

The main variances against directorate revenue budgets were as follows:

Capital Financing +£850,000**+£630,000 Month 9**

The overall outturn position for the Capital Financing Budget shows an overspend of £850,000 an increase of £220,000 compared to the position reported at month nine. The overall position reflects a combination of factors including additional costs of £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. There is also 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 that year.

As previously reported, these additional costs have been partly offset by savings arising from the decision taken during the year to defer any external borrowing to meet capital expenditure commitments in 2017/18 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 continues to be subject to interest rates and advice from Treasury management advisors.

City Operations (£10,000)**(£112,000) Month 9**

The Directorate recorded a final underspend of £10,000, compared to the £112,000 underspend projected at month nine. The decrease predominantly reflects additional expenditure within Neighbourhood Services and lower than previously forecast income levels in connection with Sport & Outdoor Leisure. These were partly offset by further in-year savings within Infrastructure Services and a carbon reduction payment saving within Energy & Sustainability. The overall position included shortfalls against cross-directorate savings targets, although these were more than offset by underspends across a range of divisions, most notably Energy & Sustainability, Infrastructure Services, Planning & Building Control and Management & Support. Within the overall position was a shortfall against 2017/18 savings targets totalling £250,000, compared to a target of £1.749 million. In addition, there were savings shortfalls of £183,000 in respect of unachieved 2016/17 savings carried forward. The individual variances can be seen in Appendices 3(a) and 3(b) to this report.

The overall position in relation to cross-directorate budgets was an overspend of £221,000. This is due to savings shortfalls against proposals to increase commercialisation and digitalisation within the Directorate and, whilst, there is a planned programme in place, the savings will take time to materialise. In addition, an overspend of £193,000 was recorded within Neighbourhood Services, due to additional operational costs, and an overspend of £134,000 occurred within Sport & Outdoor Leisure, due to unfunded toilet maintenance and a further overspend at the Channel View Centre which has been affected by the major refurbishment of the gymnasium. Furthermore, School Transport reported an overspend of £91,000, primarily due to it not being possible to achieve a 2017/18 saving proposal relating to transport to the Pupil Referral Unit and not fully realising a saving against the pilot scheme for the travel support allowance for pupils with additional learning needs.

More than offsetting these overspends were underspends within Infrastructure Services, due to a saving against the Concessionary Fares budget and managed maintenance savings, and Energy & Sustainability, where carbon reduction scheme payment savings more than offset savings shortfalls. These underspends totalled £451,000 and £194,000 respectively. Other underspends included additional income totalling £52,000 within Planning & Building Control and a £53,000 saving within Management & Support following the recharging of costs to externally funded activities. The other underspends within the directorate total £15,000 and relate to Cardiff Dog's Home, Leisure & Play Services and Parks. Other notable overspends included Transport Planning, Policy & Strategy and Bereavement & Registration Services, which recorded overspends of £59,000 and £57,000 respectively. These overspends were both partly due to lower income recovery within these divisions. The other divisions recorded balanced positions, including the Civil Parking Enforcement account where income generated was greater than anticipated and subsequently transferred to the Parking Reserve.

Communities, Housing & Customer Services (£381,000) (£202,000) Month 9

The overall position reflects an underspend of £381,000, which represents an increase of £179,000 on the position reported at Month nine. The change is primarily due to grant income within Preventative Services that had not been awarded when figures were reported earlier in the year. The overall position largely comprised underspends against the Housing & Communities, Partnership Delivery and Neighbourhood Regeneration divisions, partly offset by overspends in relation to Customer Services. The final position included achievement of savings totalling £929,000 against the 2017/18 target of £1.083 million, leaving a shortfall of £154,000. In addition, a shortfall of £300,000 was recorded against unachieved savings targets brought forward from 2016/17. This shortfall was due to income shortfalls in relation to the Alarm Receiving Centre. These shortfalls are reflected in the overall Directorate position outlined below.

The Housing & Communities Division reported an underspend of £609,000. This included an underspend of £290,000 in relation to Preventative Services,

which was mainly due to disabled facility fee income in excess of target, in-year savings due to vacancies, additional capital allocations within the Joint Equipment Stores and the aforementioned grant income. An underspend of £207,000 was also recorded in relation to Assessment & Support functions predominantly due to in-year staffing savings, resulting from vacancies. Included within the position were increased premises costs relating to the Housing Options Centre, and increased drainage and security costs relating to the traveller sites. Face to Face Customer Services and Housing Grants underspent by £85,000 and £28,000 respectively, due to vacancy savings. All other budgets within this division recorded balanced positions. Included within the overall position was a drawdown of £361,000 from the specific contingency budget set aside to meet increased costs in relation to the Council Tax Reduction Scheme. This represented a reduction of £38,000 on the figure reported at Month nine. The level of demand within the scheme in 2017/18 was significantly lower than anticipated within the budget and this mirrors the trend in recent years. As such, the ongoing budget requirements will therefore be reviewed as part of the 2019/20 budget process.

Customer Services' final overspend was £335,000, 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 the 2018/19 financial year. In addition, there was a shortfall in Telecare fee income, although this particular overspend is partly mitigated by employee savings within the Contact Centre and additional Meals on Wheels income. The Wales Interpretation and Translation Service (WITS) and Rent Smart Wales both recorded balanced positions. A £52,000 underspend occurred within Partnership & Delivery after managed underspends against Communities First transition budgets and Neighbourhood Working were realised. Neighbourhood Regeneration underspent by £45,000, due to vacancies and an underspend of £12,000 was recorded within Supporting People, after all grant funding had been fully utilised. Variances recorded within other divisions largely offset one another, including Libraries and Into Work Services who both recorded balanced positions, despite income shortfalls offset by managed underspends within Libraries and employee savings within Into Work Services.

Corporate Management (£51,000)

(£50,000) Month 9

The Corporate Management outturn shows an underspend of £51,000 which is broadly in line with the position reported at month nine. All budget savings targets were fully achieved. The overall position includes a range of savings including £53,000 due to a reduction in contributions to the Mid Glamorgan Superannuation Fund relating to past employees, a £34,000 saving on project budgets and other costs and £24,000 from insurance commission earned. Savings were also reported in relation to senior management budgets and audit fees. These were partly offset by a shortfall of £61,000 in the budget for the release of savings through voluntary schemes including the purchase of leave and by overspends on bank charges and the Coroner's Service.

Economic Development +£1,643,000**+£1,000,000 Month 9**

A final overspend of £1.643 million has been recorded for the Directorate, representing an increase of £643,000 on the position reported at month nine. The change is primarily due to a number of significant adverse changes in respect of Recycling Waste Services and a deterioration in the Corporate Buildings and Security position, partly offset by a significant improvement in the trading positions for St David's Hall and the New Theatre. The overall position included a significant overspend of £1.665 million in relation to Commercial Services, as well as net overspends within Culture, Tourism & Events and City Centre Management. Underspends within Business & Investment, Major Projects and Office Rationalisation partly mitigated the overall position. Included within the position were savings shortfalls of £520,000 in respect of 2017/18, against a target of £2.260 million, and £485,000 in relation to unachieved savings targets carried forward from 2016/17. These shortfalls are reflected in the overall Directorate position outlined below.

The overspend in respect of Commercial Services was predominantly the result of an overspend totalling £1.337 million within Recycling Waste Services. This included a significant overspend within Waste Treatment due to higher third party payments associated with the treatment of recyclates, made worse by the continuing adverse impact of world markets in relation to the demand for materials, and the loss of income due to the expiration of the contract with Caerphilly Council. Additional spend resulted in relation to the purchase of bags with Waste Transfer Station income also lower than anticipated. The use of earmarked reserves provided some mitigation against the overall position. As well as the in-year pressures already outlined, savings shortfalls within Recycling Waste Services totalling £471,000, relating primarily to directorate-wide efficiencies and digitalisation, contributed towards the overall overspend.

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 approved as part of the month six report, the full contingency budget for the MRF was allocated, and an amount of £693,000 was also allocated in respect of the impact of increased tonnages. These allocations were incorporated within the Directorate position.

Elsewhere within the Commercial Services division, there was an overspend of £384,000 in relation to Total Facilities Management, a balanced position within Fleet Services and a surplus of £56,000 within Construction & Design. Within the Total Facilities Management position there was an overspend in relation to Corporate Buildings and a deficit in relation to Security Services income generation. These overspends were partly offset by a surplus on the Accommodation Account, due mainly to external income, and an overall

Building Services surplus. The balanced position within Fleet Services covered significant shortfalls against fleet rationalisation savings targets, a workshop deficit and additional fuel costs incurred by service users. This was offset by additional savings generated in Fleet Services in relation to the direct costs of vehicle procurement and fleet management. The surplus position within Construction & Design reflects additional income, having assumed a balanced position throughout the year.

Other overspends within the Directorate include a significantly reduced overspend of £229,000 in relation to Culture, Tourism & Events. This is partly due to a significant improvement, leading to overall surpluses, in the trading positions for St David's Hall and New Theatre. These surpluses, however, were more than offset by income shortfalls within Retail Catering, Cardiff Castle and Mansion House, and a deficit within the budgets relating to the Old Library building. Commercial Activities reported an overspend resulting from a shortfall against unachievable parks sponsorship income targets and additional expenditure in connection with the Tour of Britain event. Tourism, Events and the Cardiff Caravan Park all reported underspends due to a combination of staffing savings, additional income and general operational savings. The other significant overspend, totalling £121,000, was within City Centre Management and was the result of banner income shortfalls and overspends against Night Time Economy staffing.

These overspends were partly offset by underspends in relation to Business & Investment, Office Rationalisation and Major Projects. The Business & Investment underspend totalled £136,000 and was due to additional bus shelter and other advertising income, partly offset by an overspend on Youth Foods. The Office Rationalisation underspend totalled £78,000 because of premises cost savings in relation to a number of buildings vacated or transferred during the financial year. In addition, Major Projects recorded an underspend of £147,000 comprising reduced pool subsidy payments, partly offset by a shortfall in staff recharges to capital schemes. Workshops reported a surplus of £11,000, and both Service Management and Property recorded minor variances. The Property position was despite shortfalls against rental income targets, however these were offset by additional staff recharges and in-year staffing savings.

Education & Lifelong Learning +£1,349,000

+£998,000 Month 9

The final position reflects an overspend totalling £1.349 million, which represents a significant increase compared to the £998,000 reported at Month nine. The change is largely the result of a significant increase in the deficit against the Music Service, additional costs connected with the temporary accommodation at Cantonian High School and a change in the Catering position. It should be noted that the overspend relating to Out of Area Placements reduced slightly from the position projected at month nine, although this remained the most significant overspend within the Directorate. The overall position also reflects the Music Service deficit and additional SOP costs, partly offset by savings against the budgets for Centrally Held School Funds, and Early Years. Total savings of £2.373 million were achieved against the 2017/18 savings target of £2.471 million, leaving a shortfall of

£98,000. In addition, there was a shortfall of £560,000 against the unachieved savings targets brought forward from 2016/17. These shortfalls are reflected in the Directorate outturn position outlined below.

An overspend of £935,000 resulted in relation to the budgets for Out of Area Placements & ALN. Within this position were a number of offsetting variances, as well as a £935,000 overspend in relation to the cost of out of area placements, the majority of which was due to the 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 meant that this has not proved achievable to date and, overall, costs have continued to increase. In addition, there was an overspend of £28,000 in connection with the budget for the Pupil Referral Unit (PRU), which relates to the 2017/18 savings proposals and the commissioning of a school to oversee the provision from September 2017. Although the commissioning arrangement was finalised, the residual costs for the first five months of the year exceeded the available budget. The budget for the EOTAS tuition service was overspent by £56,000, which partly relates to the hospital tuition service where a deficit was recorded. An underspend against the Services of a Specialised Nature budget, due to additional grant income and in-year staffing savings, offset the EOTAS and PRU overspends, despite the one-off cost of digitalisation of records having been incurred.

Further overspends were recorded in relation to the central provision element of the Lifelong Learning division. The overspend totalled £54,000 and related to the running costs of the unoccupied space within the Friary Centre from September 2017 to March 2018, for which there was insufficient funding available. The Youth Service element of this division recorded an underspend of £3,000, facilitated by additional grant income, against the backdrop of significant savings over the last three financial years. A further overspend of £298,000 occurred in relation to Management & Support Services. This overspend was largely the result of additional hire and installation 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. In addition, there was an adverse variance of £66,000 in relation to Catering, due to the impact of bad weather, and £24,000 against various grant budgets.

The impact of the deficits in relation to the Music Service and the Outdoor Pursuits Centre meant that Centrally Held School Funds overspent by £186,000, despite significant in-year savings following the delegation of costs associated with school licences and subscriptions. Further in-year savings against this budget included savings against the budget for reimbursements to schools in respect of trade union duties and estates management. In addition, an underspend of £142,000 was recorded in relation to Early Years & Childcare, mainly as a result of the reduced costs of non-maintained settings. A further underspend of £68,000 was achieved within Wellbeing & Compliance due to the reduced costs of training provision.

Governance & Legal Services - Balanced Position

(£103,000) Month 9

The final overall position represents a balanced position, compared to the underspend of £103,000 projected at Month nine. The change in the position is largely the result of approved transfers of underspends in certain divisions to earmarked reserves. The overall position includes a shortfall against 2017/18 savings targets of £55,000, in relation to external legal expenditure.

Within the overall position, all divisions recorded balanced positions, aside from Democratic Services and Member Services which had offsetting variances, due to staffing underspends, as a result of vacancies and recruitment delays, and one-off supplies and services expenditure respectively. In the case of Legal Services, there were significant variances within the net position, including significant staffing underspends, due to the time taken to recruit to new posts created following the centralisation of legal budgets, additional income and an overspend in relation to external legal services. This high level of external expenditure, which was offset by the use of earmarked reserves, was the result of the vacant posts and the increase in the number and complexity of childcare cases. All other divisions had underlying underspends, which facilitated the aforementioned transfers to earmarked reserves. This included Scrutiny Services and the Monitoring Officer budget, where staffing underspends were recorded. In relation to Electoral Services, staffing underspends and additional grant money contributed to the underlying underspend. In relation to Bilingual Cardiff, additional income allowed for the transfer to earmarked reserves.

Resources (£338,000)

(£317,000) Month 9

The outturn for the Resources Directorate shows a saving of £338,000, an increase of £21,000 compared to the position reported at month nine. The change includes improved positions in Human Resources, Enterprise Architecture and Performance & Partnerships partly offset by increased costs and reduced savings in other areas within the Directorate. Total savings of £1.046 million were achieved against the 2017/18 target of £1.268 million, leaving a shortfall of £222,000. A shortfall of £275,000 was also reported in relation to unachieved savings targets brought forward from 2016/17. This relates to council-wide targets for digitalisation savings. It is anticipated that these will be fully achieved in 2018/19 largely through an initiative to implement a hybrid mail approach within the Council.

An underspend of £289,000 was reported in relation to Human Resources with savings on employee budgets due to vacancies, additional income within HR Services and savings on supplies and services and capital financing budgets in relation to HR Systems. A surplus of £17,000 was also reported in relation to Cardiff Works which is over and above the budgeted surplus for this service. Other areas which reported underspends include Performance & Partnerships, Commissioning & Procurement and ICT. These reflect a range of savings including underspends on employee budgets as a result of staff vacancies, increased income and a reduction in external spend.

These were partly offset by overspends of £87,000 in the Finance Service and £30,000 in Health & Safety. The overspend in Finance was mainly due to additional costs and income shortfalls within the Revenues Service including overspends on employee and supplies and services budgets and a shortfall against the income budget in relation to the recovery of penalty charge notices. The overspend in Revenues is partly offset by vacancy savings and additional income in other areas of Finance. The overspend in Health & Safety was mainly due to a shortfall in internal income which occurred during a period of significant change for this service. All other areas within the Resources Directorate reported a balanced position.

Social Services +£2,770,000

+£3,990,000 Month 9

The Directorate outturn shows an overspend of £2.770 million, a reduction of £1.220 million compared to the position reported at month nine. The overall position includes an overspend of £3.996 million in Children's Services partly offset by a saving of £1.226 million in Adult Services. The significant reduction in the overspend compared to month nine is mainly due to an allocation of £850,000 in specific grant funding from Welsh Government in order to fund winter pressures together with a further allocation of Intermediate Care Fund Grant from the University Health Board. Notification of these allocations were made in February and April 2018 respectively and are reflected in the improved position for Adult Services.

The overspend in Children's Services reflects the impact of demographic pressures with a significant increase in the number of placements and cost for looked after children during the year. Although demographic and cost pressures were also evident in relation to Adult Services these were contained within the budgets allocated by Council and by the additional grant funding received. Additional grant funding also assisted in supporting costs in Children's Services during the year. 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 £3.442 million were achieved against the Directorate's 2017/18 savings target of £4.997 million leaving a shortfall of £1.555 million. In addition a shortfall of £392,000 was reported against the savings targets carried forward from 2016/17. These shortfalls are reflected in the Directorate outturn position with details of the individual variances set out in Appendices 3(a) and 3(b) to this report.

Adult Services – (£1,226,000)

(£100,000) Month 9

The Adult Services budget showed a saving of £1.226 million despite on-going demographic and cost pressures particularly in relation to domiciliary and nursing care. The outturn position was heavily influenced by an exceptional level of grant funding which was received during the year. This included additional Welsh Government grant funding to support fee increases in Adult Services together with an amount of £850,000 to fund winter pressures, the notification for which was received in February 2018. Allocations of Intermediate Care Fund Grant from the University Health Board

were also received during the year including an additional allocation for which notification was received in April 2018. The additional grant funding received at the year-end is the main reason for the increased saving since month nine. The overall position also 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 Directorate also introduced a number of measures and efficiencies during the year to try to control costs and demand including managing the timing of appointments to vacant posts. This was in order to offset the continuing pressures in relation to domiciliary care and nursing home placements for older people and supported living placements for people with learning disabilities. The overall position includes a shortfall of £1.024 million against the savings targets for 2017/18 and carried forward from 2016/17 and this is reflected in the analysis of the variances below.

Overall, commissioning budgets reported an overspend of £272,000. This included an overspend of £745,000 on People with Learning Disabilities with offsetting underspends reported in relation to other client groups. The overspend in Learning Disabilities was mainly due to an increase in external supported living costs with an overspend of £500,000 resulting from a 4% increase in placements. There were also increases in residential care and direct payments to service users with learning disabilities and a shortfall in the budget saving for emergency accommodation. These were partly offset by savings in domiciliary care. An underspend of £319,000 was reported in relation to 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). Services for Older People and People with a Physical Disability/Community Drug and Alcohol services reported underspends of £101,000 and £53,000 respectively. In both these areas but particularly in Services for Older People the availability of additional grant funding has significantly impacted on the outturn position offsetting significant service pressures in relation to domiciliary and nursing care. Domiciliary and direct payment care hours for older people for example increased by 5.5% 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.

Internal Services reported an underspend of £1.5 million. This is mainly due to a saving of £1.1 million in Assessment and Care Management reflecting staff vacancies within the service and the use of grant funding in this area, particularly via the Integrated Care Fund. Savings of £169,000 in Internal Support & Management and £354,000 in Day Care and Reablement Services were also reported, the latter reflecting staff vacancies and a significant element of grant funding. These were partly offset by an overspend of £136,000 in relation to Learning Disabilities Supported Living and Day Care mainly as a result of shortfalls against savings targets carried forward from previous years.

Children's Services +£3,996,000

+£4,090,000 Month 9

The Children's Services budget showed an overspend of £3.996 million, a reduction of £94,000 compared to the position reported at month nine. The 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 an overspend in 2017/18. The number of looked after children for example rose by 141 (20%) from 690 to 831 during the period December 2016 to March 2018. 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, Early Intervention & 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 costs and commitments in 2017/18. The overall position includes a shortfall of £923,000 against the savings targets for 2017/18 and carried forward from 2016/17 and this is reflected in the analysis of the variances below.

An overspend of £4.795 million was reported in respect of external placements for looked after children with a significant rise in the number of external fostering placements in particular resulting in increased 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 position includes a shortfall of £773,000 against the budget savings targets in this area with only partial savings having been achieved in relation to a number of initiatives including the establishment of an Adolescent Resource Centre. An overspend of £350,000 was also reported in relation to leaving care support costs for children aged 16+ reflecting the on-going high cost of supported accommodation and other support for those leaving care. The increase in the number of looked after children also resulted in an overspend of £294,000 in Internal Fostering & Adoption with increases in both the number of children adopted and in the number of internal fostering placements. Other overspends included £116,000 on Management & Business Support and £17,000 on Safeguarding budgets.

A saving of £649,000 was reported in relation to budgets for Early Intervention and Prevention mainly due to the availability of additional grant funding to support costs in this area. A saving of £382,000 was also reported in relation to guardianship orders with no increase being made to the level of residential order allowances during the year. Despite significant staff agency costs, social work budgets also reported an underspend of £320,000. This was mainly due to staffing savings as a result of vacancies during the year but also included the impact of additional grant funding. Other savings included £200,000 in Child Health & Disability commissioning budgets mainly

in respect of domiciliary and respite care and £25,000 in the Youth Offending Service.