

**BUDGET MONITORING – MONTH 9 REPORT**

**FINANCE, MODERNISATION & PERFORMANCE  
(COUNCILLOR CHRIS WEAVER)**

**AGENDA ITEM: 5**

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**REPORT OF THE 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 nine 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 nine revenue monitoring for the Council shows a balanced position which is in line with the position reported at month six. There have however been changes within the overall position including an increase in the overspend on directorate budgets as a result of further pressures on the Children's Services budgets within Social Services, an increase in the projection for capital financing costs and a reduced surplus on Council Tax collection. These have been offset by a further increase in NDR refunds on Council properties and by an increase in the projected saving on insurance budgets in the current year.
5. The overall position continues to reflect a range of demographic, service and other financial pressures including shortfalls against budget savings targets in directorate budgets and a projected overspend in relation to

capital financing costs. These are offset by projected savings in directorate budgets as a result of management actions, a saving 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 £5.204 million with projected overspends in the Social Services, Economic Development and Education & Lifelong Learning 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 £1.0 million. A summary of the overall position is attached as Appendix 1 to this report.

6. The projected overspends in directorate budgets include £3.990 million in Social Services, £1.0 million in Economic Development and £998,000 in Education & Lifelong Learning. This reflects a range of factors including increased demographic pressures in Social Services and Education & Lifelong Learning, particularly in relation to looked after children and children with additional learning needs. There are also significant demographic and cost pressures in Waste Services. The projected overspends also include 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.
7. 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 £2.159 million is currently anticipated against the £14.157 million directorate savings target with £8.188 million having been achieved to date and a further £3.810 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 reported as part of the month nine monitoring. A projected shortfall of £2.001 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. Overall, this represents an increase of £424,000 compared to the shortfalls identified in relation to the 2017/18 and carried forward savings as reported at month six. 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 given the financial outlook in the medium term and the difficult choices facing the Council in the current budget round.
8. Actions are continuing to be 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 are considered as part of the challenge process to review the performance of directorates including the budget monitoring position. These reviews will continue throughout the remainder of the year and the actions taken will also be discussed in the Chief Executive's regular meetings with individual directors. As set out in the previous monitoring report at month six, in response to the level of financial pressures identified in the current year all directorates reviewed their monitoring positions and identified a range of in-year savings. The scope of the reviews included non-essential third party spend, temporary staff arrangements and opportunities to maximise income. The savings generated as a result of these reviews are reflected in the directorate monitoring positions within this report.

9. 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 recycle materials. Previous monitoring reports identified that full allocations would be required in both these areas and this is reflected in the directorate positions within this report. 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 £537,000 to support increased tonnages in waste disposal and £399,000 to support CTRS claims in the current year. The CTRS position reflects a reduction of £123,000 compared to the projection at month six. These are also reflected in the directorate positions within this report. 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 pressures on the Council's budget and the availability of earmarked reserves to support costs in this area if required, it is therefore 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). This is in line with the position previously reported at month six. 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.
10. The Council receives an annual report from its actuary assessing the appropriateness of its insurance provisions and reserves for self-insured claims. The review is based on the position as at 1 October together with a forecast to the next balance sheet date of 31 March. The review utilises actuarial techniques to forecast ultimate claim costs. The Council uses the results of this report to assess the appropriateness of its funding arrangements and in conjunction with existing claims costs and the insurance premiums sets the insurance charges to the Revenue Account for the current financial year. Based on early indications and experience in the

previous financial year, at month six it was considered prudent to assume a saving of £600,000 against insurance budgets. This position has now been reviewed and based on the Annual Report received in December which identified reduced costs in relation to previously forecast claims, it is now considered that a further saving of £300,000 can be identified taking the projected underspend on insurance budgets in the current financial year to £900,000.

11. 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 +£630,000**

12. An overspend of £630,000 is currently projected in relation to the Capital Financing Budget, an increase of £342,000 compared to the position reported at month six. The overall position reflects a combination of factors including £409,000 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 a reduction in the level of interest receivable from the Housing Revenue Account reflecting changes to the overall debt structure and the impact of internal borrowing in reducing the consolidated rate of interest within the overall pool of Council debt. The forecast also includes a shortfall of £50,000 against the budgeted dividend from Cardiff Bus reflecting the decision by the Board of Cardiff City Transport Services Limited not to award a dividend in the current year.
13. These additional costs have been partly offset by the assumption that any external borrowing to meet capital expenditure commitments is 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 borrowing decisions will continue to be subject to interest rates and advice from Treasury management advisors.

### **City Operations (£112,000)**

14. The Directorate is currently forecasting an underspend of £112,000, a slight decrease on the £118,000 underspend reported at month six. The decrease predominantly reflects adverse changes in a number of divisions across the Directorate, partly offset by an underspend against the budget for concessionary fares. The overall position includes projected shortfalls against cross-directorate savings targets and an overspend within School Transport. These are more than offset by underspends across a range of divisions, most notably Energy & Sustainability, Infrastructure Services and Management & Support. The overall position includes a projected shortfall against 2017/18 savings targets totalling £296,000, compared to a target of £1.749 million. In addition, there are projected savings shortfalls of

£209,000 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.

15. The overall position in relation to cross-directorate budgets is an overspend of £222,000. This is due to projected savings shortfalls against proposals for a staffing restructure, digitalisation and income generation. In addition, an overspend of £76,000 is projected within School Transport, primarily due to additional in-year costs of transport for pupils with additional learning needs, the impact of the introduction of the travel support allowance and it not being possible to achieve, in full, all of the 2017/18 savings proposals. Pressures have also been identified in other divisions, namely energy income shortfalls and a shortfall in SWTRA fee recovery within Infrastructure Services, although these have been more than mitigated by in-year savings.
16. Underspends are currently projected in a number of divisions including Energy & Sustainability, where a £47,000 net underspend is anticipated due to staffing vacancies and recharges, which more than offset savings shortfalls. An underspend totalling £60,000 is also projected within Management & Support due to increased staff recharges to externally funded activities and use of reserves. In addition, the most significant underspend, totalling £268,000, relates to Infrastructure Services, where the underspend against the concessionary fares budget and increased staff recharges more than offset the aforementioned SWTRA fee recovery shortfall. The other underspends within the Directorate total £35,000 and relate to Bereavement & Registration and Neighbourhood Services, due to a Bereavement trading surplus and increased enforcement income respectively. All other divisions are projecting balanced positions. This includes the Civil Parking Enforcement account and the Shared Regulatory Service, where it is assumed that a potential Housing Enforcement income shortfall will be offset by use of reserves. In addition, Parks, Leisure & Sport is projected to balance, despite an overspend at the Channel View Centre, additional costs of toilet maintenance and a shortfall in landscape design fees. Furthermore, Planning & Building Control is projecting a balanced position with increased planning fees mitigating higher operational costs.

### **Communities, Housing & Customer Services (202,000)**

17. The overall position indicates an underspend of £202,000, which represents an increase of £44,000 on the position reported at month six. The change is primarily due to an improvement in the position against a number of budgets within Assessment & Support, partly offset by an increased deficit within the Community Alarm Service. The overall position largely comprises underspends against the Housing & Communities, Partnership Delivery and Neighbourhood Regeneration divisions, partly offset by projected overspends in relation to Customer Services. Current indications are that savings totalling £893,000 will be achieved against the 2017/18 target of £1.083 million, leaving a shortfall of £190,000. In addition, a shortfall of £300,000 is projected against unachieved savings targets brought forward from 2016/17. This reflects projected income shortfalls in relation to the Alarm Receiving Centre and these are included within the overall Directorate position.

18. The Housing & Communities Division is currently projecting an underspend of £465,000. This includes an underspend of £191,000 in relation to Preventative Services, which is mainly due to disabled facility fee income in excess of target, in-year savings due to vacancies and additional capital allocations within the Joint Equipment Store. An underspend of £199,000 is also projected in relation to Assessment & Support functions predominantly due to in-year staffing savings, resulting from vacancies, and additional staff recharge income. Included within the position are increased costs for temporary accommodation, increased premises costs relating to the Housing Options Centre, increased drainage costs and utility savings shortfalls relating to the traveller sites. Face to Face Customer Services and Housing Grants are projected to underspend by £57,000 and £23,000 respectively, due to vacancy savings. All other budgets within this division are projected to balance or record minor variances. Included within the overall position is a drawdown of £399,000 from the specific contingency budget set aside to meet increased costs in relation to the Council Tax Reduction Scheme. This represents a reduction of £123,000 on the figure reported at month six and 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.
19. Customer Services is currently projected to overspend by £359,000, primarily in relation to the aforementioned £300,000 savings shortfall in connection with the Alarm Receiving Centre. A number of income opportunities have been identified, however these will not materialise until after 31<sup>st</sup> March 2018. In addition, there is a projected shortfall in telecare fee income, although this particular overspend is partly mitigated by employee savings within the division and additional meals on wheels income. The Wales Interpretation and Translation Service (WITS) and Rent Smart Wales are both projecting balanced positions. A £37,000 underspend is projected within Partnership & Delivery, which includes a savings shortfall in relation to a restructure, which is more than offset by managed underspends within supplies and services budgets, and a projected underspend against Communities First transition budgets. Neighbourhood Regeneration is currently projected to underspend by £51,000, due to vacancies and an underspend of £8,000 is also projected within Service Management & Support, due to employee savings. 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 and in Adult & Community Learning where a savings shortfall is planned to be offset by the use of earmarked reserves. Both the Supporting People and Communities First grants are forecast to be fully utilised.

### **Corporate Management (£50,000)**

20. An underspend of £50,000 is currently projected in relation to Corporate Management, a reduction of £2,000 compared to the position reported at month six. The projected underspend continues to reflect a range of savings including £53,000 due to a reduction in contributions to the Mid Glamorgan Superannuation Fund relating to past employees and £28,000 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 although this is still subject to review.

### **Council Tax Collection (£103,000) and NDR refunds on Council properties (£1.331 million)**

21. A review of the Council Tax position indicates a potential surplus of £103,000 a reduction of £74,000 compared to the position reported at month six. The projected surplus 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. This is partly offset by a reduction in the anticipated number of properties, a higher level of discounts and a higher than anticipated level of exemptions mainly in relation to student properties as compared with the assumptions reflected in the Council Tax Base report which was approved in December 2016. The surplus represents a variance of 0.05% of the estimated gross debit and may be subject to further fluctuations as the year progresses. A saving of £1.331 million is also currently identified in relation to refunds of NDR on Council properties achieved through the appeals process. This represents an increase of £364,000 compared to the position reported at month six and will continue to be monitored as further appeals are taken forward during the year.

### **Economic Development +£1,000,000**

22. An overspend of £1.0 million is currently anticipated, representing an improvement of £347,000 on the position reported at month six. The change includes a significant improvement within Recycling Waste Services, based on the use of reserves to fund increased costs at household waste recycling centres (HWRCs) and reduced subsidy payments in relation to the Cardiff International Swimming Pool. These are partly offset by an increased overspend within Culture, Tourism & Events. The overall position includes a significant, albeit reduced, overspend of £664,000 in relation to Commercial Services, as well as overspends projected within Culture, Tourism & Events, Property and City Centre Management. Projected underspends within Business & Investment, Major Projects and Office Rationalisation have partly mitigated the overall position. Included within the position are anticipated savings shortfalls of £187,000 in respect of 2017/18 against a target of £2.260 million and £390,000 in relation to unachieved savings targets carried forward from 2016/17. These shortfalls are reflected in the overall Directorate position.
23. The projected overspend in Commercial Services is predominantly the result of an overspend totalling £525,000 within Recycling Waste Services. This includes a significant overspend within the Materials Recycling Facility (MRF) due to higher third party payments associated with the treatment of recyclates and the loss of income due to the expiration of the contract with

Caerphilly Council. Overspends are also projected in relation to central transport charges and the use of agency staff to cover holidays and sickness within HWRCs. To mitigate this in the current year, a contribution from earmarked reserves will be made to offset the additional costs in HWRCs. Other mitigations within the division include a saving on bag purchases and additional income from the sale of recyclates, new contracts and waste transfer stations. The savings shortfall within Recycling Waste Services is projected to total £137,000 and relates primarily to digitalisation initiatives.

24. 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 recyclate materials. As previously approved, the full contingency budget for the MRF has been provided and an amount of £537,000 has been allocated in respect of the impact of increased waste tonnages. These allocations have been incorporated within the Directorate position.
25. Elsewhere within the Commercial Services division, it is anticipated that there will be a deficit of £73,000 in relation to Facilities Management, a deficit of £66,000 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, an overspend within Building Support, due to agency staff costs, and a deficit in relation to Security Services. These overspends are partly offset by a surplus on the Accommodation Account and surpluses in relation to School Caretaking and Pest Control. The deficit within Fleet Services includes some shortfalls against savings targets offset by in-year savings on employees and a small surplus 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.
26. Other overspends within the Directorate include an increased projected overspend of £499,000 in relation to Culture, Tourism & Events. This includes shortfalls against savings targets for St David's Hall and New Theatre, income shortfalls within Functions Catering, Retail Catering and Mansion House and a deficit within the budgets relating to the Old Library building. 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. This could still be subject to change depending on the performance of these venues over the important Christmas period and in the latter part of the year. Commercial Activities continue to project an overspend resulting from a shortfall against unachievable parks sponsorship income targets and additional expenditure in connection with the Tour of Britain event. Events is projected to overspend due to additional salary costs, although staffing savings within Tourism are currently offsetting this.



27. An overspend is also projected in relation to Property, where a deficit of £25,000 is the result of shortfalls against rental income targets and a shortfall in capital receipt fee income. These shortfalls are almost entirely offset by additional staff recharges and in-year salary savings. The position in respect of the Cardiff Market is currently reflecting a balanced position with rental income shortfalls offset by underspends against landlord premises budgets. In addition to the Property position, an overspend of £57,000 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.
28. These overspends are partly offset by projected underspends in relation to Business & Investment, Office Rationalisation and Major Projects. The Business & Investment underspend totals £142,000 and is due to additional bus shelter and other advertising income, net of costs incurred in generating the income. The Office Rationalisation underspend totals £21,000 and reflects premises cost savings in relation to a number of buildings earmarked for vacation during this financial year. In addition, Major Projects is projecting an underspend of £82,000. This reflects reduced subsidy payments in respect of the Cardiff International Swimming Pool, partly offset by a shortfall in staff recharges to capital schemes. Service Management & Support is projecting a balanced position, as is the Workshops account, despite additional repairs and maintenance costs, which are anticipated to be offset by additional rent and service charge income. The budget held in respect of the Volvo Ocean Race is also projecting a balanced position. The month six monitoring report noted the potential for financial implications arising from the cessation of the Dr Who Experience and indicated that this would be reflected in future monitoring reports as the position became clear. The current position is that an amount of £1.147 million remained outstanding in relation to the invest to save loan at the point at which trading ceased. This amount will now have to be met by the Council and is planned to be funded through unsupported borrowing thereby increasing the cost against the capital financing budget. On-going security and maintenance costs will be met from existing revenue budgets within Economic Development.

### **Education & Lifelong Learning +£998,000**

29. The overall position indicates an overspend of £998,000, which represents a decrease of £160,000 on the overspend reported at month six. The change is primarily the result of additional income within the Catering Service, which has increased the level of achievement against savings targets, offset by further expenditure in relation to Out of Authority Placements and the inclusion of a deficit in relation to the Outdoor Pursuits Centre. The overall position includes projected overspends against Out of Authority 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 £2.380 million are currently projected to be achieved against the 2017/18 savings target of £2.471 million, leaving a projected shortfall of £91,000. 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.

30. An overspend of £1.039 million is currently projected in relation to the budgets for Out of Authority Placements & ALN. Of this total, £998,000 relates to the cost of out of authority 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 and overall, costs have continued to increase. In addition, there is a projected overspend of £21,000 in connection with the budget for the 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 has been finalised, the residual costs for the first five months of the year have exceeded the available budget. The budget for the EOTAS tuition service is currently projecting an overspend of £21,000, which relates specifically to the hospital tuition service where a deficit is anticipated. A minor underspend is projected against the Services of a Specialised Nature budget, with the one-off cost of digitalisation of records offset by additional grant income and in-year staffing savings.
31. 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 £109,000 is anticipated in relation to Management & Support Services. This overspend comprises additional hire costs in relation to temporary accommodation at Cantonian High School, increased agency costs within the Admissions service, and savings shortfalls totalling £70,000 in relation to a review of central staffing, partly offset by in-year employee savings due to vacancies and an underspend within Education Welfare.
32. An underspend totalling £38,000 is projected in relation to Centrally Held School Funds, which is despite deficits within both the Music Service and the Outdoor Pursuits Centre. Savings against this budget include an in-year saving on the budget for reimbursements to schools in respect of trade union duties, estates management and school licences, as a result of the intention to transfer some of this expenditure to the delegated school budget. In addition, an underspend of £112,000 is projected in relation to Early Years & Childcare, mainly as a result of the reduced costs of non-maintained settings. A further underspend of £50,000 is anticipated within Wellbeing & Compliance due to the reduced costs of training provision. The position in respect of the Catering Service is balanced, despite the removal of subsidies as part of the 2017/18 savings proposals.

### **Governance & Legal Services (£103,000)**

33. The overall position indicates an underspend against budget of £103,000. This reflects a slight reduction of £15,000 compared to the position reported at month six. This reduction is predominantly the result of additional staffing expenditure within Bilingual Cardiff. The overall position includes a shortfall against 2017/18 savings targets of £55,000 in relation to external legal expenditure.
34. The position includes a projected underspend within Democratic Services of £48,000, primarily 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. These underspends total £25,000 and £15,000 respectively and are due to a combination of staffing vacancies and reduced supplies and services expenditure. Bilingual Cardiff is now projecting a reduced underspend of £15,000 following the identification of additional employee expenditure as outlined in the previous paragraph. Legal Services are currently projecting a balanced position. This includes staffing underspends against the new posts created following the centralisation of external legal budgets, although these are offset by a projected overspend in relation to external legal costs arising whilst the new posts were vacant. The additional external legal costs are also a result of the increase in childcare cases and the complexity of these cases. However, earmarked reserve funding is available and is currently anticipated to be sufficient to offset these additional costs in the current financial year. The position will continue to be closely monitored as risks remain should the level of commitments on external legal costs increase significantly in the latter part of the year. The other budgets within the Directorate are currently projecting balanced positions.

### **Resources (£317,000)**

35. The Directorate is currently projecting an underspend of £317,000, an increased saving of £16,000 compared to the position reported at month six. The change includes improved positions in Finance and Enterprise Architecture partly offset by reduced savings in other areas within the Directorate. Current indications are that savings totalling £1.183 million will be achieved against the 2017/18 target of £1.268 million, leaving a shortfall of £85,000. All unachieved savings targets brought forward from 2016/17 are currently anticipated to be achieved.
36. An underspend of £265,000 is currently projected in relation to Human Resources with savings on employee budgets due to vacancies, a projected underspend on Cardiff Academy, additional income within HR Services and savings on supplies and services and capital financing budgets in relation to HR Systems. A surplus of £105,000 is also currently projected in relation to Cardiff Works which is over and above the budgeted surplus for this service. Other areas currently projecting underspends include Performance & Partnerships, Commissioning & Procurement and ICT. These reflect a range of savings including projected underspends on employee budgets as a result of staff vacancies, increased income and a reduction in external spend.

37. These are partly offset by projected overspends of £50,000 in the Finance Service and £31,000 in Enterprise Architecture. The projected overspend in Finance 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. The projected overspend in Enterprise Architecture is mainly due to an anticipated shortfall in internal income relating to the recovery of costs of supporting projects and other initiatives within the Council. All other areas within the Resources Directorate are currently projecting a balanced position.

### **Social Services +£3,990,000**

38. The overall position for the Directorate shows a projected overspend of £3.990 million, an increase of £792,000 compared to the position reported at month six. This includes a projected overspend of £4.090 million in Children's Services partly offset by an anticipated saving of £100,000 in Adult Services. The increased overspend is mainly in relation to Children's Services and reflects an increase in residential placements in recent months together with a reduction in the level of cashable savings anticipated to be achieved in the current financial year. There have also been increased costs in relation to leaving care support and internal fostering and adoption. The projected underspend in Adult Services has reduced by £100,000 during this period with pressures continuing in relation to domiciliary care and nursing home placements for older people and supported living placements for people with learning disabilities.
39. The projected overspend in Children's Services continues to reflect the impact of demographic pressures with a significant increase in the number of placements and cost for looked after children. 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 £3.742 million are currently projected to be achieved against the Directorate's 2017/18 savings target of £4.997 million leaving a projected shortfall of £1.255 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.
40. 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 – (£100,000)**

41. The Adult Services budget is currently projecting a saving of £100,000 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 Directorate has introduced a number of measures and efficiencies during the year to try to control costs including managing the timing of appointments to vacant posts. Despite this, the continuing pressures in relation to domiciliary care and nursing home placements for older people and supported living placements for people with learning disabilities have reduced the projected underspend by £100,000 compared to the position reported at month six. 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.
42. Overall, commissioning budgets are currently reporting a projected overspend of £1.15 million. This includes projected overspends of £1.0 million on Services for Older People, £446,000 on People with Learning Disabilities and £73,000 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 6% in the past 12 months resulting in additional costs of £1.0 million. There has also been an increase of around 10% in the price of a nursing home bed during this period increasing costs within Services for Older People by £1.7 million. The projected overspend in Learning Disabilities includes 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 saving of £375,000 in mental health services including a significant reduction in residential MH placements together with lower than anticipated levels of activity in relation to Deprivation of Liberty Safeguards (DOLS).
43. Internal Services are currently projecting an underspend of £1.25 million. This is mainly due to an anticipated saving of £962,000 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. Savings of £216,000 in Internal Support & Management and £209,000 in Day Care and Reablement Services are also forecast. These are partly offset by an overspend of £137,000 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 +£4.090 million**

44. The Children's Services budget is currently projecting an overspend of £4.090 million, an increase of £692,000 compared to the position reported at month six. The change is mainly due to an increase in residential placements in recent months together with a reduction in the level of cashable savings anticipated to be achieved in the current financial year although there have also been increased costs in relation to leaving care support and internal fostering and adoption. The projected overspend takes 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 for example rose by 113 (16%) from 690 to 803 in the twelve month period since 31 December 2016. 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, Family Intervention, Early Help & Prevention services and Social Work budgets. The 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 £867,000 against the savings targets for 2017/18 and carried forward from 2016/17 and this is reflected in the analysis of the variances below.
45. An overspend of £4.715 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 during the year 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 £672,000 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 £355,000 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, £62,000 in Internal Fostering & Adoption, £54,000 on Safeguarding and Child Sexual Exploitation budgets and £22,000 on Management & Business Support.

46. A saving of £405,000 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 £204,000 is also projected in relation to Child Health & Disability commissioning budgets mainly in respect of domiciliary and respite care. Family Intervention, Early Help & Prevention budgets are also projecting an underspend of £232,000 partly as a result of the additional grant funding which has offset costs in this area. Social Work budgets are currently projecting an underspend of £277,000 with this partly reflecting the timing of appointments to new posts during the year.

### Civil Parking Enforcement

47. 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.

	<b>Budget</b>	<b>Projected</b>	
	<b>£000</b>	<b>Outturn</b>	<b>Variance</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Income</b>			
On street car parking fees	(4,425)	(4,535)	(110)
Off street car parking fees	(1,086)	(1,096)	(10)
Residents parking permits	(300)	(325)	(25)
Penalty charge notices	(2,289)	(1,980)	309
Moving Traffic Offences (MTO's)	(3,656)	(4,040)	(384)
Other income	0	(6)	(6)
<b>Total Income</b>	<b>(11,756)</b>	<b>(11,982)</b>	<b>(226)</b>
<b>Expenditure</b>			
Operational costs, parking & permits	876	869	(7)
Enforcement service including TRO	5,164	5,283	119
<b>Total Expenditure</b>	<b>6,040</b>	<b>6,152</b>	<b>112</b>
<b>Annual Surplus</b>	<b>(5,716)</b>	<b>(5,830)</b>	<b>(114)</b>

48. The Civil Parking Enforcement budget for 2017/18 assumed a trading surplus of £5.716 million. The current projection indicates this surplus will be £5.830 million, an increase of £114,000. This is broadly in line with the forecast at month six.
49. Current forecasts indicate an additional £226,000 of income against the target. This includes increased income from car parking fees and from MTOs,

in particular bus lane enforcement. A shortfall is anticipated from penalty charge notices as workloads are diverted from penalty charges to MTOs. There are some additional operating costs relating to the maintenance of cameras, additional temporary support from C2C and an increased level of capital repayments which are partly mitigated by reduced employee costs as a result of vacant posts.

50. The anticipated surplus of £5.830 million will be transferred to the Parking & Enforcement Reserve. This is available to support highway, transport and environmental maintenance and improvements. The table below illustrates the planned movements and forecasted year-end position in the reserve.

<b>Parking &amp; Enforcement Reserve</b>	<b>£000</b>
Balance as at 1 <sup>st</sup> April 2017	351
Forecast contribution from CPE 2017-18	5,830
<b>Total Available</b>	<b>6,181</b>
Budgeted contribution to support Highways, Transport & Environmental Maintenance & Improvements	<b>5,025</b>
<b>Contributions Agreed in Budget Proposals</b>	
Bus corridor Improvements	335
DFS maintenance/ signs	7
Highways/ Transport/ improvements/ pressures	50
<b>Additional Schemes Approved In-Year</b>	
20 mph zones Riverside & Canton	200
Contribution to Bay Edge Walkway	35
HSBC Core Cities Cycling Partnership	50
<b>Total Planned Use</b>	<b>677</b>
<b>Total Anticipated Drawdown</b>	<b>5,702</b>
<b>Balance at 31 March 2018</b>	<b>479</b>

51. 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 £6.181 million. The anticipated drawdown from the reserve is £5.702 million which would leave a year-end balance of £479,000. This will be taken into consideration as part of the 2018/19 budget proposals which will be reported to Council in February.
52. A number of contributions to schemes and initiatives were approved by Council as part of the 2017/18 Budget and these are set out above. The £230,000 approved in respect of the MTO expansion has however now been



capitalised and is no longer identified as an in-year commitment. The additional proposed schemes and initiatives have been approved by the Director of City Operations in consultation with the Cabinet Member for Strategic Planning & Transport and on the basis of the financial projections the proposed allocation from the reserve has been approved by the Corporate Director of Resources. These proposals are in line with the position reported at month six with the exception of the proposal for £70,000 for 20 mph zones in Cathays which will now be funded by specific grant.

### **Housing Revenue Account**

53. The Housing Revenue Account (HRA) is currently projecting a surplus of £436,000 a reduction of £944,000 compared to the position reported at month six. The change is mainly due to a proposal to utilise £1.0 million of the projected underspend in the current year for additional repayment of borrowing. The proposal is linked to pressure on the borrowing cap for Cardiff going forward with the planned investment and development of housing including new build proposals within the HRA. There has also been a further increase in the projected underspend on the Housing Repairs Account partly offset by increased costs in other areas. Any surplus at the year-end will be utilised to support on-going investment and future housing development costs.
54. An underspend of £1.8 million is currently forecast in relation to the Housing Repairs Account, an increase of £400,000 compared to month six. The majority of the underspend is due to lower than budgeted external contractor spend although there is also evidence of reduced demand in some areas where high volume spend has been incurred in previous years including external work such as fencing. There is also likely to be some impact due to the effects of the demobilisation and transition to the new contract arrangements for the Building Maintenance Framework.
55. The projected surplus also includes anticipated underspends of £54,000 on various premises costs and £21,000 on transport budgets. Income is also currently projected to be £104,000 above target mainly due to a lower than budgeted level of void rent loss and increased income from staff recharges to capital projects. These are partly offset by an anticipated overspend of £526,000 in relation to support services reflecting higher than anticipated levels of staff and premises recharges within the Communities, Housing & Customer Services Directorate together with abortive capital costs relating to the Channel View Regeneration Project that have now been charged to revenue. Supplies and services budgets are also projecting an overspend of £17,000 with employee budgets currently projected to be in line with budget.

### **Cardiff Harbour Authority**

56. Welsh Government support for Cardiff Harbour Authority is subject to 3-year funding agreements. The existing agreement was scheduled to expire on 31<sup>st</sup> March 2017, however Welsh Government advised that they would like an opportunity to review current arrangements and wished to extend the previous business period by twelve months, up until 31<sup>st</sup> March 2018, during

which period such a review would 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.

57. The current forecast indicates a funding requirement of £5.891 million, representing a full spend of budget.

Heading	Budget £000	Projected Out-turn £000	Variance £000
Expenditure	6,365	6,435	70
Income	(820)	(890)	(70)
<b>Fixed Costs</b>	<b>5,545</b>	<b>5,545</b>	<b>0</b>
Asset Renewal	346	346	0
<b>TOTAL</b>	<b>5,891</b>	<b>5,891</b>	<b>0</b>

58. Overall, expenditure is expected to be £70,000 over budget although this is offset by increased income. The increased expenditure includes additional essential barrage maintenance costs and the widening of the Bay Edge Coastal Path. These increases have been possible due to a combination of reduced groundwater monitoring and control costs, environmental surveys and dredging work. Income is also projected to be above target and is generated from car parking fees, harbour dues and water activities.
59. The Asset Renewal budget is currently indicating a full spend in line with the approved schedule of work including the replacement of a vessel and testing welds and painting of the bascule bridges on the barrage.
60. The balance in the Project and Contingency Fund at 1 April 2017 was £591,000. This balance will increase following the receipt of the additional capital receipt for £320,000 from the 'Bay-scape' development. There are commitments of £214,000 in relation to the final instalment of the Volvo Ocean Race hosting fee, £121,000 as part of the redevelopment work at Alexandra Head and a further £100,000 towards the desilting work in the River Taff. This will leave a balance of £476,000 which is largely required to fund the remaining costs of the Alexandra Head scheme.
61. The Welsh Government continues to have discussions with Cardiff Harbour Authority over the way forward with a view to jointly agreeing a new funding agreement for 2018-21. The Welsh Government have already emphasised the pressures on the budget and indicated that supporting Cardiff Harbour Authority at current funding levels is unsustainable and consequently there is a desire to explore opportunities for savings. Cardiff Harbour Authority and the Council have responded positively and constructively to this request and plan to work jointly with the Welsh Government on developing an appropriate settlement within the context of a wide-ranging review of Cardiff Harbour Authority activities. Welsh Government are conscious of Cardiff Harbour Authority statutory functions, therefore exploring savings and efficiencies must be undertaken carefully and managed appropriately.

62. The Welsh Government has now delayed the review originally planned for the autumn, until the next financial year and have subsequently advised the Council that total funding for 2018/19 will be set at £5.4 million, representing a reduction of £491,000. Cardiff Harbour Authority are currently developing a revised budget based on this, which will be reported as part of the Council's budget proposals in February.

### **Capital**

63. The Council in February 2017 approved a 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 £167.886 million to include actual slippage reported at outturn, incorporation of new grant approvals and confirmation of actual grant awards.
64. Given the significant capital pressures and reductions in funding seen over the last few years, slippage for annual sums, will not automatically be carried forward.
65. The Month 6 monitoring report to Cabinet in September gave a comprehensive overview of the schemes included in the 2017/18 programme. The sections below indicate a forecast position for 2017/18 for the General Fund and Public Housing, with the focus on key schemes and variances. A detailed list is included in Appendix 3.

### **General Fund**

66. The projected outturn for the year is currently £111.100 million against a total programme of £135.299 million, a variance of £24.199 million. Expenditure at the end of Month 9 was £64.605 million which represents 58% of the projected outturn.

### **City Operations**

67. The 2017/18 programme for the Directorate is £33.744 million, with an initial variance identified of £7.989 million. This is primarily in relation to delays in implementation of schemes such as the Cardiff West Interchange, parks improvements, phase two of the energy REFIT scheme, highway structures, as a result of receipt of external grant for cycling schemes and expected grant from WG for Road Refurbishment.

### **Energy Projects & Sustainability**

68. The Council has secured up to £2.105 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. Delays in implementation and reduction in the scope of works mean that the first phase of energy saving measures are expected to cost £1.170 million. Repayments of the loan must be made from savings arising from the measures introduced and energy savings are currently expected to be circa £120,000 per annum. Slippage of £935,000 is shown for development of a second phase subject to approval of a business case.

## **Regulatory**

69. 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. This scheme was completed in 2016/17 with no further commitments outstanding. Accordingly the budget of £117,000 has been shown as an underspend.

## **Parks and Green Spaces**

70. Delays in putting together a programme of works and tender for play equipment replacement indicates slippage of £70,000 into next financial year. Works are proposed at Celtic Park, Crawford Park, Matthew Walk, Parc Rhydypenau and Tremorfa Park to address essential surfacing and equipment renewal.
71. Flood prevention schemes have been completed at Morganstown Park, Hailey Park, Grange Gardens, Parc Coed y Nant, and Roath Park while investigations continue at Heol-y-Delyn, Lisvane and in respect of Roath Park Dam. Other schemes pending development include Keyston Road, Hill Snook Park and Craiglee Drive. Delay in the implementation of schemes means slippage of £68,000 has been identified into next year.
72. Projected expenditure this year at Parc Cefn Onn as part of the lottery funded scheme has reduced to £70,000. Asbestos in the roof of the toilets, the bespoke nature of some the works such as the raised boardwalk and capacity issues to move the scheme forward have delayed the start of improvements until the first quarter of next year. The Heritage Lottery Fund have been made aware of revised timescales.
73. Until options are fully explored for the future use of Roath Park House, the £200,000 profiled for expenditure in 2017/18 is assumed to be carried forward into future years to be considered along with other emerging priorities for investment in the park during 2018/19.
74. Funding of £300,000 was allocated as part of the financial resilience mechanism in the Council's revenue budget in 2017/18 to allow refurbishment of various sports facilities in the city. These include changing rooms at Rumney, Trelai, Victoria Park, Llandaff Fields and Thornhill. Due to delays in starting works and to ensure no impact on planned fixtures, slippage of £80,000 is anticipated at this stage.

## **Leisure**

75. Of the £273,000 budget for priority one works to leisure sites prior to the transfer to Greenwich Leisure Limited (GLL), £193,000 allows for the completion of lighting, pool and fire alarm works at Pentwyn Leisure Centre and pool lighting at Llanishen Leisure Centre. The balance of £80,000 is being used together with £260,000 from the asset renewal budget towards the costs of addressing roof defects at Llanishen Leisure Centre.

76. 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. The first phase of the project includes new Technogym equipment being installed in Llanishen, Maindy, Western and Pentwyn leisure centres, along with an upgrade of the gym facilities. Changing rooms at Llanishen will be refurbished and new studios, including a group cycle room, will be installed. Reception areas at all four centres will also be upgraded. Any investment will be required to be repaid on an Invest to Save basis, with invoices and detailed schedules of work awaited from GLL to allow payment in the last quarter.
77. An invest to Save scheme of £500,000 is approved for Channel View Centre which is retained by the Council. The investment will 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 in May 2018, so slippage of £100,000 is assumed at this stage.
78. Gym equipment for STAR centre was initially leased; however, this has been purchased in full 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**

79. 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. Works to the roof are programmed for completion by the end of March 2018, but will be subject to weather conditions and progress on site.

### **Highway Maintenance**

80. Expenditure on the reconstruction of structurally deteriorated roads which are deemed to be a priority is forecast to be £1.430 million. Works completed include Grand Avenue, Cae Glas Road, Caegwyn Road, Ty Gwyn Road, Llandennis Avenue and Rhydhelig Avenue. Two additional schemes at Ty Draw Rd and Amroth Rd will also be completed this year.
81. The balance of Council funded allocations for carriageway and footway resurfacing is £1.847 million. The contract for carriageway preventative works was completed in October 2017, whilst the contract has been awarded for footway preventative works and the tendering process for carriageway resurfacing and footpath reconstruction is ongoing. Full expenditure is currently forecast by the Directorate. 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.

82. Following discussions between Welsh Ministers and the County Surveyors Society, options are being considered for one off and longer term investment in the highway network to prevent deterioration. Initially a one-year investment is being considered, which subject to terms and conditions, will result in circa £2.5 million of grant being received by the Council in 2017/18. This has been reflected in the projections and results in the council's own funding being displaced and shown as slippage into 2018/19 when it would be used to support additional investment in this area.
83. The Bridges and Structures budget includes an allowance to meet potential additional costs for works for Windsor Road bridge in excess of the agreed £1.628 million contribution to Network Rail. Although the road reopened in July 2016, a final account is awaited. Together with delays in scoping work requirements and design for culverts and North Road flyover, slippage of £830,000 is forecast. The directorate will need to manage any emerging priorities for structures from within its existing budgets.
84. 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.
85. In respect of the LED lighting on principal roads the majority of the circa 13,600 lanterns have been replaced. However further works are required to replace nonstandard lanterns 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. Additional works include lighting in subways, heritage lighting such as in St Mary's Street and high mast columns in Gabalfa and St Mellons. A variation of £377,000 has been made to the LED contract to include these items, whilst ensuring that the overall cost remains within the £5.5 million limit approved by Cabinet. Any such variations will need to be managed in line with the business case for the scheme and paid back from energy savings.
86. Following receipt of a business case, an invest to save scheme has been approved for the trial of LED lighting in residential areas. This is to take place in the Radyr ward converting 1250 columns at an estimated cost of £337,000, of which £100,000 is initially forecast to be spent this financial year.
87. 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. There are further delays with completion now expected to be in Spring 2018. Whilst the total cost of the scheme was initially estimated to be £2.5 million, it is forecast to be circa £380,000 higher at this stage. This will need to be managed within existing Directorate budgets.

## Traffic & Transportation

88. The asset renewal telematics budget of £390,000 allows the completion of fan replacement in Butetown Tunnel.
89. Slippage of £400,000 has been identified within the cycling budget. This is as a result of Local Transport Fund Grant covering the costs of design works that would otherwise have been paid for by the council (£200,000). In addition, upgrades to the North Road to Western Avenue Route are to be started in the last quarter and be complete in 2018/19 (£200,000).
90. 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.
91. An additional Welsh Government Local Transport Fund grant approval of £1.124 million received in December 2017 has increased the Council's allocation to £2.388 million. The additional funding supports the introduction of a new bike hire scheme (£800,000), introduction of 20mph zones in Cathays and Gabalfa (£230,000) and further active travel improvements (£94,415).
92. A Welsh Government Road Safety grant of £506,000 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.
93. 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.
94. Expenditure of £402,000 has been undertaken on an invest to save basis for the replacement of aged pay and display machines (£172,000) and the expansion of moving traffic offences (£230,000). These are to be repaid from future parking and enforcement income.
95. 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.
96. 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.

97. 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, with installation anticipated to begin in the last quarter. Slippage of £300,000 has been identified at this stage.

### **Harbour Authority**

98. Harbour asset renewal address various barrage structural works and the replacement of a sailing vessel. The programme also includes infrastructure works required in advance of the Volvo Ocean Race at Alexandra Head (£1.285 million) and to improve the Bay Edge Walkway (£571,000). These are paid for primarily from Welsh Government Grant and the Harbour Projects and Contingency fund.

### **Communities, Housing & Customer Services**

99. The 2017/18 programme for the Directorate is £13.201 million, with an initial variance identified of £2.403 million in relation to the timing of implementation of the neighbourhood regeneration schemes, disabled facilities grants and development of a facility to support victims and those at risk of domestic abuse.

### **Citizen Hubs**

100. The programme allow completion of the Hubs strategy approved by Cabinet. Phase 2 of the extension of St Mellons Hub is to be complete in May 2018. There have been initial issues with ground conditions, and the total costs of the scheme are estimated at £4.1 million, which includes a £950,000 contribution from Housing Revenue Account over the two years 2017/18 and 2018/19. A £265,000 Welsh Government grant was awarded for the scheme in December 2017.
101. Llanishen Hub opened in November 2017 after the conversion of the ground floor of Llanishen Police Station to accommodate a library, alongside training and interview spaces. The total costs of the scheme are circa £555,000, including a £55,000 contribution from the Housing Revenue Account in 2017/18.
102. 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.
103. The Llanedeyrn Hub opened in July with total costs of £1.966 million. The Hub is 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**

104. The neighbourhood renewal schemes budget is £541,000 and allows completion of remaining schemes in the programme. Improvements have been completed at Heol Y Delyn and Coed Y Gores play areas and Burnham Avenue shops. Slippage of £91,000 is shown for footpath and access improvements at Hendre Park, whilst details of a wider range of improvements are developed.
105. The local shopping centre improvements budget is £592,000 for commercial property shop front works in the Clare Road/ Penarth Road district shopping centre. Slippage of £120,000 is assumed, with additional properties requesting to join the scheme being added to the existing contract for works.
106. The Maelfa regeneration scheme includes the redevelopment of a new retail parade of 9 units which 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 £1.058 million is forecast for the year primarily towards the retail units, but also towards predevelopment works. Slippage of £250,000 is assumed this year.
107. The Alleygating budget of £65,000 is for gates to be installed in prioritised lanes in Plasnewydd, Riverside and Ely. Schemes are subject to resident consultation and legal procedures and £15,000 of slippage is anticipated in year.

### **Housing (General Fund)**

108. The Disabled Facilities Service budget is £4.405 million for mandatory and discretionary grants to housing owner occupiers to enable a person to continue living in their own home as well as for administration costs for the grants. Slippage of £800,000 is assumed at this stage, as whilst expenditure may be committed, not all works will be completed at the end of the year. Priority will be given to ensure grant funding is utilised by its deadline of 31 March 2018. A Welsh Government Intermediate Care Fund Enable grant of £399,000 has also been awarded to the Council, which requires the Council to work in partnership with Health, Social Care and the 3<sup>rd</sup> sector to support independent living.
109. The estate environmental improvements capital allocation supports the costs of works to owner occupier properties on housing and estate improvement schemes. It includes the development of a scheme for energy wall insulation at Llandaff North and Rumney, for which a grant application has been submitted to Welsh Government. Full slippage of £427,000 is shown against this scheme pending the outcome of the application.
110. The 2017/18 Capital Programme included an allocation of £1.2 million for the development of facility to tackle Domestic Abuse, £400,000 of which

was assumed in 2017/18. Works are in partnership with the University Health Board and delivery is contingent on the timing of improvements to the fabric of the Cardiff Royal Infirmary building. Options for an interim facility are being considered to allow the service to operate, however projected spend this year is unlikely to exceed £50,000 on design and development costs, with anticipated slippage of £350,000 into 2018/19.

### **Economic Development**

111. The 2017/18 programme for the Directorate is £20.940 million, with an initial variance identified of £4.854 million, predominantly in relation to the timing of development of the International Sports Village temporary car park, Dumballs Road Regeneration and the Cardiff Enterprise Zone.

### **Business and Investment**

112. Town centre loan schemes are part of the Welsh Government vibrant and viable places programme. Repayable 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 £1.358 million are assumed to be made in 2017/18 for the regeneration of the train station and Cory's building in Bute Street.
113. The Council has developed a joint investment fund in Small to Medium Enterprises with S4C. The £150,000 investment has now been fully spent with funding allocated to three companies. In addition, the remaining funding for the Social Innovation Fund provides a £29,000 grant to new or expanding social enterprises, is to be fully utilised.

### **City Development & Major Projects**

114. 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 and no further expenditure is planned for this year. The remaining capital allocations of £2.925 million invest to save funding and £1.6 million for additional land purchase, to be met by earmarked capital receipts, will be carried forward into future years whilst options for the site are considered.
115. Full slippage is shown for the creation of a temporary car park at the International Sports Village Site. This is to meet parking obligations to the International Pool whilst releasing other areas of land for development, with works now planned for spring 2018.
116. In relation to the development of the new bus interchange, Cabinet recommended in December 2017 that the Council enter into a Joint Venture agreement with Welsh Government and Rightacres. Pre development costs for the Council towards design, planning and site preparation are £6.777 million and in order to facilitate this, £1.277 million in approved capital funding has been brought forward from future years into 2017/18.

117. 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. The amount included in the 2017/18 programme is £3.809 million, and is subject to progress on site and phasing of any council contribution in accordance with the contract to be agreed.
118. As part of proposals for further development of the House of Sport in Leckwith, the Council has agreed to provide 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**

119. The new household waste recycling centre opened in July 2017. Previous monitoring reports highlighted that the costs had increased and this is 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, adverse exchange rates and additional costs in relation to civil engineering works. The total cost of the scheme across all years is £2.788 million, £805,000 in excess of the original contract awarded in July 2016. £300,000 of this was funded from earmarked revenue reserves in 2016/17, with the balance of £505,000 also to be met from earmarked reserves subject to the overall outturn position of the Council in 2017/18.
120. A sum of £650,000 was included in the programme for an invest to save scheme to upgrade the waste materials recycling facility at Lamby Way. This will reduce manual handling and increase recycling rates. Slippage of £260,000 is anticipated to 2018/19 in order to allow completion of the scheme and payments to be made in accordance with milestones included in the contract.
121. Property Asset Renewal for administration buildings of £483,000, 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.
122. Final capping and restoration has been undertaken on the remaining 12 hectares of the Lamby Way landfill site following its closure. This completes 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 now complete but at an increased cost of £951,000. Additional costs are due to the need to procure additional soil, filling in voids and confirming locations of the various underground capping layers. A provision for future landfill costs was set up in 2013/14 and additional costs will be managed within the provision which is not shown in the Capital programme. In accordance with best practice, the level of the provision is to be reviewed during this year.

## Venues and Cultural Facilities

123. The property asset renewal budget of £456,000 is for various works including replacement of CCTV at St David's Hall, Building Management systems, ventilation chillers in New Theatre and resurfacing of wartime tunnels at Cardiff Castle.
124. Works to the New Theatre roof which started in 2016/17 have been completed and the £306,000 slippage from 2016/17 for priority one works at both these sites is carried forward until a detailed plan for use is determined.

## Property

125. The Property Asset Renewal budget of £60,000 is to be spent on the replacement of heating controls at the Old Library in the Hayes. In addition kitchen facilities at County Hall will be upgraded in order to meet safety requirements and to support a new initiative for apprenticeships at an estimated cost of £340,000. This is to be funded by the Office Accommodation rationalisation budget (£100,000), an Invest to Save allocation (£140,000), and the property asset renewal budget (£100,000).
126. The budget allocated for Office Accommodation Rationalisation is £200,000. Expenditure in 2017/18 includes 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 (£51,000) and £20,000 to refurbish Cord House. The remaining budget for this scheme of £100,000 is to be utilised for the County Hall Canteen project.
127. The Community Asset Transfer budget provides up to £25,000 for improvement works to buildings being taken on by third party organisations. Slippage of £50,000 is expected, with expenditure to date including support for Friends of Llwynfedw Gardens at Llwynfedw Pavilion and Cardiff Beach Volleyball at Victoria Park Pavilion.
128. In accordance with the strategy for investment property approved by Cabinet in November 2015, the purchase of investment property at Womanby Street is progressing and the purchase of Senlan industrial estate is complete. A total of £655,000 has been included in the capital programme, paid for from the disposal proceeds from investment properties.
129. An allocation of £300,000 was included in the 2017/8 Revenue Budget Financial Resilience Mechanism towards a partial refurbishment of the Central Market roof in order to prevent water ingress. Full slippage is shown as a tender exercise has not been completed and works are now proposed to be undertaken in 2018/19 to avoid risk of unfavourable weather conditions.

## **Education and Lifelong Learning**

130. The 2017/18 programme for the Directorate is £57.661 million, with a variance of £7.478 million identified, mainly due to re-profiling of future years ICT infrastructure and property asset renewal budgets as well as the timing of completion of 21<sup>st</sup> Century Schools Band A schemes.

### **Schools - General**

131. Total schools Asset Renewal allocations for 2017/18 is £4.764 million and includes specific allocations for schemes at Willows High School (£1.5 million) and Fitzalan High School (£2 million) both of which are anticipated to be delivered on budget.
132. As a result of significant pressures in 2016/17 requiring resources to be brought forward from 2017/18, limited resources are available in 2017/18 to address Asset Renewal schemes outside of the specific schemes mentioned above. Available resources have been fully allocated to prioritised schemes in 2017/18 and an additional £1 million is needed to address urgent needs identified during the year. This is to be managed by bringing forward this sum from the 2018/19 budget allocation.
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, including Radyr Primary, Woodlands High School, The Court Special School and Bryn y Deryn Pupil Referral Unit.
134. The budget for Flying Start Capital schemes for the year totals £127,000 and allows for the completion of a scheme at St Cadoc's, started in 2016/17, and implementation of a several small schemes during this year.
135. The budget of £975,000 for DDA adaptations at Whitchurch High School represents slippage from the Capital Programme allocation for this purpose from 2016/17. Works undertaken include various alterations to improve accessibility. Slippage of £300,000 is projected at this stage, which will be combined with the 2018/19 allocation of £1 million and used to purchase replacement demountable units for the upper and lower sites.

### **Schools Organisation Plan – 21<sup>st</sup> Century Schools Band A**

136. In March 2015 the Authority submitted a re-aligned 21<sup>st</sup> Century Schools Programme (Band A) for investment totalling £164.1 million which was approved by Welsh Government.
137. Projected expenditure during 2017/18 is £41.577 million, with slippage of £8.378 million relating to several large complex schemes new build schemes which are being implemented concurrently. Expenditure of £18.9 million relates to the new Eastern Community Campus which includes facilities for Eastern High School and Cardiff and the Vale College. The new site opened in December 2017 at a total construction cost of £26 million.

138. The remaining schemes in the programme have commenced on site with planned expenditure during the year including Cardiff West Community High School (£8 million), Howardian Primary School (£3.2 million), Ysgol Glan Morfa (£3.9 million), Ysgol Hamadryad (£2.3 million) and Gabalfa / Ysgol Glan Ceubal Primary (£2.3 million).

## **Resources**

139. The 2017/18 programme for the Directorate is £7.396 million, with a variance of £589,000 identified in relation to technology schemes.

## **Technology**

140. The Modernising IT to Improve Business Processes budget in 2017/18 is £980,000 and includes expenditure on Electronic Document Management Systems and the development of a Cardiff App for mobile devices. Slippage of £530,000 is anticipated for the year and with the budget to be reviewed and prioritised in 2018/19 and future years to support the Council's Digital vision.
141. 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. Slippage of £59,000 is forecast at this stage.

## **Corporate**

142. The contingency budget of £200,000 is shown as projected to be fully required, although at present there is no planned use. Any under spend will be used to reduce the level of borrowing assumed in the Capital Programme.
143. Of the £500,000 invest to save budget, £440,000 has been utilised towards Salix schemes for energy reduction measures, County Hall canteen refurbishment and to begin a LED lighting trial in residential areas, with the remainder assumed to be not required this year.
144. The Wider Investment Fund for City Deal includes £375 million of HM Treasury Grant and £120 million of capital contributions agreed by the ten partner authorities. A report was approved by Regional Cabinet in January 2018, which updated the financial modelling and recommended that Council capital contributions be brought forward and used for the semiconductor project instead of HM Treasury Grant. This would allow such funding to be preserved and used for revenue costs and revenue expenditure related projects in future. Cardiff Council's overall approved contribution to the wider investment fund is £28.4 million and £5.737 million is assumed to be required in 2017/18 for use by the Joint Committee. This has been added to the programme and assumed to be paid for by additional borrowing.

## **Social Services**

145. The 2017/18 programme for the Directorate is £2.357 million, with a variance of £886,000 represented primarily by slippage on building schemes to improve service delivery for adults.

## **Adult Services**

146. Integrated Care Fund (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 proposed include an external canopy and refurbishment of toilets. Slippage of £225,000 is assumed, with the use of external 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 at a total cost of circa £255,000. Refurbishment works have started on Grand Avenue Day Centre and will continue into 2018/19 with total costs anticipated to be £770,000. The works are expected to be completed by the end of May 2018. This year the total scheme has an annual total of £1.167 million, with a further £330,000 Welsh Government Integrated Care Fund Grant, required to be spent by 31 March 2018. With grant to be utilised first, slippage of £730,000 is anticipated in year. Plans are being developed for improvements to Fairwater, which will be implemented in 2018/19.

## **Children's Services**

148. A new accommodation strategy included the refurbishment of Gabalfa House to facilitate the relocation of Youth Offending Service from Penhill and its disposal. The refurbishment of Gabalfa House, now called the John Kane Centre, includes a new activity area and an IT breakout zone for the direct benefit of the young people at an estimated cost of £329,000.
149. Intermediate Care Fund grant of £300,000 has been awarded to refurbish and enhance several classrooms on the Woodlands Special School campus, making it accessible for children with learning disabilities and complex needs, for curricular and out of school activities. It would be accessible for use by Ty Gwyn and neighbouring special schools.

## **Capital Receipts**

150. The 2017/18 Capital Programme included an assumption of £2 million non-earmarked capital receipts net of fees to pay for the Capital Programme. Receipts of £1.952 million have been received to date, including the disposal of the Rise Penhill (£1.6 million), initial proceeds for Howard Gardens (£260,000), and the former library in Trelai (£80,000).
151. Earmarked receipts totalling £7 million have been received in the year from the sale of plots in relation to the Central Square development.

## **Public Housing (Housing Revenue Account)**

152. The revised Capital Programme for Public Housing is £32.587 million with a projected outturn of £29.097 million.
153. The Housing Development budget of £991,000 has been used on several schemes resulting in a net underspend of £11,000, including; the conversion of the former children home at 150 Thornhill Road into older person “independent living” accommodation, Edinburgh Court improvements, and South Morgan Place balcony improvements. These schemes aim to encourage ownership of the estate and help to avoid anti-social behaviour.
154. The estate regeneration and stock remodelling projected costs for the year are circa £2.164 million in 2017/18. This includes a range of schemes, most notably; garage and courtyard improvement schemes (£1.359 million), the estate regeneration and improvement of Channel View and a number of schemes to improve the energy efficiency of blocks (£500,000). Total variance on these schemes amounts to £1.345 million, with options for improvements to Channel view being considered.
155. A sum of £12.683 million is expected to be spent on external and internal improvements to housing stock for 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 expenditure projected includes £3.1 million for roof replacements, £2.253 million for high-rise central heating upgrades and £1.1 million for rewiring works in all types of council dwellings.
156. 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 overspent by £276,000, which is being managed within existing HRA capital budgets.
157. Phase 1 of the Cardiff Living Programme is currently underway with the Willowbrook West and the Braunton and Clevedon schemes on site and progressing well. Construction work has also commenced on the Llanrumney Depot and at Ty-To-Mean sites. The anticipated spend is £8.182 million this financial year of which £2.309 million is to be paid for from affordable housing contributions.
158. 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. Subject to acceptance of offers and legal completions, expenditure of £1.857 million is forecast this year.
159. Capital receipts from disposal of dwellings under Right to Buy are £2.082 million in 2017/18 to date.



## Section 106 schemes and Other Contributions

160. The table below shows the Section 106 and other contributions forecast to be spent at the time of setting the budget. Expenditure profiles are reviewed by Directorates and then reflected in the projection at Month 9:

	Budget	Projection at Month 9	Variance
	£000	£000	£000
Regulatory Services	0	12	12
Parks & Green Spaces	808	500	(308)
Harbour	76	190	114
Traffic & Transportation	458	672	214
Strategic Planning	93	190	97
Neighbourhood Regeneration	276	69	(207)
Economic Development	486	2,249	1,763
Education & Lifelong Learning	218	216	(2)
Public Housing (HRA)	2,309	2,309	0
<b>Total</b>	<b>4,724</b>	<b>6,407</b>	<b>1,683</b>

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

- Parks and Green Spaces – Llandaff Fields, Trelai Park and Beresford Road Park play areas, Llanbleddian Gardens open space improvements, 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, including Cathays Community Centre, Moorland Road Day Centre and Yememi Centre and Noor Ul Islam Mosque.
- Economic Development – Contributions of £2.069 million received towards public realm at Central Square will be utilised this year.
- Education & Lifelong Learning – Eastern High School
- Public Housing – development of new Council housing as part of the Cardiff Living Project.

## Reasons for Recommendations

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

## **Legal Implications**

163. 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**

164. Overall, the month nine revenue monitoring for the Council shows a balanced position which is in line with the position reported at month six. There have however been changes within the overall position including an increase in the overspend on directorate budgets as a result of further pressures on the Children's Services budgets within Social Services, an increase in the projection for capital financing costs and a reduced surplus on Council Tax collection. These have been offset by a further increase in NDR refunds on Council properties and by an increase in the projected saving on insurance budgets in the current year.

165. The overall position continues to reflect a range of demographic, service and other financial pressures including shortfalls against budget savings targets in directorate budgets and a projected overspend in relation to capital financing costs. These are offset by projected savings in directorate budgets as a result of management actions, a saving 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 £5.204 million with projected overspends in the Social Services, Economic Development and Education & Lifelong Learning 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.

166. The projected overspends in directorate budgets include £3.990 million in Social Services, £1.0 million in Economic Development and £998,000 in Education & Lifelong Learning. The projected overspends also include 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.

167. An overall shortfall of £2.159 million is currently anticipated against the £14.157 million directorate savings target with £8.188 million having been achieved to date and a further £3.810 million anticipated to be achieved by the year end. A projected shortfall of £2.001 million has also been identified in relation to savings targets carried forward from 2016/17. Overall, this represents an increase of £424,000 compared to the shortfalls identified in relation to the 2017/18 and carried forward savings as reported at month six. 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.

168. The projected overspend in directorate budgets and in particular the shortfall against savings targets represents a continuing cause for concern. 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. The financial position is also considered as part of the challenge process to review the performance of directorates including the budget monitoring position. As set out in the previous monitoring report at month six, in response to the level of financial pressures identified in the current year all directorates reviewed their monitoring positions and identified a range of in-year savings. The scope of the reviews included non-essential third party spend, temporary staff arrangements and opportunities to maximise income. The savings generated as a result of these reviews are reflected in the directorate monitoring positions within this report.
169. The 2017/18 Capital Programme is £167.886 million of which £135.299 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 £140.197 million resulting in a total variance of £27.689 million.
170. 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.
171. 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.
172. The 2017/18 Capital Programme included an assumption of £2.0 million non-earmarked capital receipts net of fees as part of the funding for the programme. As at month nine actual receipts totalled £1.952 million.

## **RECOMMENDATIONS**

The Cabinet is recommended to:

1. Note the potential outturn position based on the first nine months of the financial year.
2. Reinforce the requirement for all directorates currently reporting overspends as identified in this report to take actions to reduce their projected overspends.

**CHRISTINE SALTER**  
**Corporate Director**  
9 February 2018

*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