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SUPPLEMENTARY PAPERS

Committee	POLICY REVIEW AND PERFORMANCE SCRUTINY COMMITTEE
Date and Time of Meeting	MONDAY, 26 SEPTEMBER 2022, 4.00 PM
Venue	CR 4, COUNTY HALL - MULTI LOCATION MEETING
Membership	Councillor Williams (Chair) Councillors Ash-Edwards, Chowdhury, Ferguson-Thorne, Henshaw, Hunt, Stubbs, Thomson and Waldron

The following papers were marked 'to follow' on the agenda circulated previously

- 5 Budget Monitoring - Month 4 2022/23 - to follow**(Pages 3 - 54)
Pre-decision scrutiny of the Council's financial position at month 4 2022/23
- 6 Annual Property Plan 2022/23 - to follow**(Pages 55 - 136)
Pre-decision scrutiny of a progress report to Cabinet establishing targets to support the Property Strategy 2021-26.

Davina Fiore

Director Governance & Legal Services

Date: Tuesday, 20 September 2022

Contact: Andrea Redmond, 029 2087 2434, a.redmond@cardiff.gov.uk

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**CYNGOR CAERDYDD
CARDIFF COUNCIL**

**POLICY REVIEW & PERFORMANCE
SCRUTINY COMMITTEE**

26 September 2022

Budget Monitoring - Month 4 2021/22

Reason for the Scrutiny

1. To provide Members with an update on the Council's financial monitoring position as at Month 4 of 2022/23. This report will be considered by Cabinet at its meeting on 28 September 2022.

Background

2. The Policy Review and Performance Scrutiny Committee's Terms of Reference includes responsibility for monitoring the overall Council budget, both Revenue and Capital budgets, as well as responsibility for monitoring specific service areas. Those services include *Corporate Management*, *Economic Development* (County Estates, Facilities and Operational Management), *People & Communities* (Performance & Partnerships), *Governance & Legal Services*, and *Resources* (Finance, Digital Services, Customer Services, Human Resources, Commissioning & Procurement) budgets.

Structure of the Papers

2. To facilitate the scrutiny the following appendices are attached to this report:
Appendix A – Cabinet report – Budget Monitoring – Month 4 2022/23,
Attached to the Cabinet report are the following appendices
Appendix 1 – Revenue Monitoring Position
Appendix 2 – Directorate Commentaries
Appendix 3 – Directorate Budget Savings Position
Appendix 4 – Capital Programme
Appendix 5 – General Fund Capital Schemes Update

3. The report to Cabinet (**Appendix A**) sets out the Revenue Position and the Capital Position. It also sets out performance against savings targets. Members are reminded that the budget was set in March 2022, key sources of funding are the Revenue Support Grant from Welsh Government, Council Tax, income sources (plus fees and grants) and earmarked reserves. The Local Authority Hardship Fund has now closed, and any pandemic related pressures must be covered from the Council's own budget.

4. This report states that the Council's financial position is unprecedented as it faces the pressures of increased costs of living and energy pricing, added to the legacy of the pandemic. In summary Cabinet has been advised at month 4 that:
 - significant levels of in-year savings are required to mitigate overspend,
 - availability of funding to deal with further COVID and energy costs is a risk,
 - contingency budgets are already being used in full or part at month 4,
 - month 4 does not reflect any impact of pay awards to be agreed for 2022/23,
 - the flow through of current year issues into 2023/24 means that budget setting is going to be extremely challenging for next year.

Revenue budget

5. The 2022/23 month 4 budget monitoring report attached at **Appendix A** states that, at this point, a net overspend of **£7.368 million** on the revenue account is projected for the end of the 2022/23 financial year. This is comprised of Directorate projected budget overspends of **£11.253 million** and a projected Capital Financing underspend of **£1.7 million**, a projected underspend in the Summary Revenue Account of **£0.185 million** partially offset by the **£2 million** general contingency budget.

6. The service areas predicting the most significant overspends are Children's Services (£8.950 million), Education & Lifelong Learning (£5.424 million), and Economic Development (£2.860 million).

7. Members may wish to note the table at **point 7** of the report to Cabinet that shows each Directorate's position, underspends are reported in brackets. Further detail of the Revenue Monitoring position can be found in **Appendix 1**, and more detailed explanations of each Directorate's position are provided in **Appendix 2**.
8. The overspends are after the offset of £2 million general contingency and it is important that Directorates ensure tight financial control over the remainder of the year to reduce the projected overspend at year end.

Savings

9. At **Appendix 3** Members can find a progress report on the £5.558 million Directorate Savings Proposals for 2022/23. Savings are identified as being generated from *employees, external/other sources, or income*.

Capital

10. Members will find detail of the Council's Capital Programme in **Appendices 4 and 5** of the papers. The Council's Capital Programme is currently **£230.926 million** for 2022/23 including an indicative programme to 2026/27.
11. The projected outturn for the year is currently **£153.626 million** against a total programme of **£220.103 million** with a variance of £66.447 million, which is predominantly slippage. **Expenditure at Month 4 was £34.826 million** which represents **23% of the projected outturn**, however there are a number of large expenditure items which are anticipated to progress during the latter part of the year.
12. **Points 26-30** of the report present a picture of progress on Capital Schemes, stressing the essential role that the Council's capital investment programme plays in both stimulating the local economy and delivering local services during the post Covid-19 recovery period. There is reference to significant construction cost inflation and Directorates are reminded that effective contract management will be required. There is a need to allocate sufficient capacity and resource to ensuring projects progress in the timescales intended and consider opportunities to bring

forward expenditure where possible. The need to utilise grants awarded and ensure they are fully utilised in approved timescales is an important risk to be managed by directorates in the remainder of the year.

13. **Points 31-33** remind members that in February 2018 the Council set a target of **£40 million** non-earmarked General Fund Capital receipts. As at March 2022 **£10.060 million** had been received. The Annual Property Plan 2022/23 forecasts income at £5.5 million, receipts to date are £2.5 million.

14. At **points 34-48** Members will find details of the Housing Revenue Account position. This budget covers estate regeneration schemes; planned investment in the refurbishment of Council dwellings; disabled adaptations and expenditure on the development of new housing and other development projects. The programme of work for the Housing Revenue Account is £74.610 million and at month 4 expenditure was £23.592 million, circa 29% of the projected outturn.

15. Importantly the report highlights that the construction market continues to face supply shortages and rising material prices resulting in higher development costs. The Council is experiencing significant demand for affordable housing and without external grant funding sources in addition to the existing Welsh Government grant the HRA programme will need to be reviewed to ensure expenditure remains affordable.

Way Forward

16. Councillor Chris Weaver, Cabinet Member, Finance, Modernisation and Performance, Christopher Lee, Corporate Director Resources, and Ian Allwood, Head of Finance, will be in attendance to present the report and answer Members' questions.

Legal Implications

17. 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 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

18. 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.

RECOMMENDATION

The Committee is recommended to:

- i. note the month 4 2022/23 budget monitoring 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 of items.

DAVINA FIORE

Director, Governance & Legal Services

20 September 2022

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BY SUBMITTING THIS REPORT TO THE CABINET OFFICE, I, (CHRISTOPHER LEE) (CORPORATE DIRECTOR RESOURCES) AM CONFIRMING THAT THE RELEVANT CABINET MEMBER(S) ARE BRIEFED ON THIS REPORT

**CARDIFF COUNCIL
CYNGOR CAERDYDD**

CABINET MEETING: 28 SEPTEMBER 2022

BUDGET MONITORING – Month 4 2022/23

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

AGENDA ITEM: X

Reason for this Report

1. To provide the Cabinet with details of the projected 2022/23 financial monitoring position as at the end of July 2022 (Month 4) adjusted for any significant amendments since that date, against the budget approved by Council on 3rd March 2022.

Background

2. Council approved the 2022/23 budget on the 3rd March 2022 with the key sources of funding underpinning the budget being Revenue Support Grant (RSG) from Welsh Government, the amount forecast to be raised by Council Tax, contributions from earmarked reserves and other income sources including fees and various specific grants. RSG increased by 10.7% (£52.6 million in cash terms after adjusting for transfers) in 2022/23 although the context was one of transitioning into a post pandemic period and significant uncertainty and risk evident across many areas.
3. The 2022/23 budget also heralded the end of the Local Authority Hardship Fund which meant that the Council would need to ensure it could cover any ongoing COVID-19 related pressures (both expenditure and income) from within its own budgetary allocation.
4. The legacy of the pandemic and other more recent factors such as energy pricing and the cost of living crisis have significantly increased further the levels of risk. The Council faces unprecedented challenges in terms of financial resilience which will require close monitoring and management during this year

and into the medium term. This monitoring report will set out the current known pressures and risks and any subsequent mitigations being undertaken. The report provides details of the overall revenue position, including performance against budgeted savings targets and a detailed position update on the Capital Programme.

Issues

Revenue Position

5. The overall revenue position reported in the paragraphs that follow comprises of projected variances, including any shortfalls anticipated against 2022/23 budget savings proposals and any savings or efficiencies that have been identified during the year.
6. The overall monitoring position, as at Month 4, reflects a total projected net annual Council overspend of £7.368 million. This position is detailed in Appendix 1. and includes a total directorate net overspend of £11.253 million, a projected underspend of £1.700 million in relation to Capital Financing, a projected underspend against the Summary Revenue Account of £0.185 million partially offset by the £2 million general contingency budget.
7. The table below provides a summary of the overall position:.

Directorate	Directorate Position (£000)
Corporate Management	(6,474)
Economic Development:	
Economic Development	2,860
Recycling & Neighbourhood	389
Education & Lifelong Learning	5,424
People & Communities:	
Housing, & Communities	(317)
Performance & Partnerships	(81)
Adult Services	(123)
Children's Services	8,950
Planning, Transport & Environment	430
Resources:	
Governance & Legal Services	400
Resources	(205)
Total Directorate Position	
Capital Financing	(1,700)
General Contingency	(2,000)
Summary Revenue Account	(185)
Total Council Position	7,368

8. The Table above indicates that there is already pressure across several service areas in terms of budgetary performance and these are contributing to a significant overall projected overspend at Month 4 that will require corrective action in the remaining months of 2022/23.
9. There are several factors impacting on the bottom-line position, many of which were not evident when budgets were set in March of this year. In financial terms the pressures in Children's Services are the most significant and in the main relate to high numbers and costs of residential placements. Across broader services, post pandemic recovery has been overshadowed by an energy and cost of living crisis that has resulted in significant expenditure pressures in areas such as food costs, fuel and utilities, plus it has dampened down income recovery given the squeeze on household budgets currently.
10. It is important to note that the Month 4 projections do not include any assumptions over and above the already budgeted pay award of 3% for 2022/23. Current pay negotiations are ongoing, and the outcome of any settlement reached will be reflected in future monitoring reports.
11. The specific overspends and underspends within each directorate's position are outlined in more detail within Appendix 2. In summary the three largest variances are noted below:
 - a. **Economic Development** (+£2.680M) – Income shortfalls within Culture, Venues and Events are a significant factor contributing to the overspend, as well as the high cost of energy across council buildings. There are also pressures within Property Services and Sport, Leisure and Development.
 - b. **Education** (+£5.424M) - A key pressure contributing to this overspend is in relation to School Transport because of rising costs in fuel and driver supply combined with the increased number of pupils with additional learning needs requiring transport. There are significant pressures in respect of out of area placements and school catering services, the latter again being impacted upon by price increases in relation to food and transport costs combined with reduced income from paid school meals.
 - c. **Children's Services** (+£8.950M) – The majority of this overspend is attributable to residential and additional bespoke placements that have arisen this year reflecting the complexity of need and the limited spaces available in the residential market.
12. In relation to the above, mitigating actions are being put in place to reduce and offset the impact of these overspends.
13. As part of the Budget Strategy for 2022/23, a COVID recovery budget of £10 million was established to deal with post pandemic issues given the cessation of the Welsh Government Hardship Fund. Current issues around energy costs and the cost of living crisis have meant that this budget is also able currently to offset part of these costs. Within the Corporate Management line of the budget, the assumption is that some £6.463M of this allocation is committed at Month 4. As a response to the economic challenges officers in Education and Economic Development are looking at measures to ensure that the cost impacts are dampened to manageable levels particularly with the threat of increased

headwinds over next few months. It is important to note that by reflecting the partial use of the contingency at month 4 there remains only £3.537 million of this budget allowance to cover any future risks / costs that emerge.

14. The position with respect to Children's Services has resulted in the establishment of an urgent programme of work to seek to reduce spend and deliver improvements across a range of services linked specifically to the issue of external placements. The number and complexity of cases coming through combined with the inability of the market to provide placement solutions is unprecedented at this time. The position stated includes a number of high cost bespoke placements that are currently being reviewed and any step downs or changes once confirmed will be reflected in future monitoring reports. The action being taken to mitigate the position includes focussed work on:
 - a. Managing placement requests
 - b. Maximising the current placement options
 - c. Looking at options for move on
 - d. Developing the support market in Cardiff
 - e. Developing Foster Care options to meet complex needs
 - f. Addressing specific issues around unaccompanied asylum-seeking children
 - g. Improving data reporting and financial analysis arrangements
 - h. Maximising opportunities for additional grant funding and appropriate partner contributions
15. The position at Month 4 assumes use of £1.180 million of Children's Contingency to deal with the cost differential of agency staff versus full time staff. The success in terms of reducing the reliance on agency has resulted in decreased numbers of agency staff covering vacant posts but the variance in cost between agency and full time staff has increased This is being offset from contingency for 2022/23 given targets are being met as set in the Council's Corporate Plan
16. In terms of further monitoring of the Children's Services financial position, future periods will continue to reflect outcomes from the work being undertaken currently. The position also currently assumes no external grant funding is receivable and again this will be adjusted if, as in previous years, grants are made available by Welsh Government to support pressure in this area.
17. The 2022/23 Budget Report outlined Directorate savings of £7.708 million of which £1 million represented a reduction in General contingency which was actioned as part of the approval process for the Budget. This paragraph will report of the performance of the savings proposals as part of the 2022/23 budget (£6.658 million). As outlined in Appendix 3, there is an overall projected shortfall of £332,000 (5.9%) against the directorate savings target of £5.558 million. The £1.1 million of corporate savings are all projected to be achieved.
18. The Capital Financing outturn is currently forecast to be £1.700 million underspent at the end of the financial year. This forecast is set having regard to assumptions about our levels of actual external borrowing in year and timing of such; movement in bank interest rates (outside our control) and levels of daily cash balance; estimates of how any capital expenditure for the Housing

Revenue Account and General Fund is to be funded as year-end. Treasury assumptions and performance will continue to be monitored closely (the mid year review will be reported to Council in November 2022) and at Month 4, only the underspend with respect to interest receivable has been factored in. The underspend is due to increases in recent Bank of England base rates resulting in higher interest income receivable on temporary cash balances, represented by bank deposits held. There are likely to be further adjustments made in future periods if the fiscal landscape remains unaltered.

19. In considering an appropriate level of bad debt provision in respect of Council Tax and having due regard to the collectability of the Council Tax in the current economic climate, the Council is still able to report an underspend in the region of £0.483 million. This position whilst considered prudent will continue to be closely monitored throughout the financial year.
20. As part of the reported Directorate positions, contributions to and from contingency budgets have been incorporated where appropriate. As fluctuations in the CTRS budget are managed by a corporate contingency, these include a transfer from the Council Tax Reduction Scheme (CTRS) budget, of £0.120 million. The transfer reflects the current projected in year position, which takes into account the impact of the Council tax increase as well as in year demand from residents for financial support. In addition, the Children's Services position currently presumes that £1.180 million has been drawn down from the £2.500 million contingency budget held for meeting the additional costs arising from a reduction in Agency staff as referenced earlier in the report. This leaves £1.320 million for any further demand in Children's Services and the risk of increasing external residential placements for the remainder of this year.
21. Given the overspend position projected at Month 4, all services have been tasked to review opportunities to deliver in year efficiencies. These are being worked through currently to ensure deliverability and no front line service impact and, where appropriate, these will be built into future monitoring reports to further mitigate the bottom line position.
22. In addition to the general fund directorate positions, ring-fenced and grant funded accounts are outlined in more detail as part of Appendix 2. In summary, the position on the Housing Revenue Account (HRA) is currently indicating a potential surplus of £587,000. Underspends on capital financing costs due to the impact on debt repayment and external interest charges of the 2021/22 reduced borrowing requirement are partly offset by increased premises costs reflecting the current utilities market. Any surplus will be used to improve the ability to deal with future budget pressures including capital works delayed to future years and to provide more flexibility for any unavoidable future commitments. The Civil Parking Enforcement position reflects an in-year surplus of £5.455 million compared to the budgeted surplus of £5.696 million reflecting income below Harbour Authority is projecting a balanced position with increased cost pressures for dredging and barrage maintenance offset by other managed underspends. The Asset Renewal budget is anticipated to be fully spent in line with the revised work schedule.

Capital

23. The Council on 3rd March 2022 approved a new Capital Programme of £230.926 million for 2022/23 and an indicative programme to 2026/27. The budget for the General Fund and Public Housing has since been adjusted to £294.713 million to include actual slippage reported at outturn, incorporation of new grant approvals and confirmation of actual grant awards.
24. The sections below indicate a forecast position for 2022/23 for the General Fund and Public Housing.

General Fund

25. The projected outturn for the year is currently £153.626 million against a total programme of £220.103 million with a variance of £66.447 million, which is predominantly slippage. Expenditure at the end of Month 4 was £34.826 million which represents circa 23% of the projected outturn, however there are a number of large expenditure items which are anticipated to progress during the latter part of the year.

Capital Schemes Update

26. Delivery of capital projects is complex, may span a number of years and is influenced by a number of external and internal factors such as weather, statutory and non-statutory approval processes. Directorates continue to be reminded of the need to set achievable profiles of expenditure and to identify slippage at an early stage.
27. The Council's capital investment programme plays an essential role in both stimulating the local economy and delivering local services during the post Covid-19 recovery period. Whilst contractors have adapted to work restrictions, construction cost inflation is significant resulting from increased tender activity, material availability, labour shortages. This represents a delivery and affordability risk to projects to remain within estimated budgets following the outcome of tenders. This may require re-prioritisation of schemes to be undertaken including changes in specification where this allows the same outcomes to be met.
28. It remains important that directorates continue to allocate sufficient capacity and resource to ensuring projects progress in the timescales intended and consider opportunities to bring forward expenditure where possible. Robust business cases continue to be essential with a focus on approved schemes within the existing capital investment programme
29. At the end of 2021/22, there were a number of late external grant funding sources made available for aligned Welsh Government outcomes. This is a common theme and whilst positive, the timescales may mean late changes in programme and projections. Utilising grants bid for and awarded in approved timescales is a risk to be managed by directorates in the remainder of the year. Consideration of switching of Council resources and early discussion with grant funding bodies should be undertaken to ensure that approved grants can be used in full.

30. Further detail on progress against significant capital schemes included in the programme is included in Appendices 4 and 5 to this report.

Capital Receipts

31. The Capital Programme approved by Council in February 2018 set a target for non-earmarked General Fund Capital receipts of £40 million, with a subsequent increase of £1 million to this target in 2019/20, after making a deduction for eligible revenue costs of disposal. Up to 31 March 2022, a total of £10.060 million has been received against the overall receipts target.
32. The current forecast of income towards the target whether by external disposal or approved land appropriations to the Housing Revenue Account (HRA) during 2022/23 is £5.5 million as set out in the Annual Property Plan 2022/23. Receipts to date are £2.5 million in relation to the Council's freehold interest of land in St Mellons approved by Cabinet in January 2022. Where sites are to be appropriated to the HRA, this needs to be within the approved budget framework for the HRA and based on an agreed independent valuation and housing viability assessment.
33. The Capital investment programme also includes a number of major development projects which assume that capital receipts are earmarked to pay towards expenditure incurred on those projects. Examples include the development strategy at the International Sports Village, Arena contribution and commitments agreed as part of proposals in respect to East Cardiff / Llanrumney Development. Expenditure incurred in advance of realisation of receipts represents a risk of both abortive costs and to the level of borrowing and should be incurred as part of a Cabinet approved business case.

Public Housing (Housing Revenue Account)

34. The Programme for Housing Revenue Account (HRA) is £74.610 million, and expenditure of £80.470 million is forecast, requiring budget of £5.860 million to be brought forward, primarily because of accelerated spend on the re-cladding of Lydstep flats than initially planned. Expenditure at the end of Month 4 was £23.592 million which represents circa 29% of the projected outturn.
35. Against an original allocation of £2.650 million, a total of £3.450 million is due to be spent on estate regeneration, tackling issues of community safety, defensible space, waste storage and courtyard improvements to blocks of flats. Expenditure includes projects at Belmont Walk and Pennsylvania Avenue.
36. Expenditure on building improvements is projected to be £28.245 million for the year, against a budget of £19.150 million. The variance is in large part due to the Lydstep flats recladding scheme, which is now progressing faster than anticipated meaning residents will experience minimal disruption. Following completion of development work, Cabinet will shortly consider the implementation and procurement approach to further sites for over cladding. Other improvements including roofing and central heating upgrades are

progressing at good pace, contributing to the increased spend this financial year.

37. Total expenditure on adaptations for disabled residents of HRA properties for the year is forecast at £2.700 million, with slippage of £300,000 into 2023/24.
38. Expenditure on the development of new housing over several sites during the year is currently projected to total £46.075 million, against an allocation of £49.810 million. In respect of Cardiff Living, only one scheme remains in progress for Phase one, the PassivHaus scheme at Highfields which is expected to complete in the autumn of 2022, with phase two and three schemes in progress. The early-stage master-planning is well underway on the proposed older person/wellbeing village on the former Michaelston College site which will deliver in the region of 250 new homes and a wide range of public buildings providing a range of facilities for the local community with a focus on older people and health and well-being. Work is well underway for the low-carbon scheme on the former Rumney High school site and on the former Howardian school site in Penylan, with all private houses released for sale on Howardian phase 1 having sold off-plan.
39. Progress on other development projects outside of Cardiff Living include a start on site for the St. Mellons and Maelfa older person community living buildings as well as development of homes on the former Local Training Enterprise Centre building in St. Mellons. Planning permission has been granted for the Channel View masterplan, Riverside/Canton Community Centre and the proposed development of Waungron Road, Llandaff. The former Iorwerth Jones site, Lansdowne hospital site and Canton Community Centre Site are expected to be well in progress by the end of the year, albeit some projects are delayed compared to initial expectations.
40. The construction market continues to face the impact of supply shortages and rising material prices, resulting in increases in costs for developments. There are also significant pressures and demand for affordable housing as considered by Cabinet in a report in July 2022. The costs of acquiring existing properties and buy backs for HRA housing stock as well as the cost of implementing the meanwhile use temporary housing for the gas works site have been managed within the overall housing programme, with assumptions of £12.750 million of Welsh Government grant at this stage contributing to costs. Given the cost increases, as well as demand pressures, without additional external grant funding sources, the overall HRA programme will need to be reviewed as part of its next iteration in February/March 2023 to ensure expenditure and the timing of expenditure remains affordable and sustainable.

Reasons for Recommendations

41. To consider the report and the actions therein that form part of the Council's financial monitoring process for 2022/23.

Legal Implications

42. The report is submitted for information as part of the Authority's financial monitoring process. The Council's Constitution provides that it is a Council responsibility to set the budget and policy framework and to approve any changes thereto or departures there from. It is a Cabinet responsibility to receive financial forecasts, including the medium-term financial strategy and the monitoring of financial information and indicators

HR Implications

43. There are no HR imps that arise directly from this report.

Property Implications

44. There are no further specific property implications in respect of the Budget Monitoring Month 4 2022/23 Report. During the second quarter, the Strategic Estates Department will continue to assist where necessary in delivering mitigation strategies as part of the organisation's COVID recovery and support delivery in relevant areas such as the Capital Programme, the Capital Investment Programme and Major Development Projects. The report highlights in-year financial pressures within Strategic Estates and the service area is working closely with Finance colleagues to identify mitigations and income generation opportunities which can be put in place and pursued to alleviate the forecasted budget overspend. Where there are property transactions or valuations required to deliver any budget proposals, they will be done so in accordance with the Council's Asset Management process and in consultation with Strategic Estates and relevant service areas

Financial Implications

45. In summary, this report outlines a projected Council overspend of £7.368 million at Month 4 of the 2022/23 financial year. These overspends are after the offset of £2 million general contingency.. If an overspend of this level exists at the end of the financial year, it would be offset against the Council Fund Balance. Currently, the Council Fund Balance is £14.255 million and would reduce to £6.887 million in such a circumstance but this level would be considered unsustainable. However, between Month 4 and the financial year end, every effort will be made to reduce the overspend to a balanced position or identify other sources of funding such as earmarked reserves which will provide some form of financial resilience.
46. Because of this risk, it is important that directorates retain a focus on their financial positions and ensure that tight financial control is in place over the remainder of this financial year and that overspends do not worsen and, if possible, are reduced by year-end. This will require a continual review of Council-wide issues and regular monitoring of the Council's balance sheet, including the debtors' position and earmarked reserve levels.
47. In relation to the 2022/23 Capital Programme, a variance of £66.447 million is currently projected against the General Fund element, predominantly in relation to slippage against schemes. In terms of the Public Housing element of the

programme, there has been a need to reprofile the capital programme from later years to fund the £5.680 million required because of the need to accelerate the spend on cladding at Lydstep Flats.

48. Historically, this report has highlighted the issue of slippage and the economic impact of rising material process and contractor availability is contributing to potentially higher rates of slippage than have been experienced before. The increase in material prices could potentially reduce the amount of work being undertaken in asset renewal budgets in individual years to ensure capital budgets remain viable over the five-year programme. There are large expenditure items planned for the last quarter of the year and it is critical that directorates ensure that the necessary progress is made against schemes, to ensure that slippage is minimised as much as possible. Due diligence needs to be maintained to ensure that the delay of schemes that rely on external funding does not result in the lost opportunity of accessing those funds due to tight terms and conditions dictating any timelines that must be met..
49. For capital expenditure, effective contract management will be required, with a particular focus on the prevailing economic climate causing delays or increased costs. Should such issues continue to emerge during the remaining months of the year it will be necessary for these to be escalated as a matter of priority so that the overall impact on the programme can be assessed and any required actions taken. Such risks also need to be monitored in relation to the generation of capital receipts which underpin the overall affordability of the programme

RECOMMENDATIONS

The Cabinet is recommended to:

1. Note the projected revenue financial outturn based on the projected position at Month 4 2022/23.
2. Note the capital spend and projected position at Month 4 2022/23.

SENIOR RESPONSIBLE OFFICER	CHRISTOPHER LEE
	Corporate Director Resources
	<i>DATE: 22 September 2022</i>

The following Appendices are attached:

- Appendix 1 – Revenue Position
- Appendix 2 – Directorate Commentaries
- Appendix 3 – 2022/23 Budget Savings Position
- Appendix 4 – Capital Programme
- Appendix 5 - General Fund Capital Schemes Update

Appendix 1

REVENUE MONITORING POSITION 2022/2023

Directorate	CASH LIMIT BUDGETS			PROJECTED OUTTURN			VARIANCES		
	Expenditure £000	Income £000	Net £000	Expenditure £000	Income £000	Net £000	Expenditure £000	Income £000	Net £000
Corporate Management	37,658	(170)	37,488	31,779	(765)	31,014	(5,879)	(595)	(6,474)
Economic Development	47,517	(38,417)	9,100	47,195	(35,235)	11,960	(322)	3,182	2,860
- Recycling & Neighbourhood Services	47,197	(11,173)	36,024	51,012	(14,599)	36,413	3,815	(3,426)	389
Education & Lifelong Learning	368,635	(58,400)	310,235	376,978	(61,319)	315,659	8,343	(2,919)	5,424
People & Communities									
- Communities & Housing	259,186	(210,729)	48,457	258,818	(210,678)	48,140	(368)	51	(317)
- Performance & Partnerships	8,930	(5,611)	3,319	9,214	(5,976)	3,238	284	(365)	(81)
- Social Services - Children's Services	88,052	(9,075)	78,977	100,943	(13,016)	87,927	12,891	(3,941)	8,950
- Social Services - Adult Services	163,448	(30,961)	132,487	162,548	(30,184)	132,364	(900)	777	(123)
Planning, Transport & Environment	57,310	(49,908)	7,402	57,992	(50,160)	7,832	682	(252)	430
Resources									
- Governance & Legal Services	8,133	(1,331)	6,802	8,841	(1,639)	7,202	708	(308)	400
- Resources	31,649	(15,374)	16,275	32,789	(16,719)	16,070	1,140	(1,345)	(205)
Capital Financing etc.	40,331	(6,022)	34,309	39,131	(6,522)	32,609	(1,200)	(500)	(1,700)
General Contingency	2,000	0	2,000	0	0	0	(2,000)	0	(2,000)
Summary Revenue Account	20,471	0	20,471	20,759	0	20,759	288	0	288
Discretionary Rate Relief	400	0	400	410	0	410	10	0	10
Sub-Total	1,180,917	(437,171)	743,746	1,198,409	(446,812)	751,597	17,492	(9,641)	7,851
Council Tax Collection	0	0	0	0	(483)	(483)	0	(483)	(483)
Total	1,180,917	(437,171)	743,746	1,198,409	(447,295)	751,114	17,492	(10,124)	7,368

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Appendix 2 – Directorate Commentaries Month 4 2022/23

Corporate Management (£6.474M)

1. The Corporate management position is an offset of £6.463 million of pressures within the directorate position due to additional costs from the Cost of living crisis and prolonged impact of Covid pandemic on additional costs and loss of income. A further £11,000 budget in Corporate Management is offsetting the directorate position as this budget was allocated to Corporate Management due to last minute changes to the Local Government final settlement. Within the position £3.537 million is allocated to offset any emerging pressures as the impact of the Cost of living crisis evolves.

Economic Development +£2.860 million

2. The Economic Development Directorate is forecasting a £2.860m million overspend at month 4 against the net controllable budget of £9.100 million.
3. The month 4 position for Culture, Venues and Events is forecasting a potential deficit of £1.594 million. This is made up largely of forecasted income shortfalls at Cardiff Castle (£735,000), City Hall Functions (£392,000), Functions Catering (£335,000) and St David's Hall (£110,000). Despite the ending of Covid restrictions, customer numbers and business confidence have not returned to the levels seen pre pandemic. Moreover, rising inflation and cost of living is also having an impact on consumer spending resulting in reduced attendances and spend at these facilities. For example, Castle admission and tour income is 35% down for April to July when compared to same periods in 2018 and 2019. In addition, several larger functions previously held at City Hall have not yet returned since the pandemic, which also has a knock-on effect to functions catering who would previously have catered for these large events. University exams have not returned to City Hall and are now being held in-house at universities instead, resulting in a further lost income.
4. The major financial risk for the Facilities Management budget is arising from the inflationary impact on energy prices across Council buildings. High level estimates indicate increased costs of circa £427,000 which have been reflected in Month 4 position, but this will need to be reviewed in detail with the service area as more information becomes available to further inform this position. Underspends against various other budgets reduces the overall overspend to £345,000.
5. Property Services are projecting an overspend of £606,000 at month 4. Primary areas of overspend/shortfalls include an £84,000 shortfall in fees in achieving capital receipts, £190,000 shortfall within investment and non-operational estate income (including £72,000 reduction in St Davids 2 rental income) as well as projected overspends on Old Library (£183,000) and Tennis Centre (£213,000).
6. Sport, Leisure and Development is reporting a potential £272,000 overspend. The largest factor is shortfall of income at CIWW, in some part due to the closure of the Flowrider on building safety issues, as well as increased energy costs, albeit

this overspend is partly offset by reduced staffing costs. An income shortfall at Channel View Centre is currently being offset by a projected underspend against policy growth item, with delayed recruitment of Youth Sport Inclusion officers resulting in a projected £50,000 underspend which is reflected within this position.

7. The Major Projects £217,000 overspend projection is linked to the NHS lease of Toys R Us building expiring in October (£117,000), after which the Council will be responsible for holding costs (NNDR rates, security etc) of the building in 2022/23, as well as circa £100,000 of unbudgeted expenditure projections relating to funding of a project manager post and internal support recharges agreed by Major Projects.
8. All other divisions within Economic Development are projecting balanced or underspend positions for 2022/23.
9. Against the £498k savings target with circa £306,000 of savings projected to be fully achieved, whilst savings of £192,000 in Building Maintenance efficiency (£82,000), reduction in agency and employee costs at Cardiff Castle (£30,000) and income targets in Property Estates (£80,000) are currently projected to be unachievable, leaving a total £192,000 shortfall against savings targets for 2022/23.
10. Full spend of £550,000 is currently forecast against two FRM items in 2022/23, whilst all policy growth proposals (£737,000) are progressing well, with £555,000 of growth proposals either in place or anticipated to be in place imminently, with a partial underspend of £192,000 in 2022/23 largely due to staff not being recruited to posts until part way through the year.

Recycling & Neighbourhood Services +£389,000

11. The Recycling & Neighbourhood Services directorate is currently projecting an overspend estimated at £389,000.
12. The Policy Growth and FRM allocations to fund various waste and cleansing initiatives will be fully spent.
13. The Service is projected to achieve the full £262,000 budget savings for 2022/23.
14. Significant pressures are evident in Collections with a further overspend in Environment Enforcement. There is a substantial underspend in Recycling Treatment and Waste Disposal with further savings in Management & Support and Waste Strategy. Balanced positions are forecast in Cleansing and Trade Waste.
15. The Collections overspend is £1,662,000 and reflects higher staff costs caused by greater levels of sickness which requires agency cover and overtime to ensure service continuity. There is also increased vehicle costs, in particular the inflationary impact of fuel costs. In addition, there are additional costs associated with the evolving and proposed expansion of the segregated recycling trial.

16. The overspend in Environmental Enforcement is £105,000 caused by a short-term extension to temporary staff contracts until a proposed restructure is introduced.
17. Recycling Treatment is reporting an underspend of £975,000 reflecting an increase in the market price received from the sale of recyclable material and improved quality of material following improvements made at the Recycling Centres. The market is very open to price volatility and this projection is based on existing income levels and likely scenarios for the remainder of the year. There is a further underspend of £220,000 in Waste Disposal costs reflecting reduced volumes of residual waste and £183,000 in Management & Support and Waste Strategy due to the holding of vacant posts and an uncommitted project budget.

Education & Lifelong Learning +£5.424 million

18. The month four position for the Education & Lifelong Learning directorate reflects an overspend of £5.424 million. Schools Transport is projecting an overspend of £2.593 million reflecting the full year effect of 2021/22 new routes and price increases, along with anticipated increases in ALN routes in 2022/23, and the extraordinary contractor price increases expected to be applied during 2022/23 in response to the recent fuel price increases. This position includes use of ALN covid grant (£484k) and 2021/22 WLGA grant funding (£594k).
19. Out of Area Placements is £839,000 overspent due to an increase in provision required from 245 to 276 pupils in total. Services to Schools includes an overspend of £1.422 million on Schools Catering Services due to price increases relating to food and transport costs as well as reduced income from paid school meals.

Housing & Communities (£317,000)

20. The Housing & Communities directorate is reporting an overall underspend of £317,000 at Month 4. This comprises overspends totalling £399,000 across Business Performance & Support £217,000, Homelessness and Hostels £43,000, Housing Strategy and Service Development £61,000 and Hubs & Community Services £78,000, offset by underspends totalling £716,000 across all other areas of the service.
21. The Business Performance and Support overspend of £217,000 relates mainly to PPE distribution costs across the authority which are currently under review, partly offset by vacancy savings.
22. The £43,000 overspend within Homelessness and Hostels is due to premises costs at the Housing Options centre whilst Housing Strategy and Service Development overspend of £61,000 relates to ongoing delays in a planned restructure linked to a prior year saving.
23. Hubs and Community services overspend of £78,000 is linked to overspends of £222,000 within Day centres due to an unachieved vacancy provision now centres have fully reopened, additional CCTV costs due to break-ins and vandalism and

additional vehicle costs. Learning for Life is projecting an overspend of £19,000 due to a shortfall in income at Llanover Hall. These are partly offset by in year savings of £163,000 across Hubs and Day Opportunities relating to staff recharges and employee savings.

24. In Advice and Benefits, an underspend of £348,000 relates mainly to FRM funds awarded to support activity within Into Work Services as a result of grant fallout. Additional grant income for the Young Persons Gateway has since been allocated and is now supporting the activity, releasing £259,000 of the original FRM funding. In addition, £89,000 net administration income from various cost of living support schemes is projected after negating all associated expenditure.
25. Within Neighbourhood Regeneration an underspend of £158,000 is reported following delays to the planned restructure which is currently assumed to be in place by 1st October.
26. Housing Projects are reporting an underspend of £210,000 owing to delays in the planned restructure which is also expected to be in place by 1st October.
27. Early Help and Partnership and Delivery are both reporting a balanced position at month 4.

Performance & Partnerships (£81,000)

28. The Performance and Partnerships position comprises of underspends due to held vacancies and projected income exceeding targets in the Cabinet Office and Performance Management and Bilingual Cardiff divisions.

Children's Services +£8.950 million

29. Children's Services is currently projecting an £8.950 million overspend. The majority of this overspend (£5.961 million) relates to residential placements, which includes a net savings target of £2.643 million. Children within external residential placements has remained around 100 throughout the year to date and although work continues to step down placements where appropriate the additional demand has resulted in placement numbers remaining high. The external fostering budgets are reporting a £1.120 million underspend reflecting the complexity of need alongside a reduction in the independent fostering agency market.
30. Additional bespoke placements due to complexity of needs and limited spaces available in the residential market have created a further overspend within the directorate to the sum of £4.067 million. There have been 34 of these placements to date with 14 active cases. These projections are based on current numbers and costs assumed for the remainder of the year unless step down is guaranteed. It also includes an estimated £1.547 million of Health contributions. This area is monitored closely on a case-by-case basis and where possible and prioritised for step down when appropriate.

31. Further overspends include £1.295 million in relation to CHAD domiciliary care packages and £265,000 for legal disbursements.
32. The position at Month 4 assumes use of £1.180 million of Children's Contingency to deal with the cost differential of agency staff versus full time staff. This results in £1.320M of the corporate contingency remaining, along with £600,000 remaining in an earmarked reserve for Children's services staffing. Several external grants have been identified and bids have been made, if successful these will be brought into the monitoring position on receipt of grant award letters.

Adult Services (£123,000)

33. Adult Services is projecting a £123,000 underspend at Month 4. This comprises a £1.049 million overspend on commissioned care, which is offset by a £1.172 million underspend on Internal Services.
34. The position on commissioned care comprises a £380,000 overspend on Older People, a £431,000 overspend on Mental Health and a £295,000 overspend on Substance Misuse. These are offset by a projected £57,000 underspend on Learning Disabilities, whilst Physical Disabilities is projecting a balanced position.
35. The largest contributory factors to the position on Older Peoples' Services are overspends on respite and domiciliary care. Respite costs are difficult to predict, and the position will be kept under review as the year progresses. The overspend on domiciliary care is a combination of additional care costs and lower than budgeted income. Increased numbers of residential and nursing placements are the main factor in Substance Misuse and Mental Health overspends, with the partial achievement of in-year savings a further factor in relation to the latter.
36. The £1.172 million underspend on Internal Services is a combination of a £479,000 underspend in Assessment and Care Management, a £311,000 underspend in Reablement and Independent Living and a £475,000 underspend in Support and Performance Management. These underspends are partially offset by a £93,000 net overspend in Internal Learning Disability Services, which is attributable to the delayed implementation of a 2021/22 saving proposal. The underspends in all other areas of Internal Services are attributable to a level of vacancies, and the fact that funds allocated to support restructure will only be partly used in the current year.

Planning, Transport & Environment +£430,000

37. The Month 4 position shows a forecast overspend of £430,000.
38. The Policy Growth and FRM allocations to assist with the delivery of One Planet Cardiff, to fund infrastructure and community improvements and the funding for Taxi Grants are projected to be fully spent at this time.

39. The Service is projected to achieve the full £201,000 budget savings for 2022/23.
40. In-year pressures are evident within Highway Infrastructure, Transport and Planning & Building Control whilst Energy Management is forecasting a surplus. Bereavement, Registration, Dogs Home and Management and Support are showing balanced positions.
41. Highway Infrastructure is forecasting an overspend of £292,000 and includes inflationary increases for electricity and fuel. In addition, there is an inherent funding shortfall in the provision of the Winter Maintenance programme. The benefit from the installation of LED street lighting has helped to partly mitigate the pressures. Transport is forecasting an overspend of £214,000 reflecting the additional cost of providing Hostile Vehicle Mitigation measures and an income shortfall in Street Work activities. An anticipated shortfall in planning fees, partly offset by additional property search fees is forecast to result in an overspend of £162,000. Energy Management are forecasting a surplus of £238,000 reflecting a significant increase in income generated by the Lamby Way Solar Farm which is offsetting the continued lower performance at the Radyr Weir Hydro facility.

Governance & Legal Services +£400,000

42. The Governance and Legal position comprises of an overspend in Legal Services of £455,000, primarily due to projected locum solicitor costs of £375,000 as recruiting to short term vacancies continues to prove difficult, and unachieved legal income targets. The legal position is being partly offset by an underspend within Democratic Services due to the holding of vacant posts.

Resources (£205,000)

43. The Resources position comprises of an underspend in Human Resources of £300,000 and £40,000 in Finance and £10,000 in Commissioning and Procurement, primarily due to holding vacant posts for the remainder of the financial year. The Chief Digital Officer is reporting an overspend of £145,000 overspend is due to an under recovery of income that is partially offset by vacant posts within Customer Services, and increasing cost of supplies and services within ICT.

Cardiff Harbour Authority

44. For the current year, the Council worked with the Welsh Government to identify budget pressures around increases in material costs, contractors and energy prices as well as historical shortfalls in service level agreement budgets. In addition, work has been conducted to identify future obsolescence and compatibility issues with existing systems and equipment requiring upgrades or replacement. These budget pressures are partly offset by savings due to achievable efficiencies against the approved Fixed Costs budget of £5.374 million.

The Asset Renewal funding requirement for non-critical assets is £430,000, plus £117,000 from the ten-year asset management programme to replace any critical assets. This gives an overall budget for the Cardiff Harbour Authority (CHA) of £5.921 million, which is an increase of 2.6% on the final award total for the 2021/22 financial year.

45. The forecast at the end of quarter one indicates a funding requirement of £5.921 million, representing a full spend of budget.

	Budget £000	Outturn £000	Variance £000
Expenditure	6,332	6,369	37
Income	(958)	(995)	(37)
Fixed Costs	5,374	5,374	0
Asset Renewal	547	547	0
Total	5,921	5,921	0

46. The position includes increased costs on dredging and barrage maintenance, largely due to further significant cost price pressure on contractor supplies and works, offset by reduced expenditure on facilities management, community liaison and environmental areas. Increased income against target is forecast on car parking. This forecast will be updated as more information becomes available over the coming months.
47. The Asset Renewal budget is currently indicating a full spend in line with the revised approved schedule of work, including boardwalk replacement scheme and barrage Scada ABB control system upgrade.
48. The CHA maintains a Project and Contingency Fund, which is used to support projects and provides a contingency for situations where the approved budget is exceeded. The Fund receives contributions from a combination of receipts from the sale and disposal of land and a share of past year underspends on the Fixed Cost budget. The balance on 31 March 2022 was £104,000 and this is in line with the amendments to the Deed of Variation as agreed in March 2021.

Civil Parking Enforcement

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

	Budget £000	Outturn £000	Variance £000
Income			
On street car parking fees	4,839	3,846	993
Off street car parking fees	1,092	1,042	50
Resident's parking permits	473	473	0
Penalty charge notices	1,933	2,289	(356)
Moving Traffic Offences (MTO's)	4,050	4,270	(220)
Other Income	48	48	0
Total Income	12,435	11,968	467
Expenditure			
Operational costs, parking & permits	597	608	11
Enforcement service including TRO	6,142	5,905	(237)
Total Expenditure	6,739	6,513	(226)
Annual Surplus / (Deficit)	5,696	5,455	241

51. The current projection indicates an annual trading surplus of £5.455 million. This is £241,000 lower than the budget reflecting lower income partly offset by reduced operating costs.
52. Income is forecast at £11.968 million which is £467,000 lower than budgeted. Reduced activity partly caused by road closures to facilitate city centre events and delays in project implementation will result in lower car parking fees although there is an anticipated increase in the income generated from PCN's and MTO's.
53. The lower expenditure of £226,000 reflects a reduction in loan repayments for invest to save schemes following full repayment in the previous financial year.
54. The surplus of £5.455 million is transferred to the Parking and Enforcement Reserve and available to support highway, transport and environmental improvements.
55. The table below illustrates the forecast position in the reserve:

Parking & Enforcement Reserve	£000
Balance 1st April 2021	1,985
Contribution from CPE	5,455
Total Available	7,440
Contribution to support revenue budget	(5,935)
Approved project support and initiatives	(581)
Additional support	(183)
Balance 31st March 2023	741

56. The brought forward balance in the reserve is £1.985 million. The CPE position indicates a surplus of £5.455 million. The contribution to the revenue budget to fund infrastructure maintenance and improvements is £5.935 million. A further £581,000 will support various initiatives such as Active Travel and LDP transport monitoring approved in the budget plus an additional £183,000 towards match-funding for bollard removal scheme in St. Mary Street and Womanby Street and a provision for various transport scoping works such as the Metro. The year-end balance is forecast at £741,000.

Housing Revenue Account (£587,000)

57. The Housing Revenue Account (HRA) is projecting a potential surplus of £587,000.

58. A major variance is in relation to premises costs overspends at the community hubs and hostels/other accommodation with increased forecasts for utility costs (estimated at £778,000 above budget) reflecting the current market and corporate purchasing arrangements.

59. An anticipated £688,000 underspend on capital financing costs is due to the impact on debt repayment and external interest charges of the 2021/22 reduced borrowing requirement. Other reported variances include rent and service charge income above target and employee savings across the functions of £342,000.

60. The Housing Repairs Account is forecasting an overall balanced position. Underspends include responsive repairs estimated at £211,000, electrical testing of £120,000 and management and administration vacancy savings of £96,000. These underspends are partly offset by estimated void property repairs overspends of £427,000. The external painting and disabled facilities grant budgets indicate balanced budgets at this time.

61. Based on week 13 statistics, standard rent and service charge income are forecasted at £619,000 above target. This is mainly in relation to a lower than budgeted void rent loss as well as a reduced bad debt provision requirement and rental and service charge income above target. Hostels and other accommodation income forecasts include a shortfall of £128,000 in relation to rents. Some delay has been experienced in terms of the planned timings for letting of units at a new build housing project and there is a Housing Support Grant shortfall of £185,000.

62. The balance of the overall variance is mainly due to underspends on supplies and services.
63. There are a number of forecasts which due to the nature of the spend and income and the number of variables is subject to change and will need to be reviewed in detail over the coming months.
64. The Month 4 position does not include any assumptions over and above the already budgeted pay award of 3% for 2022/23. Current pay negotiations are ongoing and the outcome of any settlement reached will be reflected in future monitoring reports.
65. The surplus is assumed at this stage to transfer to earmarked reserves as appropriate to further improve financial resilience and to offset future years budget pressures.

Directorate Saving Proposals - 2022/23

Dir	Ref	Description	Efficiency Savings				Savings Progress			
			Employees	External/Other	Income	Total Proposed	Achieved £'000	Projected £'000	Unachieved £'000	NOTES
			£000	£000	£000	£000				
CMT	CMT E1	Past Service Contributions A review of past service contributions to pension funds in respect of ex-employees has identified savings of £49,000.	49	0	0	49	12	49	0	Current projections indicate the saving will be saved in full.
Corporate Management Total			49	0	0	49	12	49	0	
Economic Development	ECD E1	Electricity efficiency saving A 10% efficiency in electricity usage in County Hall and City Hall.	0	58	0	58	19	58	0	Quarter 1 indicates that the efficiency of usage target can be achieved compared to 2019/20.
	ECD E2	Building Maintenance efficiency saving Efficiency in building maintenance at County Hall and City Hall.	0	82	0	82	0	0	82	Not projected to be achieved as costs are substantially higher in the first quarter than in previous years. The situation will have to be closely monitored as the year progresses.
	ECD E3	Cardiff Castle A combination of reduced agency and employee spend.	30	0	0	30	0	0	30	Not projected to be achieved as Employee costs are greater in first quarter of 22/23 than 21/22
	ECD E4	Shared Regulatory Services A reduction in Cardiff's contribution to Shared Regulatory Service, linked to business administration arrangements.	0	86	0	86	29	86	0	Achieved through reduction in agreed payment to the SRS.
	ECD E5	Culture, Venues and Events Efficiencies across the division - printing, stationery etc.	0	5	0	5	2	5	0	Projected to be fully achieved
	ECD E6	Staffing Efficiencies in Sports and Leisure The reduction of 1 FTE through voluntary redundancy.	50	0	0	50	50	50	0	Saving achieved, post holder VS in October 2021
	ECD I1	Increase in Income - Workshops Review of income target in line with levels of income currently being achieved.	0	0	37	37	12	37	0	Projected to be fully achieved
	ECD I2	Increase in Income - Property Estates Planned increase in income through review of rent levels on lease renewal.	0	0	110	110	10	30	80	Partially achieved. New leases / rent reviews have been delayed.
	ECD I3	Parks Management / Operations Restructure. Expanding income generation activities alongside a staff restructure within management and operational staff to meet service demands.	(25)	0	45	20	6	20	0	Projected to be fully achieved
	ECD I4	Increase in income - Outdoor Sport and Cardiff Riding School Income budget increase in line with anticipated revenue from increase in fees and charges for 2022/23.	0	0	11	11	4	11	0	Projected to be fully achieved
	ECD I5	Increase income - Landscape Design Service Increase fee earning target for the Parks Design Function	0	0	9	9	3	9	0	Projected to be fully achieved
Economic Development Total			55	231	212	498	135	306	192	
Recycling & Neighbourhood Services	RNS E1	Cleansing, Enforcement & Strategy Redesign A redesign of management structure with no associated impact on frontline services.	60	0	0	60	60	60	0	This saving has been achieved in full.
	RNS I1	Realign Income Budgets Income budget increase in line with increased activity at Bessemer Commercial Site and other services.	0	0	172	172	43	172	0	It is anticipated that these savings will be achieved in full.
	RNS I2	Review of existing income targets - Cleansing Income budget increase in line with increased activity from SWTRA and City Centre.	0	0	30	30	0	30	0	It is anticipated that these savings will be achieved in full.
Recycling and Neighbourhood Services Total			60	0	202	262	103	262	0	
Education	EDU E1	Further reduction in number of private early years placed purchased With fewer pupils expected to enter the primary phase it is anticipated that the need for additional places in private nursery settings will reduce, as numbers should be able to be accommodated within LA nursery capacity.	0	35	0	35	12	35	0	Private nursery settings have reduced with full savings projected for the year.
	EDU E2	Continued vacancy management Maintain current staffing commitment and not appoint to vacant posts.	30	0	0	30	11	30	0	Sufficient vacancies within the directorate to provide the savings target. Expected to be achieved.
	EDU E3	SOP Programme Maximise the opportunity to fund salary costs, where appropriate, through the SOP model rather than existing revenue budgets.	200	0	0	200	0	200	0	Currently under review but planned to be achieved in full through recharge of salaries to capital projects at yearend.
	EDUE4 I1	Use of LA Annex funding from Central South Consortium Increase income budget to reflect current levels of funding received from CSC.	0	0	45	45	0	45	0	Central South Consortium funding yet to be received but is expected in full.
Education Total			230	35	45	310	23	310	0	
Planning, Transport and Environment	PTE E1	Street Lighting Energy Initiatives Continuation of the implementation of the LED & dimming regime across entire Street Lighting network, which is resulting in decreased energy usage.	0	40	0	40	10	40	0	It is anticipated that these savings will be achieved in full.
	PTE E2	Highways - Electrical Team Reduced reliance on Street Lighting structural & electrical testing revenue budgets due to Capital investment in new infrastructure.	0	15	0	15	4	15	0	It is anticipated that these savings will be achieved in full.
	PTE E3	Staffing Efficiencies across PTE Deletion of posts that equate to 2.4 FTE reduction in the directorate.	41	0	0	41	41	41	0	This saving has been achieved in full.
	PTE I1	PTE - General Fees & charges Additional income through increases to a number of fees & charges in respect of highways and transportation.	0	0	10	10	3	10	0	It is anticipated that these savings will be achieved in full.
	PTE I3	Building Control- Supplemental charging for Property Searches Additional income through recently introduced Land Search fees.	0	0	60	60	60	60	0	This saving has been achieved in full.
	PTE I4	Road Safety Team Improve recharging & full cost recovery to Grant funded schemes.	0	0	10	10	3	10	0	It is anticipated that these savings will be achieved in full.
	PTE I5	Transport Policy - Review basis of recharging to Grant funded schemes Improve recharging & full cost recovery to Grant funded schemes.	0	0	25	25	2	25	0	It is anticipated that these savings will be achieved in full.
Planning, Transport and Environment Total			41	55	105	201	123	201	0	
P&C - Performance and Partnerships	P+PI1	Media & Communications - Increased income An increased income target for the design team in line with performance over 2019/20 & 2020/21.	0	0	30	30	10	30	0	It is anticipated that these savings will be achieved in full.
	P+PI2	Cardiff Research Centre - Increased income An increased income target for Cardiff Research Centre in line with performance in 2020/21.	0	0	20	20	0	20	0	It is anticipated that these savings will be achieved in full.
	P+PI3	Bilingual Cardiff - Increase external income Align budget in line with the external income currently being achieved.	0	0	25	25	7	25	0	It is anticipated that these savings will be achieved in full.
	P+PE1	Policy & Partnerships - Efficiency A reduction in the policy initiatives budget and the deletion of a vacant post.	26	8	0	34	29	34	0	It is anticipated that these savings will be achieved in full.
People and Communities - Performance and Partnerships Total			26	8	75	109	46	109	0	
Initiatives	HAC E1	Review of Central Hub staffing linked to alignment of Advice Service Alignment of advice services and a relocation of teams resulting in a reduction of staffing required at the Central Hub.	60	0	0	60	43	17	0	Associated posts were deleted and the full saving will be realised from 1.10.22 when employee leaves on voluntary severance.

People & Communities - Housing and Commu	HAC E2	Universal Credit roll out - reduction in benefit administration As Universal Credit continues to be rolled out the caseload of Housing Benefit continues to reduce, thus reducing the workload of assessors. The saving reflects the reduction of 4 FTE plus savings on overtime. The figure reflects some of the staffing savings being a part year only in 2022/23 .	109	46	0	155	91	64	0	This saving has been achieved through turnover of staff and overtime budget is being managed and projected saving is due to be achieved.
	HAC E3	Restructure of Strategy & Housing Need management team A proposed restructure resulting in the net reduction of 1 Grade 10 post and a reduction in hours. The saving is a part year figure, estimated to commence in July 2022.	39	0	0	39	20	19	0	This saving is projected to be achieved in full once the planned voluntary severance has taken place.
	HAC E4	Digital Efficiencies - increase use of scan stations in Hubs and Hybrid Mail To increase the use of scan stations in the Hubs and use of hybrid mail resulting in staffing efficiencies. The saving reflects a mini-restructure together with review of HRA contributions.	60	0	0	60	60	0		The planned restructure and voluntary severance has taken place and the saving has been realised in full
	HAC I1	Realignment of Estate Management Costs Reflecting appropriate HRA contributions to post funding.	0	0	68	68	68	0		The HRA contribution has been agreed and saving has been achieved in full
People and Communities - Housing and Communities Total			268	46	68	382	282	100	0	
People and Communities - Adults' Services	ADU E1	Mental Health Services, increasing accommodation and support The development of new housing projects to step people down from more expensive mental health provision options.	0	150	0	150	0	75	75	Part year savings expected in 2022/23 - reflects move-in times to the new housing project. The unachieved component is a delay and will be achieved in subsequent years.
	ADU E2	Older Persons- use of extra care for reablement and respite The use of recently commissioned respite /reablement space within Llys Enfys as an alternative to care home provision.	0	57	0	57	0	0	57	This saving is not anticipated to be achieved in full at this time
	ADU E3	Learning Disabilities, increasing accommodation and support The development of new supported living arrangements to enable step down from more expensive options.	0	100	0	100	40	119	-19	A slight over-achievement of savings target is anticipated.
	ADU E4	Mental Health - Increase use of Shared Lives /Adult Placements as an alternative to care home /supported living. The potential to increase the availability of Adult Placements for those with Learning Disabilities, mental health and dementia.	0	27	0	27	0	0	27	This saving is not anticipated to be achieved in full at this time
	ADU E5	Older Persons - Utilisation of Occupational Therapists / Investment in Review Arrangements Strengthen the review process in Adult Services to include Occupational Therapist input, building on the approach taken in the Independent Living Service to review double handed care packages.	0	102	0	102	0	102	0	Working with directorate re: impact of package review.
	ADU I1	Adult Mental Health - Health Contribution Ensuring appropriate contributions from Health towards the cost of care packages.	0	0	125	125	30	125	0	It is anticipated that these savings will be achieved in full.
	ADU I2	Mental Health Services for Older People - Health Contribution Ensuring appropriate contributions from Health towards the cost of care packages.	0	0	175	175	44	175	0	It is anticipated that these savings will be achieved in full.
	ADU I3	Learning Disabilities - Health Contribution Reflecting contributions from Health towards the cost of care packages.	0	0	100	100	25	100	0	It is anticipated that these savings will be achieved in full.
People and Communities - Adults' Services Total			0	436	400	836	139	696	140	
People and Communities - Childrens' Services	CHD E1	Shifting the balance of Care : Review Hub The implementation of the review hub is expected to increase intervention and provide earlier support to children, young people and their families leading to stepping down of Care and Support cases where appropriate, resulting in a reduction in associated costs.	0	319	0	319	108	319	0	Reviewing hub now in place. Savings indicated include previous placements that have been reassessed or stepped down. However, increasing price pressures and demand has resulted in a net overspend position in residential and bespoke placements.
	CHD E2	Workforce Improve recruitment and retention of permanent staff will reduce the reliance on more costly agency arrangements.	84	0	0	84	0	84	0	No budget savings possible so far this year and unlikely to be achieved due to the additional workload from placement programme.
	CHD E3	Shifting the balance of Care : Appropriate placement finding Reduction in placement costs through appropriate use of Falconwood Assessment Centre, increased in-house fostering, supported lodgings and kinship placements. Prioritisation of independent fostering for children with the highest needs (parent and baby/complex needs), alongside enhanced step down services. The saving is net of the pump-prime budget to fund the additional workforce required internally.	0	2,240	0	2,240	750	2240	0	Savings projected include residential placements stepped down through Young Persons Gateway, Fostering and those returned home. Latest figures suggest 32 cases have been stepped down. However, increasing price pressures and demand has resulted in a net overspend position in residential and bespoke placements.
People and Communities - Children Services Total			84	2,559	0	2,643	858	2,643	0	
Resources	RES E2	Reducing the net budget of the Information Governance Function Management of vacant posts within Information Governance.	22	0	18	40	10	40	0	Currently vacant posts being managed
	RES E3	Realigning the Finance and Accountancy function and an income review of the service. A restructure of the Accountancy Function and realignment of resources across Finance, focusing on establishing professional posts so that the service continues to deliver a high quality service, whilst identifying sustainable funding.	28	0	50	78	20	78	0	Currently resources being managed within budget across Finance and Accountancy.
	RES I1	Reducing the net budget of the Revenues Function Maximising the income funding that is being collected by Revenues and ensuring that a proportion of this amount is allocated to the services inspecting, collecting and recovering.	0	0	150	150	33	150		Current projections indicate saving will be achieved in full.
Resources Total			50	0	218	268	63	268	0	
Council Total			863	3,370	1,325	5,558	1,784	4,944	332	

DIRECTORATE & SCHEME		2022-2023 Programme	2021-22 Slippage	Budget Revision	Virements	Changes & New Approvals	Total Programme 2022-23	Projected Outturn	Slippage	(Underspend) / Overspend	Total Variance
		£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
<u>ECONOMIC DEVELOPMENT</u>											
<u>Business & Investment</u>											
1	Town Centre Loan Scheme	0	0	0	0	0	0	0	0	0	0
2	S106 Schemes	54	50	(50)	0	0	54	51	(3)	0	(3)
Total Business & Investment		54	50	(50)	0	0	54	51	(3)	0	(3)
<u>City Development & Major Projects</u>											
3	Black Tower Tales	0	15	0	0	0	15	15	0	0	0
4	Economic Stimulus Support James Street	1,930	0	0	(1,930)	0	0	0	0	0	0
5	International Sports Village Phase 1 - Land Acquisition	7,400	(9,180)	9,350	1,930	0	9,500	9,500	0	0	0
6	International Sports Village Phase 2 - Development	2,500	(435)	0	0	0	2,065	500	(1,565)	0	(1,565)
7	Central Square Public Realm	342	0	0	0	0	342	0	(342)	0	(342)
8	Indoor Arena	26,300	10,008	0	0	0	36,308	7,000	(29,308)	0	(29,308)
9	Cardiff East Regeneration Strategy	1,500	247	0	0	0	1,747	1,525	(222)	0	(222)
Total City Development & Major Projects		39,972	655	9,350	0	0	49,977	18,540	(31,437)	0	(31,437)
<u>Parks & Green Spaces</u>											
10	Asset Renewal Buildings	38	0	0	0	0	38	38	0	0	0
11	Asset Renewal Parks Infrastructure	140	147	0	0	0	287	287	0	0	0
12	Play Equipment	290	(109)	0	0	0	181	181	0	0	0
13	Teen/Adult Informal Sport and Fitness Facilities	200	200	0	0	0	400	40	(360)	0	(360)
14	Green Flag Park Infrastructure Renewal	100	61	0	0	0	161	161	0	0	0
15	Roath Park Dam	1,850	(363)	0	0	0	1,487	445	(1,042)	0	(1,042)
16	Flatholm Island - HLF Project	375	25	0	0	0	400	50	(350)	0	(350)
17	S106 Funded Schemes	1,423	1,277	(1,277)	0	0	1,423	1,750	327	0	327
Total Parks & Green Spaces		4,416	1,238	(1,277)	0	0	4,377	2,952	(1,425)	0	(1,425)
<u>Leisure</u>											
18	Pentwyn Leisure Centre Redevelopment	200	1,444	0	0	0	1,644	250	(1,394)	0	(1,394)
Total Leisure		200	1,444	0	0	0	1,644	250	(1,394)	0	(1,394)
<u>Venues & Cultural Facilities</u>											
19	Asset Renewal Buildings St Davids's Hall	0	240	0	0	0	240	240	0	0	0
20	Asset Renewal Buildings New Theatre	0	12	0	0	0	12	12	0	0	0
Total Venues & Cultural Facilities		0	252	0	0	0	252	252	0	0	0
<u>Property & Asset Management</u>											
21	Asset Renewal Buildings	1,317	1,442	0	(107)	0	2,652	1,805	(847)	0	(847)
22	Community Asset Transfer	(73)	98	0	0	0	25	0	(25)	0	(25)
23	Investment Property Strategy	0	0	0	0	1,340	1,340	1,340	0	0	0
24	Cardiff Central Market Regeneration - HLF	50	19	0	0	0	69	40	(29)	0	(29)
25	Codebreakers Statue	0	0	0	0	173	173	173	0	0	0
Total Property & Asset Management		1,294	1,559	0	(107)	1,340	4,086	3,185	(901)	0	(901)
<u>Harbour Authority</u>											
26	Harbour Asset Renewal	26	0	0	0	521	547	547	0	0	0

CARDIFF COUNCIL CAPITAL PROGRAMME 2022-2023

DIRECTORATE & SCHEME		2022-2023 Programme	2021-22 Slippage	Budget Revision	Virements	Changes & New Approvals	Total Programme 2022-23	Projected Outturn	Slippage	(Underspend) / Overspend	Total Variance
		£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Total Harbour Authority		26	0	0	0	521	547	547	0	0	0
Recycling Waste Management Services											
27	Waste Recycling and Collection Review	(815)	815	0	0	0	0	0	0	0	0
28	Waste Recycling and Depot Site Infrastructure	300	216	0	(83)	18	451	451	0	0	0
29	Material Recycling Facility	45	21	0	83	0	149	217	68	0	68
30	Waste Grants Match funding	0	100	0	0	0	100	100	0	0	0
31	Circular Economy Fund Grant	1,000	0	0	0	0	1,000	1,000	0	0	0
32	Rapid Charging Infrastructure	1,000	162	0	0	(979)	183	183	0	0	0
33	Re-Use Shop Cabin (Wastesavers)	0	0	0	0	1	1	1	0	0	0
Total Recycling Waste Management Services		1,530	1,314	0	0	(960)	1,884	1,952	68	0	68
TOTAL ECONOMIC DEVELOPMENT		47,492	6,512	8,023	(107)	901	62,821	27,729	(35,092)	0	(35,092)
EDUCATION & LIFELONG LEARNING											
Schools - General											
Planning & Development											
34	Asset Renewal Buildings	2,302	0	0	0	0	2,302	2,302	0	0	0
35	Asset Renewal Invest to Save	4,000	4,677	0	0	0	8,677	16,000	7,323	0	7,323
36	Suitability / Sufficiency	1,040	0	0	0	0	1,040	1,040	0	0	0
37	Capital Receipts/S106 Funded Schemes	1,273	1,806	(1,806)	0	1,602	2,875	2,875	0	0	0
Total Planning & Development		8,615	6,483	(1,806)	0	1,602	14,894	22,217	7,323	0	7,323
Schools Organisation Planning											
38	21st Century Schools - Band A	0	0	0	0	0	0	450	0	450	450
39	21st Century Schools - Band B	45,190	4,041	0	0	(3,985)	45,246	33,220	(12,026)	0	(12,026)
Total Schools Organisation Planning		45,190	4,041	0	0	(3,985)	45,246	33,670	(12,026)	450	(11,576)
TOTAL EDUCATION & LIFELONG LEARNING		53,805	10,524	(1,806)	0	(2,383)	60,140	55,887	(4,703)	450	(4,253)
PEOPLE & COMMUNITIES											
COMMUNITIES & HOUSING											
Neighbourhood Regeneration											
40	Neighbourhood Renewal Schemes	350	353	0	0	0	703	500	(203)	0	(203)
41	District Local Centres	0	235	0	0	0	235	50	(185)	0	(185)
42	Alleygating	100	98	0	0	0	198	50	(148)	0	(148)
43	Targeted Regeneration Investment Programme Matchfunding	0	801	0	0	0	801	801	0	0	0
44	St Mary Street Improvement Works	0	0	0	0	93	93	93	0	0	0
45	Rhiwbina Hub	0	281	0	107	507	895	895	0	0	0
46	City Centre Youth Hub	(650)	784	0	0	0	134	134	0	0	0
47	Youth Zone - Cowbridge Road West Regeneration	1,000	(98)	0	0	0	902	750	(152)	0	(152)
48	S106 Funded Projects	287	(318)	318	0	0	287	113	(174)	0	(174)
Total Neighbourhood Regeneration		1,087	2,136	318	107	600	4,248	3,386	(862)	0	(862)
Housing (General Fund)											
49	Disabled Facilities Service	4,100	1,172	0	(2)	0	5,270	4,970	(300)	0	(300)

CARDIFF COUNCIL CAPITAL PROGRAMME 2022-2023

<u>DIRECTORATE & SCHEME</u>		2022-2023 Programme	2021-22 Slippage	Budget Revision	Virements	Changes & New Approvals	Total Programme 2022-23	Projected Outturn	Slippage	(Underspend) / Overspend	Total Variance
		£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
50	Enable Grant	540	0	0	0	115	655	655	0	0	0
51	Independent Living Wellbeing Hub - Displacement	3,500	1,101	0	0	0	4,601	0	(4,601)	0	(4,601)
52	Assistive Living	0	0	0	2	0	2	2	0	0	0
53	Traveller Site Expansion	250	0	0	0	0	250	100	(150)	0	(150)
54	Estate Environmental Improvements	80	3	0	0	0	83	183	100	0	100
Total Housing		8,470	2,276	0	0	115	10,861	5,910	(4,951)	0	(4,951)
<u>Flying Start</u>											
55	Flying Start	1,000	0	0	0	137	1,137	1,137	0	0	0
56	Moorland Primary	0	500	0	0	0	500	500	0	0	0
57	Childcare	0	204	0	0	0	204	204	0	0	0
Total Flying Start		1,000	704	0	0	137	1,841	1,841	0	0	0
Total Communities & Housing		10,557	5,116	318	107	852	16,950	11,137	(5,813)	0	(5,813)
<u>SOCIAL SERVICES</u>											
<u>Adult Services</u>											
58	Tremorfa Day Services	0	36	0	0	0	36	36	0	0	0
Total Adult Services		0	36	0	0	0	36	36	0	0	0
<u>Children's Services</u>											
59	Accommodation Strategy	0	(18)	18	0	0	0	0	0	0	0
60	Young Persons Gateway Accommodation	0	248	0	0	0	248	100	(148)	0	(148)
61	Residential Provision for Children Looked After	0	500	0	0	0	500	0	(500)	0	(500)
62	Respite - Learning Disabilities behaviour that challenges (Ty Storrie) - Displacement	100	1,135	0	0	0	1,235	200	(1,035)	0	(1,035)
63	Edge of Care Units (*2) - Bringing out of county home - Displacement	0	455	0	0	0	455	455	0	0	0
64	Childrens Assessment Centres - Displacement	0	455	0	0	0	455	0	(455)	0	(455)
65	Safer Accommodation - Displacement	0	695	0	0	0	695	0	(695)	0	(695)
Children's Services		100	3,470	18	0	0	3,588	755	(2,833)	0	(2,833)
Total Social Care		100	3,506	18	0	0	3,624	791	(2,833)	0	(2,833)
TOTAL PEOPLE & COMMUNITIES		10,657	8,622	336	107	852	20,574	11,928	(8,646)	0	(8,646)
<u>PLANNING, TRANSPORT & ENVIRONMENT</u>											
<u>Energy Projects & Sustainability</u>											
66	Cardiff Heat Network	4,628	1,550	0	0	0	6,178	6,178	0	0	0
67	Energy Retrofit of Buildings (REFIT - Invest to Save)	0	0	0	0	129	129	129	0	0	0
68	One Planet Strategy small schemes & matchfunding	500	360	0	0	0	860	755	(105)	0	(105)
Total Energy Projects & Sustainability		5,128	1,910	0	0	129	7,167	7,062	(105)	0	(105)
<u>Bereavement & Registration Services</u>											
69	Bereavement Asset Renewal	95	95	0	0	0	190	190	0	0	0

CARDIFF COUNCIL CAPITAL PROGRAMME 2022-2023

<u>DIRECTORATE & SCHEME</u>	2022-2023 Programme	2021-22 Slippage	Budget Revision	Virements	Changes & New Approvals	Total Programme 2022-23	Projected Outturn	Slippage	(Underspend) / Overspend	Total Variance
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Total Bereavement & Registration Services	95	95	0	0	0	190	190	0	0	0
Highway Infrastructure										
70 Highway Carriageway - Reconstruction	100	58	0	208	0	366	366	0	0	0
71 Highway Resurfacing	2,300	2,674	0	(1,908)	0	3,066	4,271	1,205	0	1,205
72 Footpaths	760	0	0	0	0	760	1,219	459	0	459
73 Footway Improvements around Highway Trees	125	0	0	0	0	125	125	0	0	0
74 Millennium Walkway	400	(400)	0	0	0	0	0	0	0	0
75 Bridges & Structures	600	902	0	0	0	1,502	950	(552)	0	(552)
76 Street Lighting Renewals	740	384	0	0	0	1,124	324	(800)	0	(800)
77 LED Lighting Residential (Invest to Save)	1,200	773	0	0	0	1,973	1,973	0	0	0
78 Coastal Erosion Scheme Rover Way to Lamby Way	4,000	196	0	0	276	4,472	276	(4,196)	0	(4,196)
79 Flood Prevention Schemes	250	238	0	0	1,472	1,960	1,513	(447)	0	(447)
Total Highway Maintenance	10,475	4,825	0	(1,700)	1,748	15,348	11,017	(4,331)	0	(4,331)
Traffic & Transportation										
80 Asset Renewal Telematics / Butetown Tunnel	300	501	0	0	0	801	801	0	0	0
81 Cycling Development	800	1,941	0	(1,000)	0	1,741	1,000	(741)	0	(741)
82 Road Safety Schemes	335	0	0	0	0	335	335	0	0	0
83 WG Grant Matchfunding	375	136	0	0	0	511	316	(195)	0	(195)
84 WG (Local Transport Fund)	3,000	185	0	0	(630)	2,555	2,370	(185)	0	(185)
85 WG (Road Safety Casualty Reduction)	0	0	0	0	89	89	89	0	0	0
86 WG (Safe Routes in Communities)	600	0	0	0	769	1,369	1,369	0	0	0
87 WG (Active Travel Fund)	10,000	0	0	0	(761)	9,239	9,239	0	0	0
88 WG (20mph Core Allocation)	0	0	0	0	286	286	286	0	0	0
89 WG (Air Quality)	5,000	0	0	0	0	5,000	5,000	0	0	0
90 City Centre Eastside and Canal Phase 1	3,750	21	0	1,500	1,098	6,369	6,369	0	0	0
91 City Centre Transport Schemes Matchfunding	259	(83)	0	1,500	0	1,676	491	(1,185)	0	(1,185)
92 City Centre Transport Impact - Enabling works	1,000	1,500	0	0	0	2,500	1,000	(1,500)	0	(1,500)
93 Moving Offences Enforcement / P&D Equipment	125	0	0	0	(125)	0	0	0	0	0
94 Bus Corridor Improvements	335	139	0	(300)	0	174	174	0	0	0
95 Cardiff West Interchange	0	225	0	0	0	225	25	(200)	0	(200)
96 S106 Funded Schemes	1,202	440	(440)	0	0	1,202	484	(718)	0	(718)
Total Traffic & Transportation	27,081	5,005	(440)	1,700	726	34,072	29,348	(4,724)	0	(4,724)
Strategic Planning & Regulatory										
97 S106 Projects	681	172	(172)	0	0	681	607	(74)	0	(74)
Total Strategic Planning & Regulatory	681	172	(172)	0	0	681	607	(74)	0	(74)
TOTAL PLANNING, TRANSPORT & ENVIRONMENT	43,460	12,007	(612)	0	2,603	57,458	48,224	(9,234)	0	(9,234)
RESOURCES										
Technology										
98 Modernising ICT to improve Business Processes	44	207	0	0	0	251	251	0	0	0
99 ICT Refresh	800	541	0	0	0	1,341	1,341	0	0	0
Total Technology	844	748	0	0	0	1,592	1,592	0	0	0

CARDIFF COUNCIL CAPITAL PROGRAMME 2022-2023

<u>DIRECTORATE & SCHEME</u>	2022-2023 Programme	2021-22 Slippage	Budget Revision	Virements	Changes & New Approvals	Total Programme 2022-23	Projected Outturn	Slippage	(Underspend) / Overspend	Total Variance
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Central Transport Services										
100 Vehicle Replacement - Lease or Buy Phase 1	0	90	0	0	(90)	0	0	0	0	0
101 Vehicle Replacement - Lease or Buy Phase 2	4,700	(2,394)	0	0	0	2,306	2,306	0	0	0
Total Central Transport Services	4,700	(2,304)	0	0	(90)	2,306	2,306	0	0	0
Corporate										
102 Contingency	200	0	0	0	0	200	200	0	0	0
103 Invest to Save - Small Schemes	500	0	0	0	(500)	0	0	0	0	0
104 City Deal WIF Payment to Region	(6,792)	6,792	0	0	0	0	0	0	0	0
105 Core Office Strategy - Digital Infrastructure	1,450	5,402	0	0	0	6,852	4,000	(2,852)	0	(2,852)
106 Web casting and Infrastructure	0	160	0	0	0	160	160	0	0	0
107 Electric Bus and Infrastructure Grant Scheme - Displacement	0	7,949	0	0	51	8,000	1,600	(6,400)	0	(6,400)
Total Corporate	(4,642)	20,303	0	0	(449)	15,212	5,960	(9,252)	0	(9,252)
TOTAL RESOURCES	902	18,747	0	0	(539)	19,110	9,858	(9,252)	0	(9,252)
TOTAL GENERAL FUND	156,316	56,412	5,941	0	1,434	220,103	153,626	(66,927)	450	(66,477)
PUBLIC HOUSING (HRA)										
108 Estate Regeneration and Stock Remodelling	2,650	(2,473)	2,473	0	0	2,650	3,450	800	0	800
109 External and Internal improvements to buildings	19,150	9,166	(9,166)	0	0	19,150	28,245	9,095	0	9,095
110 Disabled Facilities Service	3,000	848	(848)	0	0	3,000	2,700	(300)	0	(300)
111 Housing New Builds & Acquisitions	49,810	32,043	(32,043)	0	0	49,810	46,075	(3,735)	0	(3,735)
TOTAL PUBLIC HOUSING	74,610	39,584	(39,584)	0	0	74,610	80,470	5,860	0	5,860
TOTAL	230,926	95,996	(33,643)	0	1,434	294,713	234,096	(61,067)	450	(60,617)

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Appendix 5 – General Fund Capital Schemes Update

In February 2022 the Council approved a new General Fund Capital Programme of £156.316 million for 2022/23 and an indicative programme to 2026/27. The budget for the General Fund has since been adjusted to £220.103 million to include actual slippage reported at outturn, incorporation of new grant approvals and confirmation of actual grant awards.

Economic Development

1. The Directorate Programme for 2022/23 is £53.471 million; with an initial variance of £35.092 million identified and largely attributable to changes in timescales for the Indoor Arena project.

Business and Investment

2. The Council has drawn down repayable loan funding of £6.060 million from Welsh Government for the implementation of town centre regeneration schemes to bring back vacant, underutilised or redundant buildings into beneficial use. There are currently no loan applications approved to proceed in 2022/23, but any new loans approved following a due diligence process will be reported on later in the financial year. It should be noted that all risk in respect to repayable loans remains with the Local Authority so robust security for loans is sought.
3. The Black Tower Tales visitor experience at Cardiff Castle opened in May 2021. With the scheme costing a total of £351,000, there is a remaining budget of £15,000 retained for final snagging works expected during 2022/23.
4. In September 2021, Cabinet agreed to progress the development strategy for the International Sports Village (ISV) by formally terminating an old Development Agreement with Greenbank Partnership Ltd on the waterfront site and agreeing to acquire all the land and assets owned by Greenbank at the ISV. Further land acquisition and associated costs due to be incurred in 2022/23, including for the Ice Arena, are approximately £9.5 million, in addition to £11.180 million incurred in 2021/22. Expenditure on land acquisition is assumed to be recovered from sales of land. Close monitoring and reporting of the timescale and value of receipts will need to be undertaken and reported as part of the Annual Property Plan and future reports to Cabinet to ensure that there is no sustained impact on the Council's borrowing requirement and on the revenue costs of holding the sites. Additionally, £500,000 of expenditure is forecast towards professional fees on the development of a new velodrome within the redesigned ISV.
5. A final business case for the delivery of an Indoor Arena was approved by Cabinet in September 2021. Projected expenditure for 2022/23 is circa £7 million, to include the final tranche of land purchases and commencement of enabling works. The Development and Funding Agreement is due to reach financial close in December 2022, which will allow construction to begin on site. This is later than originally scheduled, which means a significant

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proportion of this year's budget (circa £29 million) will need to be slipped into 2023/24. All expenditure will be covered by the Arena affordability envelope.

6. As part of the agreed Cardiff East Regeneration Strategy, a grant of £1.5 million has been committed towards a partnership with Cardiff University, Football Association of Wales, Cardiff City Football Club and House of Sport Ltd to develop a state-of-the-art sports complex and pitches. A further £25,000 of professional fees towards the wider development is projected. The grant is due to be funded by receipts from land sales, and where expenditure commitments are required to be agreed in advance of land sales and development agreements, the risks of doing so will need to be considered as part of relevant decision-making processes.

Parks & Green Spaces

7. Property Asset Renewal expenditure of £38,000 include changing room works at Blackweir, Hailey Park and Trelai.
8. The Parks Asset Renewal Infrastructure budget for 2022/23 including slippage is £287,000 and is to be used for footpath reconstruction at Brachdy Lane, Bute Park and Grange Gardens. It will also be used for structural works, such as bridge replacement at Cobb Woods, Hendre Lake and wall refurbishment at Insole Court. Subject to design and cost estimates, schemes may need to be prioritised.
9. As well as completion of several projects started in the previous year, design and upgrade works for a number of play area sites will be undertaken using developer's obligations, where available and eligible for use, as well as Council budgets as part of a replacement programme. This includes sites such as Heol Llanishen Fach and Drovers Way.
10. A budget of £400,000 including slippage of £200,000 carried forward has been allocated to improve the condition of multi-use games areas, fitness equipment, BMX tracks and skate parks across the city. A destination skate park is proposed in Llanrumney which is currently the subject of detailed design and an acceptable tender exercise. Pending the outcome of the tender, it is currently assumed that most expenditure will fall in 2023/24.
11. The Green Flag Infrastructure Renewal budget is £161,000 including slippage and is allocated to support the replacement of signage and infrastructure in existing Green Flag parks. Works onsite include footpaths at Grange Gardens.
12. Expenditure of £445,000 is forecast during 2022/23 in relation to Roath Park Dam. Investigatory / modelling works continue, along with a Phase 2 Stakeholder Consultation Exercise, focusing on the detailed design of the scheme. This will be followed by a Cabinet Report confirming requirement, options and scope prior to any submission of a planning application.

13. Following on from the development phase, the Council and partners have been successful in securing Heritage Lottery Funding of up to £645,200 over the medium term towards the restoration of built and natural heritage on Flat Holm Island. This is for the Walk-through Time project, in partnership with RSPB Cymru and the Flat Holm Society, which aims to preserve its heritage, protect its rich wildlife and attract more visitors to the site. Expenditure of £50,000 is projected to be spent on professional fees prior to any tender exercises.

Leisure

14. The redevelopment of Pentwyn Leisure Centre is subject to a business case proposed to be self-financing from land sale receipts and revenue income. The budget for 2022/23 is £1.644 million including slippage, of which approximately £1.4 million is likely to be further slipped into 2023/24, whilst the business case and development agreements are confirmed.

Venues and Cultural Facilities

15. Property Asset Renewal works (£240,000) for St David's Hall include the completion of the fire alarm installation and the building management system. As part of initial necessary works to be undertaken at the New Theatre prior to handover to HQ Theatres, work to the building management system which was started last year is now complete.

Property & Asset Management

16. Property Asset Renewal works for non-school buildings will continue to be developed over the year but include boiler/heating replacement at various locations including Central Library, City Hall, Grangetown Hub and Tremorfa Day Centre. They will also include a ventilation and distribution boards upgrade at the Wales National Tennis Centre and health and safety works at Mansion House, Norwegian Church Centre and Cardiff Castle. £107,000 has been vired towards the wider refurbishment at Rhiwbina Library. Slippage of £847,000 has been assumed into 2023/24 primarily due to further development work being required in larger schemes and the asset renewal work on the school's estate being prioritised.
17. In line with the investment property strategy approved by Cabinet in 2016, a number of additional sites where the Council is the original freeholder and has provided a lease will be acquired with a view to onward disposal or to benefit from regearing of sites. These are subject to completion terms, but an estimate of £1.340 million is assumed as this stage for the year.
18. The Community Asset Transfer budget provides up to £25,000 for improvement works to buildings being taken on by third party organisations. No schemes are currently planned for 2022/23, so the unspent budget will be reprofiled to future years should suitable schemes be identified and approved.

19. In respect of Central Market, subject to successful grant funding, the Council has allocated circa £700,000 over four years to invest in the fabric of the building; improving the appearance, tackling structural issues and enhancing the commercial attractiveness. Expenditure in 2022/23 is estimated at approximately £40,000 on professional fees, with the final grant submission to the Heritage Lottery Fund due in February 2023, at which point a more detailed future spending profile can be compiled.
20. A new statue is to be erected in Cardiff Bay celebrating the Rugby Codebreakers, with grant support from Welsh Government and grassroots fundraising efforts, as well as a £50,000 contribution from the Council. Whilst the scheme is not due to complete until early 2023/24, circa £172,500 of the total cost will be incurred during the current financial year.

Harbour Authority

21. The Harbour Asset Renewal budget approved for 2022/23 is £547,000, to be spent on completing the installation of boardwalk decking and steps and upgrading barrage control equipment in line with its asset management plan.

Recycling Waste Management Services

22. The Capital programme for 2020/21 included an allocation of £815,000 to roll out a separate glass collection scheme. The Council's recycling strategy 2021- 2025 was the subject of consultation with feedback and a phased programme of change to improve recycling performance to be considered for approval by Cabinet. Subject to the implementation costs of the strategy over the period and availability of grant funding, this budget is carried forward and is to be reviewed as part of the budget proposals for 2023/24 and individual business cases for any agreed change actions.
23. The Waste Recycling and Depot Site Infrastructure budget of £451,000 is to be used for a range of infrastructure improvements at depot and recycling sites including health and safety works at the Heavy Goods Vehicle car park and the salt barn hardstanding and to address car park subsidence.
24. The Materials Recycling Facility (MRF) budget of £149,000 includes a virement from the Waste Recycling and Depot Site Infrastructure budget to partially offset a projected additional cost to replace key components to keep the facility operational.
25. A sum of £100,000 Council match funding is included in the Capital Programme to help secure a range of Welsh Government grants such as from the Circular Economy Fund to be bid for during the year where match funding is required. Details of any external grant awards approved will be included in future monitoring reports. No invitations to bid for Ultra Low Emissions Vehicle Transformation Fund to install electric vehicle charging infrastructure in car parks is expected, with wider schemes operating on a regional basis. Any assumed budget is removed from the programme at this stage.

Education and Lifelong Learning

26. The Directorate Programme for 2022/23 is £60.140 million, with a projected variance of £4.253 million identified.

Schools - General

Asset Renewal - Buildings

27. The Council's asset renewal allocation of £2.302 million in 2022/23 was budgeted for works across the works estate including roof and boiler replacements, fire precaution works, safeguarding of lobbies and kitchen upgrades. An additional £8.677 million was budgeted from the additional £25 million of invest to save funding to address condition, health and safety and additional learning needs within the schools' estate which was approved in 2018/19. This funding is planned to be used flexibly to cover priority works within schools and an additional £7.323 million is anticipated to be drawn down earlier than planned for use in 2022/23.

Asset Renewal – Suitability and Sufficiency

28. The Suitability and Sufficiency budget of £1.040 million is expected to be fully utilised in 2022/23 on a range of works including security and safeguarding works on boundaries and receptions across the schools' estate, as well as priority Disability Discrimination Act (DDA) adaptations.

Schools Organisation Plan – 21st Century Schools

29. Additional works relating to Ysgol Glan Morfa demolition were identified resulting in additional expenditure of £450,000 and to be managed within the Band A financial model.

30. Band B of the 21st Century Schools Programme is underway with an original funding envelope of circa £284 million. This is to be funded by a Welsh Government grant award with match funding from Cardiff Council at a rate determined by the type of school. The new Willows project has returned to the Band B programme due to progress of the project, with Cathays High remaining a Mutual Investment Model (MIM) scheme.

31. Works at Fitzalan High have a Welsh Government approved overall budget of £64.3 million. Expenditure on the project in 2022/23 is estimated to be £23.988 million of which £5.670 relates to the final grant payment from Welsh Government.

32. The Fairwater Campus scheme includes three schools (Cantonian, Riverbank and Woodlands) relocated onto one shared campus. A full business case is due to be submitted to Welsh Government in September with expenditure on planning, surveys and professional fees underway and enabling works to commence with tender to be awarded shortly.

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33. Two land acquisitions took place in 2020/21 costing £15.926 million in preparation for the Willows project. This was funded by Welsh Government in addition to the original Band B envelope but will attract the same level of Cardiff Council match funding as other secondary schools, - 35% of the overall funding. The outline business case has been submitted to Welsh Government and is awaiting final sign off.
34. Other Band B schemes currently underway include St Mary the Virgin, Greenhill and the Court Special School. These schemes are currently incurring costs in relation to planning, surveys and professional fees which are funded through Band B Invest to Save funding prior to Welsh Government full business case sign off.

People & Communities

35. The Directorate Programme for 2022/23 is £20.574 million with a variance of £8.646 million identified.

Communities & Housing

Neighbourhood Regeneration

36. The Neighbourhood Renewal Schemes budget is £703,000 including £353,000 from the previous year. Projected expenditure for the year is £500,000 for schemes including a new 3G sports pitch in Splott and at Llanrumney Hall, with the remainder slipping to the next financial year.
37. An initial budget allocation of £250,000 was requested and approved in 2021/22 towards District and Local Centres of which £235,000 was slipped into the current financial year. Expenditure of around £50,000 is projected for 2022/23 on design fees, with the remainder continuing to be carried forward into future years to develop comprehensive schemes. This is for a range of placemaking interventions to support priorities identified in South Riverside, Cowbridge Road East, Adamsdown/Roath and as part of City Centre Recovery Strategy. Bids for external Welsh Government grant funding as part of Transforming Towns and to the Social Prosperity Fund will be submitted, with match funding from a range of existing linked council budgets.
38. The need to complete legal procedures and consultation continues to result in delays in implementing alleygating projects, with approximately £50,000 of the total £198,000 budget due to be spent in year. The remainder will be available for schemes in 2023/24.
39. Several schemes continue to progress under the Welsh Government Targeted Regeneration Investment Programme (TRIP), paid for by a combination of external grant and Council match funding. Works on Tudor Street to improve the public realm environment and external improvements to commercial premises are due to be completed in September 2022 fully

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utilising the Council's match funding element of £801,000 carried from 2021/22 and allocated transport funding for city centre enabling works.

40. Improvement works at St Mary Street, costing an estimated £93,000, are due to be completed this year and will be funded by contributions from the Civil Parking Enforcement reserve.
41. Expenditure on Rhiwbina Hub is due to complete in 2022/23, with expenditure this year forecast at £895,000. Alongside the existing budget allocation and use of displaced grant funding from 2021/22, further grant funding has been applied for and approved in principle to cover additional costs of the scheme and equipment.
42. The Council budget remaining to develop a Multi-Agency City Centre Youth Hub totals £2.036 million. Pending a review of alternative options and sites by Cabinet to deliver a viable project, only professional fees are likely to be incurred during 2022/23. Expenditure of £134,000 is assumed to take place in the year, with additional budget may need to be brought forward subject to progress.
43. A vacant site on Cowbridge Road West, enjoys a prominent road frontage and is considered an important gateway site into the city and two neighbouring wards. The Council aims to secure land to determine regeneration opportunities via a youth community-based facility. This is subject to a business case, working with external partners and a future business case to Cabinet.

Housing (General Fund)

44. The Disabled Facilities Service budget for mandatory and discretionary grants to housing owner-occupiers as well as for administration costs for the grants is £5.270 million including slippage of £1.172 million. Expenditure for the year is projected to be £4.970 million with slippage of approximately £300,000. This is subject to service demand following emergence from the pandemic and also impacts arising from the price of equipment and materials.
45. As well as the above, an Enable Grant totalling £655,000 has been awarded by Welsh Government and will be fully utilised to deliver additional adaptations to help older, disabled and vulnerable people by, accelerating discharge from hospital to a safe and comfortable home, reducing delayed transfers of care and improving the individual's ability to maintain independence at home.
46. Subject to a business case, approval of partners and finding a suitable site, the Council approved a budget of £5 million on a self-financing basis, to develop an independent wellbeing hub. Expenditure of £3.500 million was initially assumed when setting the budget for the year, however at the end of 2021/22, a grant was received from Welsh Government of £1.101 million to support independent living solutions. This was used in that year and any displaced Council funding deemed available towards the Council's costs of

any approved wellbeing hub scheme. However, this is subject to finding a suitable site and confirmation of a business case so full slippage is currently projected into 2023/24.

47. Following initial design, ground condition and design works, the extent of any expansion to the Shirenewton Traveller site is to be reviewed. Further development works are to be undertaken during 2022/23, with risk of abortive costs, prior to any confirmation of costs and Welsh Government Grant approval towards costs of the project.
48. To facilitate comprehensive regeneration schemes, the estate environmental improvement allocation supports the costs of works to owner-occupier properties as part of the Public Housing programme. Schemes during the year include Belmont Walk and Anderson Place, with total expenditure of £183,000 currently anticipated and requiring £100,000 to be brought forward from the 2023/24 budget.
49. The Council is also working with Welsh Government to secure funding for a mixed tenure energy efficiency retrofit scheme to unimproved British Iron and Steel Federation (BISF) properties in Llandaff North and Rumney (up to 252 properties). This is proposed to be the subject of future Cabinet consideration, pending approval of a detailed business case and acceptable procurement of works.

Flying Start

50. The budget for Flying Start Capital schemes for the year totals £1.137 million. This comprises of ongoing projects from previous years including £1.077 million in relation to allocations for furniture and ICT at five nursery sites across Cardiff, alongside an additional grant award of £60,000 for 2022/23, to fund ventilation upgrades, canopies, replacement boilers and refurbishment across 19 sites. Slippage of £500,000 from 2021/22 was in relation to Moorland Primary early years unit which will be utilised this year.

Childcare Capital Grant

51. Expenditure of £204,000 relates to grants provided to nurseries as part of additional funding awarded by Welsh Government slipped from 2021/22.

Social Services

Adult Services

52. There is a total programme budget of £36,000 due to slippage from 2021/22, all of which is due to be spent this year on professional fees for the design and development of a scheme for the Tremorfa Day Centre.

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Children's Services

53. The Young Persons Gateway Accommodation scheme aims to convert properties to include an office / sleep in accommodation on site, to provide supported accommodation for young people (16-24 years) to help them live independently whilst still providing intensive 24-hour support. A framework agreement is currently in progress with commencement of a new contract allowing the Council to source four additional 6-bed properties (24 units) due for September 2022. Expenditure of £100,000 is forecast for the year, with £148,000 slipped into next year to facilitate the sourcing of a further 18 units in 2023/24.
54. As part of the Right Home, Right Support Children Looked After Commissioning Strategy (2019-2022), £1.5 million was also made available in the programme over a two-year period to develop an emergency pop-up unit, assessment units, and additional residential places in the city. £500,000 was made available during this financial year to secure additional properties, but it is anticipated that this will need to be slipped again into 2023/24 as a result of receiving additional grant funding in 2021/22. Any expenditure on both the above schemes will be repaid on an invest to save basis.
55. In 2021/22, following numerous successful bids to the Intermediate Care Fund (ICF), £2.740 million of grant was allocated to the Council to support the development and acquisition of additional properties. Displaced Council funding is carried forward as slippage and now available to use for the following:
- Improvements to respite accommodation at Ty Storrie for Children and Young People with Learning Disabilities and behaviour challenges. £200,000 expenditure is anticipated this year in developing the design, with slippage of £1.035 million.
 - Two new young person's assessment centres which will be high quality, fully accessible, fit for purpose and able to accommodate a wide range of programmes, activities, and resources specifically to meet a wide range of health and well-being needs of young people to enable independent living in the future.
 - Two residential properties linked to the new young person's assessment centres to facilitate service delivery specifically tailored to young people (10-17 years) and able to accommodate up to 3 young people each.
 - A ten-bedroom young person's safe accommodation supported living unit, with a specific focus on supporting existing placements and helping young people to progress to live independent lives in permanent accommodation.
56. For the latter two schemes, property searches are underway but due to the specialist nature of the property criteria, expenditure of £455,000 is currently projected, resulting in slippage into 2023/24 of £1.150 million.

57. The Council is working with Regional Partners and Welsh Government to develop new Capital Funding Arrangement in place of Integrated Care Funding. This is to support several outcomes including, increasing housing with care for older people and for children, development of integrated health and social care hubs and centres and other care needs to support service delivery closer to home. Further detail on any specific proposals impacting on Cardiff, would be considered following confirmation of the grant funding stream and process.

Planning, Transport & Environment

58. The Directorate Programme for 2022/23 is £57.458 million with a variance of £9.234 million identified.

Energy Projects & Sustainability

59. In May 2019, the Council entered into an agreement to obtain grant funding of £6.628 million for Phase one of the Cardiff Heat Network project from the Department of Business, Energy and Industrial Strategy (BEIS) and this was awarded in March 2021. A further £8.634 million interest free loan has also been agreed between the Council and Welsh Government and this will be passed on to Cardiff Heat Network (CHN) Limited, a special purpose vehicle created with the Council as sole shareholder. In 2022/23, CHN are due to draw down a total of £6.178 million on top of the £2.450 million drawn down in 2021/22. Subject to progress on site, budget may need to be brought forward from future years should the CHN need to draw down additional funds ahead of schedule.

60. A second phase of investment under the REFIT programme is now complete, with projected expenditure for the year covering final invoices and retentions. A total of £1.445 million has been invested over the course of the scheme, into energy conservation measures in the education estate including solar panels, sensors and lighting upgrades. Sites were selected following detailed assessment with the contractor including feedback from phase one and validation of the outcomes by SALIX. The investment will be paid back over an 8-year period from the savings generated from the measures.

61. The One Planet Cardiff Strategy is a strategic response to the climate emergency and includes a range of actions which together, form the basis of a delivery plan to achieve carbon neutrality across the city. As well as strategic projects mentioned above, the Council in 2021/22 allocated £3.9 million over 5 years towards capital investment and match funding for smaller schemes to support the strategy. The allocation for 2022/23 is £860,000 including slippage of £360,000. Projects approved include electric vehicle charging at Lamby Way, enhanced food composting facilities in schools, installation of sensors and equipment in schools and buildings including County Hall to support baselining for Carbon and a low carbon / recycled alternative for the A470 Carriageway resurfacing scheme. Slippage of £105,000 assumed at this stage.

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Bereavement & Registration Services

62. The segregated capital asset renewal allocation for bereavement services totals £190,000 for 2022/23, including £95,000 of slippage from 2021/22. Full expenditure of this allocation is forecast, including on site infrastructure improvements, new vehicles and plant.

Highway Maintenance

63. The approach to carriageway and footway maintenance adopts numerous repair and improvement treatments including localised patching, preventative and preservation treatments, resurfacing and reconstruction. In combination and when applied at the correct time they can minimise the whole life cost of maintenance whilst maximising the benefit of available budgets across the highway network. The budget available for treatments in 2022/23 including slippage is £6.017 million, with £1.7 million vired towards the cost of city centre highways resurfacing schemes linked to wider public realm projects.

64. Current projections suggest a requirement to bring forward budget in relation to highways and footpaths of £1.664 million from future years to address both an increase in costs and to support earlier intervention to avoid more expensive treatments. Any bringing forward of budgets will need to be managed within the overall five-year capital programme approved. Where there is a permanent change in the level of capital and revenue resources required to maintain condition, these will need to be set out in an updated Highways and Infrastructure Asset Management Plan.

65. Millennium Walkway and lighting refurbishment was completed in 2021/22. The bridges and Structures budget of £1.052 million including slippage will support culvert works at Llandennis Rd, Rhydlafer Farm, Bacton Court and The Crescent South. Expansion joints at Leckwith Woods Viaduct will be replaced along with ground anchors at the bottom of Rumney Hill. Slippage of this budget continues with £552,000 currently assumed into 2023/24, with options a longer-term plan of priorities to be updated as part of the 2023/24 budget.

66. The street lighting renewals budget is used for new and replacement columns, however in the short term, enhanced budget allocations have been made available to address electrical works on the Eastern Avenue. Implementation continues to be delayed with the design now complete allowing a procurement exercise to commence and be completed in the last quarter of the financial year. Slippage of £800,000 into 2022/23 is currently assumed, subject to the outcome of tenders.

67. Cabinet approved in May 2019, a £5.2 million invest to save business case for all remaining residential columns to be converted to LED. The project has been delayed due to internal capacity as well as restricted supply of lanterns resulting from shortages of semi-conductor components, however it is to be completed by March 2023, with the balance of £1.973 million to be fully spent.

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68. As part of a coastal risk management scheme to implement improvements from Rover Way to Lamby Way, Welsh Government grant is being utilised to develop the full business case, identify the preferred option, detailed design and cost estimates to construct coastal defence improvements. This will be the subject of a further Cabinet Report and procurement process to ensure works can start this financial year. This report will set out a clear understanding of scope, risks, mitigations, borrowing and Council match funding requirements to be in place. Subject to this, slippage of £4.196 million is assumed, with only a start on site by the end of the year.
69. A sum of £488,000 Council match funding including slippage has been allocated towards the implementation of flood prevention measures together with Welsh Government grant funding of £1.472 million approved to date in the year. This is for small scale and post storm schemes with only £41,000 match funding likely to be required this year.

Traffic & Transportation

70. The asset renewal telematics budget of £801,000 including slippage is to be used for replacement of obsolete analogue CCTV cameras at various locations with High-Definition digital cameras and completing the replacement of the electronic signage/control system for the North Road tidal flow lane control system and Bute Tunnel entrance electronic signage.
71. The total budget for cycling development in 2022/23, including slippage from the prior year, is £2.741 million. Following a virement of £1 million towards the costs of the wider transport improvements and canal scheme at Eastside, Churchill Way, the balance of cycling budget will be used to match fund Welsh Government grant funded schemes for primary cycleways.
72. The Council Road Safety Schemes budget of £335,000 together with a sum of £511,000 Council match funding, will secure a range of grants where match funding is required towards schemes for Local Transport, Safe Routes in Communities and Road Safety as described below:
73. The Welsh Government revised allocation to Cardiff for the Local Transport Fund is £2.370 million. The fund supports development of integrated, effective, accessible, affordable, and sustainable transport systems. Schemes bid for and approved include £1.411 million towards improving sustainable transport and active travel measures in the City Centre, and £959,000 towards the A4119 strategic bus corridor scheme phase 2d.
74. The Welsh Government Road Safety Casualty Reduction grant approval is £89,000, which will support capital projects that reduce road casualties including traffic calming and pedestrian improvements on Thornhill Road.
75. The Welsh Government revised allocation to Cardiff for Safe Routes in Communities Grant of £1.369 million aims to improve accessibility and safety and encourage walking and cycling in communities. There is particular emphasis on improving routes to and from schools within the Canton and

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Trowbridge area. The allocation includes the School Streets scheme which is part of a wider programme working with schools to increase the use of active modes for school journeys, through targeted interventions and behaviour change support. School Streets have been introduced in Cardiff to improve safety for vulnerable users outside school gates, in response to safety concerns.

76. The Welsh Government allocation to Cardiff for Active Travel is £9.239 million. The purpose of the fund is to increase levels of active travel, improve health and well-being, improve air quality, reduce carbon emissions and connect communities. Funding will support Cardiff Cycle Superhighways Stage 1 (£6.345 million), Taff Trail upgrade at Hailey Park (£536,000), Active Travel to Schools (£679,000), Roath Park Cycleway (£198,000) and various improvements to the Integrated Cycle Network Plan (£1.481 million).
77. A new Welsh Government grant allocation of £286,000 has been awarded to continue the roll out of a 20mph default speed limit.
78. To comply with the requirement of the Environment Act 1995 – Air Quality Direction 2019, Welsh Government approved grant for a range of agreed measures. Grant will need to be claimed in accordance with terms and conditions, with planned expenditure during 2022/23 including completion of Wood Street and City Centre Eastside.
79. Following investment of over £9 million, works at Wood Street are planned to be completed in October, with works on adjoining routes of Great Western Lane continuing in parallel. City Centre Eastside includes phase one of the canal and permanent bus priority measures on Station Terrace and Churchill Way, a permanent cycleway and a revised car park routing system. Additional Cardiff Capital Region City Deal Metro Plus grant, of £1.098 million has been approved in the year, with virements from the cycling development and highway resurfacing budgets towards the respective elements of the scheme also costing c £9 million and with an expected completion in the summer of 2023.
80. To mitigate against the impact of the City Centre works in neighbouring areas, the Council has allocated a sum of £4 million, Including slippage the amount allocated in 2022/23 is £2.5 million. Expenditure planned in the year is £1 million primarily in relation to Tudor Street transport and green infrastructure improvement, with slippage of £1.5 million currently assumed towards projects which are subject to design and consultation processes including sites in Grangetown.
81. Following a virement of £300,000 towards the costs of the Eastside / Canal project at Churchill way, the Council Bus Corridor enhancements budget of £174,000 will be used for match funding towards Welsh Government Local Transport improvement scheme (A4119 Corridor Phase 2D).
82. Budget of £225,000 is carried forward from 2021/22 towards development of the transport interchange on the site of the former recycling site at Waungron Road, which is proposed to be delivered in parallel with a housing scheme.

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Design works in respect to a retaining wall will inform costs as part of a tender process to integrate the proposed transport hub with the residential development. Slippage of £200,000 is currently projected.

Resources

83. The Directorate Programme for 2022/23 is £19.110 million with a variance of £9.252 million identified.

Technology

84. The Modernising ICT budget aims to support digitisation of business processes. The budget for the year of £251,000 is to be spent on schemes including an upgrade of the Building Control IDOX software system and SAP Information Lifecycle Management including General Data Protection Requirements and archiving.

85. A total of £1.341 million is available for ICT Refresh schemes this year, including £541,000 of slippage from 2021/22. Full expenditure in year is projected, including on new equipment for the relocation of the Alarm Receiving Centre. This budget also covers a range of projects to support ICT resilience, capacity and capability including direct access and hardware replacement.

Central Transport Services

86. The budget for the ongoing Vehicle Replacement scheme, to purchase new refuse collection vehicles, is £2.306 million this year, all of which is due to be spent. Further opportunities for grant funding will be considered during the year to support infrastructure and to increase the number of ultra-low emission vehicles.

Corporate

87. In respect of the contingency budget of £200,000, given that it is early in the financial year, this is shown projected to be fully required, although as the year progresses, any under spend will be used to reduce the level of borrowing assumed in the Capital Programme.

88. The £500,000 Invest to Save budget for small schemes will be reviewed and adjusted in future monitoring reports if schemes are approved during the year.

89. As assumed when setting the 2022/23 budget, Cardiff Capital Region City Deal (CCRCD) is likely to make no drawdown request in year as part of the Council's agreed total £28.4 million Wider Investment Fund contribution to the region. The timing and value of any drawdown is subject to proposed

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projects being considered and approved by the CCRCD joint committee, but also the different funding streams available to CCRCD to manage expenditure obligations. Slippage of £6.792 million has been reprofiled into future years.

90. The Core Office Strategy has an overall allocation of £9.750 million included in the programme over a three-year period with £6.852 million of this currently included in 2022/23. This funding is to be used towards smarter working, digital infrastructure and building adaptations to allow consolidation into alternative council buildings. Drawdown of this allocation is subject to any expenditure being repaid on an invest to save basis. Expenditure for the year of £4 million is anticipated predominantly on the fit out of Oak House following its acquisition and the purchase of specialist equipment for the Alarm Receiving Centre (ARC). Following delays in finding a suitable contractor, works are now on site.
91. A contract for the acquisition of webcasting equipment and cabling at City Hall and County Hall was completed in May 2022, with expenditure of £160,000 forecast in 2022/23.
92. A total of £8 million is available to the Council to develop a grant scheme for bus operators to expand electric bus fleet use in the city. The detailed terms of the scheme are to be developed in 2022/23, however with lead in times for vehicles in the industry it is assumed any expenditure in year may relate to deposits only.

Section 106 Schemes and Other Contributions

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

	Budget	Projection at Month 4	Variance
	£000	£000	£000
Parks & Green Spaces	1,423	1,750	327
Traffic & Transportation	1,202	484	(718)
Strategic Planning & Regulatory	681	607	(74)
Neighbourhood Regeneration	287	113	(174)
Economic Development	54	51	(3)
Education & Lifelong Learning	1,273	2,875	1,602
Public Housing (HRA)	189	2,400	2,211
Total	5,109	8,280	3,171

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

- Parks and Green Spaces – Schemes are proposed to be undertaken in a number of areas and include Adamsdown Open Space, Craiglee Drive and Blackweir woodland footpath improvements, Cogan Gardens, Tatham Road public open space, University Lawn - Cathays Park, and cycle improvements along the Roath Park Corridor. Capacity to deliver schemes continues to be reviewed.
- Traffic & Transportation – Public transport improvements, junction improvements, bus stops and bus borders; installation of CCTV and real time information, telematics and transportation schemes including the provision of bus routes in the city and strategic transport initiatives.
- Strategic Planning & Regulatory – Central Square Public Realm enhancement scheme.
- Neighborhood Regeneration – Improvement / Grants towards various Community facilities, subject to consultation.
- Economic Development – Support for small to medium enterprises in Llanishen.
- Education & Lifelong Learning – Contribution towards various school's projects where in accordance with the agreements.
- Public Housing – Development of new Council housing.

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**CYNGOR CAERDYDD
CARDIFF COUNCIL**

**POLICY REVIEW & PERFORMANCE
SCRUTINY COMMITTEE**

26 September 2022

Annual Property Plan 2022-23

Reason for the Report

1. To provide the Committee with an opportunity for pre-decision scrutiny of the Council's Annual Property Plan 2022-23

Structure of the Papers

2. To assist Members' preparation for the scrutiny, attached to this cover report are the papers to be considered by Cabinet on 28 September 2022.

Appendix A: Cabinet report – ANNUAL PROPERTY PLAN 2022/23

Appendix 1: Annual Property Plan 2022/23

Appendix 2: Corporate Property Strategy 2021-26 (Background paper)

Background

3. The Committee's Terms of Reference confer responsibility for scrutiny of the Council's property estate. This is comprised of both 'operational' property from which the Council operates and delivers its services, and 'non-operational' or 'investment' property which is often let for commercial return or to promote local employment, small businesses, and the economic regeneration of local areas. The Council's operational and non-operational estates fall within the Investment and Development Cabinet Portfolio and the Economic Development Directorate.
4. In December 2021, the Council approved its Corporate Property Strategy 2021-26, attached at **Appendix 2**. The Strategy provides the framework within which the corporate property function manages the Council's estate, both operational and non-operational. The Strategy establishes a series of targets over the five-year period

designed to support core corporate objectives relating to service delivery, regeneration, and the Council's budget.

5. Changes to the way in which the Council delivers its services are inextricably linked to the management of its operational property estate and therefore strategic estate management offers an opportunity to support improved efficiency and service delivery. This is particularly relevant in the post COVID recovery period as services adapt to working in new ways, and in different environments as hybrid working models are explored.
6. The Annual Property Plan 2022-23 is the implementation plan that will sit behind the Corporate Property Strategy and each year its targets support the five-year targets set out in the Strategy.
7. The policy framework for the Property Strategy is built on five key objectives.
 - **Corporate approach:** continue to develop the governance, business processes and reporting arrangements that ensure property is managed as a corporate asset.
 - **Strategic direction:** Establish the strategic direction of each property portfolio (Operational, Non-operational and Investment) and work with services areas through established governance to ensure accommodation alignment with service requirements.
 - **Modernisation of the retained estate:** Embed the theme of modernisation across the estate, focussing on the improvement of quality and suitability of the Council's property. Establish Hybrid Working and One Planet Cardiff as central to the asset management decision making process
 - **Property Performance Targets:** Measure performance against targets through the Annual Property Plan.
 - **Partnership Working:** Continue to develop strong strategic working arrangements with public sector partners to achieve common and mutually beneficial objectives in support of the Council's well-being priorities.

The Annual Property Plan

8. The key elements of the Annual Property Plan are set out in the Cabinet report at **Appendix A** at *points 6 -17*. Governance of the property estate is core to many central Council challenges. The report addresses Hybrid Working, Regeneration, Housing, the Schools Organisation Plan, the Corporate Estate and Land Assets.
9. The Corporate Property Strategy performance targets that this Annual Plan aims to deliver are as follows:
 - **Carbon reduction** – Maintain the current position
 - **Modernisation- Priority 1 works commissioned** – 100%
 - **Efficiency - Running cost reduction** - £100k
 - **General Fund Capital Receipts** - £5.5million
 - **Investment Estate** – Rental Income
10. The Cabinet report contains detail of the Council's approach to reducing the carbon footprint of the Council's built environment (*points 19-26*), in line with the One Planet Cardiff Strategy. The target in the Property Strategy is 30% reduction by 2026. The aim is to achieve this through modernisation of the estate, behaviour change and rationalisation of property.
11. Modernisation of the estate describes the planned investment, repair, and improvement of the council's corporate and education properties. In 2022/23 this is likely to be more extensive, with a provisional total works value of £54m, split £3.2m corporate and £51m education. Full details of the issues around Modernisation of the estate can be found at *points 27-32*.
12. The Property Strategy identifies a £6m reduction in running costs target over five years, through rationalisation of the Council's operational footprint (*points 33-35*). Cardiff Council is part of a UK wide consortium for the purpose of purchasing power and gas which has protected the Council from the widely publicised energy spikes, with the increases not filtering through until April 2023.
13. Capital receipts from disposal of land and property is critical to support the Council's capital programme, as is the commercial management of the Council's investment estate (*points 36-45*).
14. A review of the non-operational estate has provided a better understanding of the assets within the Council's portfolio and their performance. Key themes emerging from the review were: *backlog maintenance with no allocated budget; Health & Safety compliance*

concerns; Reactive estate management; Inconsistent tenure arrangements in particular within retail parades; and the status, strength, and presence of tenants. These issues are now being addressed through a revised and more proactive management approach.

15. Assets, including four retail parades have been assessed and declared surplus to Council requirements as part of this year's Annual Property Plan. The capital receipts will be ringfenced to the general fund however the majority of the assets are let on commercial terms and disposal gives rise to a permanent loss of income to the Council's budgets.

16. The full Plan is attached at **Appendix 1** and includes the proposed programme of transactions for 2022/23, listed by:

- Operational Property Transactions
- School Organisational Planning
- Land Disposals
- Retail Parade and Non-Operational Disposals
- Investment Estate Transactions

Scope of the Scrutiny

17. The Committee has an opportunity to test the ambition and targets set out in the Annual Property Plan 2022-23 and the contribution they make to the 5-year Corporate Property Strategy 2021-26. Members are invited to test the strength of the links between the Strategy and the Plan.

Way Forward

18. The Cabinet Member for Investment & Development, Councillor Russell Goodway; Director of Economic Development, Neil Hanratty, and Assistant Director County Estates, Donna Jones, will attend to present the Annual Property Plan and to answer Members' questions.

Legal Implications

19. 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 on 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

20. 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.

RECOMMENDATION

21. To consider the Annual Property Plan 2022-23, how effectively it supports the Corporate Property Strategy 2021-26, and agree whether any comments, concerns or observations should be relayed to the Cabinet.

DAVINA FIORE

Director of Governance and Legal Services

20 September 2022

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CABINET MEETING:

28th September 2022

ANNUAL PROPERTY PLAN 2022/23

INVESTMENT & DEVELOPMENT (CLLR RUSSELL GOODWAY)

AGENDA ITEM:

PORTFOLIO: Investment & Development

Reason for this Report

1. To approve the 2022/23 Annual Property Plan (APP).

Background

2. The Council's land and property estate is considerable, with property running costs representing the second largest call on the Council's budget after staff costs. Changes to the way in which the Council delivers its services is inextricably linked to the management of its operational property estate and therefore strategic estate management offers an ongoing opportunity to support improved efficiency and service delivery. This is particularly relevant in the post COVID recovery period as services adapt to working in new ways and different environments, for example the adoption of Hybrid Working models.
3. Land and property management is a key strategic activity which aligns the Council's service and financial objectives with the property estate. It ensures optimisation of property assets to best support the organisation's business goals and objectives. The requirement for effective land and property management is based on treating property as a corporate resource which forms the basis of the County Estates team and Corporate Landlord principles.
4. In December 2021, Cardiff Council adopted a new five year Corporate Property Strategy (2021-2026) setting out a framework within which all Council property related matters are to be managed. The Cabinet approved Strategy, entitled "*Leaner and Greener*", established a series of targets over the five year period designed to support core corporate objectives relating to service delivery, regeneration and the Council's budget.
3. The Annual Property Plan (APP) is an annual report which serves as the implementation plan for the Strategy. The targets within the APP contribute towards the five year targets set out in the Property Strategy, reporting the transactions completed from the previous financial year, as

well as the transactions planned for the current financial year. The APP also provides updates on any relevant property projects or initiatives and their relevance to the Property Strategy.

5. An Annual Property Plan will be published for each year of the five year Corporate Property Strategy. Financial year 2021/22 was the first APP in the new strategy and APP 2022/23 is the second.

Issues

6. The Corporate Property Strategy 2021-26 set out the strategic intent for key elements of the property estate. These areas cover a large work programme and are subject to specific governance. They impact performance of the estate at a strategic level with notable updates including:

Hybrid Working

7. Development of the Council's accommodation strategy in relation to Hybrid Working is at an advanced stage. This is an important workstream in the context of the Council's operational estate, particularly in regards to Core Office, as the outcome will have a significant impact on the Council's future office requirements.
8. Finalisation of the Hybrid Working model will be a key consideration in the retain / remodel / relinquish decision making process within the operational estate. This in turn has a linked dependency with the modernisation and carbon reduction initiatives as the Council seeks to make the best value investments that maximise the objectives in those specific areas. For example, it will be key to invest in properties and spaces that the Council intends to retain over the long term and are aligned to service requirements.

Regeneration

9. Utilisation of the Council's land and property assets is fundamental to the delivery of large-scale regeneration schemes aligned with the Council's Economic Development and Wellbeing initiatives. Examples include the International Sports Village and the Atlantic Wharf masterplan. These schemes are of a scale that requires specific governance and individual cabinet reports. The related land and property transactions are reported through the Annual Property Plan. Given the community impact of major regeneration schemes it is important to ensure appropriate consideration is given to equality impact and future generations.
10. The remaining vaccination centres at Bayside and Splott are due to close this financial year and the sites will return to Council management. The former STAR Centre will be subject to a housing redevelopment scheme, and the former Toys R Us building will be brought forward as part of the International Sports Village regeneration.

Housing

11. The Council's Housing targets remain a corporate priority. The Property Strategy established the principle that any Council owned sites declared surplus to requirements should be firstly assessed for suitability to meet housing objectives. This is a key element of the decision-making process when disposing of surplus land assets.
12. The appropriation of general fund sites to the Housing Revenue Account (HRA) has made up a significant proportion of the annual capital receipt target over the course of the last 6 years. As new housing programmes are developed it is anticipated further appropriations will be required to ensure an adequate supply of suitable sites. These will be reported through the Annual Property Plan and specific HRA governance.

SOP

13. Implementation of the Sustainable Communities for Learning Band B Programme is ongoing. The replacement Fitzalan High School on Leckwith Road is at an advanced stage of construction and the St Mellons CiW Primary is also progressing well on site. A number of other projects are progressing through the design phase, including the Fairwater Campus and the new Willows High School. The programme has successfully developed Net Zero Carbon (NZC) standards for new build schools and improved procurement processes. Welsh Government has supported strategic land transactions to enable the implementation of the programme, such as the acquisition of the former HMRC site at Ty Glas, Llanishen. Risks remain in relation to increasing inflation in the construction sector and changing demographics.
14. A strategic plan will be brought forward in due course to establish principles for decision making and priorities. An annual programme update report will also be brought forward in the Autumn 2022. There is limited land available within the Council's estate so there may be further acquisitions and disposals to support future projects. Any transactions would be reported through Cabinet and the outlined in the Annual Property Plan.

Corporate Estate

15. In addition to the impact of Hybrid Working on core office noted above, the Council's operational estate is under constant review to ensure alignment with changing service needs. Statutory services such as Social Services continue to evolve delivery models post COVID that may see property requirements change. Other areas of the estate under review include the Council's operational depots and the full range of sports & leisure facilities. It is important to consider service needs together with the Council's Financial, Hybrid Working, Carbon Reduction and Modernisation programmes to enable good property decisions over the short, medium and long-term.

Land

16. The Council estate includes considerable land assets principally used either operationally for purposes such as education, recreation and public open space or is held of planning purposes to deliver future development and regeneration. Where land becomes surplus to service requirements it is assessed to determine most appropriate future use. This includes alternative operational use by other service areas to deliver different services i.e. a change of use. However in some instances the land is declared surplus to Council requirements and can be considered for disposal.
17. The delivery of various Council objectives is dependent on the availability of land. Examples include established regeneration programmes such as Housing and SOP. More recently One Planet Cardiff and the Council's objectives relating to sustainability and carbon reduction have introduced land dependent projects including Coed Caerdydd and community food growing. Finally, the Council has a capital receipts target to support the capital programme. Consideration will be given to the delivery of each requirement and any recommendations will be made on a case-by-case basis.

APP targets 2022/23

18. The Corporate Property Strategy 2021-26 identified five performance targets to be achieved by the end of the strategy. Each year the APP determines targets to be achieved annually that then contribute to the strategy target. The 2022/23 targets are as below:

	Carbon reduction	Priority 1 works commissioned	Running Cost reduction	General Fund Capital Receipts	Investment estate target
Target	Maintain current position	100%	£100k	£5.5m	n/a (5 year target)

Table 1. Annual Property Plan targets 2022/23

One Planet Cardiff – Carbon Neutral Built Environment

19. The One Planet Cardiff strategy seeks to achieve a carbon neutral Cardiff Council by 2030. The built environment is one of the key components to the total carbon footprint of the Council. The built environment is comprised principally of the corporate and education estates. The Property Strategy 2021-26 set a target of reducing the carbon footprint by 30% in the Built Environment by 2026.
20. The table below shows the carbon footprint of the Cardiff Council built environment over the last three years. 2019/20 was unaffected by COVID and serves as an effective benchmark year. The trend shows a

considerable reduction in the carbon footprint in 2020/21. This was largely due to the Council closing operational buildings as part of the COVID response. 2021/22 saw an increase from the previous year, but not back to 2019/20 levels. The increase in carbon footprint in the built environment in 2021/22 was largely due to the easing of COVID restrictions and the reopening of Council operational properties.

	2019/20	2020/21	2021/22
Built Environment Carbon Footprint tCO ₂ e	19,000	15,000	16,300

Table 2. Carbon footprint in the Built Environment 2019/20 to 2021/22

21. The APP carbon reduction target for 2022/23 is to maintain the carbon footprint at its current level and minimize any rise back to previous levels.
22. The Property Strategy sets out the key areas of focus to permanently reduce the built environment carbon footprint including modernisation of the estate through refit, behavior change, more efficient use of our properties, passive decarbonization of the grid and rationalisation of property. These schemes are ongoing and will take time to mature and make a notable change to the annual carbon footprint. Significant decreases may not be seen until later years of the Property Strategy and the One Planet Cardiff Strategy.
23. The Council has invested in new pilot benchmarking tools in both the corporate and education estates. These tools provide up-to-date and accurate utility usage allowing for a more accurate carbon output calculation. Further budget has been secured through the One Planet Cardiff carbon reduction programme to install further benchmarking tools within the corporate estate. Installation is planned over the next two years. It is important that the Council is able to report the carbon footprint consistently year on year over the course of the One Planet Cardiff strategy.
24. Preliminary work is underway to develop Refit 4. Nineteen school sites have benefited from previous Refit programmes delivering an average of 13% carbon reduction. Refit 4 will once again include schools but will also be extended to the corporate estate. Due to the scale of works required to meet One Planet Cardiff carbon reduction targets, Refit 4 will be the largest programme thus far. The detail of the programme is currently being developed and will be subject to a separate cabinet report.
25. In regards to carbon offsetting, in its first planting season (21/22) Coed Caerdydd enhanced the city's traditional tree planting activities to achieve an extra 8 ha of new woodland areas across the city (20,000 individual trees in total). This represents an increase of over 350% of the traditional planting activity.
26. The overall target for One Planet Cardiff is to increase canopy cover across the city from 18.9% to 25% by 2030 which requires 839 Ha of land. As noted above, there is a range of competing demands for land to deliver

other Council objectives. The Authority currently does not have sufficient land in its portfolio to meet the quantities needed. It is likely private land holdings will need to be utilised where possible and opportunities arise.

Modernisation

27. Modernisation of the estate describes the planned investment, repair and improvement of the councils corporate and education properties. The Property Strategy sets a target of ensuring all priority 1 works identified (through surveys, suitability assessments and statutory maintenance) are commissioned on an annual basis. This was achieved in 2021/22 with £21.8m works commissioned in total, £2.3m in the corporate estate and £18.5m in education.
28. The programme in 2022/23 is likely to be more extensive, with a provisional total works value of £54m, split £3.2m corporate and £51m education. This programme is draft and subject to affordability and contractor availability. A key piece of ongoing work relates to the alignment of planned capital works (asset renewal) with the carbon reduction refit proposals. It is important that going forward these work streams are planned together and complement each other to ensure maximum value for money and impact within the retained estate.
29. The education estate has seen an increase in spend from circa £13.1m in 2020/21 to £18.5m in 2021/22. Despite the increase spend, significant risks and challenges still remain due to the age of the estate. Despite the increase in planned works, there are still regular non-planned works some of which are significant. Examples include Stacey Primary School major refurbishment; Tremorfa Nursery structural works; Gwaelod Y Garth demountables; various stonework issues and underground water leaks. Due to the peak of secondary mainstream places and increasing ALN demands, the programme is also bringing forward a number of larger schemes to accommodate the sufficiency demands. Further work is underway to assess the condition of the education estate and to set the annual asset programme of work.
30. For reasons of materiality and consistency with other capital controls, a de minimis level of expenditure is applied below which capital spend is treated as revenue. This de minimis level is set at a £6,000 and is applied at a scheme/project level rather than on an invoice-by-invoice basis.
31. In the absence of a budget for undertaking asset renewal work of value less than £6,000 because the revenue budget is small in value, such works are being undertaken in a reactive way and may not be addressed until the works situation approaches a critical state. County estates will work with finance colleagues to consider appropriate budget options for the undertaking of proactive asset renewal works below the capital de minimis level of £6,000 in future years.
32. In July 2022 Cabinet approved the procurement of the third generation building framework. Authority was delegated to the Director of Economic

Development to complete the procurement. The new framework is scheduled to take effect from 1/4/23.

Running Cost reduction through relinquishment

33. The property strategy identifies a £6m reduction target over the course of the strategy. The principle means of achieving savings is through rationalisation of the Council's operational footprint. The implementation of hybrid working, and reviews of the operation estate are anticipated to deliver larger running cost savings in later years of the strategy. In 2021/22, a reduction of £260k was achieved. £100k is the target for 22/23.
34. The cost of energy has risen significantly over the last 18 to 24 months. Cardiff Council is part of a UK wide consortium via CCS (Crown Commercial Services) which includes all other public sector bodies. The CCS purchase our power and gas on the market over a set period of time. As part of this we have large economies of scale to support us with getting the very best prices on the market and to negate as much risk as possible. As such we have been protected from the widely publicised energy spikes with the increases not filtering through until April 2023.
35. Both the CCS and Cardiff Council's in-house Energy Team continue to monitor the utility markets and work closely with finance to set budgets. The prevailing sentiment is that the next financial year will be the highest in terms of cost and although it will not go back down to historic levels (pre-COVID) it is anticipated the market will soften slightly from 2024. The market is expected to remain high until at least 2030.

Capital Receipts

36. Capital Receipts from the disposal or appropriation of general fund land and property is critical to support the Council's capital programme. The Corporate Property Strategy targets achieving £25m Capital Receipts by 2025/26. £2.1m general fund receipts were achieved in 2021/22. The target for 2022/23 is £5.5m with £2.5m achieved as of Q3.
37. The former Glan Morfa school site will be appropriated to the HRA in 2022/23, implementing a meanwhile community use prior to redevelopment in future years.
38. As part of this Cabinet Report and per the APP list, specific approval is being sought for delegated authority to complete the disposal, via appropriation of by the HRA, of land at the former Llanedeyrn Family Centre and St Teilo's School. The land has been rendered surplus via the School Organisational Planning programme. The capital receipt captured will include provision for ring fenced sums for new school pitches and other relevant community proposals.

Investment Estate

39. The Property strategy identifies a £600k net increase in rental income by 2025/26. This is not tracked in the APP on an annual basis due to the

nature of the transactions in the portfolio. However, it is managed through established governance involving Estates and Finance officers.

40. The Council's Investment Estate will continue to be managed with a commercial approach, completing outstanding lease events and where opportunities arise, seek to re-gear leases and potentially re-let at higher commercial market rents. Currently, there are 17 rent reviews to implement across the Investment portfolio in FY 22/23, and 11 in FY 23/24. These comprise a mix of stepped rents, RPI rents, and open market reviews.
41. Where a decision is taken to dispose of an investment asset, this may have a short term adverse impact on income receivable, until the disposal proceeds are re-invested. In the medium to long term, reinvestment will be targeted to improve the Estate's longer term income profile.
42. A review of Investment Estate practices is underway and to be completed by February 2023 to accord with the Chartered Institute of Public Finance and Accountancy (CIPFA) requirements and guidance.
43. On occasion investment estate property is required to support the Council's wider property and operational objectives. For example, the former Tennis Centre at Ocean Park is required to enable the delivery of a compliant new Willows High School. As such, the commercial model for the centre will need to be realigned as part of the work to bring forward the new high school.
44. The Council has successfully acquired the leasehold interest in five public houses that were formally owned and operated by Brains across the city. The Council already owned the freehold interest in the land these buildings occupied and therefore has now established an unfettered freehold reversion through the acquisition of the leasehold interests.
45. Brains were not able to operate the pubs commercially and following a review of their business, had sub-let the pubs to Marsdens on short-term flexible leases. Marsdens were also not prepared to take on long-term leases. The Council will therefore review the options for each site with a view to establishing a viable income (capital or revenue) back into the Investment Estate.

Non-Operational Estate

46. The Corporate Property Strategy 2021-26 detailed the results of a review of the non-operational estate. This review provided a better understanding of the assets within the portfolio and their performance. A number of key themes were identified from the review.
 - Backlog maintenance with no allocated budget to address
 - Health & Safety compliance concerns
 - Reactive estate management
 - Inconsistent tenure arrangements in particular within retail parades
 - Status, strength and presence of tenants

These issues are now being addressed through a revised and more proactive management approach and further recourse to ensure improved performance of the non-operational estate.

47. The Council's retail parades were declared surplus to Council requirement through the 2018/19 APP. As a result, a programme has been set to undertake the relevant tenancy management, ensure any long leaseholders continue to have a mortgageable asset and undertake the necessary due diligence to bring forward the parades for disposal.
48. In total four retail parades have been disposed of to date and a further 4 are being prepared as part of this year's APP. The capital receipts are ringfenced to the general fund.
49. In addition to the retail parades, further assets have been assessed and declared surplus to Council requirements. The majority of the assets are let on commercial terms and disposal gives rise to a permanent loss of income to the Council's budgets.

Local Member consultation

50. Member engagement will take place through the implementation of the plan.

Reasons for Recommendations

51. To enable Cabinet to approve the 2022/23 Annual Property Plan.

Financial Implications

52. The report sets out the 2022/23 Annual Property Plan (APP) and the overall strategies and targets for the proposed management of the Council's land and property estate. This serves as the second-year implementation plan of the five-year Corporate Property Strategy (2021-2026) approved by Cabinet in December 2021.
53. It is essential that annual plans continue to support improved operational efficiencies and align with the Council's overall strategies and priorities, financial objectives, available resources and service requirements.
54. General updates are provided on the property plan implications for corporate priorities and initiatives including the Council's One Planet strategy, hybrid working and modernisation as well as the Council housing new build programme.
55. There are no detailed costings set out within this report or the APP. It is essential any commitments arising from this plan are affordable, aligned to the budget framework and that resources are allocated to priority areas. The successful delivery of outcomes will need to be underpinned by an effective and robust governance and assurance framework that delivers clear and measurable results through informed decision making.

56. The APP considers land and property transactions across the Council's estate which will include large scale regeneration schemes such as the International Sports Village and the Atlantic Wharf masterplan. The report identifies that these are of such a scale as to require specific governance and decision making and will require individual future reports to Cabinet.
57. Similarly, separate reports to Cabinet are planned later in the year for the STAR and Toys R Us sites. These reports should clearly identify any ongoing revenue and capital budget implications and funding sources and should ensure that any proposals for future use of these sites is affordable and aligns with other Council priorities and budgeting.
58. The report sets out that the principle that surplus Council owned sites will be firstly assessed for suitability to meet Housing objectives. Any site appropriations to the Housing Revenue Account should be in line with related governance arrangements including evidenced independent market valuations.
59. In respect of the Council's One Planet Strategy and decarbonisation targets, several initiatives such as retrofit, behaviour change, passive decarbonisation of the grid and rationalisation of property are considered to contribute to future changes to the carbon footprint for the Authority. Any plans and programmes which develop from these initiatives will need to be supported by robust business cases which clearly identify the funding source and provide assurance that they remain affordable within the Council's overall financial envelope and medium-term financial plan. Investment in benchmarking tools planned to be used for more accurate carbon output measures will be funded by the £80,000 budget identified through the One Planet Cardiff programme funding.
60. The report highlights the modernisation programme which is the planned investment, repair and improvement of corporate and education properties with a provisional total value of £50m for 2022/23 (£3.2m for corporate buildings and £46.8m for education buildings). Any spend must be within approved revenue and capital budgets and align with other corporate priorities.
61. A high-level update on the SOP Band B implementation programme is provided with land acquisitions and disposals supporting the financing of the programme. Additionally, the report identifies that consideration is being given to the future use of the Tennis Centre within the Education estate. It is planned that future transactions will be reported through the Schools Programme Board and to Cabinet.
62. The report highlights the target for reductions in running costs of the property estate (£100k for 2022/23) and the current pressures on these targets as a result of the utility markets and energy price increases. Detailed monitoring of the position will be essential to understand ongoing risks, any opportunities from existing purchasing arrangements and the potential for future efficiencies. A budget shortfall is recognised in the report with regard to asset renewal revenue works under £6,000. These issues and any significant risks and future pressures must be detailed and

considered as part of the Council's future budget setting processes and medium-term financial plan.

63. The report also provides an update on performance against the £600,000 increased target for rental income. This was an additional target anticipated to be achieved by 2025/26 through completion of outstanding leases, regearing of leases and relets at higher commercial market rents. This target will need to be tested and continually reviewed to ensure it is at an achievable level and is not based on the acquisition of new commercial investment solely for yield. Any such target also needs to consider the capacity and skills required to ensure that lease reviews are undertaken when due. Consideration will need to be given to the achievability of these targets within available resources.
64. Where properties are the subject of lease agreements, monitoring and enforcement of tenants' obligations to repair should be taken to ensure liabilities do not fall back on the Council. In the event of liabilities being accepted (after a robust options appraisal) then these will need to be managed within existing resources and prioritised with other commitments. Where any new Community leases are proposed to be approved, these should be supported by a robust business case including consideration of sustainability of any entity to manage and operate that asset.
65. Where the Council has entered into lease agreements for its use of properties or land, regular review of the use of such properties needs to be undertaken to ensure decisions can be made in advance of any options periods identified in the lease. Any such options appraisal will need to include any dilapidations payable as well as the benefits in terms of savings in expenditure where the property can be relinquished. Where there are such leased properties, provisions should be created for future lease costs such as dilapidations as part of the continued use of such sites.
66. The report provides an update on the £40m general fund target for non-earmarked capital receipts. Capital receipts from the disposal or appropriation of General Fund land and property are critical to support the Council's capital programme. The Corporate Property Strategy includes a target for achievement of £25m capital receipts by 2025/26 with £2.1m General Fund receipts achieved in 2021/22. The report identifies that the target for 2022/23 is £5.5m with £2.5m achieved as at Q3. Where such targets are set, these need to be demonstrated as achievable within a short timescale, as continued inclusion of a capital receipts target in the budget framework represents a risk and will need to be reviewed as part of the budget framework for 2023/24.
67. Lost income from sites to be disposed of towards the £40m target that are not part of the investment property estate will have an impact on the property budget and will need to be managed within the existing budget or as part of the increased income target. Where such sites are to be disposed of, there needs to be a clear rationale for disposal as part of the Council's governance processes including consideration of yield lost and the extent of any liability inherent in the asset which forms the rationale for disposal.

68. Where proposals are reliant on the generation of earmarked receipts, there is a risk to the budget framework and unplanned increases to the level of borrowing if such receipts are not realised in terms of value and timing. Where additional sites are acquired to meet strategic aims, the holding costs and VAT implications should be a key financial consideration of the business case development at an early stage.
69. The report identifies that a review of Investment Estate practices is due to be completed by February 2023 to accord with CIPFA requirements and guidance and it is anticipated that any outcomes and actions arising from this review will form part of any future report to Cabinet.

Legal Implications

70. The Council has an obligation to ensure value for money in its management, acquisition and disposal of land and property as public assets. The Council's Acquisition and Disposal of Property Procedure Rules in Part 4 of the Council's Constitution sets out the matters to be considered with reference to Property transactions.

Property Implications

71. All property considerations are described in the report.

Equalities & Welsh Language

72. In considering this matter the decision maker must have regard to the Council's duties under the Equality Act 2010 (including specific Welsh public sector duties). Pursuant to these legal duties Councils must, in making decisions, have due regard to the need to (1) eliminate unlawful discrimination, (2) advance equality of opportunity and (3) foster good relations on the basis of protected characteristics. Protected characteristics are: (a). Age, (b) Gender reassignment (c) Sex (d) Race – including ethnic or national origin, colour or nationality, (e) Disability, (f) Pregnancy and maternity, (g) Marriage and civil partnership, (h) Sexual orientation (i) Religion or belief –including lack of belief.
73. When taking strategic decisions, the Council also has a statutory duty to have due regard to the need to reduce inequalities of outcome resulting from socio-economic disadvantage ('the Socio-Economic Duty' imposed under section 1 of the Equality Act 2010). In considering this, the Council must take into account the statutory guidance issued by the Welsh Ministers ([WG42004 A More Equal Wales The Socio-economic Duty Equality Act 2010 \(gov.wales\)](#)) and must be able to demonstrate how it has discharged its duty.
74. An Equalities Impact Assessment aims to identify the equalities implications of the proposed decision, including inequalities arising from socio-economic disadvantage, and due regard should be given to the outcomes of a Equalities Impact Assessment. The decision maker should be mindful of the

Welsh Language (Wales) Measure 2011 and the Welsh Language Standards.

75. The Well-being of Future Generations (Wales) Act 2015

The Well-Being of Future Generations (Wales) Act 2015 ('the Act') places a 'well-being duty' on public bodies aimed at achieving 7 national well-being goals for Wales - a Wales that is prosperous, resilient, healthier, more equal, has cohesive communities, a vibrant culture and thriving Welsh language, and is globally responsible. In discharging its duties under the Act, the Council has set and published wellbeing objectives designed to maximise its contribution to achieving the national wellbeing goals. The wellbeing objectives are set out in Cardiff's Corporate Plan 2020 -23.

76. When exercising its functions, the Council is required to take all reasonable steps to meet its wellbeing objectives. This means that the decision makers should consider how the proposed decision will contribute towards meeting the wellbeing objectives and must be satisfied that all reasonable steps have been taken to meet those objectives.

77. The wellbeing duty also requires the Council to act in accordance with a 'sustainable development principle'. This principle requires the Council to act in a way which seeks to ensure that the needs of the present are met without compromising the ability of future generations to meet their own needs. Put simply, this means that Council decision makers must take account of the impact of their decisions on people living their lives in Wales in the future. In doing so, the Council must:

- Look to the long term
- Focus on prevention by understanding the root causes of problems
- Deliver an integrated approach to achieving the 7 national well-being goals
- Work in collaboration with others to find shared sustainable solutions
- Involve people from all sections of the community in the decisions which affect them

78. The decision maker must be satisfied that the proposed decision accords with the principles above; and due regard must be given to the Statutory Guidance issued by the Welsh Ministers, which is accessible online using the link below:

<http://gov.wales/topics/people-and-communities/people/future-generations-act/statutory-guidance/?lang=en>

RECOMMENDATION

79. Cabinet is recommended to:

- i) Approve the 2022/23 Annual Property Plan attached at Appendix 1.

- ii) Delegate authority to the Director of Economic Development to complete the disposal of land at St Teilo's, via appropriation by the HRA, at market value of the property less any relevant ring-fenced sums.

SENIOR RESPONSIBLE OFFICER	Neil Hanratty Director of Economic Development
	Date

The following appendix is attached:

Appendix 1: Annual Property Plan 2022/23

Appendix 2: Annual Property Plan 2022/23 transactions list

Appendix 2: APP programme of transactions for 2022/23:

Operational Property Transactions			
Property	Ward	Tenure	Action / Status
St Mellons Housing site (Linc Cymru)	Trowbridge	Freehold	SOLD
Canton & Riverside Community Centre	Riverside	Freehold	Transfer to Housing Revenue Account
Wyndham Street Car park (part)	Riverside	Freehold	SELL
Old Library	Cathays	Freehold	LEASE
Former Museum Avenue PC's	Cathays	Freehold	LEASE
Heath Park Changing Rooms	Heath	Freehold	LEASE
Heath Park bungalow	Heath	Freehold	LEASE
Heath Park Hut	Heath	Freehold	LEASE
Llandaff CIW Caretakers House	Llandaff	Freehold	LEASE
Land at the Graving Docks	Butetown	Freehold	LEASE
Land at Landsea Gardens	Butetown	Freehold	LEASE
Roath Park House	Plasnewydd	Freehold	LEASE
Roath Park Pavilion	Plasnewydd	Freehold	LEASE
Land at Bessemer Close, adjacent to HWRC	Grangetown	Freehold	LEASE
Llanedeyrn Sports Hall, adjacent St Teilos land disposal	Pentwyn	Freehold	LEASE
Ton yr Ywen / Maes y Coed Changing Rooms	Heath	Freehold	LEASE
3G pitch at Canal Park land	Butetown	Freehold	LEASE
Land at Morganstown Changing Rooms	Radyr	Freehold	LEASE
Pitches at Fitzalan School	Canton	Freehold	LEASE
Former Riverside Changing Rooms	Llanrumney	Freehold	LEASE
Former Llandaff Fields Bowling Pavilion & changing rooms	Riverside	Freehold	LEASE

Land at Hailey Park for pumping station	Llandaff North	Freehold	LEASE
Land at Llanrumney Hall for MUGA	Llanrumney	Freehold	LEASE
Extension at former Fairwater Changing Rooms	Fairwater	Freehold	LEASE
Land to rear of Llanishen Leisure Centre	Llanishen	Freehold	LEASE
Western Control Centre coldwar bunker	Llandaff	Freehold	LEASE
Dispenser Gardens Rangers Hut	Riverside	Freehold	LEASE
Plasturton Gardens Rangers Hut	Riverside	Freehold	LEASE

School Organisational Planning

Property	Ward	Tenure	Action / Status
Former Llanedeyrn Family Centre & St Teilo's Land	Pentwyn	Freehold	Transfer to Housing Revenue Account
Coed Glas caretakers house	Llanishen	Freehold	Transfer to Housing Revenue Account
Part Former Glan Morfa school site	Splott	Freehold	Transfer to Housing Revenue Account

Land Disposals

Property	Ward	Tenure	Action / Status
Land at Rhydlafor Drive	Pentyrch / St Fagans	Freehold	SELL
Land at Coed Ceiros	Rhiwbina	Freehold	SELL
Land adjacent to Aldi, Treseder Way	Caerau	Freehold	SELL
Land adjacent to Beechley Drive shops	Fairwater	Freehold	SELL

Retail Parade and Non-Operational Disposals

Property	Ward	Tenure	Action / Status
Paddlesteamer	Butetown	Freehold	SOLD
Heol Trenewydd Retail Parade 6-14	Caerau	Freehold	SELL
Grand Avenue Retail Parade 61	Ely	Freehold	SELL
Grand Avenue Retail Parade 71	Ely	Freehold	SELL

Grand Avenue Retail Parade 73	Ely	Freehold	SELL
Grand Avenue Retail Parade 79	Ely	Freehold	SELL
Grand Avenue Retail Parade 81	Ely	Freehold	SELL
Burnham Avenue Retail Parade 183-191	Llanrumney	Freehold	SELL
Harris Avenue Retail Parade 85-87	Rumney	Freehold	SELL
Pwllmelin Road 171A	Fairwater	Freehold	SELL
Pwllmelin Road 173	Fairwater	Freehold	SELL
58 - 68 Plasmawr Road	Fairwater	Freehold	SELL

Investment Estate Transactions

Merchant and Cory's Buildings	Butetown	Freehold	Sale contract exchanged
Westgate Street NCP car park	Cathays	Freehold	Disposal
Unit 14 Ipswich Road (Greenfrog)	Penylan	Freehold	Option to lease

Table 3. Annual Property Plan - programme 2022/23

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Annual Property Plan 22/23



**STRONGER
FAIRER
GREENER**



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1. Summary

The Annual Property Plan (APP) is an annual report that sets out the property programme for the forthcoming year; provides an in-year update; and summarises key property related programmes. The APP applies to the operational portfolio which comprises land and property used to deliver or support Council services, and also the leased Investment and Non-operational portfolio's.

The Property Strategy 2021-26 established property performance targets to be achieved over a five-year period. The APP reports progress towards these targets through completed land and property transactions. The APP also lists proposed transactions for the present year, seeking authority from cabinet to proceed.

The property strategy 21-26 identified five performance targets:

- **Carbon reduction**
Supporting delivery of the One Planet Cardiff strategy and contributing to net zero by 2030. Reduce the carbon footprint in the Built Environment by 30%.
- **Modernisation: Completion of all Priority 1 works**
Achieve 100% of Priority 1 programmed asset works in each financial year based on an annually reviewed rolling programme.
- **Efficiency: Running cost reduction**
Records the degree to which the Council is using its assets in a more cost-effective way and reducing revenue costs. Reduce the running cost by £6m.
- **Capital Receipts**
Commitment to ensure support to the Council's capital programme via disposal of land and property. Achieve £25m general fund capital receipts.
- **Investment Estate: Rental income**
Target to increase the rental income from leased property by £600k.

APP 22/23 Targets

Each year the APP determines targets to be achieved annually that then contribute to the strategy target. The 2022/23 targets are as below:

	Carbon reduction	Priority 1 works commissioned	Running Cost reduction	General Fund Capital Receipts	Investment estate target
Target	Maintain current position	100%	£100k	£5.5m	n/a (5 year target)

Table 1. Annual Property Plan targets 2022/23

2. Background

The Council's land and property estate is considerable, with property running costs representing the second largest call on the Council's budget after staff costs. Changes to the way in which the Council delivers its services is inextricably linked to the management of its operational property estate and therefore strategic estate management offers an on-going opportunity to support improved efficiency and service delivery. This is particularly relevant in the post COVID recovery period as services adapt to working in new ways and different environments, for example the adoption of Hybrid Working models.

Land and property management is a key strategic activity which aligns the Council's service and financial objectives with the property estate. It ensures optimisation of property assets to best support the organisation's business goals and objectives. The requirement for effective land and property management is based on treating property as a corporate resource which forms the basis of the County Estates team and Corporate Landlord principles.

In December 2021, Cardiff Council adopted a new five-year Corporate Property Strategy (2021-2026) setting out a framework within which all Council property related matters are to be managed. The Cabinet approved Strategy, entitled "*Leaner and Greener*", established a series of targets over the five-year period designed to support core corporate objectives relating to service delivery, regeneration and the Council's budget.

The Annual Property Plan (APP) is an annual document which serves as the implementation plan for the Strategy. The annual targets within the APP contribute towards the five year targets established within the Property Strategy, setting out the transactions completed from the previous financial year, as well as the transactions planned for the current financial year. The APP also provides updates on any relevant property projects or initiatives and their relevance to the property strategy.

An Annual Property Plan will be published for each year of the five year Corporate Property Strategy. Financial year 2021/22 was the first APP in the new strategy and APP 2022/23 is the second.

3. APP 21/22 Acquisitions

Property	Tenure	Action / Status	Notes
Land at ISV (Greenbank)	Freehold	Purchased	ISV development
Former HMRC Offices, Ty Glas Avenue	Freehold	Purchased	New school site
Land at Tyndall Street	Freehold	Purchased	New school site
1, 2 & 3 Cwrt Bessemer	Freehold	Purchased	Housing acquisition

Table 2. Acquisitions 2021/22

4. APP 21/22 performance

	Total Running cost reduction	Condition Backlog reduction	Built Environment Carbon reduction	GF Capital Receipt
APP target 2021/22	£300,000	100%	-1%	£15,000,000
Achieved 2021/22	£257,098	100%	+8%	£13,538,297

Table 3. Annual Property Plan targets 2021/22

Transactions that did not complete in 2021/22 have been moved into the 2022/23 plan.

5. APP 22/23 Overview

The Corporate Property Strategy 2021-26 set out the strategic intent for key elements of the property estate. These areas cover a broad area of work programmes and are subject to specific governance. They impact performance of the estate at a strategic level with notable updates including:

Hybrid Working

Development of the Council's accommodation strategy in relation to Hybrid Working is at an advanced stage. This is an important workstream in the context of the Council's operational estate, particularly in regards to Core Office, as the outcome will have a significant impact on the Council's future office requirements.

Finalisation of the Hybrid Working model will be a key consideration in the retain / remodel / relinquish decision making process within the operational estate. This in turn has a linked dependency with the modernisation and carbon reduction initiatives as the Council seeks to make the best value investments that maximise the objectives in those specific areas. For example, it will be key to invest in properties and spaces that the Council intends to retain over the long term and are aligned to service requirements.

Regeneration

Utilisation of the Council's land and property assets is fundamental to the delivery of large-scale regeneration schemes aligned with the Council's Economic Development and Wellbeing initiatives. Examples include the International Sports Village and the Atlantic Wharf masterplan. These schemes are of a scale that requires specific governance and individual cabinet reports. The related land and property transactions are reported through the Annual Property Plan. Given the community impact of major regeneration schemes it is important to ensure appropriate consideration is given to equality impact and future generations.

The remaining vaccination centres at Bayside and Splott are due to close this financial year and the sites will return to Council management. The former STAR Centre will

be subject to a housing redevelopment scheme, and the former Toys R Us building will be brought forward as part of the International Sports Village regeneration.

Housing

The Council's Housing targets remain a corporate priority. The Property Strategy established the principle that any Council owned sites declared surplus to service requirements should be assessed for suitability to meet Housing objectives. This is a key element of the decision-making process when disposing of surplus sites.

The appropriation of general fund sites to the Housing Revenue Account (HRA) has made up a significant proportion of the annual capital receipt target over the course of the last 6 years. As new Housing programmes are developed it is anticipated further appropriations will be required to ensure an adequate supply of suitable sites. These will be reported through the Annual property plan and specific HRA governance.

SOP

Implementation of the Sustainable Communities for Learning Band B programme is ongoing. The replacement Fitzalan High School on Leckwith Road is at an advanced stage of construction and the St Mellons CiW Primary is also progressing well on site. A number of other projects are progressing through the design phase, including the Fairwater Campus and the new Willows High School. The programme has successfully developed Net Zero Carbon (NZC) standards for new build schools and improved procurement processes. Welsh Government has supported strategic land transactions to enable the implementation of the programme, such as the acquisition of the former HMRC site at Ty Glas, Llanishen. Risks remain in relation to increasing inflation in the construction sector and changing demographics. A strategic plan will be brought forward in due course to establish principles for decision making and priorities. An annual programme update report will also be brought forward in the Autumn 2022. There is limited land available within the Council's estate so there may be further acquisitions and disposals to support future projects. Any transactions would be reported through Cabinet and the outlined in the Annual Property Plan.

Corporate Estate

In addition to the impact of Hybrid Working on core office noted above, the Council's operational estate is under constant review to ensure alignment with changing service needs. Statutory services such as Social Services continue to evolve delivery models post COVID that may see property requirements change. Other areas of the estate under review include the Council's operational depots and the full range of sports & leisure facilities. It is important to consider service needs together with the Council's Financial, Hybrid Working, Carbon Reduction and Modernisation programmes to enable good property decisions over the short, medium and long-term.

Land

The Council estate includes considerable land assets principally used either operationally for purposes such as Education, recreation and public open space or is held of planning purposes to deliver future development and regeneration. Where land becomes surplus to service requirements it is assessed to determine most appropriate future use. This includes alternative operational use by other service areas to deliver different services i.e. a change of use. However in some instances the land is declared surplus to Council requirements and can be considered for disposal.

The delivery of various Council objectives is dependent on the availability of land. Examples include established regeneration programmes such as Housing and SOP. More recently One Planet Cardiff and the Council’s objectives relating to sustainability and carbon reduction have introduced land dependent projects such as Coed Caerdydd and community food growing. Finally the Council has a capital receipts target to support the capital programme. The decision making process will consider where land could be used to meet more than one of these objectives and

One Planet Cardiff – Carbon Neutral Built Environment

The One Planet Cardiff strategy seeks to achieve a carbon neutral Cardiff Council by 2030. The Built Environment is one of the key components to the total carbon footprint of the Council. The Built Environment is comprised principally of the Corporate and SOP estates. The Property Strategy 2021-26 set a target of reducing the carbon footprint by 30% in the Built Environment by 2026.

The table below shows the carbon footprint of the Cardiff Council built environment over the last three years. 2019/20 was unaffected by COVID and serves as an effective benchmark year. The trend shows a considerable reduction in the carbon footprint in 2020/21. This was largely due to the Council closing operational buildings as part of the COVID response. 2021/22 saw an increase from the previous year, but not back to 2019/20 levels. The increase in carbon footprint in the built environment in 2021/22 was largely due to the easing of COVID restrictions and the reopening of Council operational properties.

	2019/20	2020/21	2021/22
Built Environment Carbon Footprint tCO2e	19,000	15,000	16,300

Table 4. Carbon footprint in the Built Environment 2019/20 to 2021/22

The APP carbon reduction target for 2022/23 is to maintain the carbon footprint at its current level and minimize any rise back to previous levels.

The Property Strategy sets out the key areas of focus to permanently reduce the built environment carbon footprint including modernisation of the estate through refit, behavior change, more efficient use of our properties, passive decarbonization of the grid and rationalisation of property. These schemes are ongoing and will take time to mature and make a notable change to the annual carbon footprint. Significant decreases may not be seen until later years of the Property Strategy and the One Planet Cardiff Strategy.

The Council has invested in new pilot benchmarking tools in both the corporate and education estates. These tools provide up-to-date and accurate utility usage allowing for a more accurate carbon output calculation. Further budget has been secured through the One Planet Cardiff carbon reduction programme to install further benchmarking tools within the corporate estate. Installation is planned over the next two years. It is important that the Council is able to report the carbon footprint consistently year on year over the course of the One Planet Cardiff strategy.

Preliminary work is underway to develop Refit 4. Nineteen school sites have benefited from previous Refit programmes delivering an average of 13% carbon reduction. Refit 4 will once again include schools but will also be extended to the corporate estate. Due to the scale of

works required to meet One Planet Cardiff carbon reduction targets, Refit 4 will be the largest programme thus far. The detail of the programme is currently being developed and will be subject to a separate cabinet report.

In regards to carbon offsetting, in its first planting season (21/22) Coed Caerdydd enhanced the city's traditional tree planting activities to achieve an extra 8 ha of new woodland areas across the city (20,000 individual trees in total). This represents an increase of over 350% of the traditional planting activity.

The overall target for One Planet Cardiff is to increase canopy cover across the city from 18.9% to 25% by 2030 which requires 839 Ha of land. As noted above, there is a range of competing demands for land to deliver other Council objectives. The Authority currently does not have sufficient land in its portfolio to meet the quantities needed. It is likely private land holdings will need to be utilised where possible and opportunities arise.

Modernisation

Modernisation of the estate describes the planned investment, repair and improvement of the councils corporate and education properties. The Property Strategy sets a target of ensuring all priority 1 works identified (through surveys, suitability assessments and statutory maintenance) are commissioned on an annual basis. This was achieved in 2021/22 with £21.8m works commissioned in total, £2.3m in the corporate estate and £18.5m in education.

The programme in 2022/23 is likely to be more extensive, with a provisional total works value of £54m, split £3.2m corporate and £51m education. This programme is draft and subject to affordability and contractor availability. A key piece of ongoing work relates to the alignment of planned capital works (asset renewal) with the carbon reduction refit proposals. It is important that going forward these work streams are planned together and complement each other to ensure maximum value for money and impact within the retained estate.

The education estate has seen an increase in spend from circa £13.1m in 2020/21 to £18.5m in 2021/22. Despite the increase spend, significant risks and challenges still remain due to the age of the estate. Despite the increase in planned works, there are still regular non-planned works some of which are significant. Examples include Stacey Primary School major refurbishment; Tremorfa Nursery structural works; Gwaelod Y Garth demountables; various stonework issues and underground water leaks. Due to the peak of secondary mainstream places and increasing ALN demands, the programme is also bringing forward a number of larger schemes to accommodate the sufficiency demands. Further work is underway to assess the condition of the education estate and to set the annual asset programme of work.

For reasons of materiality and consistency with other capital controls, a de minimis level of expenditure is applied below which capital spend is treated as revenue. This de minimis level is set at a £6,000 and is applied at a scheme/project level rather than on an invoice-by-invoice basis.

In the absence of a budget for undertaking asset renewal work of value less than £6,000 because the revenue budget is small in value, such works are being undertaken in a reactive way and may not be addressed until the works situation approaches a critical state. County estates will work with finance colleagues to consider appropriate budget options for the undertaking of proactive asset renewal works below the capital de minimis level of £6,000 in future years.

In July 2022 Cabinet approved the procurement of the third generation building framework. Authority was delegated to the Director of Economic Development to complete the procurement. The new framework is scheduled to take effect from 1/4/23.

Running Cost reduction through relinquishment

The property strategy identifies a £6m reduction target over the course of the strategy. The principle means of achieving savings is through rationalisation of the Council's operational footprint. The implementation of hybrid working, and reviews of the operation estate are anticipated to deliver larger running cost savings in later years of the strategy. In 2021/22, a reduction of £260k was achieved. £100k is the target for 22/23.

The cost of energy has risen significantly over the last 18 to 24 months. Cardiff Council is part of a UK wide consortium via CCS (Crown Commercial Services) which includes all other public sector bodies. The CCS purchase our power and gas on the market over a set period of time. As part of this we have large economies of scale to support us with getting the very best prices on the market and to negate as much risk as possible. As such we have been protected from the widely publicised energy spikes with the increases not filtering through until April 2023.

Both the CCS and Cardiff Council's in-house Energy Team continue to monitor the utility markets and work closely with finance to set budgets. The prevailing sentiment is that the next financial year will be the highest in terms of cost and although it will not go back down to historic levels (pre-COVID) it is anticipated the market will soften slightly from 2024. The market is expected to remain high until at least 2030.

Capital Receipts

Capital Receipts from the disposal or appropriation of general fund land and property is critical to support the Council's capital programme. The Corporate Property Strategy targets achieving £25m Capital Receipts by 2025/26. £2.1m general fund receipts were achieved in 2021/22. The target for 2022/23 is £5.5m with £2.5m achieved as of Q3.

The former Glan Morfa school site will be appropriated to the HRA in 2022/23, implementing a meanwhile community use prior to redevelopment in future years.

As part of this Cabinet Report and per the APP list, specific approval is being sought for delegated authority to complete the disposal, via appropriation of by the HRA, of land at the former Llanedeyrn Family Centre and St Teilo's School. The land has been rendered surplus via the School Organisational Planning programme. The capital receipt captured will include provision for ring fenced sums for new school pitches and other relevant community proposals.

Investment Estate

The Property strategy identifies a £600k net increase in rental income by 2025/26. This is not tracked in the APP on an annual basis due to the nature of the transactions in the portfolio. However, it is managed through established governance involving Estates and Finance officers.

The Council's Investment Estate will continue to be managed with a commercial approach, completing outstanding lease events and where opportunities arise, seek to re-gear leases and potentially re-let at higher commercial market rents. Currently, there are 17 rent reviews to implement across the Investment portfolio in FY 22/23, and 11 in FY 23/24. These comprise a mix of stepped rents, RPI rents, and open market reviews.

Where a decision is taken to dispose of an investment asset, this may have a short term adverse impact on income receivable, until the disposal proceeds are re-invested. In the medium to long term, reinvestment will be targeted to improve the Estate's longer term income profile.

A review of Investment Estate practices is underway and to be completed by February 2023 to accord with the Chartered Institute of Public Finance and Accountancy (CIPFA) requirements and guidance.

On occasion investment estate property is required to support the Council's wider property and operational objectives. For example, the former Tennis Centre at Ocean Park is required to enable the delivery of a compliant new Willows High School. As such, the commercial model for the centre will need to be realigned as part of the work to bring forward the new high school.

The Council has successfully acquired the leasehold interest in five public houses that were formally owned and operated by Brains across the city. The Council already owned the freehold interest in the land these buildings occupied and therefore has now established an unfettered freehold reversion through the acquisition of the leasehold interests.

Brains were not able to operate the pubs commercially and following a review of their business, had sub-let the pubs to Marsdens on short-term flexible leases. Marsdens were also not prepared to take on long-term leases. The Council will therefore review the options for each site with a view to establishing a viable income (capital or revenue) back into the Investment Estate.

Non-Operational Estate

The Corporate Property Strategy 2021-26 detailed the results of a review of the non-operational estate. This review provided a better understanding of the assets within the portfolio and their performance. A number of key themes were identified from the review.

- Backlog maintenance with no allocated budget to address
- Health & Safety compliance concerns
- Reactive estate management
- Inconsistent tenure arrangements in particular within retail parades
- Status, strength and presence of tenants

These issues are now being addressed through a revised and more proactive management approach and further recourse to ensure improved performance of the non-operational estate.

The Council's retail parades were declared surplus to Council requirement through the 2018/19 APP. As a result, a programme has been set to undertake the relevant tenancy management, ensure any long leaseholders continue to have a mortgageable asset and undertake the necessary due diligence to bring forward the parades for disposal.

In total four retail parades have been disposed of to date and a further 4 are being prepared as part of this year's APP. The capital receipts are ringfenced to the general fund.

In addition to the retail parades, further assets have been assessed and declared surplus to Council requirements. The majority of the assets are let on commercial terms and disposal gives rise to a permanent loss of income to the Council's budgets.

5.1 APP 22/23 Targets

The Corporate Property Strategy 2021-26 identified five performance targets to be achieved by the end of the strategy. Each year the APP determines targets to be achieved annually that then contribute to the strategy target. The 2022/23 targets are as below:

	Carbon reduction	Priority 1 works commissioned	Running Cost reduction	General Fund Capital Receipts	Investment estate target
Target	Maintain current position	100%	£100k	£5.5m	n/a (5 year target)

Table 5. Annual Property Plan targets 2022/23

5.2 Proposed APP programme of transactions 22/23

Operational Property Transactions			
Property	Ward	Tenure	Action / Status
St Mellons Housing site (Linc Cymru)	Trowbridge	Freehold	SOLD
Canton & Riverside Community Centre	Riverside	Freehold	Transfer to Housing Revenue Account
Wyndham Street Car park (part)	Riverside	Freehold	SELL
Old Library	Cathays	Freehold	LEASE
Former Museum Avenue PC's	Cathays	Freehold	LEASE
Heath Park Changing Rooms	Heath	Freehold	LEASE
Heath Park bungalow	Heath	Freehold	LEASE
Heath Park Hut	Heath	Freehold	LEASE
Llandaff CIW Caretakers House	Llandaff	Freehold	LEASE
Land at the Graving Docks	Butetown	Freehold	LEASE
Land at Landsea Gardens	Butetown	Freehold	LEASE

Roath Park House	Plasnewydd	Freehold	LEASE
Roath Park Pavilion	Plasnewydd	Freehold	LEASE
Land at Bessemer Close, adjacent to HWRC	Grangetown	Freehold	LEASE
Llanedeyrn Sports Hall, adjacent St Teilos land disposal (ABC Boxing)	Pentwyn	Freehold	LEASE
Ton yr Ywen / Maes y Coed Changing Rooms (St Joe's AFC & RFC)	Heath	Freehold	LEASE
3G pitch at Canal Park land (CAVC)	Butetown	Freehold	LEASE
Land at Morganstown Changing Rooms (TFW/Radyr Rangers FC)	Radyr	Freehold	LEASE
Pitches at Fitzalan School (CAVC)	Canton	Freehold	LEASE
Former Riverside Changing Rooms (BMX)	Llanrumney	Freehold	LEASE
Former Llandaff Fields Bowling Pavilion & changing rooms	Riverside	Freehold	LEASE
Land at Hailey Park for pumping station (Welsh Water)	Llandaff North	Freehold	LEASE
Land at Llanrumney Hall for MUGA (Llanrumney Hall Community Trust)	Llanrumney	Freehold	LEASE
Extension at former Fairwater Changing Rooms (Fairwater RFC)	Fairwater	Freehold	LEASE
Land to rear of Llanishen Leisure Centre (GLL)	Llanishen	Freehold	LEASE
Western Control Centre coldwar bunker (Friends of Insole Court)	Llandaff	Freehold	LEASE
Dispenser Gardens Rangers Hut	Riverside	Freehold	LEASE
Plasturton Gardens Rangers Hut	Riverside	Freehold	LEASE

School Organisational Planning			
Property	Ward	Tenure	Action / Status
Former Llanedeyrn Family Centre & St Teilo's Land	Pentwyn	Freehold	Transfer to Housing Revenue Account
Coed Glas caretakers house	Llanishen	Freehold	Transfer to Housing Revenue Account
Part Former Glan Morfa school site	Splott	Freehold	Transfer to Housing Revenue Account

Land Disposals			
Property	Ward	Tenure	Action / Status
Land at Rhydlafar Drive	Creigiau / St Fagans	Freehold	SELL
Land at Coed Ceiros	Rhiwbina	Freehold	SELL
Land adjacent to Aldi, Treseder Way	Caerau	Freehold	SELL
Land adjacent to Beechley Drive shops	Fairwater	Freehold	SELL

Retail Parade and Non-Operational Disposals			
Property	Ward	Tenure	Action / Status
Paddlesteamer	Butetown	Freehold	SOLD
Heol Trenewydd Retail Parade 6-14	Caerau	Freehold	SELL
Grand Avenue Retail Parade 61	Ely	Freehold	SELL
Grand Avenue Retail Parade 71	Ely	Freehold	SELL
Grand Avenue Retail Parade 73	Ely	Freehold	SELL
Grand Avenue Retail Parade 79	Ely	Freehold	SELL
Grand Avenue Retail Parade 81	Ely	Freehold	SELL
Burnham Avenue Retail Parade 183-191	Llanrumney	Freehold	SELL
Harris Avenue Retail Parade 85-87	Rumney	Freehold	SELL
Pwllmelin Road 171A	Fairwater	Freehold	SELL
Pwllmelin Road 173	Fairwater	Freehold	SELL
58 - 68 Plasmawr Road	Fairwater	Freehold	SELL

Investment Estate Transactions			
Merchant and Cory's Buildings	Butetown	Freehold	Sale contract exchanged
Westgate Street NCP car park	Cathays	Freehold	Disposal
Unit 14 Ipswich Road (Greenfrog)	Penylan	Freehold	Option to lease

Table 6. Annual Property Plan – transaction programme 2022/23

CORPORATE PROPERTY STRATEGY 2021 - 2026

Leaner and Greener

ECONOMIC DEVELOPMENT County Estates

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1. Executive Summary

This Corporate Property Strategy 2021-26 establishes the strategic direction, performance targets, key processes and governance relating to the management of the Council's land and property estate over the next five years.

The strategy focuses on the modernisation of a leaner and greener operational estate, whilst also setting out the themes and principles of managing the Council's leased portfolios. There are three clear paths to the management of the property estate via the Operational, Non-Operational and Investment portfolios.

The Council uses property to deliver or support the delivery of statutory and community services. It is vitally important the Council's property is configured to align with changing service needs, as well as the wider strategic and financial objectives of the Council. The strategy details the approach to new challenges that will change the way we use and invest in our estate going forward.

The introduction of the One Planet Cardiff strategy identifies a clear role for the Council's estate in de-carbonising the city by 2030. The Council will progress new physical adaptations and behavioral approaches across the estate to meet this target.

The Hybrid working programme will change the way we work, how we use our properties and lead to a reassessment of operational property requirements. The Council will work to align service need to workforce change, ensuring investment in reconfigured working environments.

Ongoing maintenance and modernisation planning to improve the condition of the estate will be aligned with One Planet Cardiff and Hybrid programmes to inform the retain or relinquish decision making process over the course of the strategy, ensuring best value for money investments. The Council will also work to understand the impact these programmes will have on the core office requirement.

New management principles are established within the leased estate (non-operational and investment property) to ensure enhanced management of tenants, timely collection of rent and review of tenant obligations.

The strategy establishes new property targets to measure estate performance over the 2021-26 period. Progress towards these targets will be reported to Cabinet via the Annual Property Plan (APP).

2. Overview and Purpose of the Strategy

Cardiff Council owns and manages over 750 properties with a current use value of over £1.6 billion. The operational estate is made up of 336 sites containing a total of 628 individual buildings held to deliver or support delivery of Council services. The leased estate contains 450 properties, 200 leased on commercial terms at market rent for the purposes of revenue generation, employment and economic development. A further 250 properties are leased on community terms to local community tenants such as sports teams, scouts groups and other charitable organisations.

In addition to buildings, Cardiff Council also owns a considerable land portfolio primarily consisting of parks, housing land and land held for development. In total, Cardiff Council either owns or manages approximately 1/3 of the surface area of the Cardiff administrative boundary.

The cost of managing, operating and maintaining the Council's operational estate is in excess of £38m per annum, the second largest call on the Council's revenue budget after staff costs. The overall quality of the Council's estate means that a number of properties require repair works, with a value of £45m Priority 1 works currently programmed over the next 5 years.

	Used/managed for Council Services		Let to Third Party	
	Operational Property	Operational Land	Non-Operational Estate	Investment Estate
Type	Service Occupied Property Assets	Service Occupied and Managed Land		
Example	Offices, Schools, Depots, Venues, Libraries, etc.	Parks, Highways, Estates & Misc	Retail Parades Community Leases	Multi-Let properties, Ground Leases
Size	336 Sites 628 buildings	Over 10,000 acres	250 properties Approx 50/50 split Retail & Community Leases	200 properties
Current Strategy	Corporate Property Strategy 2015/20 Annual Property Plan	Progressing Land review to feed £40m Disposal target	n/a	Investment Estate Strategy 2016/21
Next Steps	New Corporate Property Strategy 2021/26	Complete land review and work with services to understand future requirement	Incorporate into Corporate Property Strategy 2021/26 Implement proactive estate management	Continue to improve performance of portfolio (Rental income)

Table 1: Council property estate summary

The purpose of this successor strategy 2021-26 is to build on the progress made over the last 6 years and provide a framework for supporting and stimulating the Council's organisational objectives and sets performance targets to support the Council's budget and One Planet Cardiff.

The strategy further develops the framework for clear property decision making and ensures all decisions relating to property are taken for the strategic benefit of the Council, in support of the Corporate Plan, the Council's budget and the requirements of service areas.

2.1. The Corporate Significance of the Property Strategy: Finance, Service Delivery and Regeneration

Finance

- **Budgetary and Financial Impact**

Corporate Property and Corporate Finance are intrinsically linked. Robust property asset management plans, as well as understanding the condition, risks and value for money in respect of property assets, needs to be consistent with the budget framework and its Capital Strategy in order to deliver the objectives of the authority. Property is the second largest call on the Council's budget after staff with the management and transaction process carrying significant capital and revenue implications. Recent updates in codes of practice by CIPFA and regulatory changes have highlighted the need for robust reporting and option appraisal, particularly in respect to property assets that are held solely for the generation of yield. As guidance emerges the APP needs to be consistent with such guidance and will, on an ongoing basis need to highlight performance and risks particularly in respect to Investment Property. Table 2 describes the income and expenditure of capital and revenue in regards to the property estate.

- **Capital Programme and Receipts**

The Council has a significant capital programme to support capital schemes such as new school builds, new housing, addressing building condition as well as local and significant major projects to secure regeneration and service reform in the City.

Capital receipts are an important means of increasing the affordability of the Capital Programme. The generation of capital receipts is also consistent with the need to accelerate a reduction in the Council's asset base where this can support savings requirements. The 2018/19 Capital Programme set a £40 million target for non-earmarked receipts (net of fees) for the period 2018/19 - 2022/23, with a subsequent increase of £1 million to this target in 2019/20, after making a deduction for eligible revenue costs of disposal. The Council's approach to the delivery of the capital receipts target and those deemed to be earmarked where approved by Cabinet as ring-fenced for specific projects or strategies, or ring-fenced by legislation are updated in the Annual Property Plan.

It is recognised that realisation and timing of receipts will vary, even so it is important to be clear that receipts included as receivable in the budget have associated clear timescales for delivery, are site specific and are confidently achievable in order to reduce risk to the Council's borrowing requirement and future revenue budget.

It is also important to ensure that where business cases are approved which require the acquisition of land or investment in property on the basis that these will dispose an income stream, that ongoing performance monitoring and status is reviewed. The APP will help to support this aim, allowing effective planning for projects to ensure financial resilience risk can be monitored and understood.

- **Revenue Income / expenditure**

Council owned property as well as working with other property owners, public and private, to develop objectives is a key driver to meeting many objectives set out in Capital Ambition. These activities can also either support savings and efficiencies or have potentially adverse implications on capital or revenue budgets if not managed by a clear and agile strategy. Examples of the types of cost and income are set out in the table below.

Type	Income	Expenditure
Capital	<ul style="list-style-type: none"> • Capital receipts from the disposal of land and property • Premium lease payments 	<ul style="list-style-type: none"> • Land and property acquisition • Council financed build projects • Large scale repair / refurbishment
Revenue	<ul style="list-style-type: none"> • Rent from leases and licences • Fee income to support estates revenue budget 	<ul style="list-style-type: none"> • Rent lease costs • Repairs and maintenance including statutory observations • Running costs (rates, utilities, insurance, cleaning and security etc) • Dilapidations obligations • Costs of managing the estate • Provision for bad debt and voids

Table 2: Overview of capital and revenue income and expenditure

Service Delivery

- **Changing service requirements**

The Council is constantly reviewing the best way to deliver services. Property is intrinsically linked to the delivery of these services whether through statutory provisions such as education or social services, or community uses such as libraries, hubs, venues and sports facilities. This is also the case for Council operational facilities that support front line operational services such as depots and waste services. The way these services

are delivered evolves over time and this influences the types of properties and spaces required to best support the delivery of services.

- **Flexible and versatile estate**

As services evolve the Council's property estate must be dynamic and able to change over time to meet the need of those services. Recently all Council services were required to adapt rapidly to a greater or lesser extent in response to COVID, where some essential services were delivered in new or different ways. This has resulted in an acceleration of new service delivery methods, many of which will now be incorporated into business as usual. This may lead to changes in the Council's operational property requirements over the short, medium and long term and the estate will adapt to meet these requirements.

- **Hybrid working**

Cardiff Council is in the process of implementing a Hybrid working model (see Section 4). This new way of working changes the way the workforce will use all our buildings and in particular our core offices. As less people will work in the office each day, it is anticipated the need for office space will be less than what is currently available. This will be complimented by locality working – where council employees will be able to work in bookable spaces in the city, outside of core office buildings. Hybrid working will impact all operational property and the way we manage our working environments.

Regeneration

The Council's property estate plays an important role in the ongoing regeneration of the city. Examples include:

- **The Council's housing objectives**
- **Land and property for the purposes of employment**
- **Opportunities to regenerate communities**
- **Ensure service delivery**

It is important that the Corporate Property Strategy and related development feed into the preparation of the replacement LDP as it evolves in more detail through the preparation process over the next few years. This is particularly relevant to the candidate site process.

Cardiff Council led major projects remain significant drivers for regeneration. Ongoing examples include the new Arena project in Cardiff Bay, The International Sports Village and the regeneration of James Street.

The Development and Regeneration team in the People and Communities Directorate works to improve housing, local environments and community facilities across the City through small and large scale housing and regeneration schemes within existing communities all over Cardiff. Partnership work with other teams in the Council such as social services, transport and planning and external bodies such as CAVUHB, RSLs and the Third Sector run through the wider portfolio of programmes and projects.

The work of the team is closely aligned with the Council's strategic property and estate management, examples of this include:

- Working jointly on property and land negotiations for public sector partnership schemes such as new Health and Wellbeing Hubs with the regeneration team and CAVUHB, the Police and GPs
- Advising on housing property acquisitions for social care, housing and regeneration projects
- Feeding into the design and feasibility work on a range of refurbishment and new build sites including multi agency community hubs, housing sites and regeneration proposals
- Supporting development and regenerations schemes where there are lease, licence and operational arrangements with council teams and outside parties

Some recent strategic development projects achieved through effective corporate working between Communities and Economic Development, Estates & Housing include:

- The ongoing redevelopment of the former public amenity site at Waungron Road to deliver new Council housing and a transport Hub and also a wide range of public space improvements and new green infrastructure
- The ongoing redevelopment of the former Michaelston College site to deliver a new 'wellbeing Village' for Ely, focused on older person housing and a range of public buildings and spaces
- The purchase and redevelopment of the former Gasworks site in Grangetown for circa 500 new homes, public realm and community buildings

2.2. Corporate Property 2021-26: Objectives & Targets

The Corporate Property Strategy 2021-26 introduces 5 objectives:

- **Objective 1: Corporate approach**
Build on the achievements of the 2015-20 strategy, continue to develop the governance, business processes and reporting arrangements that ensure property is managed as a corporate asset.
- **Objective 2: Strategic direction**
Establish the strategic direction in each of the Operational, Non-operational and Investment portfolios and work with services areas through established governance to ensure accommodation alignment with service requirements.
- **Objective 3: Modernisation of the retained estate**
Embed the theme of modernisation across the estate, focusing on the improvement of quality and suitability of the Council's property. Establish hybrid working and One Planet Cardiff as central to the asset management decision-making process.
- **Objective 4: Property Performance Targets**
Measure performance against strategy targets through the Annual Property Plan.

- **Objective 5: Partnership Working**

Continue to develop strong strategic working arrangements with public sector partners to achieve common and mutually beneficial objectives in support of the Council’s well-being priorities.

The Corporate Property Strategy 2021-26 introduces 5 Headline Targets:

- 1. Carbon reduction**

Supporting delivery of the One Planet Cardiff strategy and contributing to net zero by 2030. Reduce the carbon footprint in the Built Environment by **30%**.

- 2. Modernisation:** Completion of all Priority 1 works

Achieve **100%** of Priority 1 programmed asset works in each financial year based on an annually reviewed rolling programme.

- 3. Efficiency:** Running cost reduction

Records the degree to which the Council is using its assets in a more cost effective way and reducing revenue costs. Reduce the running cost by **£6m**.

- 4. Capital Receipts**

Commitment to ensure support to the Council’s capital programme via disposal of land and property. Achieve **£25m** general fund capital receipts.

- 5. Investment Estate:** Rental income

Target to increase the rental income from leased property by **£600k**.

Corporate Property Strategy 2021-26 Targets summary

	Carbon Reduction	Programmed maintenance	Running Cost reduction	Capital Receipts	Rental income increase
Strategy target end 2021/26	5,543 tCO2e	£45m	£6m	£25m	£600k
Strategy target end 2021/26 %	30%	100% of Priority 1	15%	n/a	n/a

Table 3. Corporate Property Strategy 2021-26 targets. See Appendix 1 for Corporate Property Strategy 2015-20 review.

Annual Property Plan

Performance against the targets will be reported on an annual basis via the Annual Property Plan (APP), which will be presented to Cabinet each year of the strategy. The APP reports target achievements for the previous financial year and the new targets for the current financial year.

3. One Planet Cardiff: Carbon Reduction in the Built Environment

Cardiff Council declared a climate emergency in 2020 and shortly after published the draft One Planet Cardiff (OPC) Strategy which sets out the Council's strategic response. The principal objective of the strategy is to become a Carbon Neutral City by 2030. OPC proposes a wide range of ambitious actions that will begin to form the basis of a delivery plan to achieve carbon neutrality. It aims to do this in a way that supports new green economies and greater social wellbeing in the city.

The strategy determines seven key streams all of which are to some extent dependent on land and property to achieve;

- **Energy** – How it is used, sourced, distributed and generated
- **Green Infrastructure and Biodiversity** – Protect and enhance
- **Transport** – Review of required infrastructure, minimize impact of vehicle emissions and air quality
- **Food** - Support smarter more localized and more socially equitable food systems
- **Water** – How we source, manage and use water
- **Waste** – Reduce waste production, increased recycling and implement new procurement decisions

And most relevant to land and property;

- **Built Environment** – This comprises existing and planned buildings and infrastructure. We need to constantly improve the energy efficiency and resilience of our new and existing buildings and communities, and capture the skills and jobs required to achieve this for the benefit of the local economy.

The OPC objective to achieve a net zero carbon estate by 2030 carries significant implications for the Council's property estate ranging from the impact on strategic decision making, resources, budgets and procurement through to the day to day use and management of land and property.

Carbon footprint in the Built Environment 2019/20

The One Planet Cardiff benchmark year is 2019/20. In terms of scope, the Built Environment includes all corporate property such as offices, depots and HUBs, together with all school buildings and all Council managed Housing. This is a broader portfolio than the Council has previously reported carbon performance and the first challenge is to accurately understand the carbon footprint of the Built Environment. This establishes a starting point from which to track progress. New benchmarking projects are in the process of being implemented that will provide the accuracy needed to confidently measure carbon in the Built Environment over time. This strategy details carbon reduction reporting in the Corporate and Education portfolios. Carbon reduction relating to Housing is subject to separate reporting governance.

BUILT ENVIRONMENT (exc Housing)		
	Consumption kWh	Carbon tCO2e
TOTAL	87,706,424	18,478

Table 4: Overview Carbon output in the Built Environment (excl Housing) in 2019/20.

New governance is in the process of being established that will ensure a corporate approach to management and consistency in reporting and terminology relating to Carbon reduction in the Built Environment.

Achieving net zero

The objective of OPC is to reduce the net carbon contribution of the Built Environment to zero by 2030. At a strategic level, achieving the net zero carbon target can be broadly divided into two categories shown in table 5.

Type	Percentage of Net Zero	Achieved via	Lead
Carbon Reduction	60%	Reducing carbon output in new and existing buildings through physical and behavioural change	County Estates, Education, Housing
Carbon Offsetting	40%	New projects to offset city carbon production such as tree planting and biodiversity	Strategic Energy, Parks services

Table 5: Split between carbon reduction and carbon offsetting to achieve carbon net zero

CARBON REDUCTION MEASURES:

Grid decarbonisation

Decarbonisation of the National Grid will provide passive decarbonisation benefits for Cardiff Council, as the GHG intensity of electricity supplied progressively decreases with an increase in renewable and low carbon generation sources.

Modelling is ongoing but current estimates suggest 5-10% of the 60% reduction target could be met through grid decarbonisation.

Rationalisation

Carbon reduction in the Built Environment over the last several years has primarily been achieved through property rationalisation – the disposal of property or termination of leases. When a property is sold or lease relinquished, the carbon contribution of that asset is removed from the Council’s Built Environment carbon footprint. However, the scale and rate of property relinquishment has slowed since the completion of the previous property strategy 2015-2020 as the Council now manages a leaner estate, better aligned to service requirements.

Relinquishment will remain an important theme and the adoption of a hybrid working model may ultimately result in the need for a smaller corporate estate footprint - which could in turn lead to additional properties becoming surplus.

Presently however, the degree of carbon reduction anticipated to be achieved through rationalisation will need to be complimented by additional reduction measures. It is

estimated approximately 5-10% of the carbon reduction figure will be achieved through rationalisation.

Modernisation

Modernisation describes the repair and refurbishment of the retained operational estate. This is a broad area in the process of being realigned in regards to focus, scope and budget to meet the carbon reduction objectives.

Carbon reduction investment projects

Historically the Council has implemented energy efficiency schemes on a relatively modest scale. For example in the Refit programmes, properties the Council has determined to retain were assessed for physical building works resulting in energy performance enhancing / carbon reducing measures which were then implemented on an invest to save basis. Payback has typically in the region of 10 years.

- Refit tranche 1 completed in 2017/18 on a portfolio of **8** properties.
- Refit tranche 2 is currently being implemented, a further **11** schools are receiving energy efficiency adaptations with a total project budget of £1.4m.

To date the scale of carbon reduction investment projects has been on a relatively small scale, with the remainder of the Built Environment, approximately 315 operational properties of varying size, use and condition yet to undergo full assessment.

It is intended for schemes such as Refit to be scaled up significantly and applied across the extent of the retained corporate, education and housing portfolios subject to appropriate supporting budget, resource and governance. Time will be required to develop feasibility of these schemes and a programme of works to be implemented on a larger scale.

Onsite energy generation opportunities have been implemented in selected Council properties, primarily within the education estate through solar panel roofs. The opportunities for onsite energy production at assets the Council intends to retain over the long term will be explored by way of a structured and consistent review process. This will be an extensive and specialised programme requiring specific focus and resource to fully explore and implement.

The Refit programme to date has delivered an average carbon reduction of 10% per annum in the buildings retrofitted. With lessons learned and improvements in site management the tranche 2 works have identified the potential for circa 20-30% carbon reduction across the 11 properties in scope. Future refit schemes will allow opportunities to consider a more holistic modernisation and energy improvement programme by defining carbon reduction targets and allowing framework providers to introduce asset renewal works such as new windows, roofs etc alongside traditional energy conservation measures. This holistic approach will lead to energy performance improvements delivering additional carbon reduction within the estate. An estate wide refit programme will need to be further complimented with additional reduction initiatives as below.

Asset Renewal repair & replacement

Programmed and reactive repair & replacement of property components is under review to align with OPC. The Council will seek to establish minimum standards of energy performance in building components embedded within the procurement process, to ensure components below the agreed standard can no longer be purchased.

Opportunities to pursue estate wide replacement of more energy efficient components may take advantage of economies of scale. Examples include new heating systems, lighting, window replacements etc. These programmed replacements are proposed to be undertaken on a larger scale than previous programmes, subject to budget allowance, targeting poorly performing assets due for replacement over the next few years.

Behavioural Change

The way we use our buildings will also be a significant contributor to the reduction target. Managing the use of properties more efficiently is estimated to be just as significant as the physical building adaptations in reducing carbon, in some research between 15-20%. This has already been observed in the carbon output reductions over the COVID period as the Council vacated the vast majority of the premises for long periods. Education, training, and management support for new practices to staff, managers and building users will be required to ensure efficient use of council property over the short, medium and long term.

CARBON OFFSETTING MEASURES

40% of the carbon reduction target is anticipated to be achieved through offsetting measures. This will primarily be achieved through the planting of trees and other natural means. The Coed Caerdydd project will be central to this initiative. The project outlines an ambition to increase the tree canopy across the city by 19% – 25% by 2030. Progress against this offsetting strategy will be reported through Coed Caerdydd governance and the Annual Property Plan.

Strategic property decisions

Going forward the carbon footprint of a property will be considered as an ongoing liability the Council will assess in terms of affordability much in the same way revenue budgets are assessed. When considering a property purchase, the carbon impact will be analysed and the cost of mitigating factored into the acquisition business case.

Similarly, when reviewing a property for retention, the carbon footprint over time will be assessed together with the cost of mitigating weighed against service need and affordability. Together with service need, value of the site, maintenance backlog and ongoing running cost budgets, this may result in properties becoming surplus to Council requirements in the future following assessment. This aligns closely with the Council's Hybrid working proposals. Assessing Carbon reduction requirements together with the cost of Hybrid adaption and known maintenance requirement will be considered together as part of the decision making process.

Built Environment Summary

The OPC strategy has resulted in a step change in the way the Council manages and makes decisions throughout the asset lifecycle. Carbon output and energy efficiency is now a key consideration in the decision process for the acquisition or disposal of property. The reduction

and offsetting measures required to meet the strategy targets will require new revenue, capital and staff resource considerations as the various reduction initiatives evolve over the next 5 years.

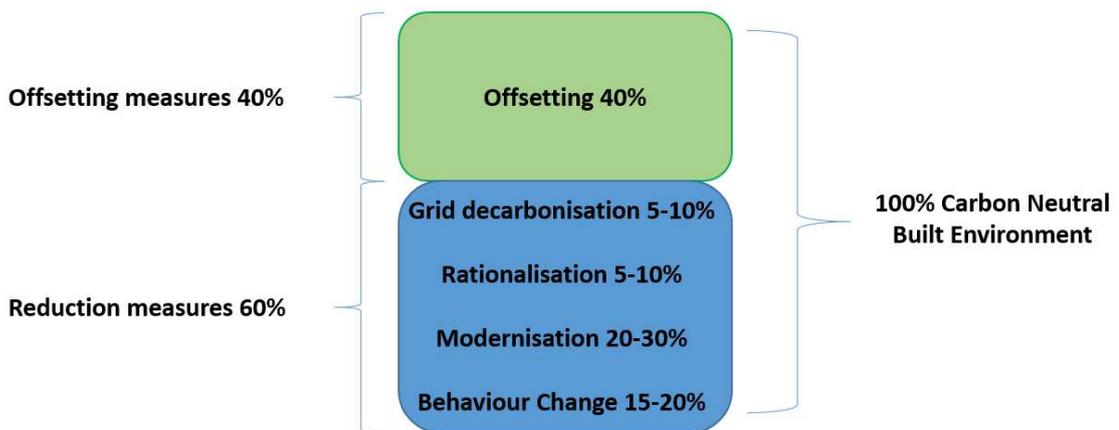


Figure 1: Proposed areas of carbon reduction focus

The detail of the implementation plan to reach net zero in the Built Environment is still being investigated and will be reported annually through the APP with specific case by case initiatives presented to Cabinet Report.

The carbon reduction approach in figure 1 reflects the current potential of identified areas of focus. New benchmarking tools are in the process of being implemented that will ensure the Council has a more accurate understanding of the carbon reduction potential in the key areas and will facilitate accurate reporting via the APP as processes and systems are refined. Currently targets are set against the reduction of operational carbon in the Built Environment, however reducing embedded carbon is also a priority.

Target: One Planet Cardiff – Carbon reduction

Reduce the carbon footprint in the Built Environment by 30% by the end of the strategy

4. Hybrid Working: A new approach to working

Hybrid working and Future Working Patterns

Prior to the COVID 19 pandemic, Cardiff Council had commenced initial research into how technology and new approaches to working could be used to improve the efficient use of space and technology to enhance service delivery. Examples seen in other Welsh and UK local authorities, particularly in office environments, had shown how investments in reconfigured workspaces and supporting technology could be used to successfully deliver these objectives.

However, the onset of the global pandemic in March 2020, transformed the way we worked, the Council's workforce shifted to home working almost overnight. Since then, over 80% of the Council's core office workforce now undertake their work from home. Over 2000 laptops were issued and the use of communication software (such as Microsoft Teams) allowed the switch to virtual meetings and training to support continued Council business.

There have been benefits from remote working, both to the organisation and individual employees which include increased flexibility, improved work-life balance, greater productivity, reduced travel and building usage. However, as we emerge from the pandemic the Council will progress a flexible approach to workspaces to support service delivery. Homeworking will continue to feature in this new flexible approach but will be complimented by re-designed workspaces which provide an activity based focus for collaboration, learning and mentoring as well as building team relationships, all of which have been impacted by the isolation of the pandemic.

As a consequence, the Council seeks to build on the benefits of the workforce change experienced over the last 18 months, whilst also establishing a flexible and balanced approach to ensure the needs of the service and the individual are met. This approach is called Hybrid Working and a programme to transfer to this model is underway.

Hybrid Working Project Objectives:

The programme will implement the transition to a new Hybrid way of working which aims to support service delivery, embrace diversity and personal choice. Through delivery of the Hybrid Working model, the Council's corporate property estate will be reviewed and modernised to support the new working pattern with a focus on shaping the work environment to meet service requirements and the activities they carry out, enabling effective service delivery. Some of the key areas in scope of this change include:

- Reviewing ways of working across all areas of the organisation and working with services to manage the transition to a new Hybrid way of working.
- Developing, communicating, and embedding key principles for Hybrid Working across the organisation.
- Reviewing accommodation requirements and working with services to shape the environment to reflect activity-based working.

- Ensuring that hybrid working accommodation requirements are central to the business case brought forward to inform the future requirement of the Core Office accommodation.
- Reviewing touch down locations across the city taking into consideration Council premises, partnering public sector organisations (such as NHS and Police etc) and private sector opportunities and future developments with the potential for touch down spaces.
- Ensuring the environment within any building identified as part of the Locality Working Strategy is shaped to reflect the new Hybrid Working model and activity-based working.
- Identifying opportunities to merge the building management systems with the management and monitoring of utilisation and occupancy to ensure effective use of space.
- Reviewing technology requirements in line with future office environment needs to determine improvements in relation to desk top technology, connectivity, telephony, and audio-visual solutions.

As the Council is a diverse organisation providing a wide range of services, it is recognised that workplace designs should provide staff with what is required to work in the best way possible for their activity types. An internal Hybrid Working project team has been established to lead this fundamental change to working arrangements and to manage the project governance in alignment with corporate objectives, specifically:

- **One Planet Council** - Post-pandemic the Council will maximise environmental impact as an anchor employer and use the power of its organisational policies, practice, and partnerships to lead a greener recovery and renewal.
- **Flexibility** – the ability to act quickly and flexibly, with a focus on outcomes over process or presenteeism, and radical change enacted swiftly and effectively across organisational and service boundaries.
- **Digital by Default** - The Council will adopt a ‘Digital by Default’ approach, providing access to an enhanced range of services online where all those who can use digital routes to service choose to do so.
- **Community/Locality-focussed** - In the future, services need to respond to the different challenges faced by communities across the city, bringing public service assets and resources together to create ‘teams around the community’.
- **Child, family, citizen at the centre** – In rebuilding local public services, the needs, and strengths of those receiving the service will be – at all times – front and centre.

The programme aims to reflect these key strategies and ensure that the requirements for the Council’s Core Office accommodation aligns with future working patterns.

5. Operational Estate

5.1. Operational Estate overview

Operational property includes land and buildings the Council uses to either deliver or support the delivery of Council services. Examples include Offices, Libraries, Venues, Sports facilities, Depots and Schools. Operational property consists primarily of freehold assets – property the Council owns. However, a small number are leased from third parties.

Operational property

- Number of sites – 336
- Number of buildings: 628

By service area

- **Education:** (incl. Schools, Youth Services, Resources etc) : 144 Sites, 343 Buildings
- **Education Caretakers Houses:** 45 Sites, 45 Buildings
- **People & Communities:** 29 Sites, 31 Buildings
- **Planning, Transport & Environment:** 26 Sites, 73 Buildings
- **Social Services:** 23 Sites, 24 Buildings
- **Economic Development:** 69 Sites, 112 Buildings

By Internal Area

- **Total GIA:** 596,198 sq. m
- **Education:** 418,551 sq. m
- **Education Caretakers Houses:** 5,033 sq. m
- **People & Communities:** 22,105 sq. m
- **Planning, Transport & Environment:** 10,768 sq. m
- **Social Services:** 7,392 sq. m
- **Economic Development:** 132,349 sq. m

Service Area	Operational Land in Acres	Non-Operational Land in Acres	Combined Land in Acres
Economic Development	4.8	362.5	367.3
Education	746.5	21.9	768.4
Environmental Protection	0.3	0.1	0.4
Strategic Estates	0.0	1,608.9	1,608.9
Highways	897.0	7.9	904.9
Housing	1,892.8	93.8	1,986.6
Headquarter Buildings	30.8	0.0	30.8
Parks & Leisure	4,249.5	294.3	4,543.7
Miscellaneous (mainly CBTC)	118.7	0.0	118.7
Social Services	8.2	2.4	10.6
Transportation	29.6	57.8	87.4
Total Area	7,978.2	2,449.7	10,427.8

Table 6: The Council's land estate divided by service area

5.2. Aims and Objectives

The operational estate has been significantly rationalised over the last six years to realign with service requirements. This is an ongoing process particularly at the time of writing as Hybrid Working, One Planet Cardiff and evolving new ways of delivering services continue to change the way the Council can best use its property assets. Consequently, it is a priority of this strategy to continue the governance approach of reviewing the council's operational estate need against the changing service requirements and to develop opportunities to meet changing need.

5.3. Corporate Landlord

In July 2018 the Council commenced implementation of a Corporate Landlord Programme, which is endorsed by both CIPFA and RICS. The function of the Corporate Landlord is to ensure that service departments are adequately accommodated, to ensure that the future asset requirements for each service are identified and procured and to maintain and manage property assets in accordance with corporate strategic priorities and standards and relevant property and Health and Safety Legislation. The model vests ownership and responsibility for all of the Council's non-domestic land and property assets centrally within County Estates based in the Economic Development Directorate. The model has established new management processes around decision-making, governance and financial management.

An implementation programme has delivered projects integral to progression of the corporate landlord model. The programme established Five workstreams to address key areas including Health and Safety, Property Maintenance Backlog, Estate Running costs, Data & Technology, governance and the appointment of new management resource.

Corporate Landlord Programme work streams:

- People and Change
- Enterprise and Architecture Technology
- Asset Management Principles
- Building Maintenance Framework
- Health and Safety compliance

Current Position

Since July 2018 significant progress has been made in each workstream with all projects now complete and incorporated into 'Business as Usual' County Estates has been successfully established in line with the agreed model and supports effective management, maintenance and improvement of the corporate estate, including schools.

People and Change

The focus of this work stream was on ensuring sufficient and appropriate staffing resource existed within the model to deliver each function. This included the restructure of existing teams and as a consequence, new posts and appointments, this included:

- i) Corporate Landlord Programme
Recruitment – Assistant Director to lead the County Estates Division and manage the Corporate Landlord programme.

- ii) Schools Organisational Planning
Recruitment – Programme Director to lead and manage the SOP process.
- iii) Health and Safety
Establishment of a Health and Safety function to drive through improvements in statutory compliance across the council’s estate, providing a technical role in relation to high-risk issues such as Fire Risk Assessment, Asbestos Surveys, Legionella Risk Assessment and Mechanical and Electrical inspections. A specific team was established to provide focused support to schools to secure improvement in health and safety standards across all Cardiff schools.
- iv) Building Maintenance
A restructure and rebranding of Facilities Management to a Property Services Division established ‘Pre-delivery and ‘Delivery Teams as well as the Statutory Obligations Team.

In addition, Establishment of a Customer Liaison Team to manage the One Front Door first point of contact for School and Corporate building managers was completed as well as recruitment of an Asset Manager for management of the Council’s Estate, including schools.
- v) Capital Delivery
Recruitment of two Operational Managers to lead the implementation of the 21st Century Schools programme.

Enterprise and Architecture Technology

1. This stream captured new IT systems, data and information flow processes required to underpin the effective delivery of Corporate Landlord services. It provided the means from which previously separate teams could align information and share data and systems more readily:
 - i) RAMIS
Health and Safety software system to manage Statutory Obligations tasks and data.
 - ii) Technology Forge Phase 1
Estates Management software to hold all property data, case management and property condition information.
 - iii) One Front Door
Improvement of existing software systems to support single point of entry for school and corporate customers in respect of requesting new building works jobs.

Asset Management Principles

2. Work completed in relation to specific projects designed to provide new information or guidance in support of Corporate Landlord core business activities.
 - i) Property Condition Surveys
A programme of surveys undertaken across the corporate and schools estate providing up to date property condition information to inform both immediate and planned preventative works

- ii) **Asset Renewal Programme**
A project implemented to utilise the data from the property condition programme to inform a planned maintenance programme across the schools and non-schools estate.
- iii) **Education and Corporate Handbook**
Production of a corporate landlord handbook for the schools and non-schools estate detailing the building management responsibilities of the corporate landlord function and service area managers.

Further Developments

For the period of the Property Strategy further developments will be progressed under the Corporate Landlord function: -

Estate Management

Additional property management support to be provided to service areas including schools to progress continued estate management and planned preventative maintenance programmes. Specific support to be provided to school estates teams on the safe management of school premises, planning maintenance work and contracting directly for maintenance work.

Statutory Compliance

Further development of the statutory obligations team through relocation of the function to Strategic Estates to ensure it forms part of the wider Asset Management Programme.

Technology Forge Phase 2

Implementation of a Job management system to improve the management and maintenance of Council building assets, and also provide mobile working technology for the Building Services DLO.

5.4. Modernisation

The theme of the CPS 2021-26 is Modernisation (Leaner and Greener). With the implementation of Corporate Landlord the Council is focusing concentrated investment in its retained estate to ensure it is compliant, fit for purpose, supports the delivery of services and is energy efficient.

Over the course of the previous strategy 2015-20, the Council invested in an estate wide property condition survey programme to understand buildings work requirements across the operational estate. This programme was undertaken by independent advisors to a clear brief which returned condition survey information in a consistent format for the purpose of planning programmes, estimating budgets and reporting.

The Council has used this information to create planned maintenance programmes for both the Corporate and Education estates. New resource and governance has been established to manage this process, which links closely with teams in finance. The result is a planned programme for the current financial year, an indicative plan for the subsequent years, which is then managed according to priority and cost.

The programme is aligned to and includes Health and Safety works as recommended through cyclical statutory inspections. Health and Safety compliance within corporate and education properties is managed through the RAMIS system with identified remedial works fed back through the corporate landlord process to be incorporated into annual programmes. In the case of Education this also includes ALN adaptations.

The planned programmed maintenance requirement of the Priority 1 items in the operational estate from 2021 to 2026 is circa £45m. This has been derived from the estate wide condition survey programme and additional statutory health and safety inspections encompassing all corporate and education buildings.

The Council records all works within a wider programme including all statutory obligation remedial works and Priority 1 and Priority 2 items identified through the condition programme and any relevant subsequent follow up surveys.

These are defined as:

- **Statutory Obligation remedial works** – Any works that have been identified through statutory obligation surveys and are required to make that asset compliant with the relevant health and safety / building regulations.
- **Priority 1** – works that need to be undertaken immediately (including statutory obligation remedial works)
- **Priority 2** – works that if not undertaken in the next 12 months, will progress to Priority 1.

Typically Priority 1 items will include roofs, ceilings, windows, security systems, electrical and gas plant etc.

Broadly the £45m identified programme is split 65% Education Estate, 35% Corporate estate. County Estates undertake an annual review of Priority 1 works together with Finance and key service stakeholders to ensure affordability and delivery of the programme.

Cardiff Council is developing a Hybrid Working Programme and also progressing the carbon reduction initiatives of One Planet Cardiff. The maintenance programme, hybrid working assessments and carbon reduction proposals will be aligned to ensure best value for money is achieved within our retained estate when implementing building works. It is important to note that when considering all three of these priorities together, the Council will review the findings and through the asset management process, determine recommendations on whether that asset still represents a good point of investment to support or deliver Council services.

The alignment with One Planet Cardiff will change the way we plan and procure certain works. Work is ongoing to understand if large scale planned replacements across multiple properties, for example heating systems, may offer better value for money in the long-term.

Improving the overall quality of the estate will be achieved through a combination of:

- i) Planned Preventative Maintenance programmes
- ii) Improvement or refurbishment schemes such as Refit or strategic investments
- iii) One Planet / Hybrid building improvement programmes

- iv) Case by case refurbishments where identified
- v) Rationalising properties surplus to Council requirements

These points above will be subject to affordability assessment and reviewed through the established asset management governance process.

In delivering the modernisation programme, and addressing the aforementioned priorities, the Council will need to progress a business case approach to considering the required improvements against the backdrop of continuing budget pressures. This business case approach will inform if the optimum way forward is to invest in existing property or to relinquish and re-invest in a new property. Core to this approach will be the consideration of carbon related impacts as well as financial consequences.

Condition Surveys

The Council has a large estate which consists of a variety of properties in regards to age, size use and condition. As part of the property management process condition surveys are continually undertaken to inform the asset renewal programme. In the Education estate surveys are routinely undertaken on High Schools and Primary Schools to inform planned preventative maintenance and investment requirements. In the Corporate estate recent condition surveys have been undertaken on County Hall, City Hall and St David's Hall in order to determine current condition and maintenance requirements going forward.

The property condition surveys undertaken on County Hall and City Hall identify issues which will require attention in order to maintain the buildings in an operational condition. Currently due to the pandemic the buildings are accommodating a reduced number of occupants, improvement works will be required prior to a substantial increase in occupancy numbers.

A recent survey of St David's Hall identifies condition issues in the roof and ceiling structure. The works require significant investment to maintain the building to ensure it remains in an operational condition in the long-term.

The Council have implemented the required health and safety strategies to ensure these buildings remain safe and useable until such time their futures are determined.

5.5. Historic Buildings

The Council's operational estate contains historic buildings of different construction types and uses which may have listed and/or heritage status. As part of the Corporate Landlord management process, County Estates has compiled a list of all historic properties for review. Some of these assets are in need of specialist maintenance, particularly in regards to stonework, in order to ensure they are safe and their condition is preserved. These sites have been added to the County Estates risk register that is updated quarterly. Where necessary the Council has taken action in the form of surveys, repairs, safety envelopes (including scaffolding) or other relevant measures as required. It is recognised that historic buildings are often of unique design and construction and as each asset is reviewed, businesses cases for their repair and maintenance will be prepared on a case-by-case basis.

Target: Modernisation – Completion of Priority 1 works

Achieve 100% of Priority 1 programmed works in each financial year based on an annually reviewed rolling programme.

5.6. Running Cost Review

The annual revenue cost of the operational estate as of start 2021-22 was £38m.

This total cost is comprised of various areas of spend that can be broken down into broad cost headings - grouped below into the top 5.

Cost type	Description	Value	Opportunity
Maintenance	Revenue maintenance within the operational estate	£8.3m	Review need for revenue maintenance aligned with planned maintenance programmes
Cleaning	Total cleaning cost per year in the operational estate	£6.8m	Review cleaning requirements in line with new ways of working
Utilities	Gas, Electric, Water and Other sources of energy in the operational estate	£7.5m	Reduce use of utilities in line with new ways of working and with offsetting projects
Business rates (NNDR)	Tax against all property in the operational estate	£7.1m	Review existing rates on large properties and maximise rate relief where appropriate
Rent	Total annual rent payment for properties within the operational estate	£1.85m	Rationalise the remaining operational leased assets

Table 7. The 5 biggest annual revenue costs in the operational estate

The remaining spend categories are smaller in scale and specific to building types and uses.

Reducing the running cost of the estate will be achieved by a combination of:

- i) Examining each area of spend through focused, County Estates instigated projects designed to identify opportunities maximise efficiency
- ii) Behavioural change resulting from new ways of working
- iii) Efficient use of space led by Hybrid Working and new approaches to service delivery.

The target is to reduce the running cost by £6m over the period of the strategy.

This has been calculated by projecting potential property relinquishments, allowing for the successful review of the five key areas of spend and resulting efficiencies, savings resulting from the changing use of the council's operational estate as new ways of working are established.

The current approach to revenue maintenance budget is to be reviewed over the course of the strategy. If the Council determines larger scale works can be avoided or reduced through enhanced early intervention revenue maintenance works, then it may be the case that rather than see a saving in this area, the spend may actually increase.

Target: Efficiency: Running cost reduction

Reduce the running cost by £6m by the end of the strategy

5.7. Leased Operational Assets

The Council leases selected assets from third parties and occupies these properties to support or deliver services. In the 2015-20 strategy the Council stated the intention to move away from leasing properties where possible, in favour of better utilising existing freehold properties. This was driven by the need to reduce the additional costs associated with rental payments and dilapidations and to ensure full and long-term management control. Many leased properties were relinquished over the last six years including large, expensive sites such as Global Link Offices and the Friary Centre.

This approach will continue during the period of the 2021-26 strategy with the Council undertaking an appraisal of cost, carbon, dilapidations, valuation and service requirement to make decisions on the future of leased premises. Existing lease terms remain under review to understand any forthcoming options such as break clauses which may present opportunities to relinquish leased property – subject to sourcing acceptable alternative service accommodation and resolution of lease conditions in line with affordability.

5.8. Core Office Review

Background

Cardiff Council completed a large-scale Office Rationalisation programme in 2019. Starting in 2013 and running for 6 years. The objective of the programme was to maximise use of core office buildings and either sell or relinquish surplus smaller satellite offices.

As a consequence of this programme the Council currently has three core office buildings - County Hall, City Hall and Willcox House. This will imminently be reduced to two as Willcox House is in the process of being relinquished. Table 8 below summarises the key characteristics of the remaining core office buildings.

	County Hall	City Hall	Willcox House
Tenure	Freehold	Freehold	Leased
Status	Review	Review	Relinquish / Vacate
Floor area (sqft)	277,000	150,000	60,000
Annual Running Cost	£2.4m	£1m	£1.6m
Carbon (tCO2e) 2019/20	1061	629	213
Capital Value	£25m	n/a	n/a

Table 8: Core Office summary

Issues

Although the footprint of the core office estate is being reduced by circa 20% through the relinquishment of Willcox House, the COVID-19 pandemic and the consequent changes to working patterns suggest a further review will be required. Over recent years the Council has explored the idea of developing a new headquarters building to further consolidate the core office estate. However, in light of new working patterns and the growing importance of carbon priorities a full review of the Council requirements and the best solution for meeting those requirements needs to be undertaken through a business case process.

In the meantime, the Council will continue to utilise both City Hall and County Hall. The recent surveys carried out in 2021 outline some constraints on use until remedial works are undertaken. In the case of County Hall this is predominantly due to an antiquated heating and ventilation system. With City Hall the main issue relates to the heating plant and the associated heat distribution system. The capacity and use of these buildings will be significantly reduced until remedial works are undertaken. Nonetheless, for the time being, the available floorspace capacity across the two buildings will be more than sufficient to accommodate staff operating the new Hybrid Working model.

Office based work is particularly applicable to Hybrid working as a large percentage of the workforce that previously worked exclusively in core offices will be able to work in other locations. Work is ongoing to define the exact floor space required to deliver core office Hybrid Working, but models to date suggest it will require circa 150,000 sq ft or less.

OPC and the carbon reduction target is established as one of the key considerations in the strategic asset management process. To achieve net zero carbon by 2030 the Council is required to make significant strategic decisions and investments in regards to reduction and offsetting measures across the estate. As above the Council is committed to assessing the carbon “cost” of each of its assets and understanding the medium to long term impact of retaining that property.

County Hall is the largest carbon contributing core office property by a considerable margin. To meet the carbon reduction targets, large-scale capital investment into the building in the form of windows, insulation, energy supply, lighting etc would be required to achieve the required reduction. The capital commitment needed to undertake this could only be reasonably justified in a property the Council was committed to retain over the long-term. Table 9 shows the carbon contribution of County Hall increased by 7% between 2019/20 and 2020/21.

Property	2019/20 tCO2e	2020/21 tCO2e
County Hall	1061	1139
City Hall	629	521

Table 9: County and City Hall carbon contribution change 2019-20 to 2020-21.

5.9. Education Estate

The School Organisation Programme (SOP) is made up of the following elements:

- **21st Century Schools** – delivery of £164m Band A and £284m Band B
- **Local Development Plan Schools** – 8 primary schools and 2 high schools
- **School Reorganisation** – proposals brought forward to meet strategic needs
- **Asset Renewal and Suitability works** – upgrading and enhancement of the existing estate

These elements are underpinned by the strategic planning of places.

Priorities for current transformation projects and ongoing investment are progressing consistent with those outlined in the Band B Strategic case which aligns with the Cardiff 2020 and more recently Cardiff 2030 education strategies. The Council has recently acquired Sites in Splott and Llanishen to assist delivery of Band B.

With proposed forward planning programmed for Band C the Council will engage with stakeholders to inform planning to ensure effective join up with the large LDP developments that are now building out at greater speed. It is expected to feature the continued emphasis on levelling up and prioritising equity in our education system with every school considered a good school that is well located, responsive to community needs and able to cater for learner aspirations.

The 21st Century Schools planning is also being supported by an improving asset renewal programme that is beginning to improve the estate and teaching and learning environments, and this will continue until new build opportunities are available.

The SOP programme is subject to separate governance managing implementation which feeds into the Cross Service Strategic Asset Group. Education and County Estates work closely on all transactions relevant to the SOP programme particularly in regards to acquisition and disposal. The SOP programme is fundamental to the realisation of Capital Receipts generated from surplus school sites.

5.10. Land Management

Cardiff Council owns over 10,000 acres of land with County Estates department managing 1,600 acres. This is largely land held for development however also includes land subject to leases and other agreements such as easements and wayleaves. In some instances Cardiff Council is responsible for the management of all or parts of this land. County Estates will review this land and enhance the associated maintenance and security principles through the asset management process for land that is retained.

6. Non-Operational Estate

6.1. Definition of the Non-Operational Estate

Non-Operational estates are assets owned by the Council but leased to third parties, which may be on commercial terms, but with a large proportion also let on 'community' lease terms. Examples of community leases include scout huts, community centres and local sports facilities. The Non-Op portfolio has been created to capture all leased assets which do not fall within the definition of the Council's Investment Estate.

As a result, this portfolio is diverse and requires a different style of management within the portfolio whilst having regard to the Landlord and Tenant principals. Some of these community leases have evolved through the lease of former Council community operational properties, with others being leisure and social groups such as Scouts which have come into the portfolio from being former operational assets. There are approximately 250 assets in the portfolio producing a gross income of approximately £520k pa.

Given the types of groups or Tenants, the portfolio has been sub divided into Commercial tenants which are predominantly retails parades and pub ground leases and Non-Commercial tenants which consists of Community leases and groups providing a service to the community through leisure and social functions. The split is roughly 50/50 commercial and non-commercial.

6.2. Non-Operational Strategy Aims and Objectives

Whilst there has not been a standalone strategy for the Non-Operational portfolio, in anticipation of an updated Corporate Property Strategy, work commenced in 2018 to review each asset to understand the lease structure and the type of tenant and to align this to the investment Estates categories for the purposes of ongoing management and prioritising the work required as follows:

Retain	<ul style="list-style-type: none">• The asset has long term strategic value, supports the Council in partnership working and disposal will contribute minimal monetary value to the disposal programme• Pro actively manage ensuring all leasehold covenants performed including statutory compliance;• restructure leases for better performance of the asset;• re-establish Landlord and Tenant relationships
Remodel	<ul style="list-style-type: none">• The asset lends itself to community, master planning as the building may be coming to end of economic life and requires investment whilst still providing a valuable and beneficial community service• seek alternative partners to deliver fit for purpose facilities• work with the tenant on delivering a scheme
Release	<ul style="list-style-type: none">• The asset is presenting significant backlog maintenance with no budget to repair, management of the asset is intensive in relation to the value• prepare programme to include retail parades based on city wide location, maintenance backlog and value• undertake due diligence to include lease actions, tenant covenants and legal preparations

Figure 2. Non-Operational estate review method

6.3. **Non-Operational Strategy 2021-2026**

To ensure a consistent approach, the Council propose to adopt a policy for a variety of requests to ensure the Council's Freehold and retained interest is not adversely affected.

Existing Assets – Regear

If there are existing requests outstanding then it is proposed that we will continue to negotiate on a case by case basis provided that the proposal does not have a detrimental effect on the reversionary value of the asset.

Granting New leases

New Non-Operational Estate assets will predominantly come from the operational estate where service areas have declared the asset surplus to their requirement.

In progressing a leased opportunity, certain actions and criteria must be followed to ensure that the buildings formally declared surplus following the Council's policy and is safe and compliant prior to transfer.

Lease Renewal

Each renewal should be reviewed 12 months prior to the expiry date. This provides enough time for the Council to consider needs for the future.

As opposed to serving a Section 25 notice offering new terms, each asset should be carefully considered and discussed at the non-operational working group if necessary. Given that the Council is considering the remodelling of some of its assets consideration should be given as to new terms offered.

Contact with tenants

It is intended to contact all tenants annually to remind them of their terms under the lease and in particular the statutory obligations that they need to undertake. This is more relevant to the non-commercial side of the portfolio but for completeness, contact will be made with every tenant.

Training for Community Lease contacts

As a Social landlord, we propose to invite all non-commercial tenants who have a leased building (not ground lease) to a training session at the Council, to be run by Health and Safety. This will be tailored on the existing Premises Manager/Duty Holder training courses run for internal staff. The course is intended to be a half day and three dates will be offered. Participation will be very strongly encouraged and a record will be kept of all attendees. Should no representative attend, then the occupier will be contacted for an immediate inspection.

The training course will cover all aspects of building management and the aim of the course is to ensure all attendees understand the importance of statutory maintenance to include fire, asbestos and legionella.

It is anticipated that the Council will offer a list of approved contractors for the Tenants to liaise with and in the future, an SLA can be arranged whereby the Council undertake the works on behalf of the Tenant and recharge.

Inspections

Generally, internal inspections of approximately 33% of Retain and Remodel is aimed for annually). The data collected will be logged onto Tech Forge. If concerns are raised on breaches in lease and in particular Health and Safety issues, there will be clear guidelines as part of the County Estates handbooks outlining relevant actions to be taken.

6.4. Debt

The Council has an established Debt policy which is managed through income recovery. However, we propose to liaise more closely with tenants going forward on any debt issues occurring and provide greater support to our finance colleagues.

6.5. Cardiff Market

Cardiff Market is a historic building at the heart of the city having traded in various capacities since the 1700s. The Council is reviewing options to modernise the market to ensure the property is fit for purpose and able to meet the needs of traders and customers. This review will also consider opportunities to broaden the scope of activities at the market to include community events and activities such as literary festivals, more night markets and other food focused activities. Further updates will be reported through the APP at the appropriate time.

7. Investment Estate

7.1. Investment Estate Purpose

The investment estate is a portfolio of non-operational property for the primary purpose of maintaining levels of income to support the Council's existing revenue budget.

The portfolio also serves the purpose of being a key enabler to stimulate and encourage economic growth by investing in key sites for regeneration purposes. Examples include the regeneration of Central Square, the Canal Quarter and employment space initiatives

In November 2015 Cabinet approved some changes to the way the investment estate is managed. These key changes were:-

- All non-operational income producing property be held corporately, managed by Strategic Estates, with associated budgets realigned.
- The establishment of a new investment estate with a recommended approach to governance and operational arrangements
- Proactive asset management of the estate with capital receipts generated from the sale of investment estate assets being ring-fenced for reinvestment in similar assets to improve the yield of existing assets or to purchase better quality and better yielding assets that may also support longer term strategic aims.

7.2. Investment Estate Summary

The estate currently comprises circa 200 assets producing a gross rental income in 2020/2021 of circa £4 million. The current estimated capital value of the estate is circa £66 million, with this income representing a gross yield of circa 6.2%.

The estate includes a wide range of property types of variable commercial quality, with a focus on industrial property ground leases.

There is sometimes a distinction between properties held for investment and those which are held primarily for economic development purposes. The Council has a social role to play in holding or acquiring property for economic development and regeneration and in this regard, appropriate sites and properties will be considered as additions to the investment estate, subject to a robust business case, risks and agreed policy initiative for doing so.

A professional and proactive approach to the management of the existing estate is good commercial asset management practice, with opportunities reviewed on an ongoing basis. Opportunities to improve asset value include:

- Disposal of poor performing assets and reinvestment in better yielding properties which support the strategic aims of the Council
- Re-gearing ground leases
- Selective buying in of ground leases and re-letting

Red Dragon Centre

The Council acquired the Red Dragon Centre in January 2019 as approved by Cabinet Report. The asset is a substantial leisure investment anchored by an Odeon multiplex cinema,

bowling facility, casino and a variety of smaller tenants providing restaurants, bars and a gym. Since acquisition the centre has been managed by the Council's retained asset managers (Savills) and onsite staff, with whom the Council has worked closely to mitigate the significant impact of COVID-19 restrictions on operations. The centre is now returning to normal operation and the existing management arrangements remain in place going forward, with regular monitoring and reporting of the income taking place involving Savills and the Council's Estates and Finance teams.

In line with the developing Arena masterplan, in the longer term, a strategic analysis is being undertaken for the centre which will be presented to Cabinet early next year.

7.3. Investment Strategy 2021 -2026

As of start 2021/22 the Investment estate comprises circa 200 assets, valued at £65.75 million (2020 valuation date), generating £4.078m rental income per annum, representing a gross yield of 6.20%. The estate is dominated by 147 ground rent assets representing 72% of the portfolio.

More proactive asset management will enable the Council to increase income generation through maximising value from existing assets and buying in additional income via new acquisitions.

Existing Assets - Acquisition of Long leaseholds

The Council will continue to identify properties in the industrial ground rent portfolio, particularly in the core locations of Hadfield Road and Ipswich Road, where the long leasehold interest has less than 40/50 years unexpired. A target list of such opportunities will be maintained and reviewed, with the primary aim of achieving surrenders of the long leaseholder's interest. Successful implementation of this surrender and regrant strategy will drive income generation, by tapping into the occupational market rents in a historically strong industrial sector.

Existing Assets - Regears

Continued portfolio review will also identify ground rent assets in instances where reversionary potential is limited, or where the long leaseholder is unwilling to discuss surrender terms, lease regears should be explored on a case-by-case basis in return for a market rent/capital sum or combination of both. Any capital receipts can be ring-fenced to assist in funding of the acquisition of long leaseholds with stronger reversionary potential.

Additional Income - Acquisition of New Assets

In order to improve the quality and diversity of the portfolio, the Council will selectively consider the acquisition of new investments. Opportunities pursued should preferably be anchored by strong tenant covenants, on institutional quality lease, in strategic locations supporting the Council's long-term regenerative activities. Opportunities which have synergies with the existing estate will be prioritised.

In recent years there has been a trend from certain local authorities to acquire investment property on a national basis solely for yield and to support diminishing revenue budget support from central and devolved governments. In many cases this has been paid for by

undertaking borrowing from the Public Works Loan Board. Borrowing to invest has not been part of the strategy of Cardiff Council, which has limited acquisitions to opportunities within its own boundaries from the rationalisation of the existing estate and this approach will be continued to support the proactive management of the estate to meet strategic aims of the Council. Such activities will only be undertaken without increasing the Council’s borrowing requirement i.e. from receipts in hand.

Furthermore, it is noted that there has been significant regulatory concern about the sustainability, risks and proportionality of such borrowing activities. CIPFA in proposed updates to codes as well as the PWLB changes in lending policy are clearly of the view that such activities need a strengthening of governance, to the extent that the PWLB will prevent local authorities from accessing borrowing from it for any activity, if capital programmes include acquisition of investments solely for generating additional yield. This therefore represents a significant corporate risk moving forward, were such activities deemed to be captured within updated regulatory regimes.

Capital Raising - Freehold Disposal

Where ongoing review of the investment portfolio identifies assets with limited strategic value, high maintenance backlogs or where the Council are unable to realise the maximum value, disposal will be considered. This will generate ring-fenced funds to assist the funding of acquisitions on new or long leasehold interests, whilst any revenue income loss will be managed within existing revenue budgets for the estate

Governance

Where necessary, the Council engages the services of external property consultants to advise and assist in this objective. A governance framework is in place to oversee all decisions and ensure accountability.

All valuations pertinent to these activities will be carried out, or verified, by a fully qualified member of the Royal Institution of Chartered Surveyors with relevant valuation competency.

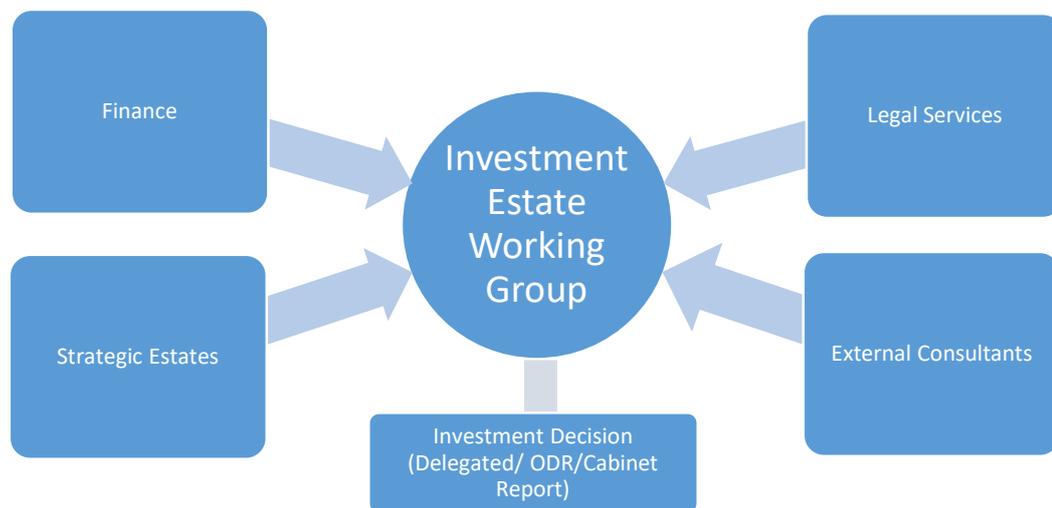


Fig 3: Diagram showing the governance arrangements of the Investment estate

7.4. Rental Income Target

The Council will seek to increase the rent collected from the Investment estate. The investment estate currently produces an income of just over £4m per annum. Over the past 5

year period, the organic rental growth seen within the portfolio averaged c.3.4% per year. In the absence of either materially expanding or reducing the capital base of the investment estate, it is considered reasonable and conservative to target a continuation of organic rental growth of 3% per annum for the portfolio. This would imply an overall income increase of c.15% or £600k over 5 years, with the rental growth achieved by a continuation of the existing commercial approach to lease events (i.e. re-gearing and reletting units at higher commercial market rents especially in the industrial sector) and in-built RPI increases on certain.

It is important the portfolio continues to be managed solely on commercial terms and under the principle that any capital receipt achieved from sale of an investment property, is ring-fenced into future investment estate acquisitions.

Target: Rental Income

Increase the portfolio income by £600k from £4m per annum to £4.6m by end of the strategy.

8. Capital Receipts

The delivery of capital receipts remains a critical objective to support the Council's capital programme

Capital Receipts are obtained principally through the sale of Council owned land and property. This is a consequence of the Council having considered all options through the asset management review process and ultimately determined that appropriation or freehold disposal is recommended as the best way for the Council to achieve its objectives.

Although the large-scale rationalisation of operational property was completed through the previous strategy, Hybrid working, One Planet Cardiff and changing service needs as the Council recovers from the impacts of COVID may result in land and property becoming surplus to requirements over the next five years. Subject to approval and assessment, surplus assets may present opportunities for appropriation or disposal and the realisation of capital receipts.

The receipts programme will also be heavily supported by the ongoing review of the Non-Operational portfolio, in particular the disposal of retail parades, which are subject to an ongoing rationalisation programme approved through the previous property strategy.

The Council will also continue to review all land to identify sites that are surplus to service requirements and appropriate for disposal. Any such opportunities identified require full consideration and due diligence, including discussions with local members. Land disposal proposals will continue to be worked-up on a case-by-case basis and opportunities presented in the form of a Cabinet report for Cabinet to consider. Any specific parcels of land that may be suitable for disposal will be considered as part of a business case to release investment to improve facilities. In all circumstances detailed proposals will be brought back to Cabinet for full consideration before proceeding.

The Council's Housing Revenue Account (HRA) programme will remain a significant contributor to the capital receipts target as land appropriations result in capital receipts into the general fund.

The capital receipt target will be monitored by collating the receipts from all land and property transactions (excluding the Investment portfolio) throughout the financial year.

8.1. General Fund Target - £40m

A revised Capital Receipts target was agreed by Cabinet in APP 2018/19. This target covers five financial years 2018/19 through to 2022/23. The objective is to deliver £40m General Fund capital receipts within the time period. All general fund receipts contribute to this target with the current position shown below:

Corporate Estate disposal programme	Year 1	Year 2	Year 3	Year 4 (Projected)	Year 5 (Projected)
	2018/19	2019/20	2020/21	2021/22	2022/23
In year total	£5.9m	£1.4m	£1.2m	£9.7m	£6.8m
Rolling TOTAL	£5.9m	£7.3m	£8.5m	£18.2m	£25m

Table 10: £40m Capital Receipt programme status.

£25m is projected to be delivered by the end of 2022/23 from within the Corporate Estate (non-SOP). The remaining £15m has been identified within the schools estate however the sites identified to generate these receipts are subject to separate processes and decision making. From a property perspective the sites align with the valuation expectations to meet the £15m target, however these transactions are currently not forecast to be delivered within the 2022/23 timescale.

8.2. Capital Receipts 2021-26

Further continuing the review of land and property established through the previous strategy and the £40m receipt programme, Strategic Estates will identify and deliver general fund capital receipts over the five year 2021-26 strategy period.

Corporate Estate disposal programme	Year 1	Year 2	Year 3	Year 4 (Projected)	Year 5 (Projected)
	2021/22	2022/23	2023/24	2024/25	2025/26
<i>In year total</i>	<i>£9.7m</i>	<i>£6.8m</i>	<i>£3m</i>	<i>£3m</i>	<i>£3m</i>

Table 11: Anticipated capital receipts profile 2021-26.

The first two years of the 2021-26 strategy period are already profiled as part of the £40m target timescale. The final three years of the strategy are projected to deliver circa £9m from the sale of surplus assets resulting from ongoing operational property reviews, retail disposals and land reviews.

Target: Capital Receipts

Deliver £25m general fund capital receipts by the conclusion of the strategy

9. Governance & Processes

9.1. Governance

The Director for Economic Development is the senior responsible officer for the strategy. County Estates lead on the transactional implementation of the Annual Property Plan, reviewing through the Cross Service Strategic Asset Group and the Cabinet Member for Development & Investment. Examples of key property related governance include:

- **Cross Service Strategic Asset Group**
Manage the implementation of the Corporate Property Strategy. Undertake actions, propose initiatives, deliberate property proposals.
- **Non-Operational Estate Working Group**
Manage the direction and performance of the Non-Operational Estate.
- **Investment Estate Working Group**
Manage the direction and performance of the Investment Estate.
- **Estates Programme Working Group**
Manage the programme of large scale / resource intensive property projects.
- **SOP Strategic Programme Group**
Manage the delivery of the SOP programme.
- **Social Services accommodation Working Group**
Manage the property requirements of the Council's Social Services departments
- **Ystadau Cymru - Cardiff & Vale Regional Group**
Cardiff Council, Vale of Glamorgan Council, Welsh Health Estates, Cardiff and Vale University Health Board, SW Police and SW Fire.

9.2. Partnership Working

Effective collaboration with public sector organisations to deliver mutual well-being objectives and partnership service provisions remains a key priority of the Council's strategic property management process. It is important that this process is supported via an agreed governance system that feeds through to the Public Services Board.

The COVID period has been a substantial challenge for all public organisations but has also resulted in new partnership projects and relationships that have been very successful - such as Testing and Vaccination centres as part of the COVID 19 response. These collaborative projects demonstrate what can be achieved through effective partnership working between public sector organisation.

Recent other examples of collaboration ongoing include the HUB programmes at Maelfa and Ely & Caerau phase 2 proposals.

There are opportunities for further strategic partnerships for example in newly emerging communities through the Local Development Plan. Governance is via:

- **Partnership Working Group**

Review, manage, propose and direct partnership property projects aligned with well-being objectives and mutual collaboration objectives. Cardiff Council, Cardiff and Vale University Health Board, SW Police and SW Fire.

9.3. Key Processes

Council constitution

Cardiff Council's Constitution sets out how the organisation conducts business and makes decisions. The constitution establishes the delegated authority decision process for the purchase, sale or appropriation of land. It defines the value of transaction that can be authorised by the Head of Estates, the Director of Economic Development and by Cabinet and also the time period those decisions need to be advertised for on the Council's website. The Council's legal obligation under section 123 of the local Government Act 1972 when disposing of land, including public open space disposal. Also the Welsh Government General Disposal Consent 2003 in regards to community orientated transactions contributing to economic, social or environmental wellbeing.

Disposal process

The disposal process describes the steps the Council progresses through when managing land and property that becomes surplus to service and then Council requirements. Ensures a corporately consistent approach applies to all Land and Property including HRA assets. The process provides a clear alignment to the Council's constitution and audit of decision making.

1. Land Declared surplus by managing service area.
2. County Estates undertake an initial assessment of alternative operational uses and other opportunities such as suitability for appropriation or disposal via lease or disposal of freehold.
3. Options are presented to the Cross Service Strategic Asset Group for consideration and recommendation.
4. Recommendations are presented to the Cabinet Member for Development & Investment for consideration.
5. Where agreed, recommendation is included as a proposal within the Annual Property Plan.
6. Annual Property Plan is presented to Cabinet for approval.

Inevitably the Council will be required on occasion to progress in year transactions that sit outside the annual APP publication timescales. The Director of Economic Development will approve transactions or where relevant seek approval from cabinet on a case-by-case basis.

10. Conclusion

The Council's Property estate serves a vital role in the provision of statutory and community services. It is a large and varied portfolio of land and property that benefits from a clear strategy setting out a framework for management and decision making.

New challenges that will lead to further review of the operational estate include One Planet Cardiff and Hybrid Working. Modernisation of the estate through planned preventative maintenance remains a priority that must be aligned with investment to implement Hybrid Working and One Planet Cardiff. Service need is central to the requirements of the operational estate and it is important the estate is managed in a dynamic way, able to respond to changing service need and enhance service delivery through provision of good quality environments.

The leased estate provides income from investment assets leased on commercial terms providing an important source of revenue to the Council. Non-operational leases provide opportunity for local community provision.

The strategy establishes new targets to track performance that will be reported to Cabinet annually via the Annual Property Plan.

Land and Property remains central to the strategic, financial and service delivery objectives of the Council.

10.1. Strategy Target Summary

The table below summarises the Corporate Property Strategy 2021-26 targets.

	Carbon Reduction	Programmed maintenance	Running Cost reduction	Capital Receipts	Rental income increase
Strategy target end 2021/26	5,543 tCO ₂ e	£45m	£6m	£25m	£600k
Strategy target end 2021/26 %	30%	100% of Priority 1	15%	n/a	n/a

Table 12: The Corporate Property Strategy 2021-26 targets

The nature of property transactions and property management dictates the delivery of the strategy targets will not be achieved through equal annual contributions. This is consistent with the previous strategy. Some years may have larger contributions to targets than other years with the exact forecasts and achievements being reported via the APP.

Although targets and achievements may vary from year to year, the objective is to deliver the strategy targets by the end of the five year strategy period.

11. Appendix

Appendix 1. Corporate Property Strategy 2015-20 Review

Corporate Property Strategy 2015-20 Review

In 2014 Cardiff Council published the Corporate Property Strategy (CPS) 2015-20. The strategy was developed to provide a Council wide framework for managing the estate, establishing new governance, a clear direction of travel, quantitative improvement targets and general themes to be pursued over the 5 year period.

Focussing primarily on the operational estate and excluding Housing and leased assets, the key points the strategy established included:

- i) All property to be considered as a Corporate asset
- ii) New governance was introduced in the form of Asset Management Working Group.
- iii) Property performance targets to be achieved by 2020 including:
 - Reduction of Gross Internal Area (floor space)
 - Reduction of Annual Estate Running costs
 - Reduction of Total Maintenance Backlog
 - Delivery of capital receipts
- iv) Introduction of the Annual Property Plan (APP), reporting progress on the targets each year to cabinet together with proposed property transactions for the coming year

All property to be considered as a Corporate asset

As identified in the Audit Wales 2014 report, Cardiff Council had an opportunity to adopt a more corporate, joined up approach to property management. Property in the Council portfolio is either owned or leased by Cardiff Council, however management is divided between responsible service areas. Audit Wales noted that service areas were clear on the property objectives of their managed area, but examples had been noted where service areas had acted in isolation and missed opportunities to deliver joined up mutually beneficial strategic projects.

The Corporate Property Strategy 2015-20 established that all property would be considered a corporate resource. This highlighted the need to resource a strategic asset management function in the Estates team to work across all service areas to understand service area requirements, share planned transactions, identify opportunities for strategic join up and undertake reviews of the operational estate.

New governance

To support the strategic approach and establish property as a corporate asset, new governance was established. Service Areas already had individual governance streams

relevant to property but there was not one group that had overall sight of proposed transactions. The Cross Service Strategic Asset Group was created to serve this function. The Working Group would consider the annual transaction list and propose options and recommendations on strategic projects for Cabinet consideration.

The Partnership Working Group was also introduced, chaired by Cardiff Council and attended by the Cardiff and Vale University Health Board, SW Police, SW Fire Service and other public sector partners depending on agenda. The purpose of the Working Group was to align cross partnership strategic property projects and devise new ways to work together on property matters that assisted delivery of the well-being objectives.

Property performance targets

To ensure performance towards the strategy objectives could be accurately measured and tracked, targets were introduced in four key areas. As the theme of the strategy was rationalisation, “Fewer, but better buildings” the targets were selected to support delivery of that objective.

1. Gross Internal Area Reduction

Introduced to track the decreasing size of the estate. Achieved through property sales, operational lease relinquishments, letting of operational property and demolitions.

2. Maintenance backlog reduction

Introduced to track the reducing maintenance backlog of the estate. Achieved through property sales, operational lease relinquishments, large scale repair works, letting of operational property and demolitions.

3. Running Costs reduction

Introduced to track the reducing running cost of the estate. Achieved through property sales, operational lease relinquishments, letting of operational property and demolitions.

4. Capital Receipts

Introduced to track all property disposals and all land and property sale receipts. Achieved through the disposal of land and property.

Introduction of the Annual Property Plan (APP)

To ensure performance against the targets was reported in a planned and consistent way, the Annual Property Plan (APP) was introduced requiring approval by cabinet each year. The APP records all property transactions from the previous year and all planned transactions for the coming year. In total 5 APPs were produced for each year of the property strategy plus a further 6th APP for the 2020/21 COVID impacted year.

The APP's 2015-20 showed all strategy performance targets were achieved and exceeded.

STRATEGY TARGET SUMMARY 2015-2020

	Building GIA (sqft) reduction	Maintenance Backlog reduction	Total Running Cost reduction	Capital Receipts received
Strategy target	1,172,351	£20,000,000	£5,000,000	£20,000,000
Strategy target %	15%	n/a	14%	n/a
Achieved	1,196,774	£20,516,519	£5,709,856	£35,845,939
Achieved %	15%	n/a	15%	n/a

Appendix Table 1. Corporate Property Strategy 2015- 2020 – all targets exceeded

