

Report

Council



Part 1

Date: 3 March 2021

Subject 2021/22 Budget and Medium Term Financial Projections

Purpose To review the council's council tax increase for 2021/22 and resulting total net revenue budget as recommended by Cabinet on 22 February 2021; agree a Council Tax increase and the resulting council tax resolution for 2021/22.

Author Head of Finance

Ward General

Summary Following recommendation by Cabinet, the Council needs to review and make a decision on the level of council tax and the resulting total net revenue budget for 2021/22.

Cabinet met on the 22 February 2021 and finalised detailed budget recommendations. This report sets out their recommended overall 2021/22 budget, resulting service cash limits, council tax increase and the council's general reserve and contingencies. An increase in council tax of 3.7% (to £1,242.20 per annum at Band D) for Newport City Council is recommended. A 3.7% increase on council tax is an increase of £0.66 per week, £0.76 per week and a £0.85 per week increases for Band B, C and D properties respectively.

The Cabinet have built on the medium term financial projections (MTFP) approved last February and approved further savings to meet the financial challenges facing the council. Despite the better than anticipated draft settlement the requirement for investment in services to meet demand and the administration priorities has resulted in savings still being required. The medium term projections are included within appendix 4.

The Council's financial planning is underpinned by the Council's Corporate Plan 2017-22 that sets out a clear set of aspirations and plans for the future under our mission of 'Improving Peoples lives'. The budget recommended and medium term financial projections include the funding required to deliver key priorities and promises set out within the plan, as needed. In light of the medium term financial sustainability challenge, further work is required to ensure the budget is balanced over the medium term whilst meeting our duties under the well-being objectives.

Section:

- 1 Background
- 2 Setting the budget
- 3 Welsh Government funding and council tax base
- 4 2021/22 budget requirement
- 5 Medium term financial plan (MTFP)
- 6 Budget consultation
- 7 Risk, reserves, financial resilience and performance
- 8 2021/22 proposed council tax

Appendix:

Appendix 1	Service area budgets
Appendix 2	Precepts and council tax
Appendix 3	Council tax resolution
Appendix 4	Medium term financial projections (MTFP)
Appendix 5	Financial resilience snapshot
Appendix 5a	Projected earmarked reserves
Appendix 6	Reserves strategy and invest to save protocol

Proposal Council is asked:

Revenue budget and council tax 21/22 (section 2-8)

- 1 To note that an extensive consultation exercise has been completed on the 2021/22 budget proposals. Cabinet have taken these into account in recommending final details of their budget
- 2 To note the Head of Finance's recommendations that minimum General Fund balances be maintained at a level of at least £6.5million, the confirmation of the robustness of the overall budget underlying the proposals, subject to the key issues highlighted in section 7, and the adequacy of the general reserves in the context of other earmarked reserves and a general revenue budget contingency of £1.5million
- 3 To consider and approve a council tax increase for Newport City Council of 3.7%, a Band D tax of £1,242.20; and resulting overall revenue budget shown in appendix 1
- 4 To approve the formal council tax resolution, included in appendix 3 which incorporates The Police and Crime Commissioner for Gwent and Community Council precepts

Medium term financial plan (section 5)

- 5 To note the MTFP and the financial uncertainty facing Local Government over the medium term
- 6 To note Cabinets approval of the implementation of the four-year plan, including all budget investments and saving options, as summarised within the medium term financial plan (appendix 4). In light of point 5 above it should be noted that financial projections are subject to on-going review and updating
- 7 To note and approve the councils reserves strategy and invest to save protocol. Estimated reserve balances as at 31 March can be found within appendix 5a.

Action by Head of Finance – 2021/22 council tax billing and detailed budgets to be prepared in line with recommendation.

Timetable Immediate

This report was prepared after consultation with:

- Cabinet Member for Community & Resources
- Chief Executive
- Head of Finance
- Head of Law and Regulation

- Head of People and Business Change

Signed

1 Background

- 1.1 The draft budget proposals for 2021/22, agreed in the January Cabinet meeting, have been subject to public consultation. The proposals have been consulted on through a range of stakeholder groups as set out in paragraph 6.1.
- 1.2 The draft funding settlement from Welsh Government (WG) for 2021/22 confirmed that funding would increase by 5.58% (5.48% after transfers), which was better than anticipated. This was welcomed as it enabled the council to deal with a number of budget pressures and priorities, including those that would assist in reducing the budget gap over the medium term. Ordinarily, the Council would have received the final settlement from WG by this stage of the year, however given delays in publishing the draft; the final settlement will be announced on the 2 March. Although no changes are anticipated in the final funding allocated to Newport, any change will need to be verbally updated at the Council meeting itself on 3 March.
- 1.3 Given the better than anticipated draft settlement, Cabinet were given some financial flexibility to meet spending priorities and respond to public consultation by allocating £3.9m 'cash in hand' balance at the February Cabinet meeting. A summary of investment areas is set out in table 1 below and full details of this investment has been included in paragraph 4.1. It was at this stage that the overall net budget and resulting council tax was agreed for recommendation to Full Council.

Table 1: Allocation of funding – February Cabinet

	2021/22 £'000
February 2021 MTFP balance	(3,988)
Social care investment - Covid and Brexit challenges, create capacity and resilience and invest in looked after children and child protection (gross investment of £984k partly funded by increase in a WG workforce specific grant)	484
Economic & City centre regeneration and support	1,820
Removal of savings proposal STR2122/02 - Charges for non-household waste	20
Council tax reduction - 5% to 3.7%	753
Other priorities including green infrastructure/ carbon reduction, creating capacity within our workforce and provision to develop and implement initiatives to further increase pride in our City	911
Balance	0

- 1.4 Despite the 2021/22 settlement from WG being much improved from that anticipated, the medium term outlook is still very uncertain which makes planning for the future difficult. The pandemic has seen Wales and the UK experience an unprecedented collapse in economic output and the longer-term impact of national and local lockdowns and ongoing public health measures remains to be seen. It is therefore inevitable that uncertainties such as future WG settlements, the ongoing impact of Covid-19 and subsequent economic recovery and Brexit will mean that current projections will inevitably develop and change as assumptions are confirmed or updated in future years.
- 1.5 The Chancellor will announce the spring budget early March and although the lack of information to date has been problematic from a planning perspective, a 1.85% uplift in RSG is currently assumed for 2022/23, which will be reviewed in the spring/early summer 2021. Given that in Newport, the Revenue Support Grant (RSG) received from WG contributes 76% to its net budget funding, with council tax making up the balance; what happens to this grant over the medium term is critical.
- 1.6 The next section explains the link between the medium term outlook and how this translates into the requirement on the council to set a balanced budget.

2 Setting the budget

- 2.1 There are two main elements to the councils financial planning:
 - strategic planning: medium term financial projections (MTFP)
 - within that, the annual council budget.
- 2.2 The council is required by law to set a balanced budget every year. At the same time, the MTFP is reviewed and updated to help plan savings and investments across the next four years. A key part of the review is to ensure that key priorities are included, including those contained within the Corporate Plan.
- 2.3 The budget has been developed over a number of months starting with a review of existing investments and savings previously agreed, delivery of savings and consideration given to the need for new investment and growth. The priorities of the Corporate Plan and other commitments featured in this review are contained in the MTFP. The budget proposals that have been incorporated into service area cash limits were reviewed in detail with Cabinet.
- 2.4 Whilst Cabinet are responsible for the detailed spending plans, the council tax level underpinning the overall budget is approved by Council. The proposed budget is included within appendix 1 and is based on detailed proposals approved by Cabinet on 22 February. Members have also had sight of the budget proposals previously via the councils Scrutiny Committees in January. The detailed proposals can be found appended to the Cabinet agenda [Budget investments](#) (weblink) and [Budget savings](#) (weblink).
- 2.5 Council should note that Cabinet continues to take a strategic and medium term view and has approved the implementation of the councils four-year savings programme, including all budget investments and saving options as summarised within the MTFP.
- 2.6 A key part in considering and agreeing the annual budget and MTFP are the financial resilience issues and how the budget deals with improvement plans and risks. These were considered in detail by Cabinet on 22 February and are outlined below in this report for Council.

3 Welsh Government funding

- 3.1 As the result of the final settlement is not known at the time of writing, Cabinet have finalised 2021/22 budget based on the funding position made up of the draft Revenue Support Grant, the confirmed increase in the Council's tax-base and a requirement for a 3.7% increase in the council tax rate, as recommended to Council.
- 3.2 It is important to note that whilst the settlement from WG was much improved for 2021/22 the medium term outlook is still very uncertain which makes planning for the future extremely challenging. The UK Budget that will be announced on the 3 March should provide some clarity in terms of future WG funding, however, for Local Government, much will depend on WG budget decisions thereafter, in particular on NHS funding in Wales. Once the outcome of the Spring UK Budget is known, the medium term projections will require review and updating in Spring/early Summer 2021.
- 3.3 Despite this uncertainty, Council should note that the Welsh Local Government Association (WLGGA) and others continue to push for medium term settlements or indicative future funding. Whilst the absence of medium term settlements is not ideal or helpful, it does not necessarily prohibit medium term planning.
- 3.4 Although councils have until the 11 March each year to set council tax, in practical terms, to delay beyond this meeting date would cause delays to billing and collection of council tax. This would have a significant adverse impact on the collection of Council Tax, already challenging due to Covid-19 and therefore the Council's cash flow.

4 2021/22 budget requirement

- 4.1 Funding levels for service areas, based on the final proposals, are shown in appendix 1 with the detailed budget investments / pressures and savings shown in the [February Cabinet report](#)

(weblink). These funding levels include investment decisions that were taken at the February Cabinet meeting itself, details of which are set out below:

Investments:

- £984k further investment in social care to support the challenges associated with ongoing issues of the pandemic and sustainability challenge posed by Brexit, partly funded by an increase in a WG Workforce specific grant;
- £1,820k investment for economic and city centre regeneration and support;
- £911k investment in other priorities including creating capacity within our workforce, green infrastructure/sustainability/de-carbonisation and provision to develop and implement initiatives to further increase pride in our city.

As some of the detail to some of the above investments require further refinements and completion, their funding has, for now, been allocated to non-service areas. Once the finer details have been confirmed, the budget will be transferred to the responsible service areas. Proposed service area budgets for 2021/22 can be found in appendix 1.

Removal of savings:

- £20k – remove household waste recycling centre (HWRC) proposal (STR2122/02)
- Reduce council tax increase from 5% to 3.7%.

4.2 As was well documented within the February Cabinet report, Newport received the greatest share of the 3.8% net funding increase for Local Government across Wales, and much higher than that included within planning assumptions. The revised datasets used for the allocation of funding reflects the significantly increasing population numbers and school pupil numbers in Newport. With increasing population comes increasing demand and therefore greater costs, which are to be borne by the council in terms of increasing demand for essential services. Therefore, further savings have been required to meet the gap between the funding received through grants/ council tax collection and expenditure on the wide variety of services provided.

4.3 Proposals for 2021/22 include over £19m of budget investments / pressures (including inflation). The most significant areas of additional expenditure are linked to:

- £4,937k investment in school budgets. As stated within the February update, provision for teachers and non-teaching staff pay awards within schools will be distributed to schools after confirmation of any pay award by the WG, with the aim of maintaining a funding increase, which at least reflects the cost increases within schools within available resources;
- £2,460k for increasing social care demand for both children's and adult services including further investment to support the challenges associated with ongoing issues of the pandemic and sustainability challenge posed by Brexit;
- £305k investment to deliver the promises set out within the Corporate Plan such as the delivery of digital aspirations and a new household waste recycling centre
- £2,731k provision for supporting city centre and regeneration projects and other corporate priorities.

4.4 In addition to this base budget investment, significant specific grants are received from WG each year and at this time; we still await the finer details of funding levels for 2021/22. Specific grants are a key element of Councils funding which often assists in supporting core service delivery. As noted within the February report, It is likely that a small number of grants will see decreases in funding during 2021/22 and it is proposed, in line with the Council's current working policy, that service areas deal with these matters with Cabinet Members in terms of identifying issues as they become aware of them and developing necessary solutions to resolve them. This may involve reducing/ stopping services that WG specific grants no longer fund. These grants will be included within service areas budgets once the value and conditions are known.

5 Medium term financial plan (MTFP)

- 5.1 The Council's financial planning is underpinned by the Council's Corporate Plan 2017-22 that sets out a clear set of aspirations and plans for the future under our mission of 'Improving Peoples lives'. This provides a focus for decisions around spending and will direct activity across the council. The current medium term financial projections included in appendix 4 includes funding for the key priorities and promises set out in the plan, as needed.
- 5.2 The MTFP is the articulation of the financial challenges and includes the savings identified over the next four years. It includes those savings, which have previously been approved over the life of this plan in February 2020 Cabinet meeting as well as new proposals. Whilst the Council is required to set a balanced budget for 2021/22, this is to the backdrop of sustaining over £35m of savings over the last five years. Future uncertainties such as future WG financial settlements, the on-going impact of Covid-19 and subsequent economic recovery and Brexit will mean that current projections will inevitably develop and change as assumptions are updated or confirmed for future years.
- 5.3 Despite the favourable draft settlement for 2021/22, there is uncertainty on funding levels allocated to Local Government beyond 2021/22. Whilst it is appreciated that the 2020 Comprehensive Spending Review (CSR) was undertaken in unprecedented conditions as the nation continued to deal with the impact of the Covid-19 pandemic on people, the economy and public finances, the Treasury were unable to deliver a three-year review that had initially been planned.
- 5.4 Furthermore, the date for the 2021 Spring Budget has been confirmed and will take place on 3 March 2021. The Chancellor has had to deal with challenges to the UK economy it has not faced in 300 years and this Budget will be a landmark Budget, not only because of the pandemic, but also because it will be the UK's first Budget as an independent country outside the EU for over 40 years. All of these factors point to this budget being particularly important. Although this may provide more certainty on the medium term outlook for Welsh Government funding; for Local Government itself, much will depend on WG budget decisions, in particular on NHS funding in Wales. The projections set out within the MTFP will require updating when the outcome of the Spring Budget is known.

6 Budget consultation

- 6.1 The budget proposals agreed by Cabinet in January have been consulted on through a range of stakeholder groups and formats, which are as follows:
- With Trade Unions via the Employee Partnership Forum on 4 February 2021;
 - With all Scrutiny Committees in their January 2021 meetings where Members discussed the detailed change and efficiency programmes plus the MTFP;
 - With the Schools' Forum on 14 January 2021;
 - With the public from 8 January 2021 to 12 February 2021;
 - Newport Fairness Commission has reviewed the proposals in terms of their parameters of fairness.

The detailed results of the consultation were shared at the February Cabinet meeting. In summary, there was a general acknowledgement of the financial pressures facing the Council reflected in support for the majority of proposals.

Fairness and Equality Impact Assessments (FEIAs)

- 6.2 In line with the council's legal duties as set out in the Equality Act 2010 and the Welsh Language (Wales) Measure 2015, all budget proposals have undergone a full equality impact assessment, which have been updated to reflect public consultation responses.

- 6.3 As part of the budget process, equality implications are considered for all budget proposals and where necessary an EIA carried out by the relevant service manager, supported by the council's policy team. These were updated, as necessary, following the budget consultation exercise and used by the Cabinet in their final budget decisions in their February meeting.
- 6.4 As part of the council's Equality Duties, the authority is required to evidence its consideration of the impacts of decisions on people that share Protected Characteristics. The Welsh Government also intend to enact the Socio-economic Duty on the 31 March 2021 which requires the council to pay due regard, in its strategic decision making, to the need to minimise inequalities of outcome arising as a result of socio-economic disadvantage. Although budget decisions will be made prior to this date, the council wish to act in the spirit of the Duty and have considered key 'domains' of inequalities of outcome in line with those included in the Welsh Index of Multiple Deprivation (WIMD) and the Equality and Human Rights Commission's Measurement Framework for Equality and Human Rights.

7 Risk, reserves, financial resilience and performance

- 7.1 The proposed budget includes a number of assumptions in terms of income and expenditure levels over the medium term. There are, therefore, inevitably a number of financial risks inherent in the proposed budget. The key financial risks are highlighted below.

Financial risks

- 7.2 The proposed budget incorporates a number of assumptions in terms of levels of income and expenditure in future years. There are, therefore, inevitably a number of financial risks inherent in the proposed budget, which were described in detail to Cabinet when finalising budget proposals. Key risks include;
- continuation of costs related to Covid and WG 'hardship funding' to assist with these and the wider economic recovery
 - Brexit.
 - continuation of demand beyond the level of investment approved resulting in cost pressures in the future
 - significant budget challenge for schools
 - delivery of savings
 - issues requiring one-off resources
 - inflationary pressures on the budget

As the February update explains, current year underspends and one-off funding which the Cabinets budget will produce over the next 2-3 years provides funds to support the priorities of the Council administration. The Head of Finance recommends that these, in part, are also used initially to provide financial mitigation for the risks above, in particular Covid/ Brexit and can be released in due course when there is more clarity on the situation. More details and recommendations will be confirmed within the Cabinets June meeting when the revenue outturn is confirmed.

Reserves

- 7.3 In terms of contingencies and reserves, the Head of Finance needs to review these in their totality in conjunction with the base budget and the financial risks associated with delivering the budget in 2021/22. This review should incorporate a medium term view and take into account key developments that may affect the need for and use of one off resource.
- 7.4 Protection against budget risks is provided through earmarked reserves and contingencies. In addition, the Council has a number of earmarked reserves for known, but not always easily quantifiable, financial risks.
- 7.5 A 'rule of thumb' analysis for determining the level of general reserves suggests this is

at least 5% of net revenue expenditure (excluding schools' budgets); unless a formal risk assessment justifies a lower level. This implies a level of around £10m for Newport and this has grown compared to current general reserves levels as the Council's net budget has grown fairly substantively over the last few years. Whilst this implies that the Council could prudently consider increasing the current level, in the context of the above and the financial risks inherent in the proposed budget, the Head of Finance recommends that the current minimum level of general reserves could remain at its current minimum level of at least £6.5m. This is on the basis it is supported by the base general budget contingency of £1.5m and the Council has other reserves which could be deployed to augment this, though, as earmarked for specific purposes, they would most likely lead to on-going budget pressures to replenish if used. Nonetheless, in the worst-case scenario, they are available for use and are key considerations when assessing the level of minimum general reserves.

7.6 An analysis of projected earmarked reserves can be found in appendix 5.

Financial resilience

7.7 A robust view is being taken in managing budget risks and protecting the financial health of the Council. In that respect, the Council's financial resilience is a key consideration and appendix 5 shows the current 'snapshot' of the key data and information showing an overview of the health of the Council at this time. Key headlines include:

- The Council maintains a good level of reserves. A cautionary note should be made in respect of the decline in school reserves over the last few years as although current projections suggest a forecast underspend of £953k, this is largely as a result of lower than estimated costs due to Covid
- The Council continues to monitor £5.4m of budget reductions in 2020/21. This is alongside delivering outturn within budget over recent years, despite the delivery of £35m of savings over the last 5 years
- In light of continuing financial pressures and demands placed on the Council further savings of around £9m are likely to be needed for 2022/23 to 2024/25, based on current assumptions around the continuation of future grant funding.

7.8 The impact of these challenges are reviewed as part of the financial monitoring process and through the corporate risk register both of which are reported regularly to the Cabinet, Corporate Management Team and the Council's Audit Committee.

7.9 The base revenue budget contingency, alongside the level of recommended general and earmarked reserves reflect the overall potential financial risk associated with delivering the budget in 2020/21. These provide sufficient capacity to cover financial risks. Once schools have taken the necessary action to reduce their cost base, the Head of Finance, as part of his S151 responsibilities, is content that the 2021/22 overall budget as proposed is robust

8 2021/22 proposed council tax

8.1 Newport continues to have one of the lowest council tax in Wales, amongst the lowest in the UK and spends significantly lower than its standard spending assessment (SSA) compared with other Local Authorities. Whilst changes in council tax levels are usually noted in percentage terms, the cash increase this delivers in Newport will be smaller relative to other Local Authorities as our starting position is lower.

8.2 Cabinet have recommended 3.7% council tax increase to Council, which is below the base assumptions of 4% made in future years. This would result in a Band D council tax of £1,242.20, which is an increase of £0.85 per week for Band D properties. Although the draft 2021/22 settlement was more favourable than anticipated this is a one year benefit whereas the decision on council tax levels will have a longer term impact on our overall funding and how we compare against our standard spending assessment (SSA). Therefore, the key consideration for the Cabinet has been to ensure that the correct balance has been found between both council tax increases and savings. The budget includes over £3m of savings and £2m from extra income

from council tax. Newport's council tax is currently the third cheapest in Wales and spends £9.2m less than SSA, which is almost entirely down to the low council tax. This shortfall is expected to increase to £11m in 2021/22 given that the standard council tax increase used in the settlement is based on an increase of 5.1% in 2021/22. For Newport, a council tax increase lower than 5.1% would see the council fall further behind SSA.

- 8.3 The Council is investing £2.5m in social care and £4.9m in schools. As referenced in paragraph 4.3, the provision for teachers and non-teaching staff pay awards within schools will be held in non-service budgets and distributed to schools after confirmation of any pay award. The 3.7% council tax increase generates around £2m. Therefore, Cabinet are mindful that this increase in council tax is a valuable contribution to protect the services that the Council delivers.
- 8.4 Based on the recommended 3.7% council tax and changes to the draft budget outlined in 4.1 above, the table below illustrates the net budget and funding agreed by Cabinet at its meeting on 22 February 2021.

Table 2: 2021/22 available and required budget

The table below shows the available and required budget funding with a 3.7% increase in council tax. Cabinet will be aware that beyond 2020/21 there has been a 4% increase implicit in our MTFP planning parameters. In setting council tax, the Council needs to be aware of the need to set a balanced budget.	
Council Tax at Band D at 3.7%	£1,242.20
Budget requirement	£000
Base budget 2020/21	300,270
Inflation & increments	7,744
Budget investments – (£11,327k (inc. £209k of transfers in from RSG) shown in list of pressures plus increase of £480k required in council tax benefit based on 3.7% council tax increase)	11,807
Budget savings	(3,391)
Specific grants	(500)
DRAFT BASE BUDGET 2021/22	315,930
Draft funding available	
Draft WG settlement	240,796
Current council tax at new tax base	72,193
Increased council tax @ 3.7%	2,941
Total	315,930
Balance	-

- 8.5 The final budgets, as detailed in appendix 1, incorporate the above recommendations. In finalising the budgets from the draft, Cabinet were aware of the key messages/ concerns/ support coming out of the consultation.
- 8.6 The Cabinet was also mindful of the need to balance the interests of service users with taxpayers given the current economic climate and in addition, noted that the council tax, even with the increase recommended, would still be low in comparison to other Welsh Authorities.

Community / Police precepts and Council Tax calculation

- 8.7 The council tax calculation includes precept figures from The Police and Crime Commissioner for

Gwent and precept figures from Community Councils within the City as well as the City council's own budget. These are shown in appendix 2. The resulting council tax resolution is set out in appendix 3. These are based on the budget proposals agreed by Cabinet on 22 February 2021.

Risks

Risk	Impact of Risk if it occurs* (H/M/L)	Probability of risk occurring (H/M/L)	What is the Council doing or what has it done to avoid the risk or reduce its effect	Who is responsible for dealing with the risk?
Budget savings not delivered	H	L	(i) robust budget monitoring (ii) service planning (iii) retention of reserves and budget contingency	Head of Finance/ Heads of Service
Budget savings not delivered on time leading to in year overspending	H	M	(i) robust budget monitoring (ii) retention of reserves and budget contingency	Directors / Heads of Service/ Head of Finance
Schools overspending against budget	H	M	(i) robust budget monitoring (ii) early review of school's position (iii) clear expectations set and robust communications between schools and the council	Head of Finance/ Directors / Heads of Service
Unforeseen Pressures	H	L	(i) retention of reserves and budget contingency (ii) robust budget review	Head of Finance/ Directors / Heads of Service

* Taking account of proposed mitigation measures

Links to Council Policies and Priorities

In drawing up budget proposals, due regard has been given to key council policies and priorities and Cabinet, in setting the detailed budget and spending plans, considered these in detail in their February meeting. Details are included in the February 2021 budget paper, which confirm that the key priorities and promises set out in the Corporate Plan are funded appropriately to meet the targets proposed.

Options Available and considered

The Council must approve a recommended council tax and resulting overall revenue budget for 2021/22.

Preferred Option and Why

Council has various options available to them on the level of council tax and therefore the overall total revenue budget for the Council.

Comments of Chief Financial Officer

It is important that the Council agree a Council Tax level at this meeting. It is being held as late as reasonably possible given this Council's timetable for billing and first Direct Debits dates in April. Any delay would cause significant and serious financial problems.

The Council Tax level is a matter for Council. The HoF would comment that the following key issues are taken into consideration in addition to the impact on households in these unprecedented / uncertain times;

- This Council's Council Tax level is lower than most comparable Councils in Wales/UK and in context of the city's growth and relative deprivation levels, does cause financial challenges in terms of services capacity.
- A low rate which further widens the gap further between the Council's tax rate and the average for the sector would be problematic and have a medium-long term impact.

There is some additional funding allocated in the Cabinet's budget which deals with the Covid/ Brexit risk but it is recommended that further short term mitigation is provided via the current financial years underspend and further one-off funding generated from this budget until there is clarity on the WG hardship fund and how costs and services are actually impacted. This can be confirmed in the June Cabinet meeting when the current year's budget outturn is confirmed.

Comments of Monitoring Officer

The Revenue Budget Report and MTFP Projections have been prepared in accordance with the requirements of the Local Government Act 2003 and the Local Government Finance Act 1992. In accordance with Section 25 of the 2003 Act, the Council must have regard to the advice of the Head of Finance, as the Council's Chief Finance Officer, regarding the robustness of the budget estimates and the adequacy of the financial reserves. This advice must be taken into account when considering the recommendations from Cabinet regarding the budget and the Council tax rate. In accordance with the Functions and Responsibility Regulations, agreeing the overall budget and setting the Council Tax rate under the 1992 Act is a matter for full Council. Therefore, the recommendations of the Cabinet are subject to ratification and approval by full Council, insofar as they relate to the overall budget and Council tax proposals for 2021/22. However, the approval and implementation of the individual savings and investment proposals within the Report are executive matters for the Cabinet and the Heads of Service, in accordance with the scheme of delegation, provided that they are in accordance with the general budget framework set by the Council.

Comments of Head of People and Business Change

In its February meeting Cabinet considered the results of a budget engagement programme, which despite difficult circumstances achieved 600 responses. Following the involvement of citizens in the budget setting process, Cabinet has proposed to reduce the increase in Council Tax and has agreed revised savings for 2021/22.

Medium term financial planning helps the Council to ensure financial sustainability over the longer term. In delivering the Corporate Plan priorities against a backdrop of city expansion and uncertainty in the medium term funding from Welsh Government, Cabinet are mindful of the need to balance immediate financial savings against investment and growth opportunities in the years ahead.

Comments of Cabinet Member

The Chair of Cabinet, as Cabinet Member for resources has approved the report for consideration and approval by Cabinet.

Local issues

The budget proposals as shown affect the City as a whole although some specific proposals may affect certain localities more than others.

Scrutiny Committees

All detailed proposals were reviewed by all Scrutiny Committees in their January 2021 meetings, as part of the wider budget proposals consultation undertaken and considered by Cabinet.

Equalities Impact Assessment and the Equalities Act 2010

In finalising its budget proposals, Cabinet took account of the equalities impact assessments carried out, which was reported to them in their meeting on 22 February 2021.

Children and Families (Wales) Measure

Wide consultation on the budget has been undertaken, as outlined in section 6 of the report.

Wellbeing of Future Generations (Wales) Act 2015

The Wellbeing of Future Generations Act 2015, which came into force in April 2016 provides a framework for embedding sustainable development principles within the activities of Council and has implications for the long-term planning of finances and service provision. The business cases used to develop savings proposals include specific linkage with Future Generation Act requirements of the “five ways of working”.

Integration – A quality assurance process is in place to ensure that the council delivers a sustainable budget that ensures the impact of any proposals is managed in terms of the wellbeing of our communities.

Long Term – A medium term approach is important in ensuring financial sustainability over the longer term. Whilst the funding from WG over the medium term is uncertain it is imperative that medium term planning is at the forefront of budget discussions. In light of the Corporate Plan priorities, the Cabinet are mindful of the need to target investment and growth within the financial envelope that is available.

Prevention – The council is mindful of the demographic increases, expansion and growth that we are seeing across the City and the potential impact that this could have on the services that we provide. With this comes increasing demand and therefore costs which have been reflected within the medium term projections. The Council’s financial planning is underpinned by the Council’s Corporate Plan 2017-22 that sets out a clear set of aspirations and plans for the future under our mission of ‘Improving Peoples lives’. A key part of the Plan and therefore the areas of investment relates to prevention and increasing resilience of communities.

Collaboration – A key part of our Corporate Plan relates to working alongside partners to deliver key public services. Whilst this budget presents significant savings, the base budget for 2021/22 continues to support numerous examples of multi-agency working particularly with public service board partners.

Involvement – During the 2021/22 budget consultation 600 members of the public were engaged. This is a significantly lower figure than the previous year, when a record response was recorded; however, this reflects the huge challenges and impacts on society brought about by the Covid19 public health crisis. Public engagement work has increased over the course of this year as we have made efforts to engage with communities affected by Covid-19. The council seeks to involve and inform key stakeholders whilst setting out the financial context. The results of this engagement is key to budgetary decisions.

The Well-being of Future Generations Act has involvement as one of the five ways of working under the sustainable development principle. Involvement in the development of this budget has included a five-week period of public consultation and consultation with Trade Unions via the Employee Partnership Forum, with all Overview and Scrutiny Committees, with the Schools’ Forum and with the Council’s Fairness Commission.

Crime and Disorder Act 1998

N/A

Consultation

Wide consultation on the budget has been undertaken, as outlined in section 6 of the report.

Background Papers

Budget report presented to Cabinet on 22 February 2021.

Dated: 3 March 2021