

CABINET MEETING: 21 SEPTEMBER 2017

BUDGET MONITORING – MONTH 4 REPORT

FINANCE, MODERNISATION & PERFORMANCE (COUNCILLOR CHRIS WEAVER)

AGENDA ITEM: 8

CORPORATE DIRECTOR RESOURCES

Reason for this Report

1. To provide the Cabinet with an update of the financial monitoring position for the authority based on the first four months of the financial year and as updated for significant movements to date.

Background

2. This monitoring report provides details of the projected outturn for 2017/18 compared with the budget approved by Council on the 23 February 2017.
3. The presentation of surpluses and deficits in this report follows the convention, which shows an excess of expenditure over budget as a positive and additional income over budget as a negative. Conversely, expenditure less than budget would be shown as a negative while income lower than expected would be denoted as a positive. Negative items are shown in brackets.

Issues

Revenue

4. Overall, the month four revenue monitoring for the Council shows a projected overspend of £883,000 reflecting financial pressures and shortfalls against budget savings targets in directorate budgets together with a projected overspend in relation to capital financing costs. These are partly offset by projected savings on Insurance budgets, the release of contingency budgets, an anticipated surplus on Council Tax collection and NDR refunds on Council properties. Directorate budgets are currently projected to be overspent by £5.4 million however it is anticipated that management actions will enable this to be reduced by the year end. The current position includes projected overspends in the Social Services, Economic Development, Education & Lifelong Learning and City Operations Directorates. These are partly offset by projected underspends in other directorates and by the £3.0 million

general contingency budget which was provided as part of the 2017/18 budget in order to reflect the quantum, risk and planning status of the proposed savings for 2017/18. It should be noted that the 2017/18 Budget reduced the previous general contingency budget by £1 million. A summary of the overall position is attached as Appendix 1 to this report.

5. The projected overspends in directorate budgets include £3.158 million in Social Services, £1.399 million in Economic Development, £724,000 in Education & Lifelong Learning and £244,000 in City Operations. This position reflects a range of factors including increased demographic pressures in Social Services, particularly in relation to looked after children, shortfalls in income and the anticipated failure to fully achieve the savings targets set as part of the 2017/18 Budget together with on-going shortfalls carried forward from the previous financial year.
6. The 2017/18 savings targets for each directorate are set out in Appendix 2(a) to this report together with the projected savings currently anticipated to be achieved. An overall shortfall of £1.755 million is currently anticipated against the £14.157 million directorate savings target with £3.581 million having been achieved to date and a further £8.821 million anticipated to be achieved by the year end. The budget approved by Council on the 23 February 2017 identified red or red / amber achievability risks totalling £6.627 million with £845,000 of the savings proposals still at a general planning stage. These risks are evident in the projected shortfall currently reported as part of the month four monitoring. A projected shortfall of £1.714 million has also been identified in relation to savings targets carried forward from 2016/17 and these are set out in Appendix 2 (b) to this report. The projected shortfalls are reflected in the directorate monitoring positions although where possible shortfalls have been offset by savings in other budget areas. The £3.0 million General contingency budget which was allocated to reflect the risk and planning status of the proposed savings for 2017/18 is also available to offset the shortfall in the current financial year. Although the projected shortfalls are lower than in recent years, this continues to be a cause for concern particularly as the Council is about to embark on another difficult budget round.
7. Actions are being taken by those directorates currently reporting a projected overspend to try to resolve the issues that led to the current position or alternatively to identify offsetting savings in other areas of the service. These will be considered as part of the challenge process to review the performance of directorates including the budget monitoring position. The Chief Executive has held a series of meetings with directors to identify measures to reduce the level of spend with the intention of improving the overall position as the year progresses. These reviews will continue throughout the year and the actions taken also discussed in the Chief Executive's monthly meetings with individual directors.
8. The 2017/18 Budget included specific contingencies of £950,000 to reflect the potential for increased costs in relation to placements for looked after children in Social Services and £350,000 to offset potential income shortfalls in relation to the Material Recycling Facility (MRF) as a result of volatility in the market for recyclate materials. Having reviewed these areas as part of

the monitoring process this report recommends that these contingency budgets be fully allocated to the Social Services and Economic Development Directorates respectively. Other contingency budgets include £729,000 in relation to waste disposal reflecting the difficulty of predicting tonnage figures and the consequent impact on disposal costs and £2.244 million to reflect the potential for future growth in the number and value of claims as part of the Council Tax Reduction Scheme (CTRS). Current projections indicate a requirement of £392,000 to support increased tonnages in waste disposal and £557,000 to support CTRS claims in the current year. The budget pressures in all these areas will continue to be monitored as the year progresses and any further variations to this position will be identified. The CTRS contingency includes annual uplifts to reflect the potential impact of Council Tax increases on this budget and includes budget carried forward from the previous financial year where this was not required. Given the current projections therefore and the availability of earmarked reserves to support costs in this area if required, it is considered prudent to assume a saving of £500,000 against this budget and this is reflected within the overall monitoring position as an underspend within the Summary Revenue Account (SRA). A budget of £1.431 million has also been set aside to meet costs arising from the Council's Voluntary Severance Scheme and this is currently anticipated to be fully committed.

9. The Council receives an annual report from its Insurance Advisors assessing the appropriateness of its insurance provisions and reserves for self-insured claims and based on this a significant saving was identified against insurance budgets in the previous financial year. The review is based on the position as at 1 October together with a forecast to the next balance sheet date of 31 March. Whilst the review in the current year has yet to take place, indications are that a saving will also be identified this year. Given this and the experience in the previous financial year it is therefore considered prudent to assume a saving of £600,000 against insurance budgets at this stage and for this to be reflected within the overall monitoring position as an underspend within the SRA. This will be further reviewed later in the year following the report from the Council's Insurance Advisors.
10. A financial statement showing the spending position for each directorate is attached as Appendix 1 to this report. Comments on the main variances and any significant issues are as follows:

Capital Financing +£288,000

11. The Capital Financing Budget is currently projecting an overspend of £288,000. This reflects a combination of factors including £400,000 as a result of an increase in the provision for the repayment of debt following finalisation of the amount of capital expenditure incurred in 2016/17 paid for by unsupported borrowing having taken into account the estimated useful life of the assets funded by this borrowing. The overspend also includes £190,000 as a result of reduced interest receivable from the School Organisation Plan and other invest to save schemes undertaken in previous years due to delays in expenditure on those schemes.

12. These additional costs have been partly offset by the assumption that any external borrowing to meet capital expenditure commitments in the current financial year will be deferred to the last quarter of the year. This is consistent with the Council's Treasury Management Strategy approved by Council which recognises the short term savings achievable by utilising existing cash balances rather than taking external borrowing. This is because interest rates on investments are less than interest rates payable on borrowing. The timing of any borrowing decisions will continue to be subject to interest rates and advice from Treasury management advisors.

City Operations +£244,000

13. The Directorate is currently forecasting an overspend of £244,000, predominantly as a result of projected shortfalls against cross-directorate savings targets. Overspends are also currently being projected against the Leisure Services, Parks & Sport and School Transport budgets, partly offset by underspends in relation to Energy & Sustainability, Management & Support and Neighbourhood Services. Within the overall position is a projected shortfall against 2017/18 savings targets totalling £140,000. In addition, there are projected savings shortfalls of £154,000 in respect of unachieved 2016/17 savings carried forward. The individual variances can be seen in Appendices 2(a) and 2(b) to this report.
14. The total position in relation to cross-directorate budgets is an overspend of £192,000, due to projected savings shortfalls against proposals for a staffing restructure and income generation. In addition, there is a projected overspend of £45,000 in relation to Leisure Services due to a deficit trading position against the Channel View Leisure Centre. Furthermore, there is an overspend of £34,000 projected within the Parks & Sport budget. This relates to a range of factors including a savings shortfall against landscape design fee income targets, the additional cost of toilet maintenance and additional costs of the RHS Show. Partly offsetting these overspends are in-year employee savings from vacancies and increased recharges. An overspend is also projected within School Transport. This overspend totals £66,000, due to it not being possible to achieve a 2017/18 saving proposal relating to transport to the Pupil Referral Unit and additional in-year costs of transport for pupils with additional learning needs. Within other divisions, further in-year financial pressures have also been identified, namely a shortfall in the SWTRA fee income recovery due to a change in the arrangements and an income shortfall in relation to energy schemes. However, these have been fully mitigated by savings on electrical testing and increased recharges within Infrastructure Services and employee savings within Energy & Sustainability.
15. Underspends are currently being projected in three divisions including Energy & Sustainability, where a £22,000 net underspend is projected due to the staffing mitigations outlined above. An underspend is also being projected within Management & Support totalling £63,000 due to increased staff recharges to externally funded activities. In addition, the Neighbourhood Services budget is projected to underspend by £14,000 due to a change in working practices resulting in increased income generation from fines. All other divisions are projecting balanced positions. This includes the Civil Parking Enforcement account and the Shared Regulatory Service, where it is

assumed that significant income targets will be achieved. Play Services is balanced despite continuing delays in community asset transfers while Transport Planning, Policy & Strategy is balanced despite CCTV contract inflation and increased sickness absence costs.

Communities, Housing & Customer Services – Balanced Position

16. The overall position indicates a balanced position. This largely comprises of underspends against the Housing & Communities and Neighbourhood Regeneration divisions, offset by projected overspends in relation to Customer Services. Current indications are that savings totalling £964,000 will be achieved against the 2017/18 target of £1.083 million, leaving a shortfall of £119,000. In addition, a shortfall of £288,000 is projected in relation to unachieved savings targets brought forward from 2016/17. £288,000 of the total shortfall relates to projected income shortfalls in relation to the Alarm Receiving Centre and is reflected in the overall Directorate position.
17. The Housing & Communities division is currently projecting an underspend of £237,000. This includes a £112,000 underspend in relation to Assessment & Support functions, due to temporary staffing vacancies, predominantly following the internal appointment of employees to externally funded posts. Included within the position are increased costs for temporary accommodation, increased premises costs relating to the Housing Options Centre and utility savings shortfalls relating to the travellers sites. Preventative Services is currently forecasted to underspend by £90,000, also due to vacancy savings, and Face to Face Customer Services is projected to underspend by £26,000 due to reduced employee recharges from the Housing Revenue Account. All other budgets within this division are projected to balance, aside from Service Development & Improvement, which is projected to underspend by £8,000, resulting from vacancy savings within the Housing Strategy Team. Included within the overall position is a projected drawdown of £557,000 from the specific contingency budget set aside to meet increased costs in relation to the Council Tax Reduction Scheme. Further adjustments to this figure may be required as the year progresses, depending upon fluctuations in the number of applications and level of support required.
18. Customer Services is currently projected to overspend by £274,000, primarily in relation to the aforementioned £288,000 savings shortfall in connection with the Alarm Receiving Centre. A number of income opportunities have been identified, however these will not materialise until after 31st March 2018. In addition there is a projected shortfall in Telecare fee income, however this particular overspend is more than mitigated by employee savings within the division and additional Meals on Wheels income. The WITS service and Rent Smart Wales are both projecting balanced positions. A £10,000 overspend is projected within Partnership & Delivery, which relates to a savings shortfall, partly offset by managed underspends within supplies and services. Neighbourhood Regeneration is currently projected to underspend by £35,000, due to vacancies. The other divisions within the Directorate are reporting balanced positions, including Libraries, where historic income shortfalls and overspends against various budgets are anticipated to be offset

by further managed underspends. Both the Supporting People and Communities First grants are forecast to be used in full.

Corporate Management (£52,000)

19. An underspend of £52,000 is currently projected in relation to Corporate Management. This reflects a range of savings including £37,000 due to a reduction in contributions to the Mid Glamorgan Superannuation Fund relating to past employees and £33,000 from bank charges and commission earned. Underspends are also currently projected in relation to senior management budgets and audit fees. These are partly offset by a projected shortfall in the budget for the release of savings through voluntary schemes including the purchase of leave and by an anticipated overspend in relation to payments for the Coroner's Service.

Council Tax Collection (£177,000) and NDR refunds on Council properties (£501,000)

20. A review of the Council Tax position indicates a potential surplus of £177,000. This is mainly due to a higher than anticipated collection rate which has the impact of reducing the required contribution to the Council Tax Bad Debt Provision. The level of single person discounts is also lower than was anticipated when the Council Tax base report was approved in December 2016. These are partly offset by a higher than anticipated level of exemptions mainly in relation to student properties. The surplus represents a variance of 0.1% of the estimated gross debit and will be subject to further fluctuations as the year progresses. A saving of £501,000 is also currently identified in relation to refunds of NDR on Council properties achieved through the appeals process. This will continue to be monitored and may increase as further appeals are taken forward during the year.

Economic Development +£1.399 million

21. The position for Economic Development is anticipated to be an overspend of £1.440 million. This includes a significant overspend of £1.128 million in relation to Commercial Services, as well as overspends projected within Culture, Tourism & Events, Property and City Centre Management. Underspends within Business & Investment and Office Rationalisation have partly mitigated the overall overspend. Included within the position are anticipated savings shortfalls of £221,000 in respect of 2017/18. In addition, there is a projected shortfall of £170,000 in relation to unachieved savings targets carried forward from 2016/17.
22. The projected overspend in respect of Commercial Services is predominantly the result of an overspend totalling £1.112 million within Recycling Waste Services. Within this overspend is a significant overspend of £1.210 million within the Materials Recycling Facility (MRF) due to higher third party payments associated with the treatment of recyclates, increased staffing and operational costs, and the loss of income due to the expiration of the contract with Caerphilly Council. Mitigations to tackle this position have been hampered by a projected overspend of £359,000 within household waste recycling centres. This reflects increased transport costs and the use of

agency staff to cover holidays and sickness. Some improvement to this position is likely when the Wedal Road site closes, however this is not anticipated in the current financial year. Partly offsetting these overspends and pressures is an underspend of £345,000 against the budget for non-kerbside recycling processing. Elsewhere within Recycling Waste Services is an underspend of £211,000, comprising a significant underspend on bag purchases and a surplus on commercial waste, partly offset by a staffing overspend and increased central transport charges. Waste Strategy and Support is also projected to overspend by £51,000, due to unachieved digitalisation savings from 2016/17, Management & Support is anticipated to overspend by £36,000 due to unachieved cross-directorate savings proposals and Waste Disposal is projected to balance.

23. The Council's 2017/18 budget included specific contingencies totalling £729,000 in relation to waste disposal, reflecting the difficulty of predicting tonnage figures and the consequent impact on disposals, and £350,000 to offset potential income shortfalls in relation to the MRF to reflect the volatility in the market for recycle materials. Having reviewed these areas, as part of the monitoring process, this report recommends that the full contingency budget for the MRF is allocated and an amount of £392,000 is allocated in respect of the impact of increased tonnages. These allocations have been incorporated within the Directorate position.
24. Elsewhere within the Commercial Services division, it is anticipated that there will be an overspend of £11,000 in relation to Facilities Management, a deficit of £5,000 within Fleet Services and a balanced position within Construction & Design. Within the Facilities Management position there is a projected overspend in relation to FM Buildings in line with historic overspends, an overspend within Building Support due to agency staff costs, offset by a surplus on the Accommodation Account. The small overspend within Fleet Services includes assumptions that all savings proposals will be achieved in full and that an overspend on the vehicles holding account will be offset by an underspend within the workshop. The balanced position within Construction & Design is based on the assumption that income will fully cover expenditure, albeit there is a risk around progression of some significant fee-earning capital schemes.
25. Other overspends within the Directorate include a projected £257,000 overspend in relation to Culture, Tourism & Events. This is largely due to shortfalls against savings targets for St David's Hall and New Theatre, in addition to income shortfalls within Functions Catering, Retail Catering, City Hall Functions and Mansion House. With regards to St David's Hall and New Theatre, it is anticipated that a significant part of the savings target will be achieved, however a shortfall of £116,000 is still expected in this financial year. The overall position for these venues assumes a significant amount of income generation later in the year and close monitoring will continue to be required to ensure that this remains achievable. In addition, there is a shortfall against unachievable parks sponsorship income targets, although this is partly offset by an underspend within Tourism due to staffing vacancies.
26. An overspend is also projected in relation to Property, where a deficit of £72,000 is the result of shortfalls against rental income targets. Partly

offsetting this deficit is an underspend in connection with staff recharges and balanced positions are projected for Cardiff Market and the landlord budget. In addition, an overspend of £47,000 is projected against the City Centre Management budget. This is due to a staffing overspend within the Night Time Economy Service, partly offset by additional banner income.

27. These are partly offset by projected underspends in relation to Business & Investment and Office Rationalisation. The Business & Investment underspend totals £59,000 and is due to additional bus shelter and other advertising income, net of costs incurred in generating the income. The Office Rationalisation underspend totals £50,000 because of premises cost savings in relation to a number of buildings earmarked for vacation during this financial year. Service Management & Support is projecting a minor overspend due to additional transport costs and the Workshops account is projected to balance, despite additional repairs and maintenance costs which are anticipated to be offset by additional rent and service charge income.

Education & Lifelong Learning +£724,000

28. The overall position indicates an overspend of £724,000, with projected overspends against Out of County Placements & Additional Learning Needs (ALN), Lifelong Learning and Management & Support Services partly offset by savings against the budgets for Centrally Held School Funds, Wellbeing & Compliance and Early Years. Total savings of £2.421 million are currently projected to be achieved against the 2017/18 savings target of £2.471 million, leaving a projected shortfall of £50,000. In addition, there is a projected shortfall of £560,000 against the unachieved savings targets brought forward from 2016/17. These shortfalls are reflected in the directorate outturn projection.
29. An overspend of £880,000 is currently being projected in relation to the budgets for Out of County Placements & ALN. Of this total, £733,000 relates to the cost of out of county placements, the majority of which is due to a shortfall of £560,000 against savings targets brought forward from 2016/17. Although the intention of the savings proposal was to reduce both the cost and number of placements, increased costs of, and demand for, placements has meant that this has not proved achievable to date. In addition, there is a projected overspend of £50,000 in connection with the budget for Pupil Referral Unit (PRU), which relates to the 2017/18 savings proposals and the plan to commission a school to oversee the provision from September 2017. Although the commissioning arrangement is progressing as planned, the residual costs for the first five months of the year are projected to exceed the available budget. Furthermore, there is a projected overspend against Services of a Specialised Nature, due, primarily, to the one-off costs of digitalisation of records. The budget for the EOTAS tuition service is currently projected to balance, although there are potential challenges around recoupment of costs from schools, which may affect the position later in the year.
30. Further overspends are projected in relation to the central provision element of the Lifelong Learning division. The overspend totals £50,000 and relates to the running costs of the unoccupied space within the Friary Centre from

September 2017 to March 2018, for which there is insufficient funding available. The Youth Service element of this division is projected to balance, against the backdrop of significant savings over the last three financial years. A further overspend of £10,000 is anticipated in relation to Management & Support Services. This overspend comprises additional hire costs in relation to temporary accommodation at Cantonian High School and increased agency costs within the Admissions service, partly offset by in-year employee savings due to vacancies.

31. The overspends outlined above are partly offset by an underspend of £100,000 within Centrally Held School Funds, which predominantly relates to an in-year saving on the budget for reimbursements to schools in respect of trade union duties and estates management. In addition, an underspend is projected in relation to Early Years & Childcare as a result of the reduced costs of non-maintained settings, partly offset by a small overspend in relation to Childcare Strategy. A further underspend is anticipated within Wellbeing & Compliance due to the reduced costs of training provision. All traded services, including Catering, Music Service and the Outdoor Pursuits Centre, are projecting balanced positions. This is following the decision to remove all subsidies for these services, as part of the 2017/18 savings proposals, however a particular risk exists in relation to the Music Service where close monitoring will be required throughout the year to ensure that a deficit position does not occur.

Governance & Legal Services (£68,000)

32. The overall position indicates an underspend against budget of £68,000. Within the position is a shortfall against 2017/18 savings targets totalling £55,000 and there were no unachieved savings carried forward from 2016/17. The overall position comprises a projected underspend within Democratic Services of £35,000, due to in-year employee savings resulting from vacancies and recruitment delays. Underspends are also projected in relation to Scrutiny Services and the Monitoring Officer budget. The underspends total £21,000 and £12,000 respectively and are due to a combination of staffing vacancies and reduced supplies and services expenditure. Legal Services are currently projecting a balanced position. This includes staffing underspends against the new posts created following the centralisation of legal budgets although these are more than offset by an anticipated overspend in relation to external legal costs arising whilst the new posts remain vacant. However, earmarked reserve funding is available and anticipated to be sufficient to offset these additional costs during this financial year although this position will continue to be closely monitored. The other budgets within the Directorate are projected to have balanced positions or minor variances, including Bilingual Cardiff where external income means there is potential for an improved position later in the year.

Resources (£32,000)

33. The Directorate is currently projecting an underspend of £32,000 with savings in Human Resources and Performance & Partnerships partly offset by a projected overspend in the Finance Service. The Directorate's 2017/18

savings targets and those carried forward from 2016/17 are all currently projected to be achieved.

34. An underspend of £189,000 is currently projected in Human Resources with savings on employee budgets due to vacancies, additional income within HR Services and savings on supplies and services and capital financing budgets in relation to HR Systems. These are partly offset by a projected shortfall of £103,000 against the budgeted surplus for Cardiff Works. An underspend of £30,000 is also currently projected in relation to Performance and Partnerships with savings on supplies and services budgets and additional income in Policy and Partnerships and on employee costs within Performance Management.
35. These are partly offset by a projected overspend of £187,000 in the Finance Service. This is mainly due to additional costs and income shortfalls within the Revenues Service including projected overspends on employee and supplies and services budgets and an anticipated shortfall against the income budget in relation to the recovery of penalty charge notices. The projected overspend in Revenues is partly offset by vacancy savings and additional income in other areas of Finance. All other areas within the Resources Directorate are currently projecting a balanced position.

Social Services +£3,158,000

36. The overall position for the Directorate shows a projected overspend of £3.158 million. The overspend is in relation to Children's Services with Adult Services currently anticipating a balanced position against budget. The projected overspend in Children's Services reflects the impact of demographic pressures with a significant increase in the number of placements and cost for looked after children particularly in relation to external fostering. Although demographic and cost pressures are also evident in relation to Adult Services these are currently contained within the budgets allocated by Council. Additional grant funding from Welsh Government has also been received during the year and is assisting in supporting costs in both Children's and Adult Services. The overall position also reflects a shortfall against budget savings targets both in respect of the 2017/18 budget and in relation to on-going shortfalls against 2016/17 savings targets which have yet to be achieved. Total savings of £3.827 million are currently projected to be achieved against the Directorate's 2017/18 savings target of £4.997 million leaving a projected shortfall of £1.170 million. In addition a shortfall of £542,000 is also forecast against the savings targets carried forward from 2016/17. These shortfalls are reflected in the Directorate outturn projection with details of the individual variances set out in Appendices 2(a) and 2(b) to this report.
37. The current projections make no assumptions in relation to further growth arising from demographic pressures during the remainder of this financial year. Demand for services are needs led and can be volatile and costs, particularly in relation to external fostering, residential, domiciliary and nursing placements can be high. If the levels of demand continue to increase then the overall cost to the Directorate will also increase. This together with the significant level of assumed savings which have still to be achieved during

the remainder of the year provides an element of risk that must continue to be closely monitored. Further detail on the individual positions for Children's and Adult Services are provided in the paragraphs that follow.

Adult Services – Balanced Position

38. The Adult Services budget is currently projecting a balanced position against budget despite on-going demographic and cost pressures particularly in relation to domiciliary and nursing care. This reflects the significant additional funding provided as part of the Council's 2017/18 Budget including a budget realignment of £2.3 million, funding for demographic and cost pressures of £2.9 million, additional funding set aside to meet fee increases including the impact of the National Living Wage and a number of other specific financial pressures. The allocation of additional Welsh Government grant funding to support fee increases in Adult Services has also provided a degree of flexibility in relation to current costs and commitments. The overall position includes a projected shortfall of £930,000 against the savings targets for 2017/18 and carried forward from 2016/17 and this is reflected in the analysis of the variances below.
39. Overall, commissioning budgets are currently reporting a projected overspend of £1.066 million. This includes projected overspends of £911,000 on Services for Older People, £263,000 on People with Learning Disabilities and £170,000 on People with a Physical Disability including alcohol and drugs. The projected overspends include both shortfalls against savings targets and demographic and cost pressures particularly in relation to domiciliary and nursing care. Domiciliary and direct payment care hours for older people for example have increased by 4.6% in the past 12 months resulting in additional costs of £900,000. There has also been an increase of around 10% in the price of a nursing bed during this period increasing costs within Services for Older People by £1.7 million. The projected overspend in Learning Disabilities is mainly due to a shortfall against savings targets although there has also been growth in the number of residential and external supported living placements. These overspends are partly offset by a projected underspend of £278,000 in Mental Health Services. This includes a significant reduction in residential placements together with levels of expenditure on Deprivation of Liberty Safeguards (DOLS) continuing to be lower than anticipated.
40. Internal Services are currently projecting an underspend of £1.066 million. This is mainly due to an anticipated saving of £839,000 in Assessment and Care Management reflecting staff vacancies within the service and the use of grant funding in this area, particularly in relation to the Integrated Care Fund. Underspends of £190,000 in Internal Support & Management and £156,000 in Day Care and Reablement Services are also forecast. These are partly offset by an overspend of £119,000 in relation to Learning Disabilities Supported Living and Day Care mainly as a result of shortfalls against savings targets in previous years.

Children's Services +£3.158 million

41. The Children's Services budget is currently projecting an overspend of £3.158 million. This is after taking into account the drawdown of the £950,000 specific contingency budget set aside to meet increased costs in relation to placements for looked after children, with this drawdown having been incorporated into the Directorate budget position in this report. Although Children's Services received an additional budget realignment of £3.3 million and funding for other specific pressures as part of the 2017/18 budget process, on-going pressures in relation to the increasing numbers of looked after children and subsequently on the budgets for external placements and leaving care support costs have nevertheless led to a projected overspend in the current year. The number of looked after children rose from 690 to 756 in the period 31 December 2016 to June 2017. These pressures have been alleviated to an extent by mitigating actions taken in respect of guardianship allowances and by savings in Child Health & Disability commissioning budgets, In House Fostering & Adoption and Family Intervention, Early Help & Prevention services. The recent allocation of additional Welsh Government grant funding to support initiatives in Children's Services has also provided a degree of flexibility in relation to current costs and commitments. The overall position includes a projected shortfall of £782,000 against the savings targets for 2017/18 and carried forward from 2016/17 and this is reflected in the analysis of the variances below.
42. An overspend of £3.515 million is currently projected in respect of external placements for looked after children with on-going pressures on external residential placements and a significant rise in the number of external fostering placements thereby increasing costs in this area. This is after allowing for the drawdown of the £950,000 contingency budget which was set aside specifically to meet increased costs associated with external placements. The projection includes an anticipated shortfall of £612,000 against the budget savings targets in this area with only partial savings likely to be achieved in relation to a number of initiatives including the establishment of an Adolescent Resource Centre. Other projected overspends include £400,000 on leaving care support costs for children aged 16+ reflecting the on-going high cost of supported accommodation and other support for those leaving care. Overspends of £13,000 on Safeguarding and Child Sexual Exploitation budgets and £27,000 on other social work teams are also projected.
43. A saving of £429,000 is currently projected in relation to guardianship orders with no increase in the level of residential order allowances anticipated to be paid out in this financial year. A saving of £100,000 is also projected in relation to Child Health & Disability commissioning budgets mainly in respect of domiciliary and respite care. This reflects the continuing reduction in expenditure in this area following a process of reviews and a switch to direct payments in recent years. Other underspends include £112,000 in Internal Fostering & Adoption, mainly in relation to savings on fostering expenses and adoption allowances although there have been indications of further pressures in this area in recent months. Family Intervention, Early Help & Prevention budgets are also projecting an underspend of £128,000 partly as a result of the additional grant funding which has offset costs in this area. An underspend of £28,000 is also anticipated in relation to Management & Business Support.

Civil Parking Enforcement

44. Civil Parking Enforcement (CPE) manages parking, parking enforcement and moving traffic offences throughout the city. The income from these activities is used to support the operational costs with the surplus being transferred to the Parking & Enforcement Reserve. The table below provides a summary of the budget and projected outturn position.

	Budget	Projected	
	£000	Outturn	Variance
		£000	£000
Income			
On street car parking fees	(4,425)	(4,448)	(23)
Off street car parking fees	(1,086)	(1,080)	6
Residents parking permits	(300)	(300)	0
Penalty charge notices	(2,289)	(2,189)	100
Moving Traffic Offences (MTO's)	(3,656)	(3,654)	2
Total Income	(11,756)	(11,671)	85
Expenditure			
Operational costs, parking & permits	876	913	37
Enforcement service including TRO	5,164	5,047	(117)
Total Expenditure	6,040	5,960	(80)
Annual Surplus/Deficit	(5,716)	(5,711)	5

45. The Civil Parking Enforcement budget for 2017/18 assumed a trading surplus of £5.716 million. The current projection indicates this surplus will be £5.711 million, a shortfall of £5,000.
46. Lower income is anticipated from penalty charge notices and this is caused by workloads being diverted from penalty charges to moving traffic offences (MTO's) as the MTO expansion has commenced earlier than anticipated. This is mitigated by reduced employee costs as a result of vacancies.
47. The anticipated surplus of £5.711 million will be transferred to the Parking & Enforcement Reserve. This is available to support highway, transport and environmental maintenance and improvements. The following table illustrates the planned movements and forecasted year end position in the reserve.

Parking & Enforcement Reserve	£000
Balance as at 1 st April 2017	351
Forecast contribution from CPE 2017-18	5,711
Total Available	6,062
Budgeted contribution to support Highways, Transport & Environmental Improvements	5,025
Contributions Agreed in Budget Proposals	
Bus corridor Improvements	335
DFS maintenance/ signs	7
Highways/ Transport/ improvements	50
MTO Expansion	230
Total Planned Use	622
Balance	415

48. The brought forward balance in the reserve is £351,000 which together with the forecasted surplus from CPE activities in 2017/18 results in a total sum available of £6.062 million. The anticipated drawdown from the reserve is £5.647 million which would leave a year-end balance of £415,000.
49. The schemes and initiatives were approved by Council as part of the 2017/18 Budget.

Housing Revenue Account

50. The Housing Revenue Account (HRA) is currently projecting a surplus of £330,000. This includes income above target of £300,000 mainly due to a lower than budgeted level of void rent loss. Employee costs are currently projecting an underspend of £127,000 reflecting vacancies and other savings against the staffing budget with underspends of £83,000 on premises costs, £54,000 on supplies and services and £25,000 on transport budgets also projected. These are partly offset by an anticipated overspend of £259,000 in relation to support services reflecting a higher than anticipated level of staff recharges within the Communities, Housing & Customer Services Directorate. A balanced position is currently forecast in relation to the Housing Repairs Account however the introduction of a new Building Maintenance Framework during the year makes the projected position more difficult to assess and this will need to continue to be closely monitored as the year progresses.

Cardiff Harbour Authority

51. Negotiations with the Welsh Government in relation to the funding settlement period commencing 1st April 2017 took place in late 2016. However, the Welsh Government advised that they would like an extended period to give further consideration to a review of arrangements and wished to extend the previous funding arrangement by twelve months up until 31 March 2018, during which time a review will take place. The impact of this arrangement is that for the financial year 2017/18, Cardiff Harbour Authority will operate under the same budget allocation of £5.545 million (excluding asset renewal) as in 2016/17.
52. The current financial position indicates that the forecasted annual draw down of funding will be £5.922 million, representing a full spend of budget.

Heading	Budget £000	Projected Out-turn £000	Variance £000
Expenditure	6,365	6,392	27
Income	(820)	(847)	(27)
Fixed Costs	5,545	5,545	0
Asset Renewal	377	377	0
TOTAL	5,922	5,922	0

53. The position includes reduced environment costs plus increased income generation offset by some additional essential maintenance costs at the barrage. The projected income of £847,000 includes £515,000 from car parking fees, £247,000 from harbour dues and £85,000 from water activities.
54. The Asset Renewal budget is currently indicating a full spend in line with the approved schedule of work.
55. The balance in the Project and Contingency Fund at 1st April 2017 was £582,000. An addition of £320,000 is expected from the bayscape development although this will be offset by the final instalment of the Volvo Ocean Race (VOR) hosting fee of £214,000 and works at Alexandra Head of circa £550,000. The anticipated balance in the Project and Contingency Fund of £138,000 will be retained for further improvement work and as a contingency against future spending. Any income generated during the year from the sale or disposal of land will be credited to the fund along with a 50% share of any underspend against the fixed cost budget.

Capital

56. The Council in February 2017 approved a new Capital Programme of £132.661 million for 2017/18 and an indicative programme to 2021/22. The budget for the General Fund and Public Housing has since been adjusted to £153.263 million to include actual slippage reported at outturn, incorporation of new grant approvals and confirmation of actual grant awards.

57. The sections below indicate a forecast position for 2017/18 for the General Fund and Public Housing.

General Fund

58. The projected outturn for the year is currently £116.941 million against a total programme of £120.676 million, a variance of £3.735 million, which is predominantly slippage. Expenditure at the end of Month 4 was £27.478 million which represents 23% of the projected outturn, a third of the way through the financial year.

Capital Schemes Update

59. Delivery of capital projects is complex, may span a number of years and is influenced by a number of external and internal factors such as weather, statutory and non-statutory approval processes. Directorates continue to be reminded of the need to set achievable profiles of expenditure and to identify slippage at an early stage.
60. Given the significant capital pressures and reductions in funding seen over the last few years and highlighted in the Budget Strategy Report to Council in July, slippage for annual sums, will not automatically be carried forward.
61. The following provides an update on the significant capital schemes included in the programme in addition to the detailed list in Appendix 3. Future monitoring reports will focus on key variances.

City Operations

62. The 2017/18 programme for the Directorate is £27.309 million, with an initial variance identified of £2.635 million. This is primarily in relation to the implementation of the Cardiff West Interchange which accounts for £1.4 million of the slippage and is detailed further below.

Energy Projects & Sustainability

63. The Council has secured up to £2.1 million of repayable loan funding from the Welsh Government Green Growth Wales Fund for implementation of a mixture of energy saving technologies under the REFIT framework. An initial business case, approved energy saving measures costing £1.2 million with an average payback period of 8 years at the following sites; Cardiff Castle, City Hall, Fitzalan High School, Lamby Way Cleansing Depot, Llanedeyrn Primary School, Radyr Comprehensive School, Willows High School and Ysgol Gyfun Gymraeg Plasmawr. Repayments of the loan must be made from savings arising from the measures introduced. Whilst a second phase is in development, this is unlikely to be implemented in 2017/18 so slippage of £896,000 is shown.
64. Salix Energy Efficiency Loan Schemes (SEELS) are repayable loans that aim to achieve energy efficiency and carbon reduction savings in schools. Over £1 million has been spent since 2014/15 in areas such as implementation of LED Lighting and an additional £500,000 has been requested for use in

2017/18, subject to individual business cases agreed by Salix, schools and the energy team.

Regulatory

65. As part of the regionalisation of regulatory services, the Council was required to support the development and purchase of new software, hardware and mobile working solutions to ensure maximisation of efficiencies. Whilst £117,000 was included in 2017/18 programme, this scheme was completed in 2016/17 with no further commitments outstanding. Accordingly the budget position has been shown as an underspend.

Parks & Green Spaces

66. The Asset Renewal Buildings and Infrastructure budgets of £75,000 and £150,000 will be used for priority works on parks buildings as well as a range of improvements to footpaths and access into parks and allotment sites.
67. The annual play equipment capital allocation of £90,000 along with slippage from the previous year of £52,000 will be used towards resurfacing of playgrounds and replacement of playground equipment at Sanatorium Road, Parc Rhydypennau, Mathew Walk, Crawford Drive, Celtic Park and Tremorfa Park.
68. A phased programme of flood prevention works to address issues at various locations is still being developed. Investigations at several sites to determine the condition of existing drainage systems and to understand the underlying reasons for the flooding problems has been undertaken. Sites include, Morganstown Park, Hailey Park, Grange Gardens, Parc Coed y Nant, Keyston Road, Hill Snook Park and Craiglee Drive. However delay in implementation of schemes means slippage of £60,000 has been initially identified into next year. Works to the first phase of sites comprising Morganstown Park, Hailey Park and Grange Gardens will commence in September.
69. The projected expenditure for Parc Cefn Onn is £356,000 for the year; this includes Heritage Lottery Funding and a Council contribution to the scheme. Planned improvements include restoration of historic park features, upgraded toilet provision, enhanced interpretation, a timber walkway as well as footpath and seating improvements. Mobility scooters are proposed to be provided to encourage people to see the park as an accessible place despite its terrain. Subject to the progress on tenders and design, expenditure forecast for this year is £356,000.
70. Roath Park house has been vacant for some time, is in very poor condition and its isolation represents a risk in terms of security and health and safety. Proceeds from the receipt of the former hostel at Wedal Road have been earmarked towards development of a strategy of securing match funding for a range of schemes to improve financial sustainability of the park and outbuildings subject to approval of a business case. However, recognising the issues with the condition of the house part of these monies are to be

released in isolation as the Directorate and Strategic Estates have confirmed that:-

- retention of the building is the best property option for the Council.
- options for a market rental let of the building will be determined to tie in with completion of any proposed works to avoid the building remaining empty
- any work done now will not be significantly abortive, when the longer term use of the facility is determined

71. As part of the UEFA Champions League legacy, funding was received from the Football Association of Wales for an artificial pitch installation at Grange Gardens which was completed in June 2017.

Leisure

72. The property asset renewal budget for 2017/18 has been allocated towards the costs of roof replacement at Llanishen Leisure centre. This is in addition to funding from within the £273,000 that remains for undertaking priority one works identified prior to the transfer to Greenwich Leisure Limited (GLL). Works to be undertaken include lighting, pool and fire alarm works at Pentwyn Leisure Centre and pool lighting at Llanishen Leisure Centre.
73. As part of the contract for the transfer of leisure sites to GLL, the capital programme includes a total of £3.5 million invest to save funding for investment in the transferred leisure sites. This is to enable GLL to improve facilities, generate income and reach a zero subsidy position. Of this allocation, £1.5 million is assumed to be utilised by GLL in 2017/18 as agent on behalf of the Council in undertaking the works. However the timing of expenditure will be subject to detailed proposals agreed between the Council and GLL as part of a joint project board. Any investment will be required to be repaid on an Invest to Save basis.
74. An invest to Save scheme of £500,000 is also included in the programme for Channel View Centre, a site which is retained by the Council. Following approval of a business case, investment has been approved to extend the fitness suite and update equipment in the gymnasium in order to attract new membership and support a reduction in subsidy. Works are proposed to be complete by the end of the financial year, subject to the outcome of tenders which are due to be returned in September.
75. Gym equipment for STAR centre was initially leased; however, this will be purchased outright at a cost of £106,000 in accordance with the agreement with GLL. Funding was set aside in 2016/17 for this expenditure in an earmarked reserve.

Bereavement & Registration services

76. The total programme of £300,000 reflects an allocation of property asset renewal for roof replacement of Thornhill crematorium chapel and other site improvements funded by the Bereavement Reserve including; lighting, vehicle and plant replacement, roads and path renewal.

Highway Maintenance

77. Expenditure on the reconstruction of structurally deteriorated roads which are deemed to be a priority is forecast to be £1.430 million. Works to date have included Grand Avenue, Cae Glas Road, Caegwyn Road, Ty Gwyn Road, Llandennis Avenue and Rhydhelig Avenue. Investigations are continuing on further sites which will determine the most appropriate treatment to address condition and form the basis of any further tender exercise.
78. The balance of Council funded allocations for carriageway and footway resurfacing is £2.007 million. A contract is in place for carriageway preventative works which is expected to be completed in October 2017. However, the balance of investment proposed in schemes such as carriageway resurfacing, footway resurfacing and footway preventative works are the subject of prioritisation and then a procurement exercise. Full expenditure is currently forecast by the Directorate, however to avoid risk of slippage, these activities and procurements should be completed promptly to avoid works having to be undertaken in the winter period. As was the case during the previous year, adverse weather during the winter can have a detrimental effect on road surfaces. A contingency should be retained within the budget to manage the worst areas of any deterioration from existing highways budgets.
79. The Bridges and Structures budget of £1.080 million includes the balance of the Council's agreed £1.628 million contribution to Network Rail towards the cost of the works for Windsor Road Bridge. Although the road reopened in July 2016, a final account is awaited. Other schemes proposed to be undertaken during this year subject to design and procurement are works to North Road flyover, Penarth Road bridge, as well as culverts at Capel Llaniltern, Creigiau and Llandennis,
80. Funding of £130,000 from the street lighting renewal budget of £358,000 is proposed to be used to replace lanterns at Atlantic Wharf Canalside. The remaining budget is to be utilised for replacement lighting in subways and low level solar powered bollards.
81. The remaining invest to save budget for LED Lighting on Principal Roads is £3.548 million, with works forecast to be complete by November 2017. Lanterns have been purchased and stored in advance to avoid delays in replacing the circa 13,600 lanterns. As the bulk of standard lanterns have been replaced, further work will need to take place to replace non-standard lighting columns installed in different parts of the City, to ensure comprehensive coverage of LED lighting and control of that lighting from the new Central Management System. This, as well as the need to replace defective column parts at the same time as installing the new lanterns is likely to result in additional costs. However, any such variations will need to be managed in line with Business case and Cabinet approval for the scheme and paid back from energy savings.
82. The Greener Grangetown scheme is being undertaken with funding partners Dwr Cymru and Landfill Community fund. The scheme aims to retrofit

sustainable drainage systems and in the process improve the public realm such as road and footpath resurfacing. It is expected to be complete in December 2017 and whilst the total cost of the scheme was initially estimated to be £2.5 million, given the risks of any infrastructure scheme, it is forecast to be circa £220,000 higher. This will be managed within Directorate budgets for Highway and footway resurfacing.

Traffic & Transportation

83. The asset renewal telematics budget of £390,000 allows the completion of fan replacement in Butetown Tunnel.
84. In 2017/18, the annual sum for Cycling development was increased by £400,000 per annum to £800,000. This is proposed to be used for the design of primary routes of the network linking the City Centre to other areas such as University Hospital Wales, Cardiff Bay and strategic sites in the Local Development Plan. Works include upgrades to areas of the Taff Trail and also upgrades from North Road to Western Avenue business park and university campuses. Full expenditure is forecast, including use of £38,000 slippage from 2016/17.
85. A sum of £375,000 Council match funding is included in the Capital Programme to help secure a range of Welsh Government grants where match funding is required. Together with slippage from 2016/17 this is to complete a range of schemes for Local Transport, Safe Routes in Communities and Road Safety. Welsh Government terms and conditions require all grant to be utilised by 31 March 2018.
86. The Welsh Government allocation to Cardiff for the Local Transport Fund is £1.264 million. The fund supports development of integrated, effective, accessible, affordable and sustainable transport systems. Schemes bid for and approved this year include Eastern Corridor Active Travel (£184,000); Western Corridor completion of strategic cycle network route 6 (£227,000); to develop a cycle route running parallel with the A469 (£475,000) and further active travel and bus improvements on the A4119 (£378,000).
87. A Welsh Government Road Safety grant of £505,000 will support capital projects that reduce road casualties. Schemes to be undertaken include safety improvements at the junctions of Western Avenue / Excelsior Road, Newport Road / Wentloog Road and replacement of safety cameras at various locations.
88. Safe Routes in Communities Grant (£475,000) aims to improve accessibility and safety and encourage walking and cycling in communities. There is particular emphasis on improving routes to and from schools with works proposed for St Mary's at Wyndham Crescent and schemes in the Fairwater area.
89. In relation to moving traffic offences, expenditure of £230,000 is to be incurred from the Parking reserve to implement measures which would benefit from additional enforcement. Expenditure of £200,000 is also

proposed on an invest to save basis for the replacement of aged pay and display machines, to be repaid from future parking and enforcement income.

90. Other proposed bus corridor improvements funded from £335,000 of the Parking Reserve include, the balance of payments due under contracts for A469 and A470 bus corridor improvement and design works for various schemes to support future grant bids to Welsh Government.
91. As part of Cabinet's approval to construct the new bus interchange at Waungron Road in the West of the City in February 2017, Council annual sum allocations for bus Corridor improvements in the 5 year programme were brought forward and reallocated to allow the interchange scheme to proceed. However, slippage of £1.4 million has been identified for this scheme as it is deemed more effective to undertake the works at the same time as housing development on the site. Any works are unlikely to take place until 2018/19.
92. Funding of £862,000 is proposed for upgrades to the CCTV Control Room to replace aged equipment and unsupported software, as well as control systems for the tunnel and traffic management. Specifications have been developed to allow tender exercises to be undertaken. Full spend is currently predicted.

Harbour Authority

93. The Harbour Asset Renewal budget approved for 2017/18 is £377,000. It includes various barrage structural work and £300,000 for the replacement of a sailing vessel. Full spend is projected for this Welsh Government grant.

Communities, Housing & Customer Services

94. The 2017/18 programme for the Directorate is £13.301 million, with an initial variance identified of £1.058 million in relation to the timing of implementation of the Maelfa Centre regeneration, Disabled Facilities Service and Domestic Abuse Multi-Agency Hub.

Citizen Hubs

95. The schemes included in the current programme allow completion of the Hubs strategy approved by Cabinet. Where cost estimates received have been in excess of budgets available, opportunities have been sought for external grant funding or to reduce scope where feasible to remain within the overall budgets allocated.
96. Phase 2 of the planned extension of St Mellons Hub involves an extension to include a community hall, youth den, changing facilities, multi-use rooms, Flying Start provision and a café area. Construction began in May and is expected to take 12 months to complete. Total estimated costs are circa £4.1 million, which includes a £950,000 contribution from Housing Revenue Account over the two years 2017/18 and 2018/19.

97. Llanishen Hub involves the conversion of the ground floor of Llanishen Police Station to accommodate library, training and interview spaces, which will replace current provision from the existing leased premises. Following agreement with the police authority, works started in June with a planned opening date of November. The total estimated costs of the scheme are £555,000, which includes a £55,000 contribution from Housing Revenue Account in 2017/18.
98. Llandaff North & Gabalfa Hub opened in May 2017 at a total cost of £1.385 million. This involved the refurbishment and re-modelling of the library and day centre to accommodate a wider range of community services and activities.
99. The Llanedeyrn Hub opened in July 2017 at a total cost of £1.965 million as an extension to the Powerhouse community centre incorporating hub, library and café on the ground floor and police office accommodation on the first floor.

Neighbourhood Regeneration

100. The Neighbourhood Renewal schemes budget is £541,000 allowing completion of remaining schemes in the programme. These include final payments on Birchgrove Shopping Centre and Safer Splott projects; environmental improvements to Burnham Avenue Shopping Centre, play area improvements at Heol y Delyn and Coed Y Gores along with access improvements to Hendre Park.
101. The local shopping centre improvements budget of £574,000 includes owners' contributions estimated at £17,000 and slippage from 2016/17 of £214,000 for commercial property improvement works in the Clare Road/ Penarth Road district shopping centre.
102. The Maelfa regeneration scheme is being delivered in partnership with Cardiff Community Housing Association and includes the construction of affordable and private sale homes as well as extensive infrastructure and public realm improvements. As part of the redevelopment a new retail parade of 9 units is expected to be completed in Autumn 2018 at a total cost of £2 million on an invest to save basis, when they will revert to the Council to manage. Expenditure of £1.050 million is forecast for the year primarily towards the retail units, but also towards some pre development works. Slippage of £258,000 is currently assumed this year.
103. The Alleygating budget of £65,000 will allow further gates to be installed in prioritised lanes in Plasnewydd, Riverside and Ely, subject to resident consultation and legal procedures.

Housing (General Fund)

104. The Disabled Facilities Service budget includes mandatory and discretionary grants to housing owner occupiers to enable a person to continue living in their own home as well as administration costs for the grants. The total budget of £4.405 million includes £605,000 slippage from 2016/17. In

addition, a Welsh Government Intermediate Care Fund grant of £399,000 has also been awarded to the Council to complete disabled adaptations to support independent living. In accordance with the grant terms and conditions, grant received in 2017/18 and prior years has been used to meet demand and reduce waiting times. Slippage of £500,000 is assumed at this stage, as whilst expenditure may be committed, all works will not be completed at the end of the year and priority will be given to ensure grant funding is utilised by its deadline of 31 March 2018.

105. To facilitate comprehensive regeneration schemes, the estate environmental improvements capital allocation supports the costs of works to owner occupier properties on housing and estate improvement schemes and includes the development of a scheme for energy wall insulation at Llandaff North and Rumney.
106. The capital programme includes the Welsh Government grant balance of £556,000 towards completion of external wall insulation in Trowbridge to improve energy efficiency of eligible owner occupier homes.
107. The 2017/18 Budget also includes an allocation of £400,000 for the development of a Domestic Abuse Multi-Agency Hub. Only £100,000 is expected to be spent in year, as works are in partnership with the University Health Board and delivery is contingent on the improvements to the fabric of the Cardiff Royal Infirmary building. As a result, £300,000 is anticipated to be slipped into 2018/19.

Economic Development

108. The 2017/18 programme for the Directorate is £18.736 million, with an initial variance identified of £537,000 predominantly in relation to the timing of development of the International Sports Village temporary car park.

Business and Investment

109. Having already supported the Tramshed development, Welsh Government has provided further repayable loan funding over a 15 year period for town centre loan schemes as part of its vibrant and viable places programme. Funding totalling £2 million is available with the focus being the regeneration of listed buildings within the Grangetown and Butetown wards to bring derelict spaces back into use. Subject to due diligence, proposed loans of up to £1 million are assumed to be made in 2017/18 for the regeneration of the unused listed train station in Bute Street and the restoration of Cory's buildings for residential units.
110. The Council has developed a joint investment fund in Small to Medium Enterprises with S4C and the remaining £50,000 allocation has been carried forward from 2016/17. Full expenditure is assumed, but will be dependent on due diligence and applicants meeting the terms and conditions of any loan agreement.

111. Funding of £29,000 remains for the Social Innovation Fund which aims to award capital grants of up to £5,000 towards start-up costs for new or expanding social enterprises. The Directorate forecast is for the budget to be spent in 2017/18.

City Development & Major Projects

112. In 2016/17, budget of £12.075 million in relation to the Central Enterprise Zone (CEZ) was brought forward to purchase land at Dumballs Road. Options are currently being considered for the site together with the development partner Vastint to redevelop the area through a residential-led mixed-use development delivering up to 2000 new homes, including affordable homes, commercial and community uses. The remaining capital allocations of £2.925 million invest to save funding and £1.600 million for additional land purchase to be met by earmarked capital receipts are currently assumed to be required and spent this financial year.
113. In July 2017, Cabinet re-iterated the commitment to the deliver a new bus interchange at Central Square. Outstanding predevelopment costs relating to a new Bus Interchange development including design, planning and site preparation costs of £6 million, have now been paid to the developer and in order to facilitate this payment, £500,000 in approved capital funding was required to be brought forward from future years into 2017/18.
114. Current forecasts are for building works to start on site in January 2018, although this will be subject to the development proposal being submitted and agreed by the Council. Should additional pre development costs or land assembly expenditure be required in 2017/18, additional budget will need to be brought forward from future years, subject to this being within the agreed financial envelope. The cabinet report highlighted a number of risks including the level of receipts, timing and also the need for a contribution being realised from Welsh Government.
115. Central Square public realm design has now been finalised, with the developer delivering the scheme over the next two years with any Council contribution anticipated at circa £9 million in total. Including slippage, the amount included in the 2017/18 programme is £2.903 million, and so subject to progress on site and phasing of any council contribution, budget may need to be brought forward from future years.
116. Subject to approval of a business case, the Capital programme included £1.3 million (including £57,000 Section 106 funding) for the creation of a temporary car park at the International Sports Village Site. This was to meet parking obligations to the International Pool whilst releasing other areas of land for development. Any scheme is subject to there being no additional cost to Council in excess of resources available from capital receipts and other external contributions, however work has now been delayed until Spring 2018 pending a strategic review of the whole ISV site. It has therefore been assumed at this stage that there is full slippage on the scheme.
117. As part of proposals for further development of the House of Sport in Leckwith, the Council has agreed to providing funding of £150,000 for

allotment works. This amount is payable on completion of legal agreements and repayable as part of an option agreement to undertake a lease for land.

Commercial Services

118. Previous monitoring reports highlighted that the cost to replace the Household Waste Recycling Centre (HWRC) at Lamby Way increased by £613,000 from £1.941 million to £2.554 million. This was primarily due to an increase in size of the recycling facility in order to future proof the requirement, the addition of a canopy to keep recycling streams dry and additional costs in relation to civil engineering works. The centre opened in July 2017, with funding for these additional costs during 2016/17 and 2017/18 to be met from earmarked revenue reserves set aside to cover these costs.
119. Following approval of the business case, an invest to save budget of £650,000 to upgrade the waste materials recycling facility at Lamby Way in order to reduce manual handling and increase recycling rates, is currently the subject of a tender exercise. Savings arising to the Directorate will be used to repay the initial investment.
120. Property Asset Renewal works for administration buildings of £783,000, includes works at County Hall to complete disabled access works and improvements to health and safety. City Hall works include replacement of stone balustrades on the roof, replacement of electronic bollards and improved security.
121. A number of vehicles that have reached the end of their useful life are proposed to be replaced as part of the £196,000 budget for vehicle replacement.
122. Final capping and restoration is being undertaken of the remaining 12 hectares of the Lamby Way landfill site following its closure. This will complete works to the landfill site as per the licence requirements of Natural Resources Wales and the original planning permission. A two phase contract with an initial value of £1.985 million was awarded in 2016/17. Works are expected to be complete by November 2017, but are currently forecast to be £550,000 in excess of the initial contract value due to the need to procure additional soil, filling in voids and confirming locations of the various underground capping layers. The provision for future landfill costs were set up in 2013/14 so expenditure is not shown in the capital programme, however the level of the provision will need to be reviewed periodically.

Venues and Cultural Facilities

123. The property asset renewal budget of £252,000 along with £159,000 slippage is for various works including replacement of CCTV at St David's Hall, Building Management systems, including ventilation chillers in New Theatre, fencing surrounding the moat and resurfacing of war time tunnels at Cardiff Castle.

124. A further £115,000 remains to allow completion of roofing works at New Theatre and £306,000 is slippage from 2016/17 for priority one works at both these sites, for which a detailed plan for use is to be determined.

Property

125. The property asset renewal budget of £60,000 is proposed to be spent on the replacement of heating controls at the old library in the Hayes.
126. The budget allocated for Office Accommodation Rationalisation is £200,000 which will be utilised to support the efficient use of administrative buildings as outlined in the original business case for this project. Expenditure in 2017/18 will include the acquisition of Action for Children's freehold share of the John Reynolds Centre and provide a simultaneous community asset transfer of the whole building to Llanrumney Phoenix Boxing Club.
127. The Community Asset Transfer budget can provide up to £25,000 for improvement works to buildings being taken on by third party organisations. Based on known commitments, any requirement is likely to be minimal during 2017/18 with a total of £50,000 available from the Capital Programme and a further £44,000 slippage from 2016/17.
128. In accordance with the strategy for investment property approved by Cabinet in November 2015, opportunities are being considered to purchase property that aim to improve the yield of existing assets or to purchase better quality and better yielding assets. This is paid for from re-investment of the disposal proceeds from investment properties and the capital programme will be updated in future monitoring reports as such investments are concluded.

Education and Lifelong Learning

129. The 2017/18 programme for the Directorate is £57.674 million, with an initial variance identified of £0.485 million at Month 4. The variance relates to a re-profiling of future years allocations in relation to ICT infrastructure and a projected overspend against Schools Asset Renewal budgets.

Schools - General

Asset Renewal - Buildings

130. Total schools Asset Renewal allocations for 2017/18 are £4.764 million. This includes significant specific allocations for schemes at Willows High School (£1.5 million) and Fitzalan High School (£2.0 million) both of which are currently anticipated to be delivered on budget.
131. As a result of significant overspends in 2016/17 requiring resources to be brought forward from 2017/18, there are limited resources available in 2017/18 to address Asset Renewal schemes outside of the specifically funded schemes at Willows and Fitzalan discussed above. These available resources have been fully allocated to deliver prioritised schemes in 2017/18.

132. It is currently projected that the overall Asset Renewal budgets will overspend by £85,000. This anticipated overspend relates largely to the emergence of unplanned schemes to address urgent needs which have been identified during the year to date.

Asset Renewal – Suitability and Sufficiency

133. Suitability budgets for the financial year 2017/18 total £1.040 million. The allocation has been fully allocated to the installation of demountable units to support capacity in schools which require it for 2017/18. Contracts for the delivery of this accommodation are currently out to tender but it is anticipated that the schemes will be delivered within the allocated funds for the financial year.

Whitchurch High DDA

134. The budget of £0.975 million for DDA required adaptations at Whitchurch High School represents slippage from the Capital Programme allocation for this purpose from 2016/17. It is anticipated that this budget will be fully utilised for this purpose in 2017/18.

Flying Start Grant

135. The budget for Flying Start Capital schemes for the year totals £117,000. This is made up of slippage of £40,000 in relation to the St Cadoc's scheme from 2016/17 plus £77,000 of new approvals for several small schemes in 2017/18. All allocations are expected to be utilised in full during 2017/18.

Schools Organisation Plan – 21st Century Schools

136. In March 2015 the Authority submitted a re-aligned 21st Century Schools Programme (Band A) for investment totalling £164.1 million which was subsequently approved by Welsh Government and now forms the basis for the Authority's Schools Organisation Programme going forwards until 2019.
137. 21st Century Schools expenditure anticipated for the 2017/18 Capital Programme totals £49.978 million. This is also the projected outturn expenditure at Month 4 with no slippage identified to date although this will need to be carefully monitored as the financial year progresses with so many large schemes running concurrently during 2017/18.
138. The largest anticipated spend in 2017/18 relates to the new Eastern High School project. This project is currently on target for a December 2018 completion date and expenditure on the project during 2017/18 is projected to be £18.9 million. Another ongoing scheme to be completed during 2017/18 will be the extension to Ninian Park Primary School (£2.9 million).
139. In addition to ongoing schemes, several large value expenditure schemes have or will be commencing on site construction during 2017/18. These include the new Cardiff West Community High School (£8 million), new Howardian Primary School (£5.2 million), new Ysgol Glan Morfa (£5.7

million), new Ysgol Hamadryad (£5.1 million) and the new Gabalfa / Ysgol Glan Ceubal Primary (£3.9 million).

Resources

140. The 2017/18 programme for the Directorate is £1.599 million, with spend of £1.540 million predicted. Details of schemes within the Directorate are shown below.

Technology

141. The main priority for the Modernising IT to Improve Business Processes budget in 2017/18 is to support key ongoing projects in the Organisational Development Programme and the digitisation of business services utilising modern technology. Given previous levels of slippage on this budget heading, the budget has been profiled at £980,000 for this year and includes expenditure on the SAP Customer Relationship Management Programme, Electronic Document Management Systems and the Cardiff App.
142. The £419,000 budget for ICT refresh is to be used on a range of projects to support resilience, capacity and capability. This includes additional storage units, flash storage appliances and replacement of other unsupported hardware.

Corporate

143. In respect of the contingency budget of £200,000, given that it is early in the financial year this is shown projected to be fully required, although as the year progresses, any under spend will be used to reduce the level of borrowing assumed in the Capital Programme.
144. The £500,000 invest to save budget has been fully utilised towards Salix schemes for energy reduction measures as highlighted earlier in the report.

Social Services

145. The 2017/18 programme for the Directorate is £2.057 million, with £69,000 of funding to be brought forward in relation to the Children Services Accommodation Strategy. Details of schemes within the Directorate are shown below.

Adult Services

146. ICF grant funding of £50,000 has been awarded for a refurbishment of the Tremorfa Day Services centre in addition to a £250,000 allocation of Council funding. Works are currently forecast to be completed this year. With use of the grant prioritised first.
147. In order to support the Day Centre Opportunities Strategy and reconfiguration of day services for older people, improvement works at Minehead Road Day Centre were completed in May, and an extensive refurbishment scheme is planned for Grand Avenue Day Centre. The Grand Avenue scheme is

currently being tendered, with works due to commence this autumn. A total of £1.167 million has been allocated by the Council with an approved Welsh Government Integrated Care Fund Grant of £330,000 required to be spent by 31 March 2018.

Children's Services

148. A new accommodation strategy was approved to include the refurbishment of Gabalfa House to facilitate the relocation of Youth Offending Service from Penhill. The complete refurbishment of Gabalfa House will include a new activity area and an IT breakout zone for the direct benefit of the young people. These capital works will facilitate the disposal of Penhill which will generate a capital receipt to support the affordability of the council's capital programme. £260,000 was budgeted in year with a further £69,000 being brought forward from 2018/19 capital allocations.

Capital Receipts

149. The 2017/18 Capital Programme included an assumption of £2.0 million non-earmarked capital receipts net of fees to pay for the Capital Programme. To date the only disposal relates to the sale of the former library in Trelai (£80,000). Planned disposals in the year include the Youth offending service site at Penhill in Llandaff and the Howard Gardens former bowls green and pavilion in Adamsdown. This is a concern as if the receipts are not received the amount of unsupported borrowing requested to fund the programme will need to increase.

Public Housing (Housing Revenue Account)

150. The Capital Programme of £30.005 million set in the February 2017 Budget, while the amended programme of £32.587 is forecast to be fully spent. The Directorate should ensure that procurement and contracts are in place to fully utilise the Major Repairs Allowance (MRA) Grant in 2017/18 as well as other grants received.
151. The Housing Development budget of £1.5 million will be used on several schemes including; the conversion of the former children home at 150 Thornhill Road into older person "independent living" accommodation (£180,000); £591,000 for Edinburgh Court improvements, and South Morgan Place balcony improvements. These schemes will encourage ownership of the estate and help to avoid anti-social behaviour.
152. The estate regeneration and stock remodelling scheme projected costs are circa £3 million in 2017/18 and include a range of schemes including; Garage and courtyard improvement schemes (£850,000) and a number of schemes to improve the energy efficiency of blocks (£500,000) and these are expected to be fully spent in year.
153. External and Internal Improvements have a budget of £14 million for 2017/18 which will be utilised to provide boiler replacement, heating, roofing, rewiring, underpinning of properties where subsidence issues have been found, front door upgrades to flats and works to maintain the Welsh Housing Quality

Standard. This includes kitchens and bathroom upgrades when properties become vacant prior to re-letting. Some of the larger schemes include; £2.2 million for roof replacements, £1.9 million for fire door upgrades to flats and £1.3 million for rewiring works in all types of council dwellings.

154. The allocation of £2.3 million to provide adaptations and associated improvements to the homes of disabled people in HRA properties is currently forecast to be fully spent.
155. The Housing Partnership Programme has been rebranded 'Cardiff Living' with phase 1 currently underway at Willowbrook West and the Braunton and Clevedon sites. Phase 1 will deliver a total of 486 properties of which 291 will be for open market sale and 195 will be affordable council homes. In parallel a formal direction was received from Welsh Ministers on 19th July that the Right to Buy, Right to Acquire and related rights be suspended in respect of every relevant dwelling house within Cardiff for a period of 5 years. The anticipated spend of £8.50 million this financial year (of which £2.309 million relates to section 106 contributions) includes the commencement of enabling works on the Llanrumney Depot site in September.
156. As part of the Housing Revenue Account Outturn for 2016/17, a new earmarked reserve of £2.582 million was created in order to purchase private sector properties for sale that would help address affordable housing need and support the development of existing schemes such as Cardiff Living. The full allocation is expected to be utilised in year.

Section 106 schemes and Other Contributions

157. The table below shows the Section 106 and other contributions forecast to be spent at the time of setting the budget. This has been reviewed by directorates and is reflected in the new projection at Month 4:

	Budget	Projection at Month 4	Variance
	£000	£000	£000
Regulatory Services	0	12	(12)
Parks & Green Spaces	884	984	(100)
Traffic & Transportation	458	809	(351)
Strategic Planning	93	190	(97)
Neighbourhood Regeneration	276	64	212
Economic Development	486	131	355
Education & Lifelong Learning	218	239	(21)
Public Housing (HRA)	2,309	2,309	0
Total	4,724	4,738	(14)

158. Some of the schemes included in the profile above are:

- Parks and Green Spaces – Schemes are proposed to be undertaken in a number of areas including; Llandaff Fields, Trelai Park and Hailey Park play areas, public realm and footpath improvements in Butetown, Paget Street, Parc Tredelerch, Dorchester and Winchester Avenues.
- Traffic & Transportation – public transport improvements, junction improvements, bus stops and bus borders; installation of CCTV and real time information, telematics and transportation schemes including the provision of bus routes in the City and strategic transport initiatives.
- Strategic Planning – public realm improvements at Newport Road and City Road.
- Neighbourhood Regeneration - Improvement of community facilities.
- Economic Development – Support for small to medium enterprises in Adamsdown.
- Education & Lifelong Learning – Howardian Primary School and Cardiff West Community High School.
- Public Housing – development of new Council housing as part of the Cardiff Living Project.

Reasons for Recommendations

159. To consider the report and the actions therein that forms part of the financial monitoring process for 2017/18.

Legal Implications

160. It is a Council responsibility to set the budget and policy framework and to approve any changes there to or departures there from. It is an Executive responsibility to receive financial forecasts including the medium term financial strategy and for the monitoring of financial information.

Financial Implications

161. The month four revenue monitoring for the Council shows a projected overspend of £883,000 reflecting financial pressures and shortfalls against budget savings targets in directorate budgets together with a projected overspend in relation to capital financing costs. These are partly offset by projected savings on Insurance budgets, the release of contingency budgets, an anticipated surplus on Council Tax collection and NDR refunds on Council properties. Directorate budgets are currently projected to be overspent by £5.4 million however it is anticipated that management actions will enable this to be reduced by the year end. The directorate overspends are partially offset by the £3.0 million general contingency budget which was provided as part of the 2017/18 budget in order to reflect the quantum, risk and planning status of the proposed savings for 2017/18.

162. The projected overspends in directorate budgets include £3.158 million in Social Services, £1.399 million in Economic Development, £724,000 in Education & Lifelong Learning and £244,000 in City Operations. This position reflects a range of factors including increased demographic pressures in Social Services, particularly in relation to looked after children, shortfalls in

income and the anticipated failure to fully achieve the savings targets set as part of the 2017/18 Budget together with on-going shortfalls carried forward from the previous financial year.

163. The potential overspend includes a projected shortfall against the savings identified for each directorate as part of the 2017/18 budget together with any shortfalls against savings targets carried forward from the previous year. An overall shortfall of £1.755 million is currently anticipated against the £14.157 million directorate savings target with £3.581 million having been achieved to date and a further £8.821 million anticipated to be achieved by the year end. A projected shortfall of £1.714 million has also been identified in relation to savings targets carried forward from 2016/17. The projected shortfalls are reflected in the directorate monitoring positions although where possible shortfalls have been offset by savings in other budget areas. The July Cabinet meeting approved the Budget Strategy Report for 2018/19 and identified the significant financial challenges that the Council faces in the medium term. The projected under-achievement of identified savings in 2017/18 together with those carried forward from the previous year continues to underline the difficulties of achieving year on year savings across the Council.
164. The projected overspend in directorate budgets and in particular the shortfalls against savings targets represent a continuing cause for concern. Actions are being taken by those directorates currently reporting a projected overspend in order to try to resolve the issues that led to the current position or alternatively to identify offsetting savings in other areas of the service. This will be reviewed throughout the year as part of the overall challenge process to review the performance of directorates including the budget monitoring position.
165. The 2017/18 Capital Programme is £153.263 million of which £120.676 million is in respect of General Fund schemes and £32.587 million is in relation to the Council's Public Housing schemes. Against this, the projected outturn for 2017/18 is £149.828 million resulting in a total variance of £3.435 million.
166. Where there is a risk of slippage, directorates, need to address any obstacles promptly to ensure budgets allocated are spent in a timely manner. Where this is not possible, early reporting of issues should take place and robust profiles of expenditure should be developed for future years.
167. The Capital Programme update includes a number of schemes planned to be funded by external grants that have strict deadlines for expenditure having to be incurred. It is essential that directorates ensure that opportunities for utilisation of such funding are not lost to the Council by ensuring appropriate resources are directed to these schemes and that consideration has been given to all steps required to ensure contracts are in place and to meet the terms and conditions of such funding.

RECOMMENDATIONS

The Cabinet is recommended to:

1. Note the potential outturn position based on the first four months of the financial year.
2. Note the allocations from the Specific Contingency Budgets to the Economic Development, Communities, Housing & Customer Services and Social Services Directorates as set out in this report.
3. Reinforce the requirement for all directorates currently reporting overspends as identified in this report to put in place action plans to reduce their projected overspends.

CHRISTINE SALTER

Corporate Director

15 September 2017

The following appendices are attached:

- Appendix 1 – Revenue position
- Appendix 2 (a) – Budget Savings position – 2017/18 Savings
- Appendix 2 (b) – Budget Savings position – 2016/17 Savings
- Appendix 3 – Capital Programme