

POLICY REVIEW & PERFORMANCE
SCRUTINY COMMITTEE

9 July 2013

BUDGET OUTTURN 2012/13

Reason for the Report

1. To provide Members with the final budget outturn position for 2012/13. Attached at **Appendix A** is the Budget Outturn 2012/13 report considered by the Cabinet on 19 June 2013. Attached at **Appendix B** is a further breakdown of savings which were set in the 2012/13 budget for the former Transformation Portfolio. Attached at **Appendix C** is a breakdown of expenditure to support delivery of the Transformation Portfolio in 2012/13.
2. The Committee may like to use the information presented to inform its work programming decisions for 2013/14, having recently expressed an interest in focussing on particular service areas in more depth during future budget monitoring sessions.

Background

3. The Policy Review and Performance Scrutiny Committee has responsibility for monitoring the overall Council budget, as well as for monitoring specific service areas, including Finance, Legal Services, and HR People Services.
4. At its 2012/13 work programming forum, the Committee formally agreed to monitor the budget in detail on a six-monthly basis, receiving the month three and eight monitoring position for information only.

Revenue budget issues

5. The Council's final revenue position shows a surplus of £187,000 against the Council's overall net budget of £546 million.
6. Throughout the year, a number of service areas have identified ongoing financial pressures, including Children's Services, City Services and Education and this has been confirmed in their outturn positions. Children's Services reported an overspend of £1.992 million; City Services an overspend of £859,000 and Education an overspend of £167,000.
7. Within the remit of this Committee, Members may particularly like to note the variances below and consider scheduling in depth scrutinies of these areas as part of 2013/14 budget monitoring.
 - Within an overall underspend of £161,000 in the Corporate Services budget:
 - An overspend of £159,000 against the Scrutiny, Performance and Improvement budget. This is largely due to a savings shortfall of £155,000 in the Performance and Information Management Transformation project during the year. The Committee has previously been offered an update on this project and the processes and structures which it is putting in place;
 - An overspend of £22,000 in Legal and Democratic Services, due to a shortfall in income.
 - Capital Financing is overspent by £372,000.
 - Within an overall Shared Services overspend of £64,000:
 - An overspend of £580,000 against the Facilities Management budget, including a deficit of £261,000 in Building Services. Facilities Management of buildings reported a significant overspend of £265,000, largely due to a shortfall of £625,000 in 'Transformation/efficiency' savings which were not achieved.
 - An overspend of £264,000 against the Centralised Transport Services budget, due to a shortfall of £446,000 against its £1.082 million target for Transformation/efficiency savings. This includes a shortfall of £372,000 against Fleet Management category management. An

additional savings target of £507,000 was set for category management fleet spend in the 2013/14 budget; as well as £240,000 savings from control of the Council's short-term vehicle hire and grey fleet; and £409,000 savings from various passenger transport savings initiatives.

- Partly off-setting these overspends, the ICT budget reported a £143,000 saving, mainly due to reduced expenditure on hardware and software.

Transformation issues

8. Members may wish to note that the former Transformation or 'Efficiency' Portfolio reported a shortfall of £2.893 million against its overall £10.9 million 2012/13 savings target (**Appendix A** - Cabinet report, paragraph 7). Further detail can be seen in the breakdown attached at **Appendix B**.
9. Details of expenditure supporting delivery of the Portfolio can be found at **Appendix C**, broken down by programme. An overall saving of £1 million was reported in relation to Transformation expenditure budgets, taking into account budget transfers actioned to support the new senior management arrangements.

Capital Issues

10. In relation to the Capital programme, Members may wish to note:
 - The outturn for the General Fund Capital programme shows capital expenditure of £88.1 million, a variance of £40.1 million. This is made up of slippage of £37 million and a net underspend of £3.1 million (para 47);
 - The Council funded the General Fund Capital programme from a number of sources, including grants, borrowing, revenue sources, capital grants and external contributions. Last year £10.4 million came from Welsh Government supported borrowing; £8.9 million from Invest to Save unsupported borrowing and £11 million from additional unsupported borrowing (para 49);
 - The Central Transport Services Vehicle Maintenance Depot, which opened in April 2013, was delivered at an increased cost, due to the technical nature of the works; changes required in the design to support heavy vehicles; a

requirement to relocate a fuel store; and parking changes. This has been managed within existing Capital resources in the short term as well as by taking out a higher Invest to Save loan;

- Future options are still under consideration in relation to the current County Hall site, therefore significant expenditure planned to address the maintenance backlog under the Office Accommodation rationalisation scheme has been deferred;
- The Business Process Improvements budget (often referred to as 'Enterprise Architecture') £5.540m, has reported a slippage of £2.493 million.

Way Forward

11. Marcia Sinfield, Interim Section 151 Officer, will be in attendance to present the report and answer Members' questions.

Legal Implications

12. The Scrutiny Committee is empowered to enquire, consider, review and recommend but not to make policy decisions. As the recommendations in this report are to consider and review matters there are no direct legal implications. However, legal implications may arise if and when the matters under review are implemented with or without any modifications. Any report with recommendations for decision that goes to Cabinet/Council will set out any legal implications arising from those recommendations. All decisions taken by or on behalf of the Council must (a) be within the legal powers of the Council; (b) comply with any procedural requirement imposed by law; (c) be within the powers of the body or person exercising powers of behalf of the Council; (d) be undertaken in accordance with the procedural requirements imposed by the Council e.g. Scrutiny Procedure Rules; (e) be fully and properly informed; (f) be properly motivated; (g) be taken having regard to the Council's fiduciary duty to its taxpayers; and (h) be reasonable and proper in all the circumstances.

Financial Implications

13. The Scrutiny Committee is empowered to enquire, consider, review and recommend but not to make policy decisions. As the recommendations in this

report are to consider and review matters there are no direct financial implications at this stage in relation to any of the work programme. However, financial implications may arise if and when the matters under review are implemented with or without any modifications. Any report with recommendations for decision that goes to Cabinet/Council will set out any financial implications arising from those recommendations.

RECOMMENDATIONS

14. The Committee is recommended to:

- i. note the Budget outturn report;
- ii. consider whether it wishes to make any comments to the Cabinet; and
- iii. consider whether it wishes to use information contained in the report to inform future scrutiny items.

MIKE DAVIES

Head of Service

Scrutiny, Performance & Improvement

3 July 2013

CABINET MEETING: 19 JUNE 2013

OUTTURN 2012/13

REPORT OF CORPORATE DIRECTOR RESOURCES

AGENDA ITEM: 10

PORTFOLIO: FINANCE, BUSINESS & LOCAL ECONOMY

Reason for this Report

1. This report serves to inform the Cabinet of the Council's financial position in respect of the year ending 31 March 2013 and also attaches the Annual Governance Statement for 2012/13 to be signed by the Leader of the Council and the Chief Executive.

Background

2. The report compares the outturn for the financial year ending 31 March 2013 with the budget for the year for both revenue and capital expenditure and also provides a summary Treasury Management Statement in respect of investments and borrowing. All figures are subject to external audit.
3. The final revenue outturn position indicates that the Council has maintained its spending within its overall net budget of £546 million in 2012/13. The surplus of £187,000 amounts to 0.03% of the net budget and has been transferred to the Council Fund Balance.
4. During the year the monitoring process identified financial pressures in a number of areas, notably Children's Services, City Services and Education. This is reflected in the outturn position although the overspend in Education has reduced significantly in the latter part of the year. Service area overspends were also reported in relation to Adult Services, City Development and Shared Services. These are offset by other service area savings, by an exceptional level of NDR refunds on Council properties and by a surplus on Council Tax collection. As previously reported the outturn position also includes the additional funding of £812,000 in relation to the Outcome Agreement Grant following confirmation that the Council would receive its full allocation in 2012/13. The receipt of one-off reimbursements for recovery of backdated VAT and Landfill Tax has enabled funding to be set aside for known and likely future liabilities including a potential liability in relation to past work at Junction 30 of the M4. The reimbursements also enabled a

significant level of voluntary severance costs to be met in-year thereby reducing the need for future spending.

Issues

5. An overall summary of the position shows:
 - A comparison of revenue spend against budgets shows a net surplus of £187,000
 - A number of service areas reported overspends at the year end, the most significant being £1,992,000 on Children's Services and £859,000 on City Services. The issues faced by these service areas were set out clearly in monitoring reports during the year. These results are offset by underspends in other service areas and by savings in areas such as NDR refunds on Council properties, the level of Council Tax collection achieved and the receipt of exceptional items such as backdated VAT refunds.
 - Schools reduced their individual reserves by £204,000 (net) in 2012/13. These are not available for general use by the Council.
 - The Housing Revenue Account (HRA) shows a surplus for the year of £128,000 which includes the Housing Maintenance Unit surplus of £289,000. This total sum has been transferred to the HRA Revenue Balance and is available for spending on HRA related issues only.
 - The capital outturn position for the General Fund stands at £88.1 million, a variance of £40.0 million against the revised programme of £128.1 million. The Budget Monitoring Month 8 Report projected an outturn of £90.7 million. The variance against the budget is due to slippage of £36.5 million and a net underspend of £3.5 million. Total capital expenditure on Public Housing Schemes in 2012/13 was £18.5 million.

Revenue

6. Appendix A shows the financial summary for the year while Appendix B provides further details in respect of variations against budget by service areas.
7. The 2012/13 budget included £10.2 million of efficiency savings and these were reflected in service area budgets. In addition a further £0.4 million was brought forward from 2011/12 as base budget efficiency savings still to be found providing overall target savings of £10.6 million for monitoring purposes. This included savings from commissioning and procurement, service redesign and shared services. The outturn position indicates that savings of £7.7 million were achieved against these budgets, a shortfall of £2.9 million. Where efficiency savings were not able to be achieved service areas were required to identify alternative savings within their base budgets in order to balance their budget in the current year. The extent to which this was achieved is reflected in the

service area outturn positions. Work is continuing to ensure that any outstanding efficiency savings are fully achieved in 2013/14. An overall saving of £1.0 million was reported in relation to the Efficiency Programme expenditure budgets. This reflects changes to the way the programme was managed with a significant reduction in the use of consultants and other external support. The saving takes into account the budget transfers actioned in relation to the transition team and in support of the Council's new senior management arrangements as set out in the Cabinet Report of 11 October 2012.

8. The cost of implementing the living wage in 2012/13 was £495,000. This was funded by a contribution from reserves in line with the Council policy whereby the Cabinet has the authority, subject to the Section 151 Officer raising no objection, to use reserves and to commit expenditure in future years up to a total in the year of £1.5 million. An amount of £1.3 million was subsequently included in the Council's 2013/14 Budget in order to meet the full year costs including the national update which was set in November 2012.
9. The Summary Revenue Account consolidates the overall revenue position for the Council and includes various adjustments to the Council's accounts including the revenue impact of changes to the Council's bad debt provision, the revenue effect of balance sheet adjustments and any prior year revenue items which have impacted on the overall revenue position of the Council during the year. This includes the receipt of backdated refunds in respect of Landfill Tax and VAT. It also includes an amount of £812,000 arising from the Welsh Government decision to award the full funding for the Outcome Agreement Grant. The funding for this grant was dependent on achieving the outcomes jointly agreed between the Welsh Government and the Council with deductions to be made if the outcomes were not fully achieved. To reflect this, the Budget Report for 2012/13 set out that the receipt of this grant was assumed at 75%. The additional £812,000 increases the funding from this source to £3.249 million in 2012/13. The Summary Revenue Account also includes the cost of voluntary severance where this was not met directly by service areas together with contributions to earmarked reserves and provisions in order to meet known and likely future liabilities including a potential liability in relation to past work at Junction 30 of the M4.
10. As set out in monitoring reports during the year, the Council has been supported by Price Waterhouse Coopers (PWC) in taking forward a series of appeals in relation to VAT previously paid on trade waste collections and in relation to the Council's liability for payment of Landfill Tax in previous years. The appeals were successful and have resulted in the recovery from HM Revenues and Customs of £2,198,000 in respect of backdated VAT and £1,560,000 of backdated Landfill Tax payments. These sums are partly offset by costs of £225,000 which have been incurred as part of the recovery process. The net income, which relates to previous years has been accounted for in the Summary Revenue Account and has enabled funding to be set aside to meet known and likely future liabilities and to support the cost of voluntary severance payments in 2012/13.

11. A number of voluntary severance proposals were supported during the year forming part of the budget savings proposals for both 2012/13 and 2013/14. In total the severance costs incurred during the year amounted to £3.592 million of which £927,000 was in relation to teaching staff and met from existing budgets in the Education Service, £84,000 was funded via the Housing Revenue Account, £90,000 was funded from the Asylum Seeker Reserve and £138,000 was met from service area budgets. The balance of £2.353 million was funded from exceptional income received during the year and financed via the Summary Revenue Account. In line with previous practice, any pension costs arising from the voluntary severance process in 2012/13 and which are chargeable to the Revenue Account will normally be met over a five year period with the payments reflected in service area budgets in future years.
12. The surplus on Council Tax collection increased from £1.328 million at month eight to £2.261 million at the year end. The increase is largely due to a saving against the Council Tax bad debt provision and reflects improvements to the overall collection rate. The balance of the surplus reflects a combination of factors but is mainly due to a reduction in exemptions. The final position on NDR refunds on Council properties showed a saving of £1.088 million an increase of £688,000 compared to the position reported at month eight. The increase is mainly due to the confirmation of an appeal in relation to County Hall which was approved by the Valuation Agency close to the end of the financial year.
13. During the year expenditure was incurred on various corporate initiatives. These include the Olympics, the Wales Rally GB, Glamorgan Cricket Club, Cardiff & Co, the Ice Rink, the Jubilee, the Cardiff half marathon, themed street dressing and the Children's Literature Festival. The final outturn position required a drawdown from the Corporate Initiatives Reserve of £362,000 in order to fund initiatives undertaken during the year. This is in addition to the budgeted contribution from the reserve of £107,000 which was approved as part of the 2012/13 Budget.
14. Overall school balances have reduced by £0.204 million to stand at £2.773 million as at the 31 March 2013 and are set out in the table below:-

2012/13	£m	% of Delegated Budget
Primary	4.074	4.1
Secondary	(1.682)	(1.9)
Special	0.381	3.9
Total	2.773	1.4

15. Individual figures within the above vary considerably with 79 schools reducing their balances by a total of £3.628 million and 51 schools increasing their balances by £3.424 million.
16. Although the overall percentages of balances are within DfES guidelines there are significant variances between schools. There are 35 Primary

Schools whose balances exceed School Funding (Wales) regulations of £50,000 totalling £2.719 million. In the Secondary Sector two schools exceed £100,000 totalling £271,000.

17. The Authority has previously written to those schools with balances in excess of these limits as of 31 March 2012 and instructed them to spend and that the Council would review the position at the end of 2012/13. This review will take place shortly and discussions will commence with those schools who continue to retain balances in excess of the limits prescribed.
18. However, there are currently sixteen schools in Cardiff with negative balances amounting to £2.574 million, Of that figure, £2.336 million is in respect of eight schools in the secondary sector.
19. Within this deficit figure of £2.336 million there are deficits for 2012/13 in respect of Rumney and Llanrumney of £244,000 and £317,000 respectively. As reported last year, there was a £1.8 million contribution from the SOP Reserve which had reduced the school balances at these schools to zero. However, no decision has yet been made as to whether or not the deficit incurred in 2012/13 can be funded from the SOP model.
20. In addition as reported last year, a contingency sum of £4 million was set aside in respect of the closure of Llanedeyrn Secondary School. A further £646,000 was drawn down from this contingency in 2012/13 taking the total amount used so far to £2.665 million.
21. In line with standard accounting practice a number of budgeted and anticipated contributions to and from reserves have been reflected in the 2012/13 accounts. In accordance with Council Minute 799(8) transfers to new earmarked reserves have also been effected and these are set out in Appendix C together with their purpose. Overall, and including budgeted contributions, earmarked reserves have reduced by £4.5 million during 2012/13. This includes net draw downs of £3.7 million to fund the cost of Single Status, £1.0 to meet commitments from the Parking Reserve and £0.8 million to meet additional costs of insurance. The most significant net contribution to earmarked reserves during the year was £2.1 million in respect of Major Projects which includes provision for potential future liabilities in relation to past work at Junction 30 of the M4.
22. Reviews of earmarked reserves, provisions and other accounts have been carried out and amounts charged or released to the Council Fund Balance where appropriate. These transfers have been effected through the Summary Revenue Account.
23. Following transfers to earmarked reserves and provisions the net increase in the Council Fund Balance for the year amounts to £207,000. The table below sets out the movement in the accounts that make up that figure.

	£000
Net service position - Deficit	(1,674)
Summary Revenue Account	(935)
Contribution to new earmarked reserves	(612)
Surplus on Discretionary Relief	59
Council Tax collected in excess of budget	2,261
NDR refunds on Council properties	1,088
Net Revenue outturn - surplus	187
Repayment of previous years VS	20
Net increase in General Balance	207

24. The position on the Council Fund Balance as at 31st March 2013 now stands at £11.548 million. The Section 151 Officer has reviewed this reserve and considers the balance prudent given the unbudgeted risks that the Council faces. These financial risks were set out in the 2013/14 Budget Report.

Civil Parking Enforcement

25. Civil Parking Enforcement is a ring-fenced account. The income generated from car parking fees and residents permits is used to fund the operational costs and to subsidise the enforcement unit. Any surplus or deficit will be transferred to the Parking Reserve and can only be used for specific purposes such as supporting public passenger transport services in accordance with Section 55 of the Road Traffic Regulations Act 1984.
26. The trading position for 2012/13 showed a surplus of £2.169 million which consisted of income of £5.774 million and expenditure of £3.605 million. These figures included a net cost of £655,000 in the Enforcement Unit.
27. Income figures showed an adverse variance of £73,000 which included charges of £241,000, residents parking permits of £5,000 and disabled bays of £3,000. Expenditure against the budget showed an overspend of £9,000. This included overspends of £40,000 for payments to Northampton Council to enable the right to pass unpaid PCN's to the bailiff service, £55,000 on advertising, £25,000 on credit card commission and other small overspends throughout the section. These were partly offset by underspends of £101,000 on employee costs due to the delayed appointment of staff and £30,000 on the APCOA management fee due to the reallocation of eligible costs to the Harbour Authority in relation to the bay car parks. The net effect of these was a reduced surplus of £82,000 against the budget.
28. When the trading surplus of £2.169 million is applied to the brought forward figure of £1.643 million the balance in the Parking Reserve

increases to £3.812million. However eligible expenditure totalling £3.131 million was drawn down from the reserve in respect of various items leaving a balance of £681,000 at the 31 March 2013.

Parking Reserve

2011/12		2012/13
£000s		£000s
1,761	Parking Reserve brought forward	1,643
2,160	Annual trading surplus	2,169
3,921		3,812
	Utilisation	
1,567	Contribution to overall provision for transportation	2,138
450	Cardiff East Park & Ride subsidy	509
189	Off street car park upgrades	432
61	City Centre mobility assistance	0
11	Project costs	16
0	Disabled Bays	36
2,278		3,131
1,643	Parking Reserve Balance	681

29. A statement setting out the outturn position on Civil Parking Enforcement is included as Appendix D to this report.

Housing Revenue Account

30. The Housing Revenue Account (HRA) for 2012/13 shows a saving of £128,000 a reduction of £47,000 compared to the position reported at month eight. The overall position as set out in Appendix E reflects a range of variances including an underspend of £619,000 on employee costs reflecting vacancies and other savings against staffing budgets during the year. There was also a significant saving of £558,000 against support service budgets. This reflects a reduction in the level of costs recharged to the HRA both from the General Fund (Communities) and as a result of reduced consultancy costs from the Efficiency Programme. Other savings include a reduction of £432,000 in the level of HRA subsidy payable to the Welsh Government and a reduction of £335,000 against the budgeted increase to the Bad Debt Provision. This is based on current levels of rent arrears however it is anticipated that these will increase in the new financial year as pressures arising from the new under occupancy rules start to become apparent. There was also a saving of £276,000 on supplies and services mainly due to savings on hardware purchases.
31. These variances are partly offset by a net overspend of £439,000 on premises costs and by an increase of £1.7 million in capital financing costs mainly due to additional direct revenue financing of the HRA Capital Programme in the current year which will reduce pressure on borrowing costs in future years. The overspend on premises costs includes a net deficit of £698,000 on the Housing Repairs Account due to significant additional spend on jobbing repairs and above budget spend

on the external painting programme. This includes the surplus of £289,000 for the Housing Building Maintenance Unit which is transferred to the HRA at the year end. The overspend on the Housing Repairs Account is partly offset by savings of £259,000 on other premises budgets including savings on insurance costs and lower than budgeted recharges for the Maintenance Technical Section and grounds maintenance. These are partly offset by an overspend of £174,000 on utility costs.

32. Income budgets showed an overall surplus of £71,000 with increased service charge income and recharges to capital schemes partly offset by a slight reduction in the level of budgeted rental income. It is proposed that the overall surplus of £128,000 on the HRA be transferred to HRA Balances and used to fund future initiatives and spend in the HRA Capital Programme including the new Housing Partnership Project.

Activities Inherited from Cardiff Bay Development Corporation including Harbour Authority

Cardiff Harbour Authority

33. The financial position at 31st March 2013 indicates an annual draw down of Welsh Government funding of £7.945 million against the budget of £8.025 million, resulting in an overall variance of £80,000.

Heading	Budget 2012/13 £000	Out-turn 2012/13 £000	Variance 2012/13 £000
Expenditure	7,850	7,923	73
Income	(550)	(623)	(73)
Fixed Costs	7,300	7,300	0
Asset Renewal	569	489	(80)
Additional Claims	156	156	0
Total	8,025	7,945	(80)

34. The variance of £80,000 includes increased expenditure of £73,000 a surplus of £73,000 in income generation plus an underspend of £80,000 against the Asset Renewal budget.
35. The increased expenditure includes essential repairs to the barrage bascule bridges and essential maintenance and improvement works across various locations including the Roald Dahl Plasse and on barrage surfacing and maintenance track repairs. This work was possible through reductions in expenditure on employees and other overheads, across various environment and groundwater monitoring budgets.
36. The total income generated was £623,000 and included car parking fees of £333,000 and Harbour Dues of £175,000. A further £80,000 was achieved through increased water activities and £35,000 from miscellaneous sources.

37. The underspend of £80,000 against the Asset Renewal budget is an accumulation of reduced costs against various schemes. These included the painting of the gantry crane, the timber handrail at the Roald Dahl Plasse and design fees. These were partly offset by increased spend on the 2 year upgrading of the barrage control system software and the purchase of car parking machines.
38. Additional claims of £156,000 were approved in respect of the costs associated with Job Evaluation.

Project and Contingency Fund

39. The balance in the Project and Contingency Fund at 1st April 2012 was £2.664 million.
40. A sum of £1.516 million has been drawn down to fund the construction and installation of the indoor surf rider attraction at the Cardiff International White Water activity leaving a balance at 31 March 2013 of £1.148 million.
41. Further costs of approximately £420,000 relating to the surf rider will be funded during 2013-14 leaving a useable balance in the Fund of £728,000.
42. This will be retained as a contingency against future spending although it may be used to fund other projects in future years.

Capital

43. The Council spent £106.7 million on capital expenditure across a range of services with £18.5 million of this in relation to Public Housing. Capital expenditure was funded from a number of sources including external grants and contributions, sale of surplus assets and also by borrowing money which will need to be repaid over time. Whilst £10.4 million of this borrowing is supported by the WG, the additional unsupported borrowing of £20.3 million is required to be repaid by the Council from existing budgets, income, savings or future land sales.
44. Slippage involves either external funding or the Council's own resources being carried forward into future years, or brought forward into the current year in order to meet changed profiles of expenditure compared to those originally envisaged when the Capital Programme was set. In 2012/13 £37.5 million of net slippage carried forward was recorded across the General Fund and Public Housing, which is significantly less than the slippage at outturn in 2011/12 of £56.8 million. Slippage can also arise as a result of alternative sources of funding being made available during the course of the year.
45. Monitoring reports during the year have reminded service areas of the need to allocate sufficient resources to support delivery of capital schemes and to report slippage as early as possible. Discussions have also taken place with the Welsh Audit Office in respect of work being undertaken across the Council to highlight and reduce the levels of slippage.

46. The paragraphs below summarise the outturn position of the Capital Programme for both the General Fund and Public Housing, with further detail provided in Appendix F and G. It should be noted that this outturn position together with the funding of the Capital Programme is subject to audit.

General Fund Capital Outturn

47. The outturn position for the General Fund shows capital expenditure of £88.1 million, a variance of £40.1 million against the revised programme of £128.2 million. The Budget Monitoring Month 8 Report projected an outturn of £90.7 million. The variance against the budget is due to slippage of £37.0 million and a net underspend of £3.1 million.

48. A summarised General Fund capital outturn position against service areas is shown in the table below. Further scheme detail is shown in Appendix C.

Capital Programme 2012/13	Budget	Outturn	Variance	Variance represented by:	
				(Under) /over spend	Slippage
	£'000	£'000	£'000	£'000	£'000
Health, Social Care and Wellbeing					
Adults & Childrens	454	441	(13)	(13)	0
Education and Lifelong Learning					
Schools General	8,381	7,289	(1,092)	112	(1,204)
Schools SOP	46,070	35,447	(10,623)	(168)	(10,455)
Libraries	1,187	394	(793)	18	(811)
Environment					
Waste Management	922	223	(699)	0	(699)
Bereavement	758	95	(663)	(16)	(647)
Strategic Planning, Highways, Traffic & Transportation					
Strategic Planning	377	228	(149)	(12)	(137)
Highways	8,925	6,753	(2,172)	(5)	(2,167)
Transport, Policy & Projects	5,420	4,611	(809)	0	(809)
Telematics & Public Transport	2,607	2,166	(441)	21	(462)
Central Transport Services	5,333	6,038	705	0	705
Sport, Leisure & Culture					
Harbour Authority	2,318	1,898	(420)	0	(420)
Cultural Venues & Events	1,273	810	(463)	(187)	(276)

Parks	4,270	1,214	(3,056)	7	(3,063)
Leisure & Play	1,615	1,463	(152)	(36)	(116)
Communities, Housing & Social Justice					
Housing & Neighbourhood Renewal	7,976	7,017	(959)	0	(959)
Planning	4,583	4,119	(464)	(28)	(436)
Finance, Business & Local Economy					
Economy & Major Projects	13,489	1,897	(11,592)	(319)	(11,273)
Corporate	9,578	3,342	(6,236)	(2,505)	(3,731)
Shared	2,679	2,667	(12)	0	(12)
Total	128,215	88,112	(40,103)	(3,131)	(36,972)

49. The Council funded its General Fund Capital Programme from a number of sources including external grants, borrowing, revenue sources, capital grants and external contributions. The Council received from the WG general capital grant and support within the settlement to meet the revenue financing costs of a specified level of borrowing. These sources of funding totalled £15.7 million. In addition the Council can enter into unsupported borrowing which has to be fully met through its revenue budget. In 2012/13 the Council used unsupported borrowing of £19.9 million to support General Fund capital expenditure. How the capital expenditure incurred during the year was funded is shown in the table below.

General Fund - Funding Source for 2012/13 Capital Programme	Amount £M	% of Funding
External grants	38.2	44
Additional unsupported borrowing	11.0	12
WG supported borrowing	10.4	12
Invest to Save unsupported borrowing	8.9	10
Revenue & Reserves	7.9	9
WG General capital grant	5.3	6
Capital receipts	3.7	4
External contributions	2.7	3
Total	88.1	100

Planning Gain (Section 106) and Other External Contributions

50. As part of the external contributions included in the information above, the following table shows the Section 106 opening balance, movements in year and closing balance:

	Balance at 01/04/12 £000	Received in 2012/13 £000	Expenditure in 2012/13 £000	Balance 31/03/13 £000
Traffic & Transportation	2,674	476	(810)	2,340
Parks	3,349	592	(460)	3,481
Planning	697	210	(117)	790
Housing	1,294	291	(409)	1,176
Schools	312	0	(312)	0
Libraries	287	0	(275)	12
Business Development	74	0	0	74
Other	708	157	(169)	696
Total	9,395	1,726	2,552	8,569

51. Schemes partly or wholly funded by Section 106 contributions in 2012/13 include: improvements to public transport, road safety, pedestrian and cycling infrastructure; improvements at parks, playgrounds and open spaces; public realm works and funding of refurbishment of schools.
52. The outturn position for 2012/13 in respect of Section 106 and Other Contributions is shown below:

Budget £000	Outturn £000	Variance £000
5,327	2,552	(2,775)

53. The main figure within the variance of £2.775 million is a difference of £1.459 million in relation to Parks. As previously highlighted this is due to shortfall of specialist staff available to progress schemes albeit recruitment is taking place. A further concern is the profiling of expenditure against Section 106 contributions and discussions with officers within the relevant service area are ongoing to ensure that in future profiles submitted are realistic.

Capital Receipts

54. The Capital Programme approved by Council in February included an estimate of £2.4 million for non earmarked general fund capital receipts from development sites and the sale of non-operational property. A total of £1.3 million was received including £465,000 from the sale of a site at Hadfield Close and the balance of £665,000 from the sale of Castlefields.
55. In relation to receipts earmarked for specific uses, the sale of the Heol Don site was completed, with the proceeds of £1,850,000 received this year. This was used towards funding the School Organisation Plan.
56. Sites including the former road safety centre at Briardene; Llanrumney Depot; former childrens home at 38 Gorse Place; former Ty Mawr and Cae Glas care homes, and Trowbridge Children's Centre offices were appropriated to the Housing Revenue Account from the General Fund. This has allowed the sites to be considered for inclusion in the second

phase of the Partnering scheme being developed to increase the level of affordable housing in the city. The total value of the appropriation from the General Fund to the Housing Revenue Account during 2012/13 was £4.35 million.

Public Housing Capital Outturn

57. Total capital expenditure on Public Housing schemes in 2012/13 was £18.5 million.
58. The Welsh Housing Quality Standard (WHQS) which sets out the requirement to provide a common standard for the condition of all housing in Wales by 2012 was met by the Council prior to the 31st December 2012 deadline.
59. During the year a number of key schemes were undertaken including:-
- The opening of 'Ty Tresilian', replacing the former Tresilian Hostel as part of the Single Assessment centre complex.
 - A boiler upgrade scheme costing circa £2.5 million was undertaken in order to attract grant funding from utility companies. Around 1,000 boilers were replaced and a range of other energy efficiency measures were undertaken in Council dwellings.
 - A phased programme of environmental improvements on the Christina Street estate, Butetown with WG grant of £927,000 used towards funding of the 2012/13 spend of £1.3 million.
 - Other improvements to properties, including kitchen and bathroom replacements, upgrade of electrical systems as well as estate focussed regeneration.
60. The programme of environmental improvements at Christina Street is nearing completion, though overall scheme costs are higher than expected. The scheme is being jointly undertaken with the Housing & Neighbourhood renewal service area with the cost variation mentioned in the narrative of that service area.
61. This expenditure was funded by the resources identified in the table below. A favourable revenue position during the year allowed scope for revenue budgets to expand the Capital Programme as well as to minimise the level of borrowing to be undertaken.

Public Housing - Funding Source for 2012/13 Capital Programme	Amount £M	% of Funding
WG Major Repair allowance	9.6	51
Revenue & Reserves	6.3	34
External grants	1.8	10
Additional unsupported borrowing	0.4	2
Capital receipts	0.3	2
External contributions	0.1	1
Total	18.5	100

Treasury Management

62. The Council continued to adopt a pragmatic approach to its treasury management activities in 2012/13. This was in accordance with the strategy approved at Council in February 2012.
63. During the year periodic reports on Treasury Management were submitted and reviewed by the Council's Audit Committee as well as at Cabinet and Council meetings.

Investments

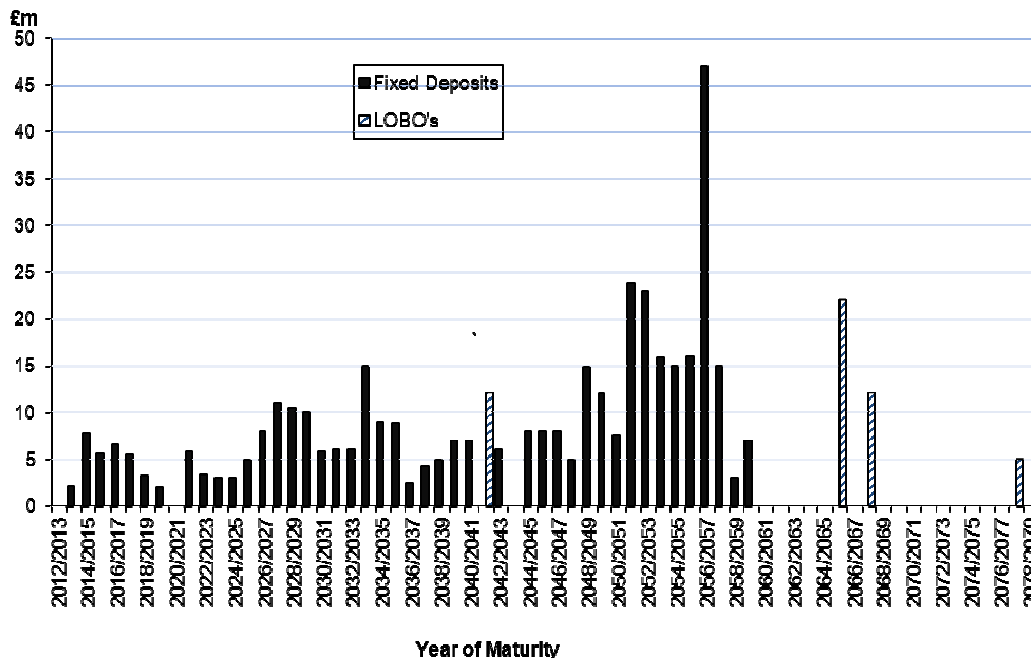
64. At 31 March 2013, investments arising from temporary cash balances stood at £61.4 million. The balance of investments is taken at a point in time and will fluctuate depending on the timing of income and expenditure e.g. payments to suppliers, receipt of grants and capital receipts.
65. The overall level of interest receivable from treasury investments totalled £1.1 million for 2012/13 at an average rate of 1.01%. This compared favourably against the 7 day LIBID rate of 0.39% and the 3 Month LIBID rate of 0.56%. Whilst performance compared to industry benchmarks is positive, the historically low rate of return can be attributed to the Bank of England base rate which remained at 0.5% during 2012/13 and the short duration investment strategy in place during the period.
66. Given the turbulence affecting financial markets and with security of investments the key priority counterparties (organisations) with whom the Council invests were closely monitored in accordance with the criteria set out in the Council's Investment Strategy for 2012/13. Where possible the Council sought to both diversify investments placed and achieve a geographical spread of funds to reduce concentration of investments with any one country.
67. As a result of increased concerns over financial markets, especially with regard to the situation in the Eurozone, the Section 151 Officer restricted all new Council investments to a maximum of three months in June 2012. Following advice from the treasury management advisors, this restriction was removed in the Treasury Management Strategy for 2013/14 with effect from the date at which it was approved.
68. At 1 April 2012 the level of investments with two counterparties exceeded their limits following reductions in their credit ratings. These investments were repaid on maturity as anticipated and no further breaches have occurred.

Borrowing

69. At the 31 March 2013 the Council's total external borrowing was £454.9 million. This was predominantly made up of fixed interest rate borrowing from the Public Works Loan Board (PWLB) payable on maturity.

31 March 2012			31 March 2013	
£m	Rate (%)		£m	Rate (%)
387.7		Public Works Loan Board (PWLB)	402.7	
52.0		Market	52.0	
0.3		Invest to Save (WG)	0.2	
440.0	5.31	Total External Debt	454.9	5.25

70. The average rate on the Council's borrowing reduced from 5.31% at 31 March 2012 to 5.25% at the 31 March 2013. Total interest paid on external debt was £23.8 million, of which £4.7m was paid for by the Housing Revenue Account
71. The maturity profile of borrowing is shown in the chart below.



72. During 2012/13 the Council repaid £52,000 to the WG and undertook £15 million of new borrowing. Whilst there may be a short term cost in holding extra borrowing, it was deemed prudent to take an element of the Council's in year borrowing requirement given the potential risk that future borrowing rates may rise, resulting in the potential for higher longer term capital financing costs to the Council.
73. Whilst interest rates for borrowing are higher than interest rates for investment, the Council has been undertaking internal borrowing which involves using temporary cash balances in the short term. In addition to the financial benefits of this it also reduces exposure to credit risk. It should be noted that the risk attached to internal borrowing is that the Council may have to borrow at higher rates in the future when it does need to borrow. Accordingly there is a balance between the short term costs of carrying borrowing against the long term savings of undertaking borrowing when borrowing rates are deemed to be favourable.

74. In February 2013 Moody's downgraded the sovereign rating of the UK by one notch under what is termed Triple A (Aaa) status. With the number of Triple A countries dwindling, the likelihood of such an event being anticipated and other emerging concerns, the reaction of financial markets has been limited. It should be noted that previous experience from the US and France is that a downgrade had little impact, with their borrowing rates actually falling post downgrade.

Annual Governance Statement

75. The Accounts & Audit (Wales) Regulations 2010 require councils to produce an Annual Governance Statement that explains how the Council ensures good governance and reviews the effectiveness of those arrangements. Appendix H sets out this statement for Cardiff.

Reasons for Recommendations

76. The report is for information and serves to complete the financial monitoring processes for 2012/13.

Legal Implications

77. It is a Council responsibility to set the budget and policy framework and to approve any changes thereto or departures there from (save for the provisions of the Constitution that provide for the Cabinet to approve such changes or departures in urgent circumstances). It is a Cabinet responsibility to receive financial forecasts including the medium term financial strategy and for the monitoring of financial information.

Financial Implications

78. Overall, a comparison of revenue spend against budgets shows a net surplus of £187,000 in 2012/13.
79. A number of service area overspends were confirmed at the year end, the most significant being £1,992,000 in Children's Services and £859,000 in City Services. These were offset by savings in other service areas together with positive revenue contributions from NDR refunds on Council properties, the level of council tax collection achieved and the receipt of exceptional items such as backdated VAT refunds.
80. The Council Fund Balance now stands at £11.548 million, an increase of £207,000 during the year. The Section 151 Officer has reviewed this reserve and considers the balance prudent given the unbudgeted risks that the Council faces. These financial risks were set out in the 2013/14 Budget Report. Individual school reserves stand at £2.773 million although within this figure is the impact of sixteen schools with negative balances amounting to £2.574 million. This position is of concern as any deficits are written off at the time of a school closure. Consequently this situation will be monitored closely and referenced in the Medium Term Financial Plan when appropriate.

81. The Housing Revenue Account achieved a surplus of £128,000 which has been added to the Housing Revenue Account balance. This now stands at £7.295 million.
82. The Capital Programme outturn for the General Fund and Public Housing for 2012/13 is £106.7 million resulting in a total variance of £40.1 million of which £37.0 million is in relation to slippage. Monitoring reports have reminded service areas of the need to allocate sufficient resources to support delivery of capital schemes and to report slippage as early as possible.
83. The table below shows the movements in projected General Fund slippage from Month 3 through to Outturn. The outturn figure of £37 million is significantly lower than the 2011/12 slippage figure of £56.6 million.

General Fund Slippage	Month 3 reported slippage	Month 6 reported slippage	Month 8 reported slippage	Outturn slippage
	£M	£M	£M	£M
General Fund (excluding SOP)	7.5	10.8	19.7	26.5
Schools Organisation Plan schemes	4.4	8.9	10.3	10.5
Total	11.9	19.7	30.0	37.0

84. The Council's treasury management activities are undertaken in accordance with the policies adopted by Council and under professional codes of conduct established by CIPFA. The report advises of the treasury management outturn position for investments and external borrowing which totalled £61.4 million and £454.9 million respectively.

RECOMMENDATIONS

The Cabinet is recommended to note:

- (1) the report and the actions taken in respect of the Council's accounts for 2012/13
- (2) that this report will form an Appendix to the Financial Statements report to be considered at the Council meeting in September 2013
- (3) the Annual Governance Statement for signature as necessary

CHRISTINE SALTER

Corporate Director Resources
13 June 2013

The following Appendices are attached:

- Appendix A - Revenue 2012/13
- Appendix B - Service Area Variances
- Appendix C - Earmarked Reserves
- Appendix D - Civil Parking Enforcement 2012/13
- Appendix E - Housing Revenue Account 2012/13
- Appendix F - Capital Scheme Updates
- Appendix G - Capital Programme 2012/13
- Appendix H - Annual Governance Statement

REVENUE 2012/13

	CASH LIMIT BUDGETS			OUTTURN			VARIANCES				VARIANCES		
	Gross Expenditure £000's	Income £000's	Net Expenditure £000's	Gross Expenditure £000's	Income £000's	Net Expenditure £000's	Gross Expenditure £000's	Income £000's	Net Expenditure £000's	Contribs to new reserves £000's	Gross Expenditure £000's	Income £000's	Net Expenditure £000's
Service Area													
Adult Services	108,182	(23,775)	84,407	108,649	(24,007)	84,642	467	(232)	235	0	467	(232)	235
Asylum Seekers	2,000	(2,000)	0	1,606	(1,606)	0	(394)	394	0	0	(394)	394	0
Capital Financing etc	(20,973)	(4,509)	(25,482)	(22,204)	(2,906)	(25,110)	(1,231)	1,603	372	0	(1,231)	1,603	372
Childrens Services	46,948	(3,448)	43,500	49,110	(3,618)	45,492	2,162	(170)	1,992	0	2,162	(170)	1,992
City Development	20,157	(8,149)	12,008	19,861	(7,660)	12,201	(296)	489	193	0	(296)	489	193
City Management	76,115	(33,810)	42,305	76,062	(33,788)	42,274	(53)	22	(31)	0	(53)	22	(31)
City Services	69,807	(17,947)	51,860	70,659	(17,940)	52,719	852	7	859	0	852	7	859
Communities	269,665	(234,433)	35,232	268,167	(233,641)	34,526	(1,498)	792	(706)	266	(1,232)	792	(440)
Corporate Management	24,696	(1,259)	23,437	24,099	(1,972)	22,127	(597)	(713)	(1,310)	346	(251)	(713)	(964)
Corporate Services	27,649	(10,122)	17,527	27,676	(10,310)	17,366	27	(188)	(161)	0	27	(188)	(161)
Education	315,359	(77,779)	237,580	316,054	(78,307)	237,747	695	(528)	167	0	695	(528)	167
Shared Services	29,430	(7,633)	21,797	29,584	(7,723)	21,861	154	(90)	64	0	154	(90)	64
Summary Revenue Account	1,220	0	1,220	6,581	(4,426)	2,155	5,361	(4,426)	935	0	5,361	(4,426)	935
Discretionary Rate Relief	240	0	240	181	0	181	(59)	0	(59)	0	(59)	0	(59)
Total	970,495	(424,864)	545,631	976,085	(427,904)	548,181	5,590	(3,040)	2,550	612	6,202	(3,040)	3,162
NNDR refunds on Council properties	0	0	0	0	(1,088)	(1,088)	0	(1,088)	(1,088)	0	0	(1,088)	(1,088)
Council Tax Collection	0	0	0	0	(2,261)	(2,261)	0	(2,261)	(2,261)	0	0	(2,261)	(2,261)
Total	970,495	(424,864)	545,631	976,085	(431,253)	544,832	5,590	(6,389)	(799)	612	6,202	(6,389)	(187)

The main variances against service area revenue budgets were as follows:-

Adult Services +£235,000**+£100,000 Month 8**

The outturn position for Adult Services shows an overspend of £235,000, an increase of £135,000 compared to the position reported at month eight. The increase reflects the continued pressures on externally provided services, partly offset by savings in Direct Services, Assessment and Care Management and Management and Support.

An overspend of £2.0 million was reported on externally provided services. This includes overspends of £2.0 million on services to older people and £400,000 for people with learning disabilities. These are partly offset by savings of £280,000 in relation to mental health services, £84,000 on physical disabilities and £38,000 on substance misuse. Although additional budget of £1.1 million was allocated to Adult Services in 2012/13 in recognition of demographic growth, significant pressures were evident during the year particularly in relation to increased domiciliary care hours and provision of direct payments to older people. Overall, the level of externally provided domiciliary care hours to older people increased by 10% compared to the previous year. This was partly offset by savings in internal home care. The additional costs in relation to learning disabilities include a number of high cost residential placements which commenced during the year as part of the transition arrangements with Children's Services. It also reflects a significant level of growth in domiciliary care in this area. Fee increases for residential and nursing placements have still to be formally agreed for 2012/13 however provision has been made to reflect the anticipated costs as these will be back dated. The assumptions reflect the current proposal which follows a review of fee levels and the legal framework in which these are set.

The overspend on externally provided services is partly offset by savings in other areas. This includes a saving of £844,000 in Direct Services mainly due to underspends on employee budgets as a result of on-going vacancies in learning disability supported accommodation and day care and in the Home Care Service. Assessment and Care Management also reported a saving of £393,000 as a result of vacancies. This is in addition to the on-going efficiency savings which were required to be met in this area. Other savings include £42,000 in relation to Occupational Therapy and the Emergency Duty Team and £458,000 on Management and Support. The significant saving in this area is mainly due to staff vacancies and the management of resources including opportunities taken to maximise grant funding.

Asylum Seekers – On target**On target Month 8**

The contract arrangements with the UK Border Agency (UKBA) for the provision of services to Asylum Seekers formally ended on 31 March 2012 however the UKBA exercised its option to extend the contract for a further six months to 2 October 2012 in order to facilitate the transitional arrangements with the new provider. The transition process involved the transfer of circa 250 properties and over 600 service

users to the new provider. A legacy team remained in place during the year in order to resolve outstanding contract issues.

It was recognised that expenditure would exceed income in the final year, the total shortfall amounting to £173,000. This reflects an overall reduction in service user numbers during the transition stage, residual costs relating to properties and the costs of the legacy team. These costs have been met by a drawdown from the Asylum Seeker Reserve which was set up for this purpose. Further residual costs are expected to be incurred in the 2013/14 financial year and these will also be funded from the earmarked reserve.

Capital Financing +£372,000

+£370,000 Month 8

The outturn on capital financing is in line with the position reported at month eight reflecting the assumption that no dividend was to be declared by Cardiff Bus in relation to 2012/13. Whilst an element of new borrowing required to fund the Capital Programme was undertaken during the year, the Council continued to utilise its temporary cash balances to pay for capital expenditure. Although new borrowing resulted in a favourable variance, this was offset by reduced interest recoverable from service areas on invest to save schemes as a result of changes in the timing and funding of schemes. The impact of these other variances on the capital financing budget was broadly neutral.

Children's Services +£1,992,000

+£2,126,000 Month 8

The service area outturn shows an overspend of £2.0 million, a reduction of £134,000 compared to the position reported at month eight. This significant overspend is despite the provision of additional resources in the 2012/13 budget including a budget realignment of £1.9 million in order to meet existing pressures.

The overspend is primarily due to an increase in the number of looked after children requiring external fostering and residential placements and reflects the continuing pressures on children's services both in Cardiff and across the UK. In particular there was a large increase in the number of external fostering placements earlier in the year, with numbers increasing from 257 in December 2011 to 278 in June 2012. Although the numbers declined slightly during the remainder of the year they were on average 16 placements higher per month than in the previous financial year and this has contributed an overspend of £995,000 on this budget. By comparison, the number of external residential placements remained relatively stable during the early part of the year but increased as the year progressed with some placements requiring secure accommodation. These are high cost placements with costs averaging around £150,000 per annum. Overall, there was an increase of seven placements during the year resulting in an overspend of £886,000 on this budget. The procurement of high cost placements continue to be reviewed as part of the Council's commissioning and procurement arrangements and should assist with mitigation of these costs in future.

Overall the outturn position shows significant variances in a number of areas including the overspends of £995,000 on external fostering and £886,000 on external residential care. This includes the impact of the £300,000 efficiency savings

approved in the budget but which were only partially achieved. Other overspends include £500,000 in relation to 16+ leaving care with significant additional costs of funding supported accommodation during the year. Another significant overspend relates to domiciliary care in Child Health and Disability. The spend in this area has increased significantly in the past few years and shows an overspend of £180,000 in 2012/13, albeit that costs declined towards the latter part of the financial year. Other overspends include £155,000 on family assessments, £150,000 on external legal costs, £130,000 on residence order allowances and £63,000 relating to security costs at Thornhill Road. These are partly offset by underspends in other areas including £434,000 on internal fostering and £80,000 on training and support. The most significant saving however relates to employee costs with an underspend of £586,000 during the year. This reflects a range of staff budget savings across the service area notably in relation to changes that have taken place in the Council's residential homes including the temporary closure of the children's home at Thornhill Road. These savings are however partly offset by overspends on staffing budgets within social work teams where a significant spend on agency staff was incurred despite on-going initiatives to fill posts in this area.

City Development +£193,000

+£178,000 Month 8

The outturn position for City Development shows an overspend of £193,000, an increase of £15,000 compared to the position reported at month eight. The increase reflects a further shortfall in planning fee income, partly offset by savings on other budgets within the service area.

Overall, the Planning Division reported on overspend of £286,000 with a shortfall of £345,000 on planning fee income partly offset by savings on staffing and supplies and services budgets. The position also includes an overspend of £109,000 on the non fee earning section of Building Control. This follows a reassessment of workload within the section which identified a higher proportion of safety work being undertaken in relation to the City's stadiums and other sporting venues which cannot be charged to the fee earning account.

Major Projects reported an underspend of £53,000 with staff savings as a result of vacancies and recharges to capital schemes and a surplus on Events Park and Ride partly offset by overspends in other areas. These include a shortfall of £105,000 in rental income for the ISV offices and £37,000 in respect of support provided to the Dr. Who Experience. The surplus of £78,000 achieved in relation to Events Park and Ride was mainly attributable to the increased income received as a result of hosting the Olympic events together with eligible costs recovered from LOCOG.

The Business and Investment section reported an overspend of £22,000 with overspends on business initiatives, economic regeneration and CBTC2 partly offset by savings in management and support costs and by a surplus achieved in relation to the workshops. The Construction and Design unit achieved a trading surplus of £61,000 with a saving of £11,000 also reported in relation to Transport, Strategy and Projects.

The Building Control fee earning account achieved a surplus of £137,000. This is a ring-fenced account and does not form part of the service area outturn position. In

line with previous practice the surplus has been transferred to the Summary Revenue Account and will be used to offset deficits incurred in previous years and which are currently reflected in Council balances. At the beginning of the year the deficit balance brought forward was £147,000 therefore the surplus achieved in 2012/13 will reduce this to £10,000.

City Management (£31,000)

+£98,000 Month 8

The service area reported a saving of £31,000 at the year end an improvement of £129,000 compared to the position reported at month eight. The most significant changes were in relation to St. David's Hall where income levels were higher than previously projected and Events where the cost of recent events was lower than expected.

St. David's Hall reported an underspend of £140,000 with higher income levels in the final quarter offsetting the financial pressures identified earlier in the year. By contrast the New Theatre reported an overspend of £41,000 with a shortfall in secondary spend income and increased operating costs offsetting the surplus generated from ticket and retained income. The Events Division showed an underspend of £123,000. This was partly due to the Big Weekend not taking place in the 2012 Summer Festival but also reflects lower costs in relation to other events including the St. David's Day event. Other variances within the Culture, Tourism and Events Division include savings of £75,000 on the Cardiff Story and Museum and surpluses of £34,000 in Catering Services and £27,000 on City Hall functions. There were also savings of £39,000 on Tourism, Development and Visitor Centres and £13,000 on City Centre Management. These were partly offset by a shortfall of £122,000 at the Castle and an overspend of £14,000 on Protocol and the Mansion House.

There were a number of income shortfalls within the Parks and Sports Division including £68,000 at Sophia Gardens Car Park, £39,000 at the Caravan Park and £18,000 in roundabout sponsorship. There were also overspends on grounds maintenance and litter within Parks Management and increased maintenance costs at playgrounds in Parks Development. These were offset by increased income and savings on other budgets within the division, including significant savings on employee budgets as a result of vacant posts. Overall, this enabled the Parks and Sports Division to report an underspend of £64,000 at the year end.

Traffic Management reported an overspend of £262,000 with income shortfalls of £355,000 partly offset by underspends from vacant posts within the section. Due to the favourable position within the service area as a whole the planned drawdown from earmarked reserves which was intended to partly offset these costs was no longer required thereby protecting the resources in the reserve for future initiatives. Public Transport also reported an overspend of £97,000 with increased costs for concessionary travel, the Heliport and the Bus Station. These were partly offset by savings in Telematics and School Crossing Patrols.

The Cardiff International White Water (CIWW) facility reported an operating surplus of £130,000. However, as part of the funding arrangements for the facility the Council provided loan funding of £3.4 million on an invest to save basis, to be repaid

from the operating surpluses. There was no principal repayment in 2012/13 as the loan has been rescheduled to reflect the additional income streams available from the new surf rider facility in 2013/14, however interest on the loan of £169,000 was charged. After taking into account the operating surplus of £130,000 this leaves a shortfall of £39,000 which is reflected in the service area outturn position. It is anticipated that the overall repayment will be achieved in future years as the level of operating surplus increases. The above position also reflects the allocation of Council budget of £233,000 to support this activity, an element of which includes temporary funding to meet a higher than anticipated level of non domestic rate costs which are still subject to appeal. An overspend of £20,000 was reported for the Sailing Centre mainly due to reduced premises costs as a result of vacating the premises at Llanishen together with increased income generation. A balanced position was reported for Flatholm with additional maintenance costs and an income shortfall offset by savings on employee costs.

The outturn and accounting arrangements in relation to Civil Parking Enforcement (CPE) are set out in the main report and as an appendix to the report. Overall, a surplus of £2.169 million was achieved during the year, however as this is a ring-fenced account the surplus will be transferred to the Parking Reserve and as such it has no impact on the overall outturn position of the service area.

City Services +£859,000

+£505,000 Month 8

The outturn position for City Services shows an overspend of £859,000 an increase of £354,000 compared to the position reported at month eight. The change reflects increased costs within Waste Management particularly in relation to household waste collection and sorting and disposal including increased landfill tax as a result of higher tonnages. These increases were partly offset by savings in Highway Operations including a significant increase in the level of funding from SWTRA.

The Material Recycling Facility reported an overspend of £745,000 against budget which was broadly in line with the projections during the year. This reflects the continuing downturn in market prices for the sale of recyclate materials particularly in relation to waste paper. Market prices for recyclates can be volatile and whilst the services area will continue to drive down costs and endeavour to obtain the best prices in the market, this will need to be closely monitored in the coming year. To reflect the volatility of the market and the issues experienced in 2012/13 a contingency sum of £350,000 was set aside as part of the 2013/14 budget and may be used to minimise the impact of any income shortfalls identified as the year progresses.

There was also a deficit of £320,000 in the Trade Waste Collection Service due to reduced income as a result of competition in the market place. The Household Waste Service reported an overspend of £575,000 due to increased employee and transport costs, mainly as a result of meeting health and safety requirements set by the HSE. This was addressed in the 2013/14 Budget with £700,000 being allocated to meet the necessary requirements. The Bulky Waste Collection Service also reported an overspend of £15,000. The Cleaner Cardiff Division showed an underspend of £10,000 with the underlying overspend on vehicle costs being offset by additional income and savings on other budgets. A sum of £76,000 was also

drawn down from earmarked reserves to fund washing gum removal and additional operative costs in respect of catch up weekends.

The costs associated with post sorting and third party disposal of waste showed an overspend of £118,000, an increase compared to projections earlier in the year. This reflects the increased tonnages being processed. Landfill tax payments at the Lamby Way site also showed an overspend with payments £113,000 higher than budget as a result of receiving as a Waste Collection and Disposal Authority significantly more municipal solid waste from the public, rising from 169,000 tonnes in 2011/12 to 174,000 tonnes in 2012/13. In previous years the total tonnage had been declining. This was in line with government expectations and had been anticipated to continue. The increased tonnage has meant that the Council has had to recycle, treat and dispose of 5,000 tonnes more waste than budgeted for. The spend on gas oil was also £89,000 higher than budget. These were offset by savings of £84,000 from a lower spend on tip cover material, £83,000 from a rate rebate, £114,000 of increased income mainly from the sale of gas producing energy and tipping tolls and £74,000 on other landfill budgets.

Reduced leachate treatment costs generated a saving of £174,000 against the Landfill Directives budget with a saving of £152,000 also reported on the Transfer Station at Lamby Way due to savings on operational costs. These were partly offset by an overspend of £72,000 in relation to the yard and waste transfer station at Brindley Road and £26,000 against the four household waste recycling centres. The Strategy, Education and Enforcement Division also reported an overspend of £11,000.

Highway Operations reported an overall underspend of £454,000, a significant saving compared to previous projections. This was primarily the result of £324,000 being received from SWTRA and capital related work at the year end. The overall position includes an underspend of £247,000 in Street Operations with overspends on winter maintenance and grass cutting and weed control offset by savings on highway repairs including the impact of the additional income referred to above. Street Lighting and Drainage Services also reported underspends of £180,000 and £90,000 respectively. These were partly offset by an overspend of £29,000 on the bridge maintenance budget with a shortfall of £52,000 for advertising on bridges offset by reduced expenditure of £23,000 against bridge maintenance due to delays to the procurement process. There was also an overspend of £34,000 on support services.

Highways Infrastructure and Assets reported on underspend of £64,000 reflecting a combination of reduced employee costs as a result of vacancies and additional income including £27,000 of un-budgeted search income.

Communities (£706,000)

(£174,000) Month 8

The outturn position for Communities shows a saving of £706,000, an increase of £532,000 compared to the position reported at month eight. This reflects additional savings in a number of areas including increased income generation within Leisure Services and an improved position within Regulatory Services reflecting a combination of increased income and additional savings including staff vacancies.

Housing and Neighbourhood Renewal reported an overall saving of £38,000. Underspends on spend to save budgets within Housing Strategy, Support & Lettings together with staff vacancies resulted in a saving of £239,000. A saving of £93,000 has also been identified in relation to Housing Resources & Assisted Living and £72,000 as a result of income received above target within the Community Alarm Service. These are partly offset by an overspend of £32,000 due to income shortfalls in relation to Disabled Facilities and Targeted Elderly Services. Benefits, Finance & Tenancy Services reported a balanced position against budget with £101,000 being transferred to the Welfare Reform Reserve at the year end in order to meet future budget pressures. The savings are offset by an overspend of £272,000 against the Efficiency Programme targets for shared admin and service redesign. Reviews are continuing within the service area using tools and techniques based on system thinking in order to highlight opportunities to streamline key administrative activities. It is anticipated that this will enable the service area to meet its efficiency target in future years. There is also a projected overspend of £65,000 in relation to gypsy sites with an unbudgeted contribution of £100,000 for capital works at the Shirenewton Site partly offset by savings of £35,000 on water charges.

The Community Facilities Division reported an overall saving of £244,000. This includes savings of £73,000 on Children's Play due to vacancies, £37,000 on Community Halls as a result of additional income and £15,000 on Management and Support. The Libraries Service also reported an underspend of £21,000 mainly due to savings on staffing and supplies and services budgets. These are partly offset by additional costs of £17,000 in relation to the specialist facilities at Insole Court and the Cardiff Riding School. Leisure and Sports facilities reported a surplus of £124,000. However this was offset by a transfer of £150,000 to a new earmarked reserve in order to fund costs associated with a new income management system to replace the obsolete Flex System. A contribution of £20,000 was also made to a new earmarked reserve in relation to Children's Play services to fund additional work required for the completion of the Welsh Government's Play Sufficiency Assessment. Neighbourhood Learning reported an overspend of £11,000 with a shortfall of £367,000 against the Efficiency Programme savings partly offset by underspends of £356,000 as a result of savings on supplies and services budgets and employee costs due to vacancies.

The overall position on Regulatory Services shows a saving of £136,000. This represents an improvement compared to month eight with income levels higher than previously forecast and further reductions in expenditure including staff savings as a result of vacancies. The most significant saving is £141,000 as a result of vacancy savings in Community Safety. However this is partly offset by £126,000 of voluntary severance costs arising from the cessation of the previous programme of Community First funding. Other significant savings include £52,000 in Public Protection as a result of vacancy savings, £49,000 in Trading Standards and £15,000 in Pollution Control. Animal Services also achieved an overall surplus of £44,000 with overspends and income below target for the Cardiff Dog's Home offset by additional income in Pest Control and minor underspends on the Dog Warden Service. These are offset by overspends in other areas including a shortfall of £87,000 in respect of Efficiency Programme savings. This is also subject to review using tools and techniques attributable to systems thinking with a view to achieving the remaining target in the new financial year. The other significant overspend was in the Licensing

Service which reported a deficit of £61,000 mainly as a result of premises license income being below target. Bereavement Services reported a balanced position following a contribution to reserves to fund the approved Investment Strategy whilst a saving of £96,000 on the Registration Service was transferred to a new earmarked reserve to fund improvements to the service in 2013/14.

A saving of £172,000 was reported in relation to Partnerships and Citizen Focus reflecting vacancy savings arising from appointments to the new structure. A saving of £116,000 was also reported in relation to Supporting People administrative services as a result of staff vacancies. The Housing Maintenance Service also achieved a surplus of £289,000 although this will accrue to the Housing Revenue Account which is reported separately within this report.

Corporate Management (£1,310,000)

(£915,000) Month 8

The overall variance is mainly due to a saving of £1.0 million on Efficiency Programme expenditure budgets. This reflects changes to the way the programme was managed with a significant reduction in the use of consultants and other external support. The saving takes into account the budget transfers actioned in relation to the transition team and in support of the Council's new senior management arrangements as set out in the Cabinet Report of 11 October 2012. This was partly offset by a shortfall of £200,000 in relation to the Wave 2 efficiency savings. An underspend of £346,000 was also reported against the budget allocated for future investment in the Cardiff Enterprise Zone and this has been transferred to a new earmarked reserve to fund future expenditure in this area. Other budgets in Corporate Management reported a saving of £160,000 mainly in relation to pension strain, the contributions to Cardiff Port Health and other support costs.

Corporate Services (£161,000)

(£118,000) Month 8

Savings of £119,000 in Finance and Enterprise Architecture and £96,000 in Commissioning and Procurement reflect a combination of additional income and savings on employee budgets as a result of staff vacancies. A saving of £127,000 was also reported in relation to Strategic Estates including additional property rental income of £60,000 and an underspend of £33,000 on premises costs relating to workshops. The outturn position for Legal and Democratic Services showed an overspend of £22,000 with a shortfall in income partly offset by savings in employee costs due to vacancies. Scrutiny, Performance and Improvement also reported an overspend, with the variance of £159,000 mainly due to a shortfall of £155,000 relating to the non achievement of efficiency savings on the Performance and Information Management Project during the year.

Education +£167,000

+£422,000 Month 8

The outturn position shows an overspend of £167,000 an improvement of £255,000 compared to the position reported at month eight. This reflects improved positions in relation to Schools Catering and Cleaning together with additional savings in areas such as Early Years and Childcare and Compliance and Wellbeing.

The overall position includes the additional spend of £550,000 in relation to the resolution of issues at Danescourt and St. Albans Primary Schools, primarily relating to payments being made to other schools for the release of staff. Other significant overspends include £110,000 in Management and Support and £111,000 on grant funded budgets including overspends on Extended Opportunities and Welsh Education Grant, partly due to issues affecting eligibility of expenditure. An overspend of £11,000 was also reported in relation to Storey Arms. The School Catering Service reported a deficit of £100,000 reflecting the continuing challenge of maintaining demand for the service although the final position was significantly improved compared to previous projections. This is offset by a surplus of £92,000 in respect of School Cleaning and £93,000 on Compliance and Wellbeing. A saving of £102,000 was also reported in relation to the Youth Service mainly due to a restructuring and the impact of controls on spending. Basic Skills showed an underspend of £34,000 having taken into account the full cost implications of the transfer of the service to Cardiff & Vale College.

The outturn for inter-authority recoupment and special educational needs (SEN) showed an overall saving of £309,000. This includes a number of significant variances with overspends of £365,000 on the Education Otherwise Budget and £50,000 on school based counselling offset by savings of £310,000 on out of county placements and inter authority recoupment and £73,000 on pupil support services. As reported in the previous monitoring report there was also additional Welsh Government funding of £320,000 for post 16 special school and SEN out of county provision. In line with the guidance this was budgeted for at 90% however the final notification received during the year confirmed funding at 100%.

Shared Services +£64,000

(£219,000) Month 8

The outturn position for Shared Services shows an overspend of £64,000 an increase of £283,000 compared to the position reported at month eight. The change is mainly due to increased costs in Facilities Management where the targeted efficiency savings were not fully achieved. This was partly offset by additional savings in ICT and Customer Services.

An overspend of £580,000 was reported in relation to Facilities Management. This includes a deficit of £261,000 in Building Services which was £61,000 higher than previously projected. The deficit reflects a reduction in the level of turnover with overall income levels from capital, asset renewal, delegated schools budgets and facilities management £0.6 million (6%) lower than in the previous year. Facilities management of buildings also showed an overspend of £256,000 mainly due to a shortfall in achieving the efficiency savings target of £625,000. This reflects a backlog of work necessary to keep buildings safe and clean. An overspend was also reported in relation to Building Support where there was a shortfall of £71,000 against the £125,000 efficiency savings target due to delays in implementing the new structure. Building Cleaning reported a deficit of £5,000 against a budgeted surplus of £244,000 with Security Services showing a saving of £13,000 at the year end.

The Centralised Transport Service reported an overspend of £264,000 with a shortfall of £446,000 against the £1.082 million of efficiency savings targets for the service. This was mainly due to delays in the Authority wide fleet reduction process

and some procurement initiatives. This was partly offset by savings of £185,000 on school transport with the new contracts commencing in January producing additional savings. Management and support costs showed an overspend of £3,000 after the costs of the project team were met by a contribution from earmarked reserves.

HR People Services reported a saving of £517,000 with a surplus of £247,000 on Cardiff Works and an underspend of £174,000 on staffing costs in HR People Services. This is after funding the costs associated with the internal shared services arrangements. An underpend of £52,000 was also reported in relation to the Cardiff Academy. Other savings include £143,000 in ICT mainly due to reduced expenditure on hardware and software, £102,000 on Customer Services due to a combination of vacancy savings and additional income and £23,000 due to savings on employee costs in Business Administration. These were partly offset by an overspend of £5,000 in Media and Communications.

EARMARKED RESERVES		
In line with Council Minute 799(8) the following amounts were transferred to new earmarked reserves		
RESERVE	£	PURPOSE
Leisure Services Income Management System	150,000	The provision of funding to support the replacement of the IT management system (FLEX) within Leisure Services which is soon to become obsolete after 13 years operation along with a withdrawal of related maintenance support.
Children's Play	20,000	To fund additional work required for completion of the Welsh Government's Play Sufficiency Assessment.
Registration Service	95,788	The provision of funding to support the modernisation and improvement of the Registration Service.
Cardiff Enterprise Zone	346,000	To fund future initiatives and expenditure in this area.

Civil Parking Enforcement 2012/13 Outturn

Appendix D

2011/12 Outturn		2012/13 Estimate	2012/13 Outturn	2012/13 Variance
£0		£0	£0	£0
	Income			
(3,005)	On Street Car Parking Fees	(3,514)	(3,192)	322
(251)	Off Street Car Parking Fees	(245)	(245)	0
(2,004)	Penalty Charge Notices	(1,907)	(2,148)	(241)
(133)	Residents Parking Permits	(135)	(140)	(5)
(13)	Disabled Bays	(46)	(49)	(3)
(1)	Other income	0	0	0
(5,407)	Total Income	(5,847)	(5,774)	73
	Expenditure			
1,935	Employees	2,341	2,240	(101)
309	Premises	311	306	(5)
7	Transport	0	7	7
460	Supplies and services	469	602	133
224	Third party payments	166	136	(30)
161	Support services	165	174	9
151	Capital financing charges	144	140	(4)
3,247	Total Expenditure	3,596	3,605	9
(2,160)	Net Expenditure	(2,251)	(2,169)	82
2,160	Contribution to Parking Reserve	2,251	2,169	(82)
0	Total Civil Parking Enforcement	0	0	0

HOUSING REVENUE ACCOUNT 2012/13 - OUTTURN**APPENDIX E**

	2012/13 Estimate	2012/13 Actual	2012/13 Variance
	£000	£000	£000
EXPENDITURE			
Employees	9,741	9,122	(619)
Premises			
Council House Repairs	12,412	13,110	698
Other Premises Expenditure	5,142	4,883	(259)
Total Premises	17,554	17,993	439
Transport	158	143	(15)
Supplies & Services	2,182	1,906	(276)
Third Party Payments	13	13	0
Support Services	5,320	4,762	(558)
Capital Financing			
Capital Financing	7,471	7,474	3
DRF	4,554	6,290	1,736
Total Capital Financing	12,025	13,764	1,739
Contributions to Funds/Doubtful Debts	660	325	(335)
Housing Subsidy Payable	15,528	15,096	(432)
GROSS EXPENDITURE	63,181	63,124	(57)
INCOME			
Rents	(55,400)	(55,321)	79
Service Charges	(4,767)	(4,828)	(61)
Interest			
Mortgage Interest	(8)	(6)	2
Interest On Balances	(90)	(88)	2
Total Interest Receivable	(98)	(94)	4
Grants income	(50)	(50)	0
Other Income	(762)	(770)	(8)
Total Recharges	(1,547)	(1,632)	(85)
Contributions to/from Reserves/Balances	(557)	(557)	0
TOTAL INCOME	(63,181)	(63,252)	(71)
NET SURPLUS (-)	0	(128)	(128)

CAPITAL SCHEMES UPDATE

Delivery of capital projects is complex and can span a number of years. The following provides an update of some capital schemes at the year end in addition to the detailed list in Appendix G.

Adults and Childrens

WG grant of £454,000 was received and paid to a voluntary organisation called 'Inroads' to start the renovation of a property to provide a single point of contact as part of the substance misuse programme. This is part of a total grant for renovation of £850,000 and follows a WG grant of £450,000 in 2011/12, which allowed the organisation to purchase the property.

Schools

Schools – Planning and Development

The Month 8 report highlighted a number of schemes ongoing at Willows High School, for which significant funding was earmarked from Asset Renewal, together with WG grant of £398,000. Since Month 8, further grant of £821,000 has been allocated to the scheme, making a total of £1.219 million. This grant has been used to displace Asset Renewal allocation, resulting in a slippage figure of £1.042 million.

An Invest to Save scheme to purchase a kitchen demountable unit at Cathays High School was undertaken, at a cost of £151,000.

Design works for the boiler replacement energy efficiency scheme have taken longer than anticipated resulting in slippage of £514,000, an increase of £219,000 since Month 8.

Schools Organisation Plan and 21st Century Schools

The Schools Organisation Plan (SOP) Consolidated Financial Model includes almost £235 million of capital investment over the life of the programme (this includes historical spend). The Outturn Capital expenditure for 2012/13 was £35.447 million with slippage of £10.455 million. This section provides an update in respect of each of the phases: Fast Track; Welsh Medium; Cardiff East, Whitchurch and 21st Century Schools.

The Fast Track outturn is less than that projected at Month 8. This is largely due to schemes at Marlborough Primary, St Mary the Virgin Primary and Ysgol Tan yr Eos slipping £47,000, £13,000 and £65,000 respectively.

The Welsh Medium outturn for 2012/13 is £528,000 less than previously projected and is largely due to slippage on the Bryn Celyn (£406,000) and Ysgol Pwll Coch (£72,000) schemes. The initial site start date of Bryn Celyn

was delayed, and some phases have slipped since, however the scheme is now near to completion.

A number of significant movements to schemes within Cardiff East have resulted in an overall net increase of £22,000. Accelerations have been approved for the new build St Teilos High School in order to mitigate against delays, resulting in £953,000 being brought forward from future years into 2012/13. The most notable slippage into 2013/14 is on the Cardiff High (£441,000) and Llanishen High schemes (£422,000). At Cardiff High the reasons cited are largely due to an extension in the tender period, and unforeseen issues arising on site which have caused delays. At Llanishen High there are also delays, mainly due to issues resolving contractual matters before works could begin, and adverse weather conditions.

Expenditure on Whitchurch school schemes has increased by £1.191 million compared to the figure forecast at Month 8. The English Medium Primary was significantly accelerated and an early completion is anticipated. It has been necessary to incur some of the Ysgol Melin Gruffydd expenditure at an earlier stage (notably the provision of a demountable). Hence expenditure of £560,000 and £631,000 respectively was brought forward from 2013/14.

As part of Other SOP schemes the Flying Start works at St Francis Primary, referred to at Month 8, progressed quickly in the last quarter hence the full £359,000 allocated was spent.

As part of the Budget Report in February 2013 the 21st Century Schools programme was amalgamated with SOP to form an updated Consolidated Model. Of the 'new' schemes (i.e. those within 21st Century Schools which do not fall within Fast Track, Welsh Medium, Cardiff East or Whitchurch) £537,000 was spent on Willows High School (£535,000) and Ysgol Glan Ceubal (£2,000).

Libraries

The Radyr library refurbishment scheme was completed at a total cost of £565,000 and the library reopened in June. In respect of the Central library, internal glass panels received a specialist coating in order to comply with health and safety requirements, with works to the entrance door to be completed early in 2013/14.

Whilst an application to WG in 2012/13 for £100,000 of grant funding towards works at Canton Library was unsuccessful, grant of £120,000 has been awarded for 2013/14. The scheme, expected to cost £700,000, has been delayed whilst options for service delivery are considered as part of the Hub proposals. A start on site is expected in July 2013.

Waste Management

Leachate treatment facilities were implemented at Lamby Way at a cost of £165,000. Expenditure for design of the new Household Waste Recycling

Centre at Wedal Road was brought forward. This scheme is expected to start at the end of 2013/14, subject to satisfactory outcome of the tender process.

Site surveys during the year for the Lamby Way Capping and Restoration scheme identified additional opportunities for the effective utilisation of previously tipped areas. This together with a move to ensure economies of scale in procurement, for what was previously an annual procurement exercise, will be combined into a single contract for capping and restoration in order to meet planning obligations for the site in 2013/14. This has resulted in slippage of £593,000.

Bereavement

Improvement works were undertaken to a number of bereavement properties during the year. The area for the extension to increase capacity of burial space received planning permission during the year, but approval was delayed due primarily to changes in scope of the scheme. In order to bring the scheme cost in line with available funding, plans for a new office, customer reception and mess facilities for the staff were excluded. Work began in April 2013, with completion expected in June 2013, with Council capital resources of £555,000 slipped into 2013/14, which together with funding from the bereavement reserve will pay for this £570,000 scheme.

Highways

The WG Highway Improvement Local Government Borrowing initiative (LGBI) scheme provided revenue funding over a twenty year period to support £5.125 million of investment for highways infrastructure, primarily carriageway resurfacing during 2012/13. A contract for highway resurfacing with a value of £3.297 million commenced in October. The actual expenditure during the year on highways resurfacing under the LGBI scheme was £3.714 million.

The actual cost for resurfacing under the contract is significantly higher due to the presence of a substance included in the tar requiring specialist disposal treatment. The balance of the £1.336 million LGBI approval was committed under the contract at 31 March 2013 and is shown as slippage with works continuing into the first quarter to be completed early in the next financial year.

The LGBI funding supplemented the Council's own expenditure on footway and carriageway resurfacing schemes, but delays in completing schemes in conjunction with the availability of LGBI funding has resulted in slippage of £227,000.

The Bridges and Structures budget includes £500,000 for works on Penarth Road bridge. The procurement of works was undertaken in the second half of the year. Unfortunately, due to the complexity of the requirements of the scheme the three tenderers withdrew from the process, hence the Contract was not awarded. This resulted in slippage of £476,000.

A contribution of £50,000 was paid to Network Rail for a scheme to strengthen Windsor Road bridge. This jointly funded scheme is expected to cost £8 million, with the Council's contribution identified as £1.6 million in future years.

Expenditure on Street Lighting was £507,000 which included a pilot scheme to test new dimming technology. A total of 220 lighting columns that had become structurally unsound were replaced across the City, and the service area addressed eleven requests for new or additional street lighting based on public safety, risk of crime and vehicle / pedestrian usage.

In order to address surface water flooding to residential and commercial properties from watercourses in Rhiwbina the Council began detailed design solutions in 2012/13. A £1.557 million scheme will address the northern section of the Whitchurch Brook in Rhiwbina, with construction to be undertaken in 2013/14.

Transport, Policy and Projects

A number of transportation schemes were undertaken or were in progress during the year, funded by a mixture of the Council's own resources as well as WG grants. During 2012/13 assumptions initially made at budget setting in relation to the availability of external grant were revised down following confirmation.

Over £1.6 million was spent on delivering cycling schemes identified in the strategic cycling network plan to develop the network - ENFYS. This develops a more integrated and joined up cycle network for the city as well as using sustainable travel city grant received from WG to improve sustainable travel choices.

During the year, a number of additional grant approvals were received for Safe Routes in Communities and from SEWTA for a range of schemes. Given the late notification of the approvals, the funding bodies were content for such grants to displace expenditure funded from the Council's own resources, on the condition that such resources were carried forward as slippage to pay for further transportation works. This has resulted in slippage of £175,000 on the cycling budget as well as £287,000 for Asset Renewal for transport and traffic management. The former is to be used for further development of safe routes in communities with the latter to be used to improve pedestrianisation on the Newport Road / City Road junction.

Telematics & Public Transport

Within Butetown Tunnel, the replacement of fluorescent lighting with LED lighting was completed, at a total cost of £780,000 over 2011/12 and 2012/13 with the aim of reducing energy and maintenance costs.

The upgrade of Wellington Street, Riverside and Penlline Road, Whitchurch surface car parks along with the resurfacing of North Road car park,

completed the two year car parks upgrade programme costing circa £630,000.

Pay and display machines were installed in Butetown at a cost of £123,000 as part of the Council's Controlled Parking Enforcement strategy, with the costs funded via an invest to save loan with the repayments on this loan being met from the parking reserve.

Expenditure in the year also included completion of a programme to install bollards at a number of city centre locations, funded primarily by The London Organising Committee of the Olympic and Paralympic Games (LOCOG).

Central Transport Services

The new Vehicle Maintenance Depot replaces four former depot sites in the city and was practically complete during the year and opened in April 2013. Expenditure on the scheme to date has been £6.305 million. The technical nature of the works; changes required in design to support the heavy vehicles, and requirement to relocate a fuel store, together with parking changes, has resulted in an increased cost. This has been managed in the short term within existing Capital Programme resources as well as taking out a higher invest to save loan. The total value of this loan is subject to the potential amounts to be received from disposal of the relinquished former depot sites such as Clare Road.

Harbour Authority

The development of Flowrider commenced in July, with completion in April 2013. This indoor surf attraction at Cardiff International Whitewater is the latest part of the International Sports Village development and will complement existing activities. The estimated cost of £2 million will be met from the Harbour Projects and Contingency reserve.

Cultural Venues and Events

Remodelling and upgrades to the upper circle seating area in the New Theatre together with the installation of a disabled access lift were completed at a combined cost of circa £640,000, with the majority spent in 2012/13. The seating scheme was funded principally from borrowing, repayable from a surcharge on tickets sales.

Following an unsuccessful bid to secure £661,000 of Heritage Lottery Fund (HLF) grant, plans for a second phase for Cardiff Museum, involving new exhibition space and construction of a bar/cafeteria have been put on hold to focus limited resources on competing priorities. Budgets previously allocated for phase 2 have been shown as underspend.

Parks

Play Equipment replacement included schemes at Parc Coed y Nant; Roath Park Play area, Hailey Park and Rumney recreation ground. Investment took place in other areas including addressing fire risk assessments; car park and public open space improvements at a number of facilities throughout the city, and improving the condition of footbridges at Roath Park.

During the year, expenditure of £129,000 was undertaken to upgrade the Sophia Gardens events area in readiness for Olympics events. This was paid for by a grant from the Olympics organising committee.

Expenditure to enhance public open space in various areas of the city took place using available Section 106 contributions. As mentioned in the main body of the report, achieving greater spend was restricted by the availability of landscape design services. Further capacity was added to the design team in April and a recruitment exercise is currently taking place in order to facilitate the spending of sums available.

Work commenced on Blackfriars Friary conservation as well as preparation for the restoration of the Eastern Boundary Wall, a scheme of general landscape improvements and the re-flooding of the Mill Leat at Bute Park. Blackfriars and Eastern Boundary Wall are expected to be complete by August and Mill Leat in November, resulting in slippage of £1.550 million into 2013/14.

Leisure and Play

Energy efficient boiler replacement and combined Heating and Power (CHP) schemes were completed at Pentwyn, Llanishen, Mandy and Fairwater Leisure Centres, Salix funding was received to undertake these works in the form of a loan totalling £656,000 to be repaid through savings in utility costs.

Facilities at Fairwater Leisure Centre were refurbished at a cost of £564,000 to provide internal alteration including a new downstairs café area, and reorganisation of the first floor activity area to give increased and more flexible studio and gym space.

Insole Court stable block east wing works were started in 2012/13 and are to be completed in 2013/14. Works estimated to cost £150,000 include the installation of a new floor and new roof at this listed structure.

Whilst the development of Eastern Leisure Centre was expected to be further advanced at this stage, work has continued to identify the scope of a sustainable scheme to inform the final design and enable commencement of the tender process. Preparatory work and planning is currently underway to allow for a start on site in December 2013 and a completion date of Spring 2015.

Housing and Neighbourhood Renewal

The Disabled Facilities Grant budget funds low cost work such as hand rails as well as major home adaptations for public and private housing to allow individuals to remain independently in their own home. Total expenditure in 2012/13 was £4.791 million including Public Housing. Around 750 major adaptations were carried out at an average cost of circa £5,200 and circa 1,100 minor adaptations at an average cost of £425. The current average waiting time is 15 weeks and whilst waiting times have been optimised, the number of clients continues to increase. The Discretionary Renovation Grant budget addresses the needs of low income home owners with the aim of achieving a home which is 'warm, safe, dry and secure'.

A programme of environmental improvements at Christina Street, Butetown is near completion with works forming part of both the Housing & Neighbourhood Renewal and Public Housing (HRA) Capital programmes. The contract spans 2012/13 and 2013/14, with final scheme costs set to exceed the original contract value by circa £600,000 over this period, primarily as a result of unforeseen items and client instructions which are legitimate claims under the contract.

WG grant of £249,000 was received at the start of the year for Shirenewton Traveller site, to be used along with additional Council resources identified to meet the costs of environmental improvements and associated landscaping undertaken in this and previous years. In December 2012, a further grant of £205,000 was approved for works to resurface roads and construct new footpaths throughout the site.

The Local Authority Mortgage Scheme is aimed at the first time buyer who can afford mortgage repayments, but not the initial deposit to get their first step on the property ladder. The Council £1 million scheme was fully subscribed within 6 months after opening in April 2012. The advice from the Council's treasury management advisors concerning how the scheme should be accounted for, whilst accepted by auditors in England, is being disputed by the Welsh Audit Office. Whilst this scheme was previously included in the Capital Programme, it has subsequently been removed and is now accounted for as an investment.

The Single Assessment Centre complex was opened providing a comprehensive service for homelessness and related issues. The main partners involved in developing this £9.5 million new build scheme were Hendre Ltd (including Hafod care), Huggard Housing and Cardiff Council.

Funding of £3 million was provided in the budget to create citizen hubs, primarily a city centre hub at the Friary building. Following a review during the year of the locations of such hubs the 2012/13 allocation of £750,000 is shown as slippage to be used towards the development of future hubs including Ely, Splott and in Llanedeyrn.

In relation to the Maelfa centre, a tender process recently completed has selected a developer partner with the necessary skills, experience and resources to take forward a comprehensive redevelopment scheme for the Maelfa Centre. The Council contribution to the scheme of £1.455 million includes new community facilities as well as enabling works such as demolition costs.

Planning

As part of the Butetown regeneration scheme, a new build Community Centre and Youth Pavilion were completed at a cost of around £5 million. Both buildings provide 'state of the art' facilities, and engaged the local community in their planning and design.

Improvements as part of the Local Shopping Centre regeneration scheme were undertaken at Llanrumney Avenue shopping parade (£64,000) and Michaelston Road shops (£165,000). The Beechley Drive scheme has not progressed as quickly as anticipated with delays due to the completion of a tender process and drafting of a development agreement resulting in slippage of £99,000.

Works in 2012/13 to improve the public realm under the Neighbourhood Renewal programme included: improvements to the Albany Road/Wellfield Road junction to enhance this district shopping gateway (£186,000); improvements to the footpath network in St Mellons (£195,000); safety and other improvements to open space at Waun Fach (£140,000) and Dylan Place (£86,000) and a new MUGA at Mill Park (£88,000).

Economy and Major Projects

The Capital Cardiff fund for Small and Medium Enterprises (SME's) awarded one loan, four grants and took one equity stake in 2012/13. Slippage of £226,000 is reported where firm commitments exist, with the balance of £367,000 reported as underspend.

In order to maximise the redevelopment opportunities as part of the development of the wider Cardiff Enterprise Zone and to avoid the condition of the building detracting interest in the area, works to demolish the Johnston building in Callaghan Square began in the year. Works were still in progress at the end of 2012/13 with estimated costs to clear the building to the ground floor level being £485,000 and spend of circa £290,000 in 2013/13. Further works will eventually be necessary in order to remove underground structures, roadways and services.

Taxi rank and public realm improvements to the newly resurfaced Stand A were undertaken, costing circa £672,000 in the year. The latter was to create an area to establish the Welsh Olympic sporting achievement and promote Cardiff as the Capital City of Sport for 2014.

With the regeneration of Mount Stuart Square, the City's former financial quarter, into a digital and creative quarter, options for the location of the Cardiff Innovation Centre Redevelopment are being considered.

With the need for consultation as part of the Council's Economic strategy, significant slippage has been identified, with £6.5 million of reserves as well as £4.192 million of Council capital resources carried forward into future years.

The Doctor Who visitor experience opened in July 2012 in partnership with BBC Worldwide. This scheme is funded by Invest to Save borrowing, with repayments of principal expected to be made over a five year period from the Council's share of ticket income up to a maximum of £2.4 million.

Corporate

Works at Global Link, and to renew air conditioning units at Willcox house in parallel with 'Our space' enhancements of the office space were completed in the year. This has allowed increased occupancy with the aim of enabling relinquishment of office space no longer required. In 2012/13 this included, offices at Trowbridge and areas of Marland house as well as various HRA properties.

With future options being considered in relation to the current County Hall site, the significant expenditure planned to be undertaken to address the maintenance backlog as well as to create a modern working environment under the 'Office Accommodation Rationalisation' scheme has been deferred. The £2.375 million slippage previously reported is now shown as underspend. Slippage of Council allocated funding (£408,000) together with budgets allocated in future years will be used to continue adaptations to existing administration buildings, will allow more effective space utilisation and reduce the cost of running the estate. Examples of work to be undertaken in future years includes rationalisation of office space at Brindley Road depot, relocation of Penhill youth offending service and allowance for dilapidation costs as well as some expenditure within County Hall to accommodate additional staff.

The Carbon Reduction for schools budget is used to improve energy efficiency in school buildings. Expenditure plans are being reviewed in order to identify and prioritise schemes to be taken forward in 2013/14, resulting in slippage of £230,000.

The reconstruction of the fire damaged Grade 2 listed Longcross Farm has commenced. The cost is estimated at £550,000 at this stage with costs being funded by the Council's insurer, and the £250,000 excess on the claim being paid from the Council's insurance fund.

The budget for Business Process Improvements was £5.540 million in 2012 (including Public Housing). General fund slippage of £2.493 million is reported. The major focus for this year was the preparation for deployment of

the new SAP based Customer Relationship Management platform and the managed deployment of SAP licences, the latter of which cost £1.600 million, some of which was apportioned to the Housing Revenue Account. The procurement of a new mobile and scheduling platform for the entire Council was completed in October 2012. The deployment of this enterprise wide solution and the delivery of benefits and efficiencies will start being realised with the CMS Housing repairs project, with further projects anticipated in relation to mobile working.

The complex nature of Hydro and Solar energy generation schemes such as Radyr Weir, together with the availability of key staff to take forward these schemes, meant there was little progress by 2012/13. Options for solar schemes are to be considered during 2013/14 along with implementation of the Hydro scheme which was the subject of a Cabinet report in May 2013. Such schemes were approved on the basis that savings or income generation would repay the initial cost, with unspent budgets of £455,000 reported as slippage. Budgets for wind energy schemes have been withdrawn.

Shared

Expenditure in the year on County Hall totalled £501,000 including completion of the installation of evacuation lifts as well as replacement boilers.

Expenditure on the HR People Services scheme totalled £1.102 million, primarily due to the need to make changes as a result of testing and the resultant new requirements.

In order to upgrade the condition of ICT infrastructure used within the Council, a capital budget of £620,000 was made available for 2012/13 in order to kickstart investment. This budget, along with additional revenue budgets, will enable the Council to keep pace with new technology and ways of working. Expenditure of £608,000 was incurred during the year, with the balance carried forward as slippage.

CARDIFF COUNCIL CAPITAL PROGRAMME 2012-13

AREA & SCHEME	PROGRAMME							VARIANCE					
	2012-13 Programme	2011-12 Slippage	Budget revision	Virements	Changes & New Approvals	Total 2012-13 Programme	Outturn	(Underspend)/Overspend GF	(Underspend)/Overspend Other	Invest to Save slippage/SOP 'reserve'	Slippage GCF	Slippage Other	Total Variance
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
HEALTH, SOCIAL CARE AND WELLBEING													
Adults & Childrens													
Asset Renewal Buildings	79	70	0	(149)	0	0	0	0	0	0	0	0	0
Inroads grant for property refurbishment	0	0	0	0	454	454	454	0	0	0	0	0	0
John Kane & Ty Storrie schemes complete	0	0	0	0	0	0	(13)	(13)	0	0	0	0	(13)
Total Adults & Childrens	79	70	0	(149)	454	454	441	(13)	0	0	0	0	(13)
EDUCATION AND LIFELONG LEARNING													
Schools													
Planning & Development													
Asset Renewal Buildings	2,924	836	0	0	0	3,760	2,718	0	0	0	(1,042)	0	(1,042)
Formula SBIG	0	0	0	(498)	1,219	721	721	0	0	0	0	0	0
Willows High - Design & Technology Block & Kitchen	0	0	0	498	95	593	593	0	0	0	0	0	0
Early Years - Foundation Phase	300	0	0	0	(143)	157	157	0	0	0	0	0	0
Glyn Derw High - Catering	0	0	0	0	220	220	220	0	0	0	0	0	0
Target Hardening Grant	0	0	0	0	13	13	13	0	0	0	0	0	0
S106 Funded Schemes	398	0	0	(33)	(365)	0	0	0	0	0	0	0	0
Total Planning & Development	3,622	836	0	(33)	1,039	5,464	4,422	0	0	0	(1,042)	0	(1,042)
Other schemes													
Bishop of Llandaff Autism Centre Invest to Save	1,120	1,083	(633)	0	106	1,676	1,788	112	0	0	0	0	112
Cathays High School kitchen pod	0	0	0	151	0	151	151	0	0	0	0	0	0
Schools Wireless ICT	500	0	0	0	0	500	852	0	0	352	0	0	352
Schools Energy Efficiency	590	0	0	0	0	590	76	0	0	(514)	0	0	(514)
Total Other schemes	2,210	1,083	(633)	151	106	2,917	2,867	112	0	(162)	0	0	(50)
Total Schools	5,832	1,919	(633)	118	1,145	8,381	7,289	112	0	(162)	(1,042)	0	(1,092)
Schools Organisation Plan													
Fast Track	4,607	2,111	(5,503)	0	(140)	1,075	314	10	0	(771)	0	0	(761)
Welsh Medium	7,821	8,525	(5,340)	152	21	11,179	6,165	331	0	(5,345)	0	0	(5,014)
Cardiff East	23,550	30,849	(26,773)	33	258	27,917	22,553	(509)	0	(3,279)	(1,576)	0	(5,364)
Whitchurch	4,328	1,813	(1,857)	(152)	1,368	5,500	5,500	0	0	0	0	0	0
21st Century Schools - Council funding	0	0	0	0	0	0	537	0	0	537	0	0	537
Other	0	40	0	0	359	399	378	0	0	(21)	0	0	(21)
Total Schools Organisation Plan	40,306	43,338	(39,473)	33	1,866	46,070	35,447	(168)	0	(8,879)	(1,576)	0	(10,623)
Libraries													
Asset renewal buildings - Canton library	50	0	0	(27)	0	23	23	0	0	0	0	0	0
Library investment Canton	550	229	0	27	(100)	706	0	0	0	0	(706)	0	(706)
Radyr Library S106	100	186	0	0	(12)	274	274	0	0	0	0	0	0
Central library doors	25	0	0	0	80	105	0	0	0	0	(105)	0	(105)
Central library glass remediation	0	0	0	79	0	79	80	1	0	0	0	0	1
Loudoun Square hub	0	0	0	0	0	0	12	12	0	0	0	0	12
Retention payments	0	0	0	0	0	0	5	5	0	0	0	0	5
Total Libraries	725	415	0	79	(32)	1,187	394	18	0	0	(811)	0	(793)

CARDIFF COUNCIL CAPITAL PROGRAMME 2012-13

AREA & SCHEME	2012-13 Programme	2011-12 Slippage	Budget revision	Virements	Changes & New Approvals	Total 2012-13 Programme	Outturn	(Underspend)/Overspend GF	(Underspend)/Overspend Other	Invest to Save slippage/SOP 'reserve'	Slippage GCF	Slippage Other	Total Variance
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
ENVIRONMENT													
Waste Management													
Asset Renewal Buildings	6	10	0	0	0	16	6	0	0	0	(10)	0	(10)
Lamby Way Capping, Restoration and Leachate works	750	38	0	0	0	788	189	0	0	0	(599)	0	(599)
Household Waste Recycling Centre (Wedal Road)	0	0	0	0	0	0	22	0	0	0	22	0	22
Street Cleansing equipment	125	0	0	0	(87)	38	0	0	0	0	(38)	0	(38)
Waste Management & and Collection Infrastructure	0	80	0	0	0	80	6	0	0	0	(74)	0	(74)
Total Waste Management	881	128	0	0	(87)	922	223	0	0	0	(699)	0	(699)
Bereavement													
Western Cemetery extension	350	222	0	0	0	572	17	0	0	0	(555)	0	(555)
Improvements funded by Bereavement reserve	170	0	0	0	16	186	78	(16)	0	0	0	(92)	(108)
Total Bereavement	520	222	0	0	16	758	95	(16)	0	0	(555)	(92)	(663)
STRATEGIC PLANNING, HIGHWAYS, TRAFFIC & TRANSPORTATION													
Strategic Planning													
Heritage schemes	175	18	0	0	25	218	171	(12)	0	0	(35)	0	(47)
S106 schemes	137	0	0	0	22	159	57	0	0	0	0	(102)	(102)
Total Strategic Planning	312	18	0	0	47	377	228	(12)	0	0	(35)	(102)	(149)
Highways													
Highway Local Government Borrowing Initiative (LGBI)	0	0	0	0	5,050	5,050	3,714	0	0	0	0	(1,336)	(1,336)
Highway Reconstruction	1,260	356	0	0	(252)	1,364	1,118	(19)	0	0	(227)	0	(246)
Footpath reconstruction	250	0	0	0	673	923	937	14	0	0	0	0	14
Bridges & Structures	550	0	0	0	0	550	74	0	0	0	(476)	0	(476)
Street Lighting (New and replacement)	400	0	0	0	0	400	419	19	0	0	0	0	19
Street Lighting dimming (SALIX)	0	0	0	0	88	88	88	0	0	0	0	0	0
Rhiwbina Flood defence scheme	250	127	(100)	0	(27)	250	122	0	0	0	(50)	(78)	(128)
Coastal Paths scheme	0	222	0	0	(127)	95	95	0	0	0	0	0	0
Environmental Improvements	100	0	0	0	75	175	161	(14)	0	0	0	0	(14)
Signage Renewals	30	0	0	0	0	30	30	0	0	0	0	0	0
Salt Barn	0	0	0	0	0	0	(5)	0	(5)	0	0	0	(5)
Total Highways	2,840	705	(100)	0	5,480	8,925	6,753	0	(5)	0	(753)	(1,414)	(2,172)
Transport, Policy & Projects													
Asset Renewal Transport & Traffic Management	600	0	0	0	43	643	295	(61)	0	0	(287)	0	(348)
Cycling Development	500	125	0	0	0	625	450	0	0	0	(175)	0	(175)
Regional Road Safety Schemes	400	0	0	0	290	690	738	48	0	0	0	0	48
Llanedeyrn Interchange & Other Transport Improvements	100	0	0	0	30	130	127	0	0	0	(3)	0	(3)
Regional Transport Capital Grant	1,500	0	0	0	(581)	919	849	13	0	0	0	(83)	(70)
Sustainable Travel City (WG)	1,500	0	0	0	(99)	1,401	1,401	0	0	0	0	0	0
Safe Routes in Communities (WG)	250	0	0	0	466	716	528	0	0	0	0	(188)	(188)
S106 Funded Schemes	303	151	(151)	0	(7)	296	223	0	0	0	0	(73)	(73)
Total Transport, Policy & Projects	5,153	276	(151)	0	142	5,420	4,611	0	0	0	(465)	(344)	(809)

CARDIFF COUNCIL CAPITAL PROGRAMME 2012-13

AREA & SCHEME	2012-13 Programme	2011-12 Slippage	Budget revision	Virements	Changes & New Approvals	Total 2012-13 Programme	Outturn	(Underspend)/Overspend GF	(Underspend)/Overspend Other	Invest to Save slippage/SOP 'reserve'	Slippage GCF	Slippage Other	Total Variance
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Telematics & Public Transport													
Asset Renewal Telematics/Butetown Tunnel	400	(14)	0	0	0	386	374	0	(12)	0	0	0	(12)
S106 Funded Schemes - Telematics	1,049	514	(514)	0	0	1,049	587	0	0	0	0	(462)	(462)
Surface Car Parks Upgrades	325	136	0	0	(21)	440	440	0	0	0	0	0	0
Controlled Parking enforcement parking machines	0	0	0	123	0	123	123	0	0	0	0	0	0
Safety - North Road Tidal Flow	0	0	0	0	220	220	220	0	0	0	0	0	0
Safety - City Centre Bollards (LOCOG)	0	0	0	0	389	389	422	0	33	0	0	0	33
Total Telematics & Public Transport	1,774	636	(514)	123	588	2,607	2,166	0	21	0	0	(462)	(441)
Central Transport Services													
New Vehicle Maintenance Depot	4,200	133	0	322	678	5,333	6,038	0	0	0	705	0	705
SPORT, LEISURE & CULTURE													
Harbour Authority													
Harbour Asset Renewal	570	0	0	0	(188)	382	382	0	0	0	0	0	0
Flow Rider	1,600	704	(368)	0	0	1,936	1,516	0	0	0	0	(420)	(420)
Total Harbour Authority	2,170	704	(368)	0	(188)	2,318	1,898	0	0	0	0	(420)	(420)
Cultural Venues & Events													
Asset Renewal Buildings	14	40	0	(37)	0	17	7	(10)	0	0	0	0	(10)
St David's Hall roof - Asset Renewal	245	0	0	(144)	0	101	27	0	0	0	(74)	0	(74)
Cardiff Museum	200	241	0	0	38	479	175	(129)	0	0	(115)	(60)	(304)
New Theatre Upper Circle seating	275	100	(100)	0	0	275	200	0	(48)	(27)	0	0	(75)
New Theatre Disabled access	100	100	0	184	0	384	384	0	0	0	0	0	0
Cardiff Castle Conservation	0	20	0	(3)	0	17	17	0	0	0	0	0	0
Total Cultural Venues & Events	834	501	(100)	0	38	1,273	810	(139)	(48)	(27)	(189)	(60)	(463)
Parks													
Asset Renewal Buildings	0	15	0	0	0	15	22	7	0	0	0	0	7
Asset Renewal Parks Infrastructure	140	0	0	0	22	162	162	0	0	0	0	0	0
Heath Park resurfacing scheme	0	0	0	0	38	38	38	0	0	0	0	0	0
Parks & Playgrounds improvements	14	0	0	0	68	82	82	0	0	0	0	0	0
Play Equipment	91	0	0	0	0	91	91	0	0	0	0	0	0
Bute Park Restoration	1,126	1,062	0	0	(303)	1,885	335	0	0	0	(285)	(1,265)	(1,550)
Sophia Gardens- LOCOG events area scheme	0	0	0	0	129	129	129	0	0	0	0	0	0
S106 Funded Schemes	1,919	447	(447)	0	(51)	1,868	355	0	0	0	0	(1,513)	(1,513)
Total Parks	3,290	1,524	(447)	0	(97)	4,270	1,214	7	0	0	(285)	(2,778)	(3,056)
Leisure & Play													
Asset Renewal Buildings	179	32	0	0	0	211	111	(65)	0	0	(35)	0	(100)
Insole Court stable block	100	0	0	0	49	149	69	0	0	0	(80)	0	(80)
Eastern Leisure Centre refurbishment	0	93	0	0	0	93	108	0	0	0	15	0	15
Fairwater Leisure Centre refurbishment	350	185	0	0	0	535	564	29	0	0	0	0	29
Energy Efficiency schemes at Leisure Centres	0	844	(844)	115	512	627	611	0	0	(16)	0	0	(16)
Total Leisure & Play	629	1,154	(844)	115	561	1,615	1,463	(36)	0	(16)	(100)	0	(152)

CARDIFF COUNCIL CAPITAL PROGRAMME 2012-13

AREA & SCHEME	2012-13 Programme	2011-12 Slippage	Budget revision	Virements	Changes & New Approvals	Total 2012-13 Programme	Outturn	(Underspend)/ Overspend GF	(Underspend)/ Overspend Other	Invest to Save slippage/SOP 'reserve'	Slippage GCF	Slippage Other	Total Variance
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
<u>COMMUNITIES, HOUSING & SOCIAL JUSTICE</u>													
<u>Housing & Neighbourhood Renewal</u>													
Estate environmental improvements	350	0	0	(182)	0	168	168	0	0	0	0	0	0
Christina Street scheme	0	0	0	107	296	403	403	0	0	0	0	0	0
Alleygating	175	90	0	0	0	265	111	0	0	0	(154)	0	(154)
Traveller Site refurbishment	350	0	(182)	75	211	454	454	0	0	0	0	0	0
Citizen Hubs - Friary	750	0	0	0	0	750	0	0	0	0	(750)	0	(750)
Disabled Facility Assistance private housing	3,100	100	0	0	0	3,200	3,382	73	0	0	109	0	182
Discretionary renovation grants	400	0	0	0	8	408	386	(22)	0	0	0	0	(22)
Group Repair Schemes	150	0	0	0	4	154	103	(51)	0	0	0	0	(51)
Remedial overcladding	0	0	0	0	150	150	104	0	0	0	0	(46)	(46)
Renewal Area Schemes	945	0	0	0	0	945	837	0	0	0	0	(108)	(108)
Single Assessment Centre	1,383	336	(336)	0	(304)	1,079	1,069	0	0	(10)	0	0	(10)
Total Housing & Neighbourhood Renewal	7,603	526	(518)	0	365	7,976	7,017	0	0	(10)	(795)	(154)	(959)
<u>Planning</u>													
Butetown Community Centre and Youth Pavilion	3,007	813	(793)	0	0	3,027	2,915	0	0	0	0	(112)	(112)
Neighbourhood Renewal schemes	750	(73)	0	0	118	795	770	(25)	0	0	0	0	(25)
Local Shopping Centre regeneration	400	59	0	0	2	461	362	0	0	0	(99)	0	(99)
Community Building Grants	50	0	0	0	0	50	47	(3)	0	0	0	0	(3)
Maelfa Centre Regeneration	90	(47)	0	0	0	43	25	0	0	0	(18)	0	(18)
S106 schemes	205	2	0	0	0	207	0	0	0	0	0	(207)	(207)
Total Planning	4,502	754	(793)	0	120	4,583	4,119	(28)	0	0	(117)	(319)	(464)
<u>FINANCE, BUSINESS & LOCAL ECONOMY</u>													
<u>Economy & Major Projects</u>													
Asset Renewal Buildings	26	0	0	0	0	26	0	0	0	0	(26)	0	(26)
Doctor Who experience	0	(28)	28	0	436	436	484	48	0	0	0	0	48
Cardiff Capital Fund	336	420	(44)	0	(36)	676	83	(367)	0	0	(152)	(74)	(593)
Cardiff Innovation Centre Redevelopment	200	0	0	0	0	200	0	0	0	0	(200)	0	(200)
Cardiff Enterprise Zone	11,000	774	0	0	0	11,774	1,288	0	0	0	(3,986)	(6,500)	(10,486)
Leckwith Development	0	0	0	0	42	42	42	0	0	0	0	0	0
S106 contribution	350	0	0	0	(15)	335	0	0	0	0	0	(335)	(335)
Total Economy & Major Projects	11,912	1,166	(16)	0	427	13,489	1,897	(319)	0	0	(4,364)	(6,909)	(11,592)
<u>Corporate</u>													
Asset Renewal Buildings	44	60	0	0	0	104	44	0	(30)	0	(30)	0	(60)
Business Process improvements	4,440	0	0	0	0	4,440	1,947	0	0	0	(2,493)	0	(2,493)
Office Accommodation rationalisation	3,375	538	0	21	(52)	3,882	1,099	0	(2,375)	0	(408)	0	(2,783)
Carbon Reduction and Salix	0	193	(2)	(144)	36	83	33	0	0	0	(50)	0	(50)
Radyr Weir	240	268	(268)	0	0	240	35	0	0	(205)	0	0	(205)
Solar PV Renewable Energy Initiative	250	0	0	0	0	250	0	0	0	(250)	0	0	(250)
Wind turbine renewable energy	100	0	0	0	0	100	0	0	(100)	0	0	0	(100)
Invest to Save	500	0	0	(274)	(226)	0	0	0	0	0	0	0	0
Carbon reduction for schools	0	250	0	0	0	250	20	0	0	0	(230)	0	(230)
Legionella	0	65	0	0	0	65	0	0	0	0	(65)	0	(65)
Longcross Farm rebuild	0	0	0	0	164	164	164	0	0	0	0	0	0
Total Corporate	8,949	1,374	(270)	(397)	(78)	9,578	3,342	0	(2,505)	(455)	(3,276)	0	(6,236)

CARDIFF COUNCIL CAPITAL PROGRAMME 2012-13

AREA & SCHEME	2012-13 Programme	2011-12 Slippage	Budget revision	Virements	Changes & New Approvals	Total 2012-13 Programme	Outturn	(Underspend)/ Overspend GF	(Underspend)/ Overspend Other	Invest to Save slippage/SOP 'reserve'	Slippage GCF	Slippage Other	Total Variance
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Shared													
Asset Renewal Buildings	265	598	0	(244)	0	619	619	0	0	0	0	0	0
ICT Refresh	620	0	0	0	0	620	608	0	0	0	(12)	0	(12)
Oracle licences	0	0	0	0	338	338	338	0	0	0	0	0	0
HR People Services project	0	364	(364)	0	1,102	1,102	1,102	0	0	0	0	0	0
Total Shared	885	962	(364)	(244)	1,440	2,679	2,667	0	0	0	(12)	0	(12)
TOTAL GENERAL FUND	103,396	56,525	(44,591)	0	12,885	128,215	88,112	(594)	(2,537)	(9,549)	(14,369)	(13,054)	(40,103)
PUBLIC HOUSING													
Kitchens and Bathrooms	4,700	0	0	100	1,205	6,005	6,331	326	0	0	0	0	326
Estate Partnership, Wider Regeneration & Area Improvement	1,200	0	0	0	1,027	2,227	2,227	0	0	0	0	0	0
Planned Elemental & internal improvements	2,182	0	0	0	368	2,550	3,309	759	0	0	0	0	759
Boiler schemes	1,100	0	0	0	1,195	2,295	2,070	(225)	0	0	0	0	(225)
Energy Efficiency schemes	400	0	0	0	819	1,219	1,219	0	0	0	0	0	0
Disabled Adaptations & accommodation strategy	1,618	0	0	(100)	0	1,518	1,409	(109)	0	0	0	0	(109)
Partnering schemes	0	0	0	0	77	77	77	0	0	0	0	0	0
ICT capability	0	0	0	0	0	0	0	0	0	0	0	0	0
Enterprise Architecture	1,100	0	0	0	0	1,100	557	0	0	0	0	(543)	(543)
Single Assessment Centre Hostel	500	187	0	0	(107)	580	580	0	0	0	0	0	0
Greenfarm Hostel	0	0	0	0	533	533	533	0	0	0	0	0	0
Willcox House Our Space contribution	235	0	0	0	(5)	230	230	0	0	0	0	0	0
TOTAL PUBLIC HOUSING	13,035	187	0	0	5,112	18,334	18,542	751	0	0	0	(543)	208
TOTAL	116,431	56,712	(44,591)	0	17,997	146,549	106,654	157	(2,537)	(9,549)	(14,369)	(13,597)	(39,895)

ANNUAL GOVERNANCE STATEMENT 2012/13**Scope of Responsibility**

1. Cardiff Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. Cardiff County Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.
2. In discharging this overall responsibility, Cardiff Council is responsible for putting in place proper arrangements for the governance of its affairs, and facilitating the effective exercise of its functions, including arrangements for the management of risk. The activities to which the Annual Governance Statement refers, relate to the core activities of the Council and not the Group Accounts.
3. Cardiff Council has approved and adopted a Governance Framework, which is consistent with the principles of the CIPFA/SOLACE Framework - Delivering Good Governance in Local Government. A copy of the framework can be obtained from the Audit and Risk Manager. This statement explains how Cardiff Council complied with the Governance Framework and also meets the requirements of the Accounts and Audit Regulations 2005.

The Purpose of the Governance Framework

4. The Governance Framework comprises the systems and processes, and culture and values by which the authority is directed and controlled and its activities through which it accounts to, engages with, and leads the community. It enables the authority to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services.
5. The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore, only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Cardiff Council's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.
6. The following paragraphs summarise the core principles of Cardiff Council's Governance Framework and reflects the arrangements in place to meet the six core principles of effective governance:
 - Focusing on the purpose of the authority and on outcomes for the community and creating and implementing a vision for the local area
 - Members and Officers working together to achieve a common purpose with clearly defined functions and roles
 - Promoting values for the authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour
 - Taking informed and transparent decisions which are subject to effective scrutiny and managing risk
 - Developing the capacity and capability of Members and Officers to be effective
 - Engaging with local people and other stakeholders to ensure robust public accountability

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Focusing on the purpose of the authority and on outcomes for the community and creating and implementing a vision for the local area

7. Cardiff Council sets out its key priorities and performance measures in its Corporate Plan, linked to 'What Matters' – the 10 Year Strategy for Cardiff which has brought together the Community Strategy; the Children & Young People's Plan; the Health, Social Care & Wellbeing Strategy and the Community Safety Strategic Assessment into a single plan which is based on a vision of delivering seven shared outcomes. The Corporate Plan provides direction for the linked Delivery Plan and more detailed service plans which set out the key objectives associated with service delivery.
8. There is alignment between these documents, risk assessments and the Medium Term Financial Plan in order to direct resources to priority areas. The Budget, where possible, provides dedicated funds for service improvements.
9. Services are delivered by the Council, by third party providers contracted to the Council, and through partnership arrangements with other public bodies. A Cardiff Partnership Board (CPB) comprising the Chief Executive Officers of key public service and third sector providers in the city meet monthly to co-ordinate actions to address specific challenges, service gaps or performance challenges
10. The CPB for the city draws together a range of collaborative activity into one place which is chaired by the Council's Chief Executive. The CPB facilitates a 'seamless public service' approach which encourages greater joint working and integration of service delivery to release efficiencies and improve the effectiveness of services provided. Alignment of commissioning processes to meet identified needs and deliver shared outcomes has been progressed through the new £29 million Families First programme which has used outcome based service specifications. These services are also being joined-up with other programmes such as Flying Start, Communities First, Integrated Family Support and Neighbourhood Management.
11. Due to the growing agenda for partnership working and in order to implement the requirements of the Local Government (Wales) Measure 2009, the Council has adopted a more outcome based approach in conjunction with its partners. The Council has, therefore, participated in the development of seven Citizen Outcomes with the CPB partners.
12. The Council has agreed a performance management framework and a range of performance measures that demonstrate progress in meeting the priorities in the Corporate Plan. This framework also includes the statutory National Strategic Indicators as specified by Order. The annual outturns against these indicators are submitted to the Welsh Government to be audited as part of the revised Wales Programme for Improvement as the result of the Local Government (Wales) Measure. This framework ensures that there is alignment between the What Matters Strategy, Corporate Plan, Strategic Equality Plan, Service Plans and Personal Performance and Development Plans. Performance against the Council's targets and objectives are reported publicly on a quarterly and annual basis.
13. The Corporate Plan and Service Plans include key performance targets and these are monitored on a regular basis. Every quarter, each service area provides monitoring reports to the Senior Leadership Team (SLT) and the Cabinet with Scrutiny involvement where required. This enables the Council to track progress against the key objectives, monitor performance against targets and inform remedial action where required.
14. An annual Improvement Plan reports the progress over the previous financial year in terms of;
 - a review against the key objectives

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- progress and comparative information regarding the National Strategic Indicators and a balanced set of Core and Local Indicators which will in future be based on the measures in the Corporate Plan,
 - an assessment of the key risks,
 - sets out the challenges for the future which in future will be part of the requirements of the Corporate Planning regime.
15. The Local Government (Wales) Measure 2009 amended the statutory basis of the Improvement Agenda and from 2010 the drafts of the Corporate Plan and Improvement Report have been discussed at Scrutiny and the Cabinet before being debated and approved by Council prior to publication. Both Plans assist the Council in meeting the statutory obligations under the Local Government (Wales) Measure 2009 and form part of the Regulation and Inspection Regime undertaken by the Wales Audit Office (WAO) on behalf of the Welsh Government. This regime was amended under the Measure and the Council will receive two Letters each year which will culminate in an overall picture of the 'ability to improve' in the Auditor General for Wales Annual Improvement Report. The assessment has been reported to the Audit Committee, Policy Review and Performance Scrutiny Committee and to Cabinet.

Members and Officers working together to achieve a common purpose with clearly defined functions and roles

16. The Council aims to ensure that the roles and responsibilities for governance are defined and allocated so that accountability for decisions made and actions taken are clear. It has done this by appointing a Leader, and a Cabinet which has collective decision making powers. Additionally, the Council has appointed a number of Committees to discharge regulatory and scrutiny functions. These leadership roles, and the delegation of responsibilities to officers, are set out in the Council's Constitution which is reviewed regularly by the Constitution Committee and recommendations made to Council.
17. Following the outcome of the local election on 3 May 2012 the Cabinet introduced their vision and priorities for the remainder of the municipal year 2012/13 by way of the political document 'Leading Cardiff – Building Communities' – which sets out a number of key priorities.
18. During the Autumn of 2012, the Cabinet and senior officers began the process of developing a new Corporate Plan for the period of the Administration which set out the Council's contribution to the wider vision for the City through a clear set of medium term priorities and activities.
19. To ensure clear lines of accountability, the Corporate Plan is structured around Cabinet portfolio responsibility. Another important development is that the Corporate Plan is underpinned by an associated Delivery Plan. Whilst the first section of the Corporate Plan outlines the priorities for Cardiff Council over the next four years the Delivery Plan element provides further technical detail as needed to meet other corporate and statutory reporting requirements under the Local Government (Wales) Measure 2009.
20. The Council's Constitution includes key sections which set out the particular roles and responsibilities of Officers and Members and provides clarity on the interfaces between these roles. These include:
- Scheme of Delegations
 - Members' Code of Conduct
 - Employees' Code of Conduct
 - Protocol on Member / Officer Relations
 - Cardiff Undertaking - upon election all Members sign "The Cardiff Undertaking" which underlines their duties to the City and its citizens.

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21. The Council's Constitution sets out the Terms of Reference for each of its Committees. The Constitution determines the types of decisions that are delegated to Council, Cabinet and Committees of the Council.
22. As a result of the Local Government Measure (Wales) 2011 the Audit Panel was re-established in 2012/13 as an Audit Committee. The first meeting of this new Committee was held in September 2012. Membership of the committee was determined at the June 2012 Council meeting in accordance with the Measure. Council in September 2012 approved a revised Terms of Reference for the Audit Committee. The four independent lay Members of the Audit Panel have remained on the Audit Committee, Sir Jon Shortridge was re-elected as Chair to the Committee. The current ratio of lay members to elected members is 4 / 8.
23. The Audit Committee continues to provide assurance to the Council on the effectiveness of its governance, risk management, and internal control arrangements. In providing such assurance the Audit Committee has followed a wide ranging work programme focusing on strategic risks and fundamental financial processes. The Audit Committee assumed the previous panel's role in overseeing financial control and governance within the Council, including responsibility for assurance relating to Treasury Management, and sought to do so through the committee's work programme. The Committee is supported by the Council's Section 151 Officer as the principal advisor and by Democratic Services as the clerk for the meetings. Agendas, minutes and meeting papers are captured on the Council's Website.
24. The Council is required to agree and publish a Schedule of Member Remuneration on an annual basis which sets out the levels of remuneration and allowances payable to Members. This is subsequently updated in line with the determinations made by the IRP in any annual or supplementary reports. Information relating to officers' pay levels is included in the Council's Annual Pay Policy Statement as required by the Localism Act 2011 and published as part of the Budget Report and also in the Annual Statement of Accounts.
25. The Chief Executive leads the Council's officers and chairs Senior Leadership Team meetings, which are held fortnightly. A Chief Operating Officer joined Cardiff Council in April 2012. A revised senior management structure designed to ensure that the Council has the capacity necessary to address the combined challenges of delivering the new administration's agenda for Cardiff whilst dealing with the consequences of the severe financial settlements facing Local Government was approved in the Autumn of 2012 and will begin to take effect in the first quarter of 2013/14. All posts within the structure other than that of the Chief Executive and Chief Operating Officer have been subject to a national recruitment process.
26. All employees, including senior management, have clear conditions of employment and job descriptions which set out their roles and responsibilities. The Employment Conditions Committee maintains an overview of such conditions.
27. The Chief Corporate Services & Section 151 Officer has overall responsibility for the financial administration of the Council. The Authority's financial management arrangements conform to the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2010).
28. Central finance employees provide advice and guidance to all services areas, where appropriate. All reports to the Council, the Cabinet and Committees are required to be considered from a financial perspective. All relevant employees are expected to be aware of the authority's Financial Procedure Rules and the Contract Standing Order and Procurement Rules.
29. The Chief Officer Legal and Democratic Services is the Authority's Monitoring Officer who has overall responsibility for legal issues. Legal staff work closely with service areas to

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provide advice where appropriate. All reports to the Council, the Cabinet, and Committees are considered from a legal perspective.

30. An Impact Screening tool has been developed by the Council to assess strategic policies and ensure that they take into account the impact of economic, social and environmental wellbeing and meet the requirements of the 2010 Equality Act. This tool brings together the requirements of Equality Impact Assessments and Strategic Environmental Assessment in to one place to embed impact assessments in all decision making. The requirement for completion of screenings is also being included within the Cabinet Report template to ensure the Council meets its statutory duties.

Promoting values for the authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour

31. The Council has defined its values – Accountability, Flexibility, Openness, Professional Integrity, Diversity, Working with Others and Respect. The Council supports a culture of behaviour based on these values which guide how the long term vision of the Council is put into effect, as well as how Members and Officers deliver their day to day roles. The Council's values have been actively communicated across the Council and the organisation's personal performance and development arrangements include specific tools to support staff in reflecting on how best to bring these values to life in their day to day work.
32. The Democratic Services team coordinate and facilitate a range of training courses to assist Members in carrying out their roles as ward members and community leaders. Where Members feel they require specific training then this is arranged. This may be done in a group environment or one to one with officers. Specific training events were instigated following the elections where Members met with Chief Officers and Heads of Service to gain an understanding of the wide variety of functions across the Council.
33. Governance and conduct matters are monitored by the Standards and Ethics Committee of which public meetings are held regularly and are chaired by an independent person. All Members and Officers are expected to comply fully with Codes of Conduct as set out in the Constitution. Protocols are in place for working relationships between Members and Officers e.g. Officer-Member Protocol. Since the local elections in May 2012 a new Member Enquiry System has been launched and this logs Member enquiries and the responses from officers.
34. All staff undertake induction training which provides information on a range of policies, procedures and regulations including those relating to Financial Control, Health & Safety, Equalities and IT Security.
35. The Council takes fraud, corruption and maladministration very seriously and has the following policies to prevent, and deal with, such occurrences:
 - Whistleblowing Policy
 - Anti-Fraud, Anti-Corruption and Bribery Policy
 - Anti-Money Laundering Policy
 - HR policies regarding discipline of staff involved in such incidents;
36. Under the Anti-Fraud, Anti-Corruption and Bribery Policy all service area managers are required to notify the Audit and Risk Manager where there is any suspicion of fraud or impropriety, which helps to ensure a consistent and high standard of investigation is undertaken. The policy was updated and approved by Constitution Committee in January 2012. At the same Constitution Committee the Anti-Money Laundering Policy was formally adopted and has since been made available to officers via the CIS site.
37. The Council has a Complaints Policy which encourages the public and other stakeholders to complain, where deemed necessary, so that the Council can take remedial action and learn from past mistakes where those complaints are upheld.

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Taking informed and transparent decisions which are subject to effective scrutiny and managing risk

38. Responsibility for decision making in relation to the functions of the Council is clearly set out in the Council's Constitution. This describes the roles and relationships for decision making, between the Full Council, the Cabinet, Scrutiny and other Non-Executive Committees. It also details decisions delegated to Senior Officers through the different management tiers.
39. All decisions taken by Members are on the basis of written reports by officers which include assessments of the legal and financial implications arising from the decision. Such reports also address the key risks involved in particular decisions and alternative courses of action which are available. Decisions Registers for the Cabinet, Senior Officers, and for the Regulatory Committees are published on the Council's website.
40. A Scrutiny function is in place with opportunities to challenge decision making. The Council has appointed five standing Scrutiny Committees, each of which meets on a monthly basis to undertake pre-decision scrutiny, policy monitoring and review. Scrutiny Committee Members received induction and training on a number of scrutiny techniques in June and July 2012, with refresher training provided during the year.
41. Each Committee launches a number of in-depth inquiries each year to help the Cabinet develop and review robust, evidence-driven policies and services. The Committees provide recommendations to the Cabinet following Scrutiny Inquiries, the majority of which are fully accepted. Recommendations are monitored to ensure these are accepted. Each Inquiry is formally presented to Cabinet and a formal response given, detailing exactly how many recommendations are accepted / partially accepted / rejected. Scrutiny Committees then monitor the implementation of recommendations at appropriate points going forward (often annually).
42. In total approximately 100 letters are written by the Council's five Scrutiny Chairs to Cabinet Members each year following Scrutiny Committee meetings, offering advice on service improvements. Where Scrutiny Chairs write letters to Cabinet Members the Chair formally requests a response from the Cabinet, again in the form of a letter, which should give a clear indication of whether recommendations are accepted or not. Both letters are published with Committee papers for transparency. If a Scrutiny Committee has an ongoing interest in a subject they will often ask for a progress update on implementation of recommendations.
43. The Council is entering into an increasing number of collaborative scrutiny arrangements with its partners. Notable examples currently underway are the Prosiect Gwyrdd five Council Joint Scrutiny Panel and the Cardiff Partnership Joint Scrutiny Panel. Plans to develop joint scrutiny committees to ensure democratic accountability of regional social care and schools improvement consortia are underway.
44. The Council has a Risk Management Policy, Strategy and Methodology, a review of which commenced in quarter 4 of the financial year and is scheduled to be concluded in quarter 1 of 2013/14. Work is continually ongoing to review the extent to which risk management is becoming embedded within the Council. The Council has a Risk Management Steering Group which is made up of Chief Officers, a Member Risk Champion and dedicated officers from Internal Audit, Insurance, Improvement & Information Management and Partnership & Citizen Focus. The group oversees the development of risk management throughout the Council and a network of service area risk champions assist with identifying, assessing and managing risks.
45. Following local elections a new Member Risk Champion was appointed by Cabinet, Cllr Huw Thomas, Cabinet Member for Sport, Leisure & Culture. The Chief Corporate Services and Section 151 Officers continued as Senior Officer Risk Champion.

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46. A Corporate Risk Register (CRR) is maintained which highlights the strategic risks facing the Council. The CRR is reviewed by SLT quarterly and by Policy Review and Performance Scrutiny, the Cabinet and Audit Committee on a six monthly basis. At year end 2012/13 there were 23 corporate risks on the register. Each year an assessment is undertaken to cross reference the CRR to the Corporate Plan which incorporates the strategic objectives. This forms the focus for Senior Managers in identifying their business risks, as detailed in their Service Plans.
47. On 31 December 2009 the Authority appointed Marsh Ltd as the Authority's Strategic Risk Management Partner on a three year contract. The partner should provide both independent challenge to the risk management process and share with Cardiff their experience on the risks relating to both private and public sector. The partnership arrangement formally concluded in December 2012, the final piece of work produced by Marsh related to Welfare Reform which was finalised in April 2013 utilising the contract days for 2012.
48. All major programmes and projects are required to develop and maintain an up to date risk register as an integral part of the Project Quality Assurance (PQA) process.
49. Risk assessment continues to be a key strand to the Budget Strategy where risks are considered as a factor in allocating resources.

Developing the capacity and capability of Members and Officers to be effective

50. The Council aims to ensure that Members and Officers have the skills, knowledge and capacity required to discharge their responsibilities. The Council recognises the value of well trained, competent people in effective service delivery. All new staff and Members attend an induction programme to introduce them to the Council and its values, objectives, policies and procedures.
51. Under the principle 'Promoting values for the authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour' details of Member Training is noted which is co-ordinated by the Democratic Services Team. The Council provides a Member development programme which includes both mandatory (Code of Conduct, Planning) and discretionary elements. During the financial year a mentoring programme was put in place for Members to support each other.
52. The Council operates a Personal Performance and Development scheme through which each member of staff has regular structured opportunities to discuss their objectives, performance against those objectives, and their development needs and aspirations.
53. The Council provides targeted management development programmes including the Sustainable Leaders Programme, and is developing its approach to talent management.
54. The Cardiff Council Academy demonstrates a clear commitment to investing in staff as we make significant changes across the organisation. Supported by the Trade Unions, plans are in place for a programme of learning and development courses that will provide staff at all levels with opportunities to strengthen their existing skills and develop new skills.
55. The system of financial management is based on a framework of regular management information, Financial Procedure Rules, Contract Standing Orders and Procurement Rules which have to be complied with in relation to all procurement and contracting matters. The rules underpin the Council's Constitution and a system of delegation and accountability.
56. In some areas compliance with Council rules was identified as an issue and training was arranged and offered to Managers in those areas. A number of training sessions specifically covered the Contract Standing Orders and Procurement Rules. A training programme was

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also delivered to Governing Bodies, Head Teachers and Financial Staff specific to the Financial Procedure Rules for Schools and was generally well attended.

57. Development and maintenance of systems is undertaken by managers within the Council. In particular, the system of financial management includes:
- Forecasting and monitoring budgets on a periodic basis with regular financial reports which indicate actual and projected expenditure against the budget,
 - Setting targets to measure financial and other performance,
 - Clearly defined capital expenditure guidelines,
 - Formal project and programme management disciplines,
 - Managers are required to consult with Internal Audit in relation to any system changes or developments where the internal control environment may be affected.

Engaging with local people and other stakeholders to ensure robust public accountability

58. The Council's planning, decision making and scrutiny processes facilitate public involvement providing opportunities for the views of local people to inform decisions. Full Council meetings include a facility for public questions, and the Council's Scrutiny Committees invite stakeholder contributions to their scrutiny programme, both through research and consultation exercises and through direct access to address Committees.
59. The Council provides a webcasting service to watch live meetings, download relevant documents or presentations discussed. The service is designed to be as easy to use as possible so once the meeting is archived an agenda item can be selected to view the discussion. Webcasting means it is easier than ever before to see how the Council works and decisions made, whilst also giving the public the chance to feedback on items being discussed.
60. Scrutiny meetings are held in Public, annual reports published by each of the Council's five Scrutiny Committees are presented to Council. Scrutiny reports and inquiries are published on the Council website. Scrutiny in-depth inquiries often include large scale surveys of public opinion on specific issues, and also take detailed evidence from academic experts and public and third sector leaders on topic of their expertise.
61. Arrangements for consultation and for gauging the views of local people include the Citizen's Panel, the Ask Cardiff Survey, service specific consultations, and processes to receive and respond to petitions and community referenda. Consultations undertaken by service areas are in accordance with the Council's Corporate Consultation Strategy.
62. All reports, minutes and decision registers are published in a timely manner and are open for inspection. All meetings are held in public, subject to the consideration of exempt information as defined by the Local Government Act 1972.
63. Elected Members engage with local residents in a number of ways as part of their community leadership role, including ward correspondence, newsletters, ward surgeries, public meetings and bringing forward petitions to Council meetings which have been submitted by local people. The Council is also actively developing Neighbourhood Management arrangements to facilitate the engagement of local people and other stakeholders in the identification of local priorities and solutions.
64. The Council publishes a newsletter Capital Times which is distributed to every home in Cardiff providing up to date information on the Council's vision and priorities.
65. Performance against the Council's targets and objectives is reported publicly on a quarterly and annual basis.

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66. Institutional stakeholders, to whom the authority is accountable to include the Welsh Government and External Auditors (WAO). Regular meetings are held with representatives from both organisations to ensure effective working relationships are in place.
67. To ensure staff are consulted and involved in decision making, various channels of communication are used including the Chief Executive's Weekly Update, joint updates from the Leader and Chief Executive, Core Brief, 'Our News' newsletter and 'Your Inbox' circulars.
68. The Authority regularly engages in consultation with the Trade Unions.

Review of Effectiveness

69. Regulation 4 of the Accounts and Audit (Wales) Regulations 2005 requires authorities to carry out an annual review of the effectiveness of the system of internal control.
70. The review of the effectiveness of the system of internal control is informed by:-
 - The senior managers within the Authority who have responsibility for the development and maintenance of the internal control environment;
 - The work of Internal Audit;
 - Comment by the Council's Audit Committee;
 - The outcome of any Scrutiny reviews;
 - Views or comments from the Standards & Ethics Committee;
 - Views or comments from any Committee, Cabinet or Council;
 - Comments made by the public in the form of complaints or ombudsman matters;
 - The external auditors and other review agencies and inspectorates.

An Internal Control Self Assessment

71. Annually, senior management complete an Assurance Statement on internal control arrangements within their Service Area. They are responsible for monitoring and reviewing internal controls as an integral part of the risk management process. All Chief Officers were asked to complete a Senior Management Assurance Statement at the mid point of the year, any issues identified are reviewed at the year end position.
72. Building on the previous work of last year's Annual Governance Statement, Internal Audit facilitated an update of the 'Significant Governance Issues'. Chief Officers were asked to consider any outstanding significant issues in the 2011/12 statement and either close these, where action had been taken, or update them where the issues are ongoing. Any new issues were captured on their Senior Management Assurance Statement. Issues identified for 2012/13, which also feature on the CRR, will not be listed in the issues log but instead managed through the CRR review process so to avoid duplication in the review process.

External Audit and Inspection

73. The Annual Audit Letter reports on audit and inspection work, including the arrangements for corporate management, performance management, financial management, financial standing, financial statements and legal matters. This was reviewed by the Audit Committee and presented to Scrutiny Committee and the Cabinet.
74. It is considered there are no matters of significance arising from the Annual Audit Letter issued in respect of the Statement of Accounts for 2012/13 to merit inclusion in the Statement.

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Internal Audit

75. The Council operates an independent internal audit function whose role is to review internal control arrangements. This function has operated under the requirements of the CIPFA Code of Practice for Internal Audit in Local Government in the UK. From April 2013 the CIPFA code has been superseded by the Public Sector Internal Audit Standards.
76. The Audit & Risk Manager is responsible for providing an independent opinion on the adequacy and effectiveness of the systems of internal control, based on the work undertaken by the section. The Authority's assurance arrangements conform to the governance requirements of the CIPFA Statement on the Role of the Head of Internal Audit (2010).
77. The Audit & Risk Manager is responsible for the efficient and effective delivery of an audit and investigatory service and reports to the Chief Corporate Services and Section 151 Officer, but also has the authority, as appropriate, to report in his own name and have direct access to all Council Officers and Members. The Audit and Risk Manager post has been undertaken on a job share basis since April 2011.
78. Based on the programme of audit and investigatory work undertaken and contributions to preparing some of the key governance documents i.e. Corporate Risk Register and the Annual Governance Statement, it is considered that, overall, the financial control within the Council, for the financial year 2012-13, remains satisfactory.
79. The Council's governance arrangements are based on a firm footing i.e. the CIPFA/SOLACE Delivering Good Governance in Local Government Framework, which is instrumental in preparing the Annual Governance Statement. The Council has a comprehensive Constitution which includes a Scheme of Delegation and a sound set of Rules, Codes of Practice and best practice guides for managers to follow. Some of the Rules and guidance requires updating and much of this is ongoing at the year end.
80. There again appears to be a greater awareness and understanding around governance matters and managing risks both at a strategic and service area level, demonstrated through increasing engagement with the Corporate Risk Register and Senior Manager Assurance Statements. This year has seen an increase in engagement between officers and with Members through Cabinet, Scrutiny and Audit Committee.
81. The majority of audits have provided assurance in terms of managing risks and reported satisfactory internal controls in place. Figures show an improved position on last year, with fewer reports with an "unsatisfactory" audit opinion. No audit resulted in an "unsound" audit opinion during 2012/13.
82. Audit reports have, however, continued to highlight that there is scope to further improve the internal control environment and this year, in fact, has seen an increase in the number of audit recommendations proposed and agreed. Some system weaknesses have been highlighted, but by far the majority of audit recommendations relate to compliance issues and there has been an increase in training events in recent months to look to address this. Statistics confirm that Managers understand and support the majority of audit recommendations, and they do seem keen to tackle control weaknesses and incidents of non compliance, but it is becoming increasingly more challenging for them to do so and bring about change to their control environments, where they have, and continue to be, experiencing a significant reduction in resources. It is thought, partly as a consequence, that more follow up audits have been required, due to slow progress in actioning audit recommendations in some areas; an issue highlighted during the year, which prompted action at Senior Leadership Team. This will require constant monitoring and attention throughout next year.

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83. In addition to audits undertaken, Audit has proactively engaged with new developments and system redesigns that are happening across the Council which has also provided assurance around sound governance, managing risks and internal controls. It has been encouraging to note that managers have always been receptive to audit views when looking to introduce new processes and procedures, sometimes having a significant effect on Council business.
84. The Annual Internal Audit report for 2012/13 was presented to Audit Committee in May, when the final draft Annual Governance Statement was also considered. The Annual Internal Audit report provides detailed findings of the work of Internal Audit over the past twelve months and further information around audit performance.

Audit Committee

85. The Audit Committee have formed a view on the Council's risk management, internal control and governance arrangements taking into account the information presented to them by the Section 151 Officer, the External Auditor (WAO), the Audit & Risk Manager and other officers who have attended their meetings.
86. At the strategic level, based on the evidence presented to the Audit Committee during 2012/13 it is the considered view of the Committee that the Council does for the most part have sound financial controls and governance arrangements in place. Examples of where the Committee has continuing concerns are listed below. The Committee see the Corporate Risk Register on a regular basis and are aware of the robust review process in place to keep this updated. The Committee have also taken an interest in a number of governance matters including information gathered for the Annual Governance Statement. Matters which remain of concern to the Committee include:
- Examples of poor governance arrangements in some schools reported as unsatisfactory reports by Internal Audit
 - Examples of non compliance, especially relating to contract matters as evidenced in some Internal Audit reports.
 - High incidence of sickness absence.
 - Recognising the importance of Personal Performance and Development Reviews; concern not all staff were given the opportunity for such a review.
 - Questions over the governance arrangements for Regulatory Committees and associated protocols.
 - Potential impact of the Senior Management Restructure and influence on 2013/14.
 - The role of the Central South Consortium Joint Education Service.
87. It is considered these areas will need to be closely monitored and may be subject to further review by the Committee during 2013/14.
88. The Audit Committee is also keen to support the views expressed by the External and Internal Audit Managers, who it has relied heavily upon for assurances, and agree any areas they consider merit highlighting in this statement.

Other Sources of Assurance

89. Discussions with the Operational Manager, Scrutiny, were undertaken to identify if any matters had arisen from Scrutiny meetings which would be considered as significant governance issues. Any issues raised would be incorporated into the Significant Governance Issues Log; for 2012/13 there were no issues raised.

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Significant Governance Issues

90. The following table highlights the significant issues arising from the review of internal control and details the action being taken to deal with them. As previously mentioned issues identified which also feature on the CRR are not listed below as they are managed through the CRR review process.

Issues raised at Year End 2012/13		
Issue	Action	Responsible Officer
<p><u>Licence Fees</u> The Council is facing a judicial review concerning the licence fees charged for hackney carriages/private hire vehicles. The Judicial review challenges the lawfulness of the fees charged by the Council since the beginning of the licensing regime in 1976.</p> <p>If the claimants are successful it will be necessary to calculate what the fees should have been from 2006 onwards and refund the difference. Reimbursement would have to be made to all private hire vehicle and operator licence holders who may come forward.</p>	<p>An internal review of fees has been completed and new fees were recommended to the Public Protection Committee on 9th April 2013; these are now the subject of public consultation. The calculations on which the proposed fees are based have been discussed in conference with Counsel.</p> <p>Financial Services are considering referring this matter to the Council's insurers.</p>	Head of Service Regulatory & Supporting Services
<p><u>Junction 30 on the M4</u> The Welsh Government have made a request to the Authority to call in funding of circa £4 million as a result of M4 widening works.</p> <p>(Issue raised at the Mid Point 2012/13)</p>	<p>The Service is engaged in meetings with the Welsh Government, the Chief Executive and Cabinet Members have been informed. Briefings are being held with the Member for Finance, Business and Local Economy.</p> <p>The Service and Cabinet Members will continue discussions with the Welsh Government to agree a position on this matter.</p>	Chief Officer City Development
<p><u>Income Shortfall</u> A projected significant income shortfall has been identified in Bus Station Departure Charges.</p> <p>(Issue raised at the Mid Point 2012/13)</p>	<p>The shortfall is partly caused by the on-going and planned redevelopment of the Bus Station. This requires further management action to challenge the current arrangements with bus companies.</p>	Chief Officer City Management

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Issues raised in 2011/12	
Issues and Actions	Responsible Officer
<p><u>Significant deficit budgets</u> Ongoing and increasing deficits in a number of Secondary Schools</p> <p><u>Action - year end position 2011/12</u> Regular monitoring by both Education and Financial Services, and regular reporting to Budget Forum. Some are SOP-related and eventual closure will limit the timescale of these.</p> <p><u>Action - year end position 2012/13</u> Ongoing monitoring and consideration of implementing the Code of Practice and issuing warning notices to Governing bodies.</p>	<p>Chief Officer Education</p>
Issues raised in 2010/11	
Issues and Actions	Responsible Officer
<p><u>Legal Action – Drainage Board</u> A legal action taken by a private landowner against the Environment Agency (EA) involves the Caldicott and Wentlooge Internal Drainage Board (IDB) which is funded through a Special Levy from 3 Local Authorities, including Cardiff. The landowner has issued proceedings in the High Court against the EA in relation to the improvement of the sea wall between Cardiff and Chepstow. The EA has said that the duty rests with the Caldicott and Wentlooge IDB, which has been joined in the litigation as Second Defendant. If the Drainage Board is found liable for the maintenance of the sea wall, Cardiff could end up paying some of the cost of the work through the Special Levy. The current cost of work allegedly required to the sea wall is estimated at £35 - 45 million.</p> <p>In connection with this the nominated Cardiff Councillor representative on the Board has brought concerns raised with him about the way the Board is run to the attention of the appropriate authorities.</p> <p><u>Action - year end position 2010/11</u> The three Councils, Cardiff, Newport, and Monmouthshire have jointly appointed Counsel. The Councils continue as Defendants to this Court action, with no active participation, in accordance with Counsel's Advice. The need for direct involvement by the Councils would only arise at a later date when this case is concluded, and would be by way of a separate action.</p> <p>In relation to the way the IDB is run, a complaint brought to the attention of Members from Cardiff, Newport and Monmouthshire by a third party has been submitted to the Welsh Assembly Government, and this is currently being investigated.</p> <p><u>Action – year end position 2011/12</u> Chief Officer now attending Drainage Board Meetings with Members.</p>	<p>Chief Officer City Services</p>

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<p>The High Court concluded that the responsibility for the maintenance of the sea wall lies with the IDB. The word maintain carries its ordinary meaning of keeping the sea wall in good repair, and does not include a duty to improve the sea wall by raising its height. The IDB had prudently budgeted for any costs it might have been expected to pay.</p> <p>The complaint submitted to Welsh Government is still ongoing. The Wales Audit Office is currently investigating the allegations.</p> <p>IDB membership is updated to include City Service's Chief officer. The Chief Executive of the Board resigned and a case remains under investigation. An interim manager is in post and is dealing with other structural and disciplinary matters and delivering transparency to the Board.</p> <p>The Welsh Government is revising the role of IDBs in the context of a Single Environmental Body for Wales, the outcomes are expected shortly.</p> <p><u>Action - year end position 2012/13</u> Board Membership has been updated since the local elections.</p> <p>Wales Audit Office presented a report to the IDB in respect of governance and financial management. Board Members only, have received copies and have made responses accordingly. Cardiff remain dissatisfied with the governance arrangements regarding the Board's current formation and are urging Welsh Government to change the IDB role and organisation in the context of the new Natural Resources Wales single Environmental Body – Ongoing.</p>	
<p>Issues and Actions</p>	<p>Responsible Officer</p>
<p><u>Llanishen Reservoir</u> planning application could result in the re opening of an Inquiry in July/August 2011.</p> <p><u>Action - year end position 2010/11</u> The Council will engage with any enquiry that is called to strongly defend the Council position, but if unsuccessful then costs of an enquiry could be awarded against the Council.</p> <p><u>Action – year end position 2011/12</u> The planning Inquiry closed in January 2012 and the Planning Inspectorate has reported his findings to the Welsh Minister. A decision is expected in early summer 2012.</p> <p><u>Action - year end position 2012/13</u> The Welsh Minister has recently decided to refuse all three planning applications. It is highly likely that the applicant will continue to pursue the matter further through the courts and/or through further planning applications.</p>	<p>Chief Officer City Development</p>

ANNUAL GOVERNANCE STATEMENT 2012/13**Monitoring**

91. We propose over the coming year to take steps to address the above matters to further enhance our governance arrangements. We are satisfied that these steps will address the need for improvements that were identified in our review of effectiveness and will monitor their implementation and operation as part of our next annual review.

Certification by Leader of the Council and the Chief Executive

92. The Council's Section 151 and Monitoring Officers are content that the process followed has been robust and has ensured the engagement of the Council's Senior Leadership Team.
93. We have been advised, by the Council's Section 151 and Monitoring Officers, on the implications of the result of the review of effectiveness of the systems of internal control. There are plans to provide improvements in review processes and address weaknesses to ensure continuous improvement of the system of internal control.
94. On the basis of this process, the legal and financial advice of the statutory officers, the Council's Policies and working arrangements we certify that we approve the Annual Governance Statement 2012/13.

Business Change - Cashable Savings 2012/13

Outturn Position

		2012 / 13		
		Budget Target Saving	Cashable Savings Achieved	Variance to Budget Target
Programme/Project		£000	£000	£000
Customer Service				
CS01	Neighbourhood Learning & LTE Centres	385	18	-367
CS09	Revenue & Benefits	78	78	0
Total Customer Service		463	96	-367
Commissioning & Procurement				
CP04	Sourcing Implementation Across all Category Spends			
Social Care		1,183	947	-236
	Adult Services Procurement Review	820	820	0
	Children's - LAC Agency Placements	159	45	-114
	Children's - In House Fostering	141	0	-141
	Children's - Llamau Commissioned Services - Housing for Care Leavers	63	82	19
Shared		1,659	1,376	-283
	Other - Transport & Fleet Management	471	440	-31
	Central Transport Service Category Mgmt - Fleet Spend	872	500	-372
	Central Transport Service Category Mgmt - Fleet Spend Route Optimisation	200	320	120
	Communications	116	116	0
People & Professional		180	180	0
	Other - People & Professional Services	0	0	0
	City Development	130	130	0
	Education	50	50	0
Environment		512	452	-60
	Other - Environment	408	348	-60
	Corporate Services	104	104	0
Other		184	90	-94
	City Management	150	90	-60
	Corporate Services	34	0	-34
Total Commissioning & Procurement		3,718	3,045	-673
Service Redesign - Improving Cardiff Environment				
SRI01	Waste Management & Street Cleansing	573	573	0
SRI02	Highways Maintenance	250	84	-166
SRI03	Parks	389	389	0
SRI05	Management Structures	1,328	1,328	0
Service Redesign - Improving Cardiff Environment		2,540	2,374	-166
Service Redesign - Place Services				
SRPL02	Transport & Traffic Management	503	95	-408
SRPL05	Venues & Catering	200	200	0
SRPL03/06	Communities Directorate - Service Redesign	273	100	-173
Total SR - Place Services		976	395	-581
Service Redesign - People				
SRPS01	Assessment & Care Management	595	595	0
Total SR - People		595	595	0
Shared Services				
SS01	Communications & Media	45	45	0
SS02	Centralised Transport Services	113	113	0
SS05	Business Administration	844	635	-209
SS06	ICT Service Redesign	164	164	0
SS09	Facilities Management	762	220	-542
SS12	Performance & Information Management	167	12	-155
Total Shared Services		2,095	1,189	-906
Wave 2 projects		200	0	-200
GRAND TOTAL		10,587	7,694	-2,893

Business Change - Expenditure 2011/12 & 2012/13 Outturn Positions

	Total Expenditure £000	Portfolio	Comm'g & Procure't	Customer Service	Enabling Technology & Transformation Capability	Land & Buildings	People & Leadership	SR Improving Cardiff Environment	SR People	SR Place	Shared Services
2011/12											
Net Expenditure	4,884	908	801	457	324	353	184	519	286	384	668
2012/13											
Net Expenditure	2,986	651	266	318	95	390	29	243	89	381	524