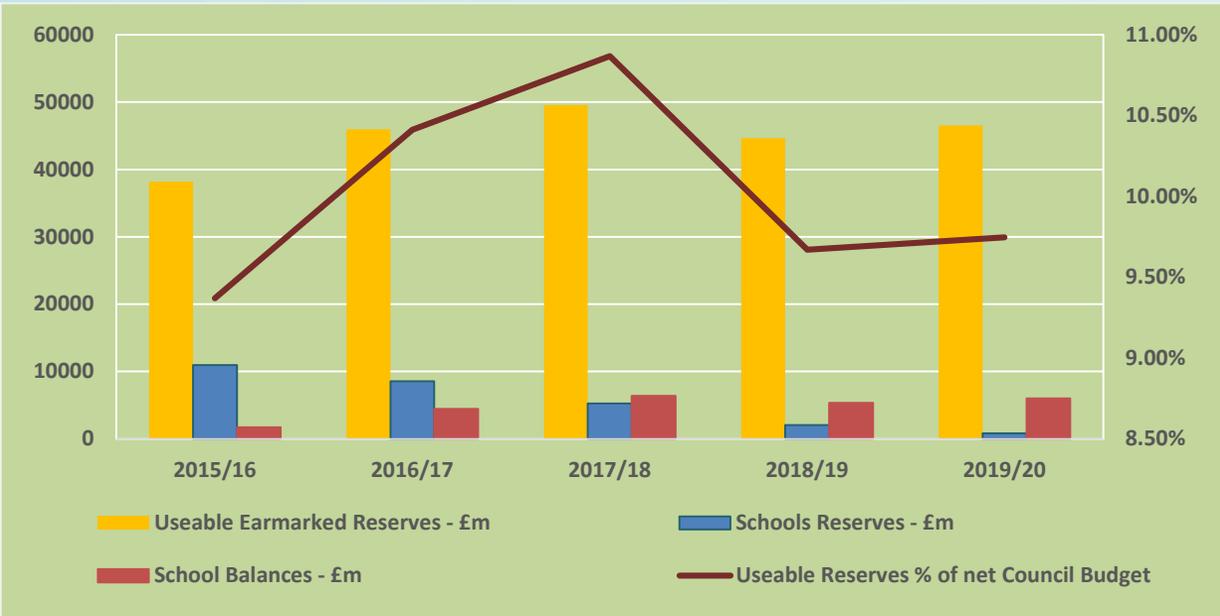
Use of Financial Resilience Mechanism in 2021/22

Financial Resilience Mechanism - one-off use for 2021/22

Category	£000	
Cleaner & Greener	1,282	One Planet Cardiff project delivery support (£404k), Deep Cleansing (£234k), Trial Bin Sensors (£120k), increasing recycling performance (£217k), biodiversity – weed control (£50k), ash die back (£50k), edible playgrounds (£157k), Schools Active Travel (£50k).
Children & Young People	1,057	Summer Engagement Programme (£543k), Playgrounds (£100k) Youth Services (£204k), Child Friendly City – Innovation Labs (£75k) & Children’s Universities (£135k)
Support for Communities	651	Increase capacity of Money Advice Team - £219k Socially Valuable Bus Routes - £432k
City Infrastructure	810	Localised Highway Asset Improvement (Carriageways) - £410k Localised Highway Asset Improvement (Footways) - £400k
TOTAL	3,800	



Reserves

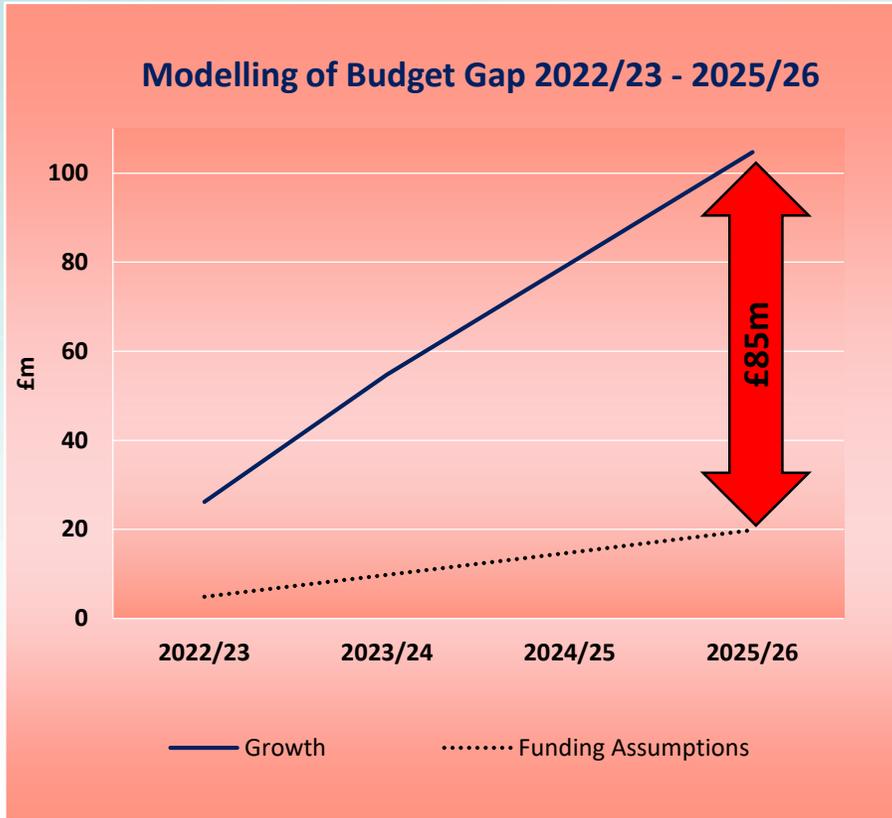


	Projection at 31 March 2021 £000	Projection at 31 March 2022 £000
General Fund Reserve	14,255	14,255
General Fund Earmarked Reserves	54,044	48,813
HRA General Reserves	13,126	13,126
HRA Earmarked Reserves	3,627	3,877

- The 2021/22 Budget includes £0.750m use of reserves
- The Section 151 officer is content that the level of reserves is sufficient to enable this drawdown and remains adequate to March 2021.



Medium Term Financial Plan 2022/23 – 2025/26



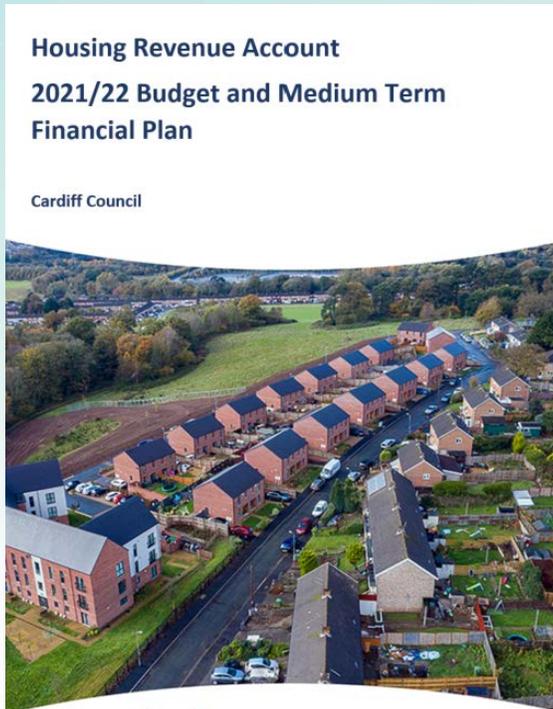
	2022/23 £000	2023/24 £000	2024/25 £000	2025/26 £000	TOTAL £000
Total Pressures	26,189	28,563	24,981	24,978	104,711
Funding Assumptions	(4,879)	(4,928)	(4,977)	(5,027)	(19,811)
Budget Requirement Reduction	21,310	23,635	20,004	19,951	84,900

Council Tax Assumptions - at 4%	6,300	6,552	6,814	7,086	26,752
Total Savings	15,010	17,083	13,190	12,865	58,148
Budget Requirement Strategy	21,310	23,635	20,004	19,951	84,900

- Significant uncertainty regarding funding – UK Budget 3 March
- CTax assumptions are used for modelling purposes only
- Need to continue work on identifying savings and opportunities for transformation beyond the one-year budget cycle



Housing Revenue Account – Medium Term Financial Plan



Housing Revenue Account

2021/22 Budget and Medium Term
Financial Plan

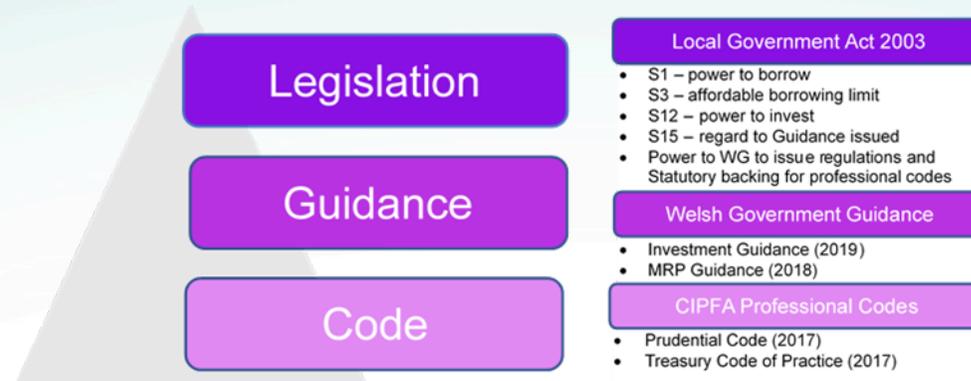
Cardiff Council

- Background, objectives and demand for social housing
- Rent policy framework – Average rent increase proposed £1.59 per week for 2021/22 (1.5%)
- Current WG rent policy of CPI + 1% runs to 2024/25
- Revenue Budget for 2021/22 and Capital Investment Programme
- Significant capital investment to meet demand for new affordable housing
- Affordability and Value for Money
- Risks and Uncertainties
- HRA 30 Year Business Plan to be sent to WG March 2021



Capital Programme Development 2021/22 – 2025/26

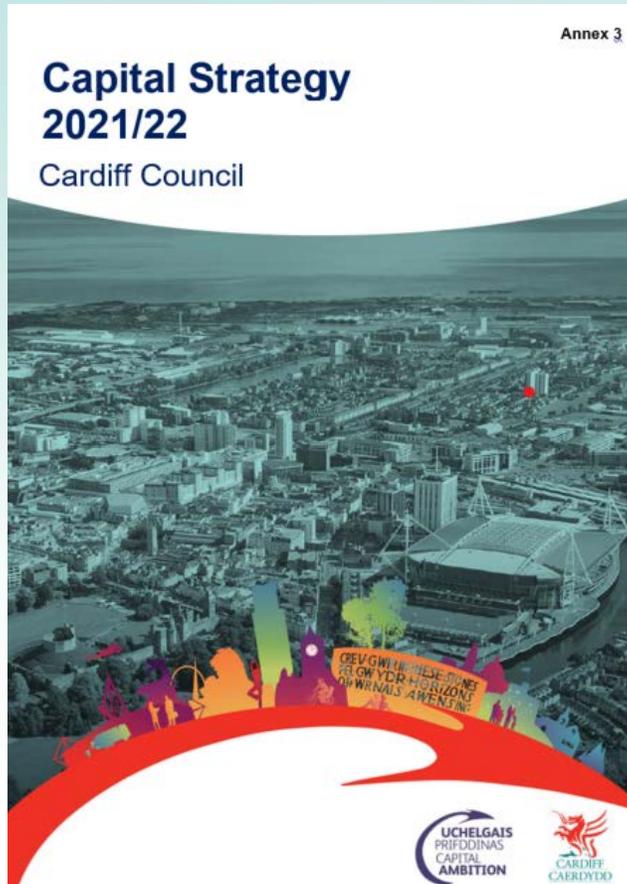
- Capital expenditure is money spent on an asset being purchased or created that will last for a number of years e.g. schools, buildings and highway infrastructure
- Capital and Treasury Strategy – Informed decision making; compliance with codes and statute.



- Indicators required to be considered by Council re affordability, prudence and sustainability based on future income assumptions
- Five year Capital Programme previously set for the period 2020/21 to 2024/25
- The 2021/22 Budget will update the Capital Programme and move it on to 2025/26
- Capital Strategy includes detailed investment programme and funding



Capital Strategy 2021/22



Sets out Council's approach to:

- Working with partners
- Asset Management Planning
- Risk Appetite
- Governance and decision-making
- Five Year Capital Investment Programme – General Fund and HRA
- Funding the strategy and investment programme
- Managing the borrowing requirement and link to the proposed Treasury Management Strategy
- Prudent Minimum Revenue Provision (MRP) Policy i.e approach to repayment of expenditure to be paid for by borrowing
- Affordability and Prudential indicators.



Capital Investment Programme 2021/22 – 2025/26

Indicator						
Capital Programme Expenditure						
	2021/22* £000	2022/23 Indicative £000	2023/24 Indicative £000	2024/25 Indicative £000	2025/26 Indicative £000	Total £000
Annual Sums Expenditure	26,121	21,282	18,940	17,515	17,815	101,673
Ongoing Schemes	36,199	59,211	27,059	1,899	225	124,593
New Capital Schemes (Exc ITS)	3,035	7,625	11,700	6,650	5,650	34,660
Schemes Funded by External Grants and Contributions	56,627	24,278	42,464	77,231	33,479	234,079
Invest to Save (ITS) / Earn Schemes	35,631	138,936	170,874	17,250	11,776	374,467
Total General Fund	157,613	251,332	271,037	120,545	68,945	869,472
Total Public Housing (HRA)	86,740	117,685	91,350	70,350	51,240	417,365
Total Capital Programme	244,353	369,017	362,387	190,895	120,185	1,286,837



Capital Programme Funding

Capital Funding 2021/22 - 2025/26

	<u>2021/22</u>	<u>Indicative</u>	<u>Indicative</u>	<u>Indicative</u>	<u>Indicative</u>	<u>Total</u>	
	<u>£000</u>	<u>2022/23</u>	<u>2023/24</u>	<u>2024/25</u>	<u>2025/26</u>	<u>£000</u>	%
		<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>		
General Fund							
WG Unhypothecated Supported Borrowing	(8,845)	(8,845)	(8,845)	(8,845)	(8,845)	(44,225)	5.1
WG General Capital Grant	(8,868)	(5,712)	(5,212)	(5,212)	(5,212)	(30,216)	3.5
Additional Borrowing to balance existing capital programme	(31,747)	(47,834)	(21,354)	(147)	1,227	(99,855)	11.5
Additional Borrowing for new schemes approved in 2021/22	(3,035)	(5,625)	(11,700)	(6,650)	(5,650)	(32,660)	3.8
Additional Borrowing - Invest to save/earn schemes to be repaid from revenue savings/income or directorate budgets	(35,631)	(138,936)	(170,874)	(17,250)	(11,776)	(374,467)	43.1
Earmarked Capital Receipts	(6,600)	(14,842)	(5,250)	0	0	(26,692)	3.1
Non Earmarked Capital Receipts	(6,000)	(5,000)	(5,000)	(5,000)	(5,000)	(26,000)	3.0
Direct Revenue Financing	(210)	(210)	(210)	(210)	(210)	(1,050)	0.1
Earmarked Reserves	(50)	(50)	(128)	0	0	(228)	0.0
External funding estimates and contributions	(56,627)	(24,278)	(42,464)	(77,231)	(33,479)	(234,079)	26.9
Total General Fund	(157,613)	(251,332)	(271,037)	(120,545)	(68,945)	(869,472)	100.0
Public Housing (HRA)							
Major Repairs Allowance WG Grant	(9,500)	(9,500)	(9,500)	(9,500)	(9,500)	(47,500)	11.4
Additional Borrowing	(63,706)	(95,320)	(66,750)	(50,350)	(34,340)	(310,466)	74.4
Direct Revenue Financing	(2,400)	(2,400)	(2,400)	(2,400)	(2,400)	(12,000)	2.9
External funding estimates and contributions	(10,734)	(6,565)	(7,700)	(3,900)	0	(28,899)	6.9
Capital Receipts	(400)	(3,900)	(5,000)	(4,200)	(5,000)	(18,500)	4.4
Total Public Housing	(86,740)	(117,685)	(91,350)	(70,350)	(51,240)	(417,365)	100.0
Total Capital Programme Resources Required	(244,353)	(369,017)	(362,387)	(190,895)	(120,185)	(1,286,837)	

