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## SUPPLEMENTARY PAPERS

<b>Committee</b>	POLICY REVIEW AND PERFORMANCE SCRUTINY COMMITTEE
<b>Date and Time of Meeting</b>	TUESDAY, 15 NOVEMBER 2022, 4.30 PM
<b>Venue</b>	CR 4, COUNTY HALL - MULTI LOCATION MEETING
<b>Membership</b>	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

- 4 Budget Monitoring month 6 2022/23**(Pages 3 - 36)  
Pre-decision scrutiny of the financial monitoring position at month 6 2022/23.  
To Follow.
- 5 Capital Programme 2022/23**(Pages 37 - 108)  
Pre-decision scrutiny of the Capital Programme position.  
To Follow.

**Davina Fiore**

**Director Governance & Legal Services**

Date: Wednesday, 9 November 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**

**15 November 2022**

**Budget Monitoring - Month 6 2022/23**

**Reason for the Scrutiny**

1. To update Members on the Council's financial monitoring position as at Month 6 of 2022/23. The position will be considered by Cabinet at its meeting on 17 November 2022.

**Structure of the Papers**

2. To facilitate the scrutiny the following appendices are attached to this report:

**Appendix A** – Cabinet report – Budget Monitoring – Month 6 2022/23,

Attached to the Cabinet report are the following appendices

- Appendix 1 – Revenue Monitoring Position
- Appendix 2 – Directorate Commentaries
- Appendix 3 – 2022/23 Budget Savings Position

**Background**

3. Members will be aware that this 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.

4. The report to Cabinet attached at **Appendix A** sets out the Revenue Position and the Capital Position. The Committee has requested an in-depth scrutiny of the Council's Capital programme position as part of its work programme 2022/23 and, as such, all questions on information referencing the Capital Programme will be taken in the following agenda item. The Appendices relevant to the Capital Programme therefore form part of the papers for agenda item 5. In this item Members are invited to focus on Revenue and reserve questions on the Capital Programme for item 5.

### **Revenue Budget**

5. Members are reminded that the budget was set by Council 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.
6. This report to Cabinet states that the Council faces unprecedented challenges to its financial resilience due to a combination of the legacy of the pandemic, energy pricing, pay pressures and the cost-of-living crisis.
7. An important development Members should note since the Month 4 monitoring position is that the NJC pay negotiations have been concluded, and the financial impact of the current pay award offer has been included in this Month 6 monitoring report. Across the UK pay awards in the current financial year are exceeding the Month 4 budgeted level of 3%. Therefore, this monitoring report has been updated to reflect the potential impact on the monitoring position based on the latest information.

- 8 For 2022/23, the National Joint Committee (NJC) collective agreement on pay is an uplift of £1,925 across all pay scales. In percentage terms, this is a 10.5 % increase at the bottom of the Council's pay spine, 4.3% at the top, and between 1.02% and 3.97% for senior officers. Note that the Independent Welsh Pay Review Body (IWRPB) has recommended a teachers' pay award of 5% in September 2022. The additional cost of this compared to the 3% that was budgeted is £1.5 million.
  
- 9 The month 6 2022/23 budget monitoring report attached at **Appendix A** states that, at this point, a net overspend of **£7.394 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 **£11.438 million** and a projected Capital Financing underspend of **£1.7 million**, a projected underspend in the Summary Revenue Account of **£0.344 million** and the **£2 million** general contingency budget. The impact of the pay award is £4.961 million and the comparable variance for Month 6 (exclusive of the pay award) is **£2.433 million** (at Month 4 the variance was £7.368 million).
  
- 10 The service areas predicting the most significant overspends at month 6 are Children's Services (£8.302 million), Education & Lifelong Learning (£6.224 million), and Economic Development (£2.618 million).
  
- 11 Members may wish to note the table at **point 11** 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**.
  
- 12 The overspends state the position 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. Since month 4 all services have reviewed opportunities to deliver further in-year efficiencies and savings totalling £3.323 million, have been taken into account in the overall projected position for Month 6. The report makes clear that work will

continue to deliver further in-year savings over the remaining months of the financial year. Importantly it states, *'there remains a focus on avoiding front line impact and taking efficiencies where opportunities arise but the financial challenge over the long term will not be achieved simply by efficiencies alone.'*

## **Savings**

13 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*. At month 6 2022/23 **£1.887 million** savings have already been achieved, and it is forecast that £240,000 of the £5.558 million will be unachieved.

## **Way Forward**

14 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 answer Members questions on the month 6 Revenue budget position.

## **Legal Implications**

15 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**

16 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 revenue position for month 6 2022/23
- ii. consider whether it wishes to make any observations, recommendations or requests to the Cabinet.

### **DAVINA FIORE**

Director, Governance & Legal Services

9 November 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: 17 NOVEMBER 2022**

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**BUDGET MONITORING – MONTH 6 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 September 2022 (Month 6) 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 of March 2022 with the key sources of funding underpinning the budget being the Revenue Support Grant (RSG) from Welsh Government, the amount forecast to be raised by Council Tax and other income sources including fees and charges 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 Council faces unprecedented challenges to its financial resilience due to a combination of the legacy of the pandemic, energy pricing, pay pressures and the cost-of-living crisis. 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.

5. The Month 4 monitoring position noted that the report did not include any assumptions over and above the already budgeted pay awards of 3% for 2022/23. With the NJC pay negotiations being concluded, the financial impact of the current pay award offer has been included in this Month 6 monitoring report.
6. As reported on the 20 October Cabinet, the 2023/24 Budget Update Report highlighted the possibility of pay inflation exceeding the 2022/23 budgeted levels for pay awards. Across the UK, sustained levels of high inflation have placed upward pressure on pay awards and this has resulted in pay offers in the current financial year that exceed the budgeted level of 3%. The Council is a service-driven organisation and therefore workforce costs are a key cost driver of internally provided services. With the NJC pay award for 2022/23 being agreed, this monitoring report has been updated to reflect the potential impact on the monitoring position based on the latest information.
7. For 2022/23, the National Joint Committee (NJC) collective agreement for pay has now been received (which encompasses most Council staff), is an uplift of £1,925 across all pay scales. In percentage terms, this is a 10.5 % increase at the bottom of the Council's pay spine, 4.3% at the top, and between 1.02% and 3.97% for senior officers. The additional cost of the potential NJC award compared to the 3% budgeted in 2022/23 is £4.961 million for Directorates and £3.20 million for Schools). The Independent Welsh Pay Review Body (IWRPB) has recommended a teachers' pay award of 5% in September 2022. The additional cost of this compared to the 3% that was budgeted is £1.5 million.

## **Issues**

### **Revenue Position**

8. The overall revenue position reported in the paragraphs that follow below comprises of projected variances, including any shortfalls anticipated against the 2022/23 budget savings proposals and any additional savings or efficiencies that have been identified during the year. The financial position also includes an anticipated cost of the pay award negotiations across each directorate. In order to provide a clear comparison between the Month 4 position and the Month 6 forecast, Appendix 1 sets out in detail the variance breakdown due to the pay award and those assumptions comparable to Month 4.
9. The overall monitoring position, as at Month 6, reflects a total projected net annual Council overspend of £7.394 million. The impact of the pay award is £4.961 million and the comparable variance for Month 6 (exclusive of the pay award) is £2.433 million (Month 4 £7.368 million).
10. The Directorate position is an overspend of £11.438 million (£11.253 million at month 4 without the pay award impact reflected). Offsetting this, there is a projected underspend of £1.700 million in relation to Capital Financing, a projected underspend against the Summary Revenue Account of £0.344 million and the £2 million general contingency budget.

11. The table below provides a summary of the overall position:

<b>Directorate</b>	<b>(£000)</b>
Corporate Management	(6,424)
Economic Development:	
Economic Development	2,618
Recycling & Neighbourhood	1,358
Education & Lifelong Learning	6,224
People & Communities:	
Housing, & Communities	(764)
Performance & Partnerships	(128)
Adult Services	(495)
Children's Services	8,302
Planning, Transport & Environment	224
Resources:	
Governance & Legal Services	539
Resources	(16)
<b>Total Directorate Position</b>	<b>11,438</b>
Capital Financing	(1,700)
General Contingency	(2,000)
Summary Revenue Account	(344)
<b>Total Net Council Position</b>	<b>7,394</b>

12. The table above indicates the continued pressure across several service areas in terms of budgetary performance and these are contributing to a significant overall projected overspend at Month 6. However, the overall position is comparable to Month 4 despite an additional cost of £4.961 million due to the impact of the 2022/23 pay award. The corrective action and additional savings identified by directorates has therefore already had an impact on the position. However more will be required over the remaining months of 2022/23 to achieve a balanced budget position.
13. 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 within 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. It has additionally dampened down income recovery given the squeeze on household budgets.
14. The specific overspends and underspends within each directorate's position are outlined in more detail within Appendix 2. In summary, the three most significant variances are noted below:

- a. **Economic Development** (+£2.618M) - The position exclusive of the pay award is an overspend of £1.806 million; an improvement of £1.054 million which includes additional in-year savings of £420,000. 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** (+£6.224M) - The position exclusive of the pay award is an overspend of £5.588 million; a deterioration of £164,000 compared to the month 4 forecast and inclusive of £273,000 additional identified in year savings. A key pressure contributing to this overspend is in relation to School Transport due to rising costs in fuel and driver supply combined with the increased number of pupils with additional learning needs requiring transport. There are also significant pressures in respect of out of area placements and school catering services, the latter being impacted by price increases in relation to food and transport costs combined with reduced income from paid school meals.
  - c. **Children's Services** (+£8.302M) - The position exclusive of the pay award is an overspend of £7.577 million; an improvement of £1.373 million compared to the month 4 report. The majority of this overspend remains 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.
15. 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 remains that £6.463M of this allocation is committed at Month 6 thus providing a level of resilience (£3.537 million) if further pressures emerge by the end of the financial year.
16. As reported in Month 4, within Children's Services an urgent programme of work has been established to seek to reduce spend and deliver improvements across a range of services linked specifically to the issue of external placements. The work currently undertaken has resulted in a review of higher cost placements and has looked to reduce the period of time those premises are occupied. The number and complexity of cases coming through combined with the inability of the market to provide placement solutions remains unprecedented at this time. The position continues to include 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 actions being taken to mitigate the position include focussed work on the following activities:

- 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
17. The position at Month 6 assumes use of £1.280 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 staff 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 the Children's Contingency for 2022/23 given targets are being met as set in the Council's Corporate Plan.
18. 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 continues to assume 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.
19. 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 on 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 £240,000 (4.3%) against the directorate savings target of £5.558 million. The £1.1 million of corporate savings are all projected to be achieved.
20. Given the continued pressure on the budget position, all services have reviewed opportunities to deliver further in-year efficiencies. These savings total £3.323 million, and have been taken into account in the overall projected position for Month 6. These savings, which are over and above those budgeted in March 2022, represent a first set of actions, and work will continue to deliver more over the remaining months of the financial year. There remains a focus on avoiding front line impact and taking efficiencies where opportunities arise but the financial challenge over the long term will not be achieved simply by efficiencies alone.
21. 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 the 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 at 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 6, only the underspend with respect to interest receivable has been factored into the position. The underspend continues to be 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. The position will continue to be monitored as the fiscal landscape evolves and further adjustments to forecasts will be made when identified.

22. 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.
23. 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 £1.280 million has been drawn down from the £2.150 million contingency budget held for meeting the additional costs arising from a reduction in agency staff as referenced earlier in the report. This leaves £0.870 million for any further demand in Children's Services and the risk of increasing external residential placements for the remainder of this year.
24. 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 £656,000 despite the potential impact of a higher than anticipated pay award increase of approximately £1 million. 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 unavoidable future commitments. The Civil Parking Enforcement position reflects an in-year surplus of £5.371 million compared to the budgeted surplus of £5.696 million, reflecting income below target. The Cardiff Harbour Authority is projecting a balanced position with increased cost pressures for dredging and barrage maintenance offset by other managed underspends. Within this position, the Asset Renewal budget is anticipated to be fully spent in line with the revised work schedule.

## **Capital**

25. The Council on 3<sup>rd</sup> 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 £298.142 million

to include actual slippage reported at outturn, incorporation of new grant approvals and confirmation of actual grant awards.

26. The sections below indicate a forecast position for 2022/23 for the General Fund and Public Housing.

#### General Fund

27. The projected outturn for the year is currently £148.053 million against a total programme of £223.532 million with a variance of £75.479 million, which is predominantly slippage. Expenditure at the end of Month 6 was £57.238 million which represents circa 38% of the projected outturn, however there are several large expenditure items which are anticipated to progress during the latter part of the year.

#### Capital Schemes Update

28. Delivery of capital projects is complex, they may span a number of years and are 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.
29. 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.
30. It remains important that directorates continue to allocate sufficient capacity and resource to ensuring projects progress in line with the timescales intended and robust business cases continue to be essential with a focus on approved schemes within the existing capital investment programme.
31. 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 and confirmation of terms and conditions may mean late changes in programme and projections.
32. The impact on the capital programme of relevant proposals agreed will be updated in the next monitoring report. 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 the switching of Council resources and early discussion with grant funding bodies should be undertaken to ensure that approved grants can be used in full.
33. Further detail on progress against significant capital schemes included in the programme is included in Appendices 4 and 5 to this report.

## Capital Receipts

34. 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.
35. 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. In respect of Earmarked Receipts, a deposit has been received for the disposal of Merchant House/Cory's buildings.
36. The Capital investment programme also includes several major development projects which assume that capital receipts are earmarked to pay towards initial 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 significant risk of both abortive costs and to the level of borrowing and should be incurred on certainty of receipts and an approved business case.

## Public Housing (Housing Revenue Account)

37. The Programme for the Housing Revenue Account (HRA) is £74.610 million, and expenditure of £76.150 million is forecast, requiring budget of £1.540 million to be brought forward, primarily because of accelerated spend on the re-cladding of Lydstep Flats. Expenditure at the end of Month 6 was £35.849 million which represents circa 47% of the projected outturn.
38. Against an original allocation of £2.650 million, a total of £2.700 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 is dependent on progress on site and receipt of acceptable tenders on schemes such as Trowbridge Green.
39. Expenditure on building improvements is projected to be £26.975 million for the year, against a budget of £19.150 million. The variance is in large part due to the Lydstep Flats re-cladding 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.



40. 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.
41. Expenditure on the development of new housing over several sites during the year is currently projected to total £43.775 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.
42. 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. However, progress on these sites is currently stalled as a result of the appointed contractor falling into administration. Alternative options to ensure the sites are re-started and completed at pace are being considered in parallel with legal requirements. 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.
43. Cabinet considered a report in July 2022 for a scheme to meet urgent housing need and meanwhile use of the Gas Works site in Grangetown, prior to its permanent redevelopment. In advance of entering into a construction contract, a letter of intent has been approved by delegation to avoid delay and secure modular home supplies and services. With a revised and increased cost estimate of £37 million since the Cabinet Report, the costs of the scheme are to be updated further prior to entering into a full contract. Whilst Welsh Government grant has been approved in principle, formal confirmation is awaited, with all external grants expected to meet at least 50% of the initial estimated cost and the balance assumed from Council borrowing. The expenditure projection for 2022/23 initially assumes £13 million of expenditure in the year.
44. The construction market continues to face the impact of supply shortages, financial difficulties and rising material prices, resulting in increases in costs for developments and challenges finding suitable suppliers. There are also significant pressures and demand for affordable housing as considered by Cabinet in the July report. Cabinet will also consider options for a new Housing Partnership to mitigate some of these risks and to speed up development of future sites.

45. 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. Given cost increases across other planned sites, external grant funding sources are being actively pursued to make developments viable and to ensure commitments funded by borrowing in the HRA remain affordable and sustainable given wider revenue budget pressures as a result of inflation impacts. Grant awards and agreed changes in terms and conditions to allow flexible use of funding to meet emerging priorities will be updated as part of future monitoring reports and in the update of the 2023/24 HRA Business Plan and Medium-Term Financial Plan.

### **Reasons for Recommendations**

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

### **Legal Implications**

47. 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**

48. There are no HR imps that arise directly from this report. However, the HR implications that were set out in the Budget 2023/24: Update Report of 20<sup>th</sup> October 2022 continue to apply to any in year savings that may be required.

### **Property Implications**

49. There are no further specific property implications in respect of the Budget Monitoring Month 6 2022/23 Report. During the second quarter, the Strategic Estates Department continued 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.
50. The report highlights in-year financial pressures within Strategic Estates and the service area continues to work closely with Finance colleagues to identify in-year and future mitigations, as well as 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 relevant service areas.

## Financial Implications

51. In summary, this report outlines a projected Council net overspend of £7.394 million at Month 6 of the 2022/23 financial year. The overspend has incorporated pay award implications which were not considered for the reported Month 4 position. If the pay award was not added to the position, the overspend from Month 4 to Month 6 would have reduced by £4.935 million.
52. The overspend of £7.394 million is after the offset of £2 million General Contingency. If an overspend at 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 £6.861 million in such a circumstance but this level would be considered unsustainable. However, between Month 6 and the financial year end, every effort will continue to be made to reduce the overspend to a balanced position or to identify other sources of funding such as earmarked reserves which will provide some form of financial resilience. In addition, £3.537 million of the £10 million Covid Recovery budget has been retained in the event of any further financial pressures appearing. This position will be reviewed and updated in later monitoring reports.
53. Because of this risk, it remains important that directorates retain a focus on their financial positions and ensure that tight financial controls are in place over the remainder of this financial year, that overspends do not worsen and, if possible, are further 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 levels of earmarked reserves.
54. In relation to the 2022/23 Capital Programme, a variance of £75.479 million is currently projected against the General Fund element, predominantly in relation to slippage against schemes. In terms of the Public Housing programme, whilst some projects are spending in advance of expectations such as Lydstep Flats, delays in planned new build housing sites are offset by approvals by Cabinet for short term meanwhile use to meet housing demand. Overall, funding from later years of £1.540 million is assumed to be brought forward.
55. 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. 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.
56. 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 any commitments which would continue to increase the Council's borrowing requirement and 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 6 2022/23.
2. Note the capital spend and projected position at Month 6 2022/23.

<b>SENIOR RESPONSIBLE OFFICER</b>	<b>CHRISTOPHER LEE</b>
	Corporate Director Resources <i>DATE: 2 November 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 Summary
- Appendix 5 - General Fund Capital Schemes Update

Appendix 1

Directorate	CASH LIMIT BUDGETS			PROJECTED OUTTURN			VARIANCES			MEMORANDUM	
	Expenditure	Income	Net	Expenditure	Income	Net	Expenditure	Income	Net	Pay Award over Original Estimate	M6 excl Pay impact*
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Corporate Management	37,598	(101)	37,497	31,968	(895)	31,073	(5,630)	(794)	(6,424)	0	(6,424)
Economic Development	48,300	(38,417)	9,883	48,445	(35,944)	12,501	145	2,473	2,618	812	1,806
- Recycling & Neighbourhood Services	47,818	(11,173)	36,645	50,936	(12,933)	38,003	3,118	(1,760)	1,358	691	667
Education & Lifelong Learning	368,916	(58,400)	310,516	382,849	(66,109)	316,740	13,933	(7,709)	6,224	636	5,588
People & Communities											0
- Communities & Housing	260,587	(211,670)	48,917	261,110	(212,957)	48,153		(1,287)	(764)	346	(1,110)
- Performance & Partnerships	9,020	(5,611)	3,409	9,598	(6,317)	3,281	578	(706)	(128)	136	(264)
- Social Services - Children's Services	90,804	(9,720)	81,084	105,223	(15,837)	89,386	14,419	(6,117)	8,302	725	7,577
- Social Services - Adult Services	164,340	(30,960)	133,380	164,014	(31,129)	132,885	(326)	(169)	(495)	646	(1,141)
Planning, Transport & Environment	57,759	(49,863)	7,896	58,737	(50,617)	8,120	978	(754)	224	327	(103)
Resources											0
- Governance & Legal Services	8,280	(1,331)	6,949	9,127	(1,639)	7,488	847	(308)	539	72	467
- Resources	32,561	(15,374)	17,187	33,890	(16,719)	17,171	1,329	(1,345)	(16)	570	(586)
Capital Financing etc.	40,331	(6,022)	34,309	39,131	(6,522)	32,609	(1,200)	(500)	(1,700)		(1,700)
General Contingency	2,000	0	2,000			0	(2,000)	0	(2,000)		(2,000)
Summary Revenue Account	13,637	0	13,637	13,766		13,766	129	0	129		129
Discretionary Rate Relief	400	0	400	410		410	10	0	10		10
<b>Sub-Total</b>	<b>1,182,351</b>	<b>(438,642)</b>	<b>743,709</b>	<b>1,209,204</b>	<b>(457,618)</b>	<b>751,586</b>	<b>26,853</b>	<b>(18,976)</b>	<b>7,877</b>	<b>4,961</b>	<b>2,916</b>
Council Tax Collection	0	0	0	0	(483)	(483)	0	(483)	(483)		(483)
<b>Total</b>	<b>1,182,351</b>	<b>(438,642)</b>	<b>743,709</b>	<b>1,209,204</b>	<b>(458,101)</b>	<b>751,103</b>	<b>26,853</b>	<b>(19,459)</b>	<b>7,394</b>	<b>4,961</b>	<b>2,433</b>

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## **Appendix 2 – Directorate Commentaries Month 6 2022/23**

### **Corporate Management (£6.424 million)**

1. The Corporate Management position brings in £6.463 million of the Covid-19 contingency budget to offset pressures included in the monitoring positions of other directorates, where these are linked to the cost-of-living crisis or the prolonged impact of the Covid-19 pandemic on additional costs and income loss. The position maintains £3.537 million of the Covid-19 budget in recognition of the risk of further emerging pressures, as the impact of the cost-of-living crisis continues to evolve. Setting the Covid-19 contingency budget aside, the position on Corporate Management has increased by £50,000 since month 4, linked to the recent notification of additional coroner contribution costs for 2022/23.

### **Economic Development +£2.618 million**

2. The Economic Development directorate is forecasting a net £2.618 million overspend. This includes pay award funding of £783,000 towards full costs estimated at £1.595 million.
3. The month 6 forecast exclusive of the pay award is an overspend of £1.806 million; an improvement of £1.054 million which includes additional in-year savings of £420,000.
4. Culture, Venues and Events functions report a potential deficit of £1.752 million. This is made up largely of income shortfalls at Cardiff Castle (£967,000), City Hall Functions (£352,000), 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 pre-pandemic levels with rising inflation impacting on consumer spending. Larger functions bookings that have a longer lead in time have not all rematerialised, plus university exams are being held within house, instead of using City Hall as before.
5. Property Services report an overspend of £529,000; an improvement of £77,000 compared to Month 4. This includes a £105,000 shortfall in disposal fees, a £103,000 shortfall within investment and non-operational estate income (including a £72,000 reduction in St David's 2 rental income) of £503,000. partially offset by underspends in employees and staffing recharges above target.
6. Sport, Leisure & Development is reporting a potential £141,000 overspend (an improvement of £131,000 since month 4). The largest factors remain income shortfalls at CIWW, in some part due to the closure of the Flowrider on building safety issues, and at the Channel View centre. These variances are partly offset by a £50,000 underspend in relation to the policy growth item for Youth Sport Inclusion officers (albeit now being delivered via Cardiff Met). In addition, income above target of £45,000 is reported for landscape design and at the Motocross site with savings at the now closed Canton Community Centre amounting to £39,000.

7. Within Major Projects, a £187,000 overspend is linked to the expiry in October of the NHS lease at the Toys R Us site, after which the Council will be responsible for 2022/23 holding costs of £117,000 (NNDR rates, security etc).
8. In addition, the position includes circa £70,000 of unbudgeted expenditure relating to funding of a project manager post and internal support recharges.
9. Facilities Management is reporting a substantial improvement compared to Month 4, reflecting the outcome of two comprehensive reviews. An assessment of existing and future contract values managed by Building Services are now estimated to yield a trading surplus of over £1 million which could increase depending on the delivery and completion of schemes. Offsetting this, energy costs are now forecasting an overspend of £826,000, an increase of £475,000.
10. All other divisions within Economic Development are projecting balanced or underspend positions for 2022/23.
11. The original 2022-23 savings target for Economic Development was £498,000. There is mixed progress to date with £388,000 considered achievable. Targeted savings of £110,000 are currently projected to be unachievable in 2022/23. These are linked to a reduction in agency and employee costs at Cardiff Castle (£30,000), whilst only £30,000 of the targeted £110,000 increase in Estates income is currently projected.
12. With regard to the additional in year savings proposals put forward by the directorate £420k are projected as achievable, with £17k of the Workshops increased income target now considered unachievable due to changes in tenancies.
13. A 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 £452,000 either linked to plans in place or anticipated to be in place imminently. A partial underspend of £292,000 in 2022/23 is largely due to delays in staff recruitment.

### **Recycling & Neighbourhood Services +£1.358 million**

14. This service is forecasting a net £1.358 million overspend. This includes pay award funding of £621,000 towards full costs estimated at £1.312 million.
15. The month 6 forecast exclusive of the pay award is an overspend of £667,000; a net deterioration in the position of £278,000 compared to month 4. This reflects a significant reduction in the forecast for income from the sale of recyclates, partly mitigated by a reduction in waste processing costs.
16. The position also includes additional in-year savings of £318,000 which the Directorate were asked to identify as part of the wider pressures on the Council's budget.



17. There are currently no assumptions within the position regarding recourse to the Waste Reserve or the use of the contingency provision for fluctuations in volumes and material type.
18. The Policy Growth and FRM allocations to fund various waste and cleansing initiatives will be fully spent.
19. The Service is projected to achieve the full £262,000 budgeted savings for 2022/23.
20. Significant pressures are evident in Collections with a further overspend in Environment Enforcement.
21. There are substantial underspends in Waste Disposal and Recycling Treatment with further savings in Waste Strategy, Management and Support and Street Cleansing. A balanced position is forecast in Trade Waste.
22. The Collections overspend is £1,608,000. This reflects several factors including higher staff costs caused by greater levels of sickness and overtime and increased vehicle costs, in particular the inflationary impact of fuel. In addition, there are further costs associated with the evolving and proposed expansion of the segregated recycling trial and increased costs of hiring diesel generators for the electric RCV's while the charging infrastructure is set-up- delays have led to an increase of £68,000 over the estimate.
23. The overspend in Environmental Enforcement is £101,000 caused by a short-term extension to temporary staff contracts until a proposed restructure is introduced.
24. Waste Disposal is forecasting an underspend of £534,000 reflecting lower processing costs because of reduced volumes of residual waste.
25. Recycling Treatment is reporting an underspend of £264,000 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 there is evidence of a significant downturn emerging particularly in the plastics and paper markets. This is having a detrimental impact on expected income levels which could worsen during the year and beyond. The current projection is based on existing income levels and likely scenarios for the remainder of the year.
26. There is a further underspend of £136,000 in Waste Strategy and £66,000 in Management & Support due to the holding of vacant posts and an uncommitted project budget. In addition, Street Cleansing is reporting an underspend of £42,000 reflecting increased income.

## **Education & Lifelong Learning +£6.224 million**

27. The month six position for the Education & Lifelong Learning directorate reflects an overspend of £6.224 million. This includes funding of £481,000 for the potential pay award (inclusive of £200,000 from the Catering earmarked reserve). The full cost of the pay award is currently estimated at £1.117 million, excluding grant funded and non-central posts.
28. The position exclusive of the pay award is an overspend of £5.588 million; a deterioration of £164,000 compared to the month 4 forecast and inclusive of £273,000 additional identified in year savings.
29. 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 in response to the recent fuel price increases. This position includes use of ALN covid grant (£484,000) and 2021/22 WLGA grant funding (£594,000).
30. Out of Area Placements are forecasting an overspend of £1.113 million due to an increase in provision required from 245 to 289 pupils in year, this position includes use of £848,000 ALN grant.
31. Services to Schools includes an overspend of £1.448 million on Schools Catering Services due to price increases relating to food and transport costs as well as reduced income from paid school meals.
32. The Music Service is projected to be overspent by £95,000 due to salary costs exceeding billable income. This position includes full utilisation of £1.6 million of grant funding.

## **Planning, Transport & Environment +£224,000**

33. Planning, Transport and Environment report an overspend of £224,000. This includes pay award funding of £494,000 towards a full cost estimated at £821,000.
34. The Month 6 position exclusive of the pay award is an underspend of £103,000. This is an improvement of £533,000 compared to Month 4 following the inclusion of £537,000 in-year savings which, the Directorate were asked to identify in response to the wider Council financial pressures.
35. 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.
36. The position includes the impact of inflation on energy and fuel estimated at £275,000.

37. Highway Infrastructure is forecasting an overspend of £193,000 reflecting inflationary increases for electricity and fuel plus a funding shortfall for the Winter Maintenance programme. The benefits from the installation of LED street lighting and additional commuted sums funding have helped to partly mitigate the pressures.
38. An anticipated shortfall in planning fees, partly offset by additional property search fees is forecast to result in an overspend of £229,000.
39. Transport is forecasting an overspend of £9,000 reflecting the additional cost of providing Hostile Vehicle Mitigation measures and an income shortfall in Street Work activities. These have been largely offset by a saving following the cessation of the Parking Sensors contract.
40. Energy Management are forecasting a surplus of £422,000 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.
41. Bereavement, Registration & Dogs Home are reporting a surplus of £47,000 reflecting an increase in Registration income.
42. Further savings of £65,000 are forecast in Management and Support Services through in-year and retention of vacant posts.

#### **Performance & Partnerships (£128,000)**

43. Performance and Partnerships is projecting an underspend of £128,000. This includes funding of £90,000 for the pay award towards an estimated full cost of £226,000.
44. The position exclusive of the pay award is an underspend of £264,000 which incorporates £105,000 additional in year savings and is an improvement of £183,000 compared to the reported month 4 position.
45. The underlying underspend within Performance and Partnerships relates to a level of in-year vacancies linked to the timing of a restructure, together with the over-achievement of income targets in areas such as the Cardiff Research Centre and Bilingual Cardiff.

#### **Housing & Communities (£764,000)**

46. The Housing & Communities directorate is reporting an underspend of £764,000. This position includes pay award funding of £497,000 towards the full costs currently estimated at £843,000.
47. The month 6 forecast exclusive of the pay award is an underspend of £1.110 million; an improvement of £793,000 on the position reported at month 4 and which includes in year savings of £542,000.

48. The position comprises overspends totalling £286,000 across Business Performance and Support (£210,000, Housing Strategy and Service Development (£54,000) and Hubs & Community Services (£22,000). These variances are offset by underspends totalling £1.396 million across all other areas of the service.
49. The Business Performance and Support overspend of £210,000 relates mainly to PPE distribution costs across the authority which are currently under review.
50. The £54,000 overspend within Housing Strategy and Service Development relates to earlier delays in a planned restructure which has now been completed.
51. A Hubs and Community services net overspend of £22,000 is linked to overspends of £209,000 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. These are partly offset by in year savings of £187,000 across Hubs and Day Opportunities and Learning for Life relating to staff recharges and employee savings.
52. Within Advice and Benefits, an underspend of £776,000 is reported which includes £215,000 in-year savings identified by the service area. The position also includes an underspend of £259,000 within Into Work Services following the award of the Young Persons Gateway grant as FRM funding allocated to support the original grant fallout is no longer required. The remaining £302,000 underspend relates mainly to net administration income from various cost of living support schemes, including the extended Free School Meal Holiday scheme and minor employee savings.
53. Homelessness and Hostels are reporting an underspend of £98,000 as a result of additional grant funding and a planned restructure at the gypsy & traveller sites and security savings at the Housing Options centre.
54. Within Neighbourhood Regeneration, an underspend of £184,000 is reported following delays to the planned restructure which is currently assumed to be in place by 1<sup>st</sup> October. This position includes a further in year saving of £37,000.
55. Housing Projects are reporting an underspend of £240,000 owing to delays in the planned restructure which is also expected to be in place by 1<sup>st</sup> October. This position includes a further in year saving of £64,000.
56. Early Help and Partnership and Delivery are both reporting underspends of £73,000 and £25,000 respectively as a result of the maximisation of available grant income realising additional in year savings.

### **Adult Services (£495,000)**

57. Adult Services is projecting an underspend of £495,000 at Month 6. This includes pay award funding of £892,000 towards the full costs which are estimated at £1.538 million.

58. The position exclusive of the pay award is an underspend of £1.141 million; an improvement of £1.017 million and which incorporates £915,000 additional in year savings.
59. An overspend of £235,000 on commissioned care is offset by a £1.376 million underspend on Internal Services.
60. The position on commissioned care comprises overspends in Older People (£129,000), Mental Health (£226,000) Substance Misuse (£280,000) and Physical Disabilities (£132,000). These are partially offset by a projected £532,000 underspend on Learning Disabilities. 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.
61. 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, Physical Disabilities and Mental Health overspends, with the partial achievement of in-year savings a further factor in relation to the latter.
62. The £1.376 million underspend on Internal Services is a combination of Assessment and Care Management (£535,000), Reablement and Independent Living (£423,000) and Support & Performance Management (£581,000). These variances are partially offset by a net £163,000 overspend in Internal Learning Disability Services, largely attributable to the delayed implementation of a 2021/22 saving proposal. The underspends in all other areas of Internal Services reflect a level of vacancies, grant maximisation and the fact that funds allocated to support the restructure will only be partly used in the current year.

### **Children's Services +£8.302 million**

63. Children's Services is currently projecting an £8.302 million overspend. This includes pay award funding of £827,000 towards full costs estimated at £1.552 million.
64. The position exclusive of the pay award is an overspend of £7.577 million; an improvement of £1.373 million compared to the month 4 report.
65. The majority of this overspend (£5.980 million) relates to residential placements, which includes a net savings target of £2.643 million. Currently there are 105 ongoing external residential placements, a reduction of 5 since the month 4 monitoring report. Work continues to step down placements where appropriate, but additional demand has resulted in placement numbers remaining high.
66. The external fostering budget is reporting a £1.050 million underspend. The number of current external fostering placements has reduced since month 4,

and the increase in projected outturn is due to fee uplifts and costlier new placements.

67. Children's Services are required to commission additional bespoke placements and support packages due to the complexity of needs and a shortage of spaces available in the residential market. These costly arrangements are included in the position as a further overspend within the directorate to the sum of £4.898 million; an increase of £814,000 since month 4. During the financial year, there have been 46 of these placements to date, of which 20 are currently active cases. Of the active cases, 9 have been commissioned since month 4 at a projected outturn of £0.599 million. These projections are based on current numbers and costs assumed for the remainder of the year unless step down is guaranteed. This area is monitored closely on a case-by-case basis and prioritised for step down when appropriate.
68. The position at Month 6 assumes the use of £1.280 million of Children's Services contingency budget to offset the cost differential of agency staff compared to permanent establishment staff, which are required due to ongoing difficulties in recruiting permanent staff members. A further £2.5million drawdown from reserves is assumed to fund agency staff, which are required due to continued pressures on the services deriving from the pandemic. Several external grants bids have been made and, if successful, related awards will be brought into the monitoring position as funding is confirmed.

### **Governance & Legal Services +£539,000**

69. Governance and Legal Services report an overspend of £539,000. This includes pay award funding of £147,000 towards full costs estimated at £219,000.
70. The position exclusive of the pay award is an overspend of £467,000; a £67,000 deterioration compared to the Month 4 report. An increased overspend in Legal Services (now £521,000) is primarily due to unbudgeted locum solicitor costs of £417,000 and unachieved external income targets. This is offset by an underspend within Democratic Services due to the holding of vacant posts.

### **Resources (£16,000)**

71. The Resources month 6 position indicates an underspend of £16,000. This includes pay award funding of £912,000 towards full costs estimated at £1.482 million.
72. The forecast exclusive of the pay award impact is an underspend of £586,000 which incorporates £213,000 of additional in-year savings and is an improvement of £381,000 when compared to Month 4.
73. Underspends are anticipated against Finance (£286,000), HR (£328,000) and Commissioning and Procurement (£5,000), primarily due to holding vacant posts for the remainder of the financial year.

74. The Chief Digital Officer is reporting a much reduced overspend position of £33,000 (£145,000 at Month 4) again through savings associated with vacant posts along with a reduction in forecast spend on ICT.

### Cardiff Harbour Authority - Balanced

75. For the current year, the Council worked with the Welsh Government to identify budget pressures around increases in material costs, contractor and energy prices as well as historical shortfalls in service level agreement budgets. In addition, work has been carried out to identify future obsolescence and compatibility issues with existing systems and equipment requiring upgrades or replacement.
76. 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.
77. The forecast at the end of quarter one indicates a funding requirement of £5.921 million, representing a full spend of budget.

Cardiff Harbour Authority	Budget £'000	Outturn £'000	Variance £'000
Expenditure	6,332	6,369	(37)
Income	958	995	37
<b>Fixed Costs</b>	<b>5,374</b>	<b>5,374</b>	<b>0</b>
Asset Renewal	547	547	0
<b>Total</b>	<b>5,921</b>	<b>5,921</b>	<b>0</b>

78. 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.
79. The estimated additional impact of the proposed 2022/23 pay award, above the 3% budgeted amount, is anticipated to be accommodated within other underspends, although this will be subject to review once actual costs are known.
80. Increased income against target is forecast on car parking. This forecast will be updated as more information becomes available over the coming periods.

81. 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.
82. 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 at 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 +£325,000

83. 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.
84. The budget was set using various assumptions and scenarios. The table below provides a summary of the budget and projected outturn position.

Civil Parking Enforcement	Budget £'000	Outturn £'000	Variance £'000
<b>Income</b>			
On street car parking fees	4,839	3,970	869
Off street car parking fees	1,092	1,066	26
Resident's parking permits	473	470	3
Penalty charge notices	1,933	2,289	(356)
Moving Traffic Offences (MTO's)	4,050	4,200	(150)
Other Income	48	66	(18)
<b>Total Income</b>	<b>12,435</b>	<b>12,061</b>	<b>374</b>
<b>Expenditure</b>			
Operational costs, parking & permits	597	619	22
Enforcement service including TRO	6,142	6,071	(71)
<b>Total Expenditure</b>	<b>6,739</b>	<b>6,690</b>	<b>(49)</b>
<b>Annual Surplus / (Deficit)</b>	<b>5,696</b>	<b>5,371</b>	<b>325</b>

85. The current projection indicates an annual trading surplus of £5.371 million. This is £325,000 lower than the budget reflecting lower income from car parking fees, partly offset by reduced operating costs.
86. Income is forecast at £12.061 million which is £374,000 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.

87. The lower expenditure of £49,000 reflects a reduction in loan repayments for invest to save schemes following full repayment in the previous financial year. The position also reflects the assumed cost of the 2022/23 staff pay award.
88. The surplus of £5.371 million is transferred to the Parking and Enforcement Reserve and available to support highway, transport and environmental improvements.
89. The table below illustrates the forecast position in the reserve:

<b>Parking &amp; Enforcement Reserve</b>	<b>£'000</b>
<b>Balance 1<sup>st</sup> April 2021</b>	<b>1,985</b>
Contribution from CPE	5,371
<b>Total Available</b>	<b>7,356</b>
Contribution to support revenue budget	(5,935)
Approved project support and initiatives	(581)
Additional support	(183)
<b>Balance 31<sup>st</sup> March 2023</b>	<b>657</b>

90. The brought forward balance in the reserve is £1.985 million. The CPE forecast indicates a surplus of £5.371 million. The contribution to the revenue budget to fund infrastructure maintenance and improvements is £5.935 million.
91. 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 £657,000.

### **Housing Revenue Account (£656,000)**

92. The Housing Revenue Account (HRA) is projecting a potential surplus of £656,000, with underspends on housing repairs, capital financing costs and vacancy savings partly offset by inflationary pressures and other increased costs.
93. This position now includes the indicative impact of the proposed 2022/23 employee pay award, currently estimated at £1.1 million. The full impact of the award once agreed and implemented will be set out in future reports.
94. A major variance is in relation to premises costs overspends at the community hubs and hostels/other accommodation with forecasts for utility costs (estimated at £792,000 above budget) reflecting the current market and corporate purchasing arrangements.

95. 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.
96. Rent and service charge income is also assumed to be above target due to lower than forecast void rent loss.
97. Employee savings exclusive of the impact of the pay award across the functions are estimated at £473,000.
98. The Housing Repairs Account is now forecasting a £637,000 underspend. Contractor issues have resulted in an underspend estimated at £431,000 for external printing.
99. Electrical testing works are also forecasted to be underspent by £281,000 with the capitalisation of works here due to the extensive nature of the works required contributing to this position. Other variances include underspends on responsive repairs estimated at £273,000 and management and administration vacancy savings of £185,000. These underspends are partly offset by overspends on void property repairs estimated at £499,000 and disabled facilities grant works of £34,000.
100. Based on week 26 statistics, standard rent and service charge income are forecasted at £649,000 above target. This is mainly in relation to a lower than budgeted void rent loss, a reduced bad debt provision requirement and rental and service charge income above target.
101. Hostels and other accommodation income include a forecast above budget of £102,000. A Housing Support Grant shortfall of £185,000 is offset by additional and unbudgeted WG No-One Left Out grant funding.
102. The balance of the overall variance is mainly due to underspends on supplies and services.
103. The position currently assumes drawdowns from earmarked reserves in the region of £4.7 million to fund capital spend in year including a contribution towards the Lydstep Flats cladding scheme and the buybacks programme. This may change depending on the overall capital programme progress and availability of any grant funding.
104. There are a number of forecasts which are subject to change due to their nature and the number of variables. These will need to be reviewed in detail over the coming months.
105. The surplus is assumed at this stage to transfer to earmarked reserves as appropriate to further improve financial resilience and to offset future year' 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	<b>Past Service Contributions</b> 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.
<b>Corporate Management Total</b>			<b>49</b>	<b>0</b>	<b>0</b>	<b>49</b>	<b>12</b>	<b>49</b>	<b>0</b>	
Economic Development	ECD E1	<b>Electricity efficiency saving</b> A 10% efficiency in electricity usage in County Hall and City Hall.	0	58	0	58	29	58	0	Quarter 1 indicates that the efficiency of usage target can be achieved compared to 2019/20.
	ECD E2	<b>Building Maintenance efficiency saving</b> Efficiency in building maintenance at County Hall and City Hall.	0	82	0	82	0	82	0	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	<b>Cardiff Castle</b> 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	<b>Shared Regulatory Services</b> 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	<b>Culture, Venues and Events</b> Efficiencies across the division - printing, stationery etc.	0	5	0	5	2	5	0	Projected to be fully achieved
	ECD E6	<b>Staffing Efficiencies in Sports and Leisure</b> 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	<b>Increase in Income - Workshops</b> Review of income target in line with levels of income currently being achieved.	0	0	37	37	16	37	0	Projected to be fully achieved
	ECD I2	<b>Increase in Income - Property Estates</b> 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	<b>Parks Management / Operations Restructure.</b> Expanding income generation activities alongside a staff restructure within management and operational staff to meet service demands.	(25)	0	45	20	10	20	0	Projected to be fully achieved
	ECD I4	<b>Increase in income - Outdoor Sport and Cardiff Riding School</b> Income budget increase in line with anticipated revenue from increase in fees and charges for 2022/23.	0	0	11	11	6	11	0	Projected to be fully achieved
	ECD I5	<b>Increase income - Landscape Design Service</b> Increase fee earning target for the Parks Design Function	0	0	9	9	5	9	0	Projected to be fully achieved
<b>Economic Development Total</b>			<b>55</b>	<b>231</b>	<b>212</b>	<b>498</b>	<b>157</b>	<b>388</b>	<b>110</b>	
Recycling & Neighbourhood Services	RNS E1	<b>Cleansing, Enforcement &amp; Strategy Redesign</b> 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	<b>Realign Income Budgets</b> 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	<b>Review of existing income targets - Cleansing</b> 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.
<b>Recycling and Neighbourhood Services Total</b>			<b>60</b>	<b>0</b>	<b>202</b>	<b>262</b>	<b>103</b>	<b>262</b>	<b>0</b>	
Education	EDU E1	<b>Further reduction in number of private early years placed purchased</b> 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	<b>Continued vacancy management</b> 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	<b>SOP Programme</b> 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	<b>Use of LA Annex funding from Central South Consortium</b> 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.
<b>Education Total</b>			<b>230</b>	<b>35</b>	<b>45</b>	<b>310</b>	<b>23</b>	<b>310</b>	<b>0</b>	
Planning, Transport and Environment	PTE E1	<b>Street Lighting Energy Initiatives</b> 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	<b>Highways - Electrical Team</b> 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	<b>Staffing Efficiencies across PTE</b> 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	<b>PTE - General Fees &amp; charges</b> 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	<b>Building Control- Supplemental charging for Property Searches</b> Additional income through recently introduced Land Search fees.	0	0	60	60	60	60	0	This saving has been achieved in full.
	PTE I4	<b>Road Safety Team</b> 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	<b>Transport Policy - Review basis of recharging to Grant funded schemes</b> 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.
<b>Planning, Transport and Environment Total</b>			<b>41</b>	<b>55</b>	<b>105</b>	<b>201</b>	<b>123</b>	<b>201</b>	<b>0</b>	
P&C - Performance and Partnerships	P+PI1	<b>Media &amp; Communications - Increased income</b> 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	<b>Cardiff Research Centre - Increased income</b> 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	<b>Bilingual Cardiff - Increase external income</b> 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	<b>Policy &amp; Partnerships - Efficiency</b> 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.
<b>People and Communities - Performance and Partnerships Total</b>			<b>26</b>	<b>8</b>	<b>75</b>	<b>109</b>	<b>46</b>	<b>109</b>	<b>0</b>	
ities	HAC E1	<b>Review of Central Hub staffing linked to alignment of Advice Service</b> 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	60	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	<b>Universal Credit roll out - reduction in benefit administration</b> 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	155	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	<b>Restructure of Strategy &amp; Housing Need management team</b> 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	39	0	This saving is projected to be achieved in full once the planned voluntary severance has taken place.
	HAC E4	<b>Digital Efficiencies - increase use of scan stations in Hubs and Hybrid Mail</b> 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	60	0	The planned restructure and voluntary severance has taken place and the saving has been realised in full
	HAC I1	<b>Realignment of Estate Management Costs</b> Reflecting appropriate HRA contributions to post funding.	0	0	68	68	68	68	0	The HRA contribution has been agreed and saving has been achieved in full
<b>People and Communities - Housing and Communities Total</b>			<b>268</b>	<b>46</b>	<b>68</b>	<b>382</b>	<b>282</b>	<b>382</b>	<b>0</b>	
People and Communities - Adults' Services	ADU E1	<b>Mental Health Services, increasing accommodation and support</b> 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	<b>Older Persons- use of extra care for reablement and respite</b> The use of recently commissioned respite /reablement space within Llys Enfyys 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	<b>Learning Disabilities, increasing accommodation and support</b> The development of new supported living arrangements to enable step down from more expensive options.	0	100	0	100	60	119	-19	A slight over-achievement of savings target is anticipated.
	ADU E4	<b>Mental Health - Increase use of Shared Lives /Adult Placements as an alternative to care home /supported living.</b> The potential to increase the availability of Adult Placements for those with Learning Disabilities, mental health and dementia.	0	27	0	27	10	10	17	This saving is not anticipated to be achieved in full at this time
	ADU E5	<b>Older Persons - Utilisation of Occupational Therapists / Investment in Review Arrangements</b> 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	51	102	0	Working with directorate re: ongoing impact of package review.
	ADU I1	<b>Adult Mental Health - Health Contribution</b> 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	<b>Mental Health Services for Older People - Health Contribution</b> 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	<b>Learning Disabilities - Health Contribution</b> 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.
<b>People and Communities - Adults' Services Total</b>			<b>0</b>	<b>436</b>	<b>400</b>	<b>836</b>	<b>220</b>	<b>706</b>	<b>130</b>	
People and Communities - Children's Services	CHD E1	<b>Shifting the balance of Care : Review Hub</b> 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	<b>Workforce</b> 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	<b>Shifting the balance of Care : Appropriate placement finding</b> 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.
<b>People and Communities - Children Services Total</b>			<b>84</b>	<b>2,559</b>	<b>0</b>	<b>2,643</b>	<b>858</b>	<b>2,643</b>	<b>0</b>	
Resources	RES E2	<b>Reducing the net budget of the Information Governance Function</b> Management of vacant posts within Information Governance.	22	0	18	40	10	40	0	Currently vacant posts being managed
	RES E3	<b>Realigning the Finance and Accountancy function and an income review of the service.</b> 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 across Finance and Accountancy.
	RES I1	<b>Reducing the net budget of the Revenues Function</b> 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	0	Current projections indicate saving will be achieved in full.
<b>Resources Total</b>			<b>50</b>	<b>0</b>	<b>218</b>	<b>268</b>	<b>63</b>	<b>268</b>	<b>0</b>	
<b>Council Total</b>			<b>863</b>	<b>3,370</b>	<b>1,325</b>	<b>5,558</b>	<b>1,887</b>	<b>5,318</b>	<b>240</b>	

**CYNGOR CAERDYDD  
CARDIFF COUNCIL**

**POLICY REVIEW & PERFORMANCE  
SCRUTINY COMMITTEE**

**15 November 2022**

**Capital Programme - Month 6 2022/23**

**Reason for the Scrutiny**

1. To provide Members with an opportunity to consider in depth the Council's Capital Programme, including a progress report published as a part of the month 6 2022/23 monitoring report to Council.

**Structure of the Papers**

2. To facilitate the scrutiny the following appendices are attached to this report:

**Appendix A** – Cabinet report – Budget Monitoring – Month 6 2022/23.

Attached to the Cabinet report are the following appendices ***focussing on the Capital Programme only***

Annex 1 – Capital Strategy 2022-23

Appendix 4 – Capital Programme Summary

Appendix 5 – Capital Programme Schemes Update

**Background**

3. The Policy Review and Performance Scrutiny Committee's Terms of Reference includes responsibility for monitoring the overall Council budget, both Revenue and Capital budgets.
4. The Committee, as part of its work programming discussions for 2022/23 requested an opportunity to focus in greater depth on the Capital Programme

position. Further to the Committee's consideration of the budget position in October 2022 and given the economic challenges of increasing interest rates and building costs, Members requested detail of all capital projects, associated costs and information on the treasury management position.

5. Members are reminded that the month 6 2022/23 Cabinet Report covers both Revenue and Capital positions. Whilst the whole Cabinet report is attached, for this item Members are requested to focus questions on the Capital sections of the report.

### **Capital Strategy 2022/23**

6. The Capital Strategy attached at **Annex 1** is an integral part of the Council's Strategic and Financial Planning Framework. It sets out the framework for Council capital investment decisions to deliver major commitments within the Administration's policy programme, addressing:
  - a. Working with partners (*page 6*)
  - b. Asset management planning (*page 7*)
  - c. Risk appetite (*page 8*)
  - d. Governance and decision making (*pages 9-10*)
  - e. Capital investment in 2022/23 and indicatively to 2026/27 (*pages 11-12*)
  - f. Funding the strategy (*pages 13-15*)
  - g. Managing the borrowing requirement (*pages 16-17*)
  - h. Prudent Minimum Revenue Provision (MRP) Policy for repayment of capital expenditure (*page 18*)
  - i. Affordability (*pages 19-21*)
7. Attached to the Strategy document is the Capital Investment Programme for this year (2022/23) and indicative expenditure for the following four years. Also attached is an illustration of Capital Funding 2022/23 – 2026/27

## Capital Programme 2022/23

8. 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. The 113 current schemes are listed by Directorate. To set the context behind the financial position, **Appendix 5** provides the narrative around progress made by each Directorate on delivering schemes within the Capital Programme.
9. At month 6 2022/23 the projected outturn for the year is currently **£148.053 million** against a total capital programme of **£223.532 million** with a variance of £75.479 million, which is predominantly slippage. **Expenditure at Month 6 was £57.238 million** which represents **38% 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.
10. **Points 28-33 of Appendix A** present an update 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. There is reference to significant construction cost inflation resulting from increased tender activity, material availability, and 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.
11. 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. 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.
12. 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, as at month 4.

13. At **points 37-45 of Appendix A** 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 6 expenditure was **£35.849 million**, circa **47% of the projected outturn**. HRA expenditure is forecast at £76.150 million, requiring budget of £1.540 million to be brought forward due to accelerated spend on the re-cladding of Lydstep Flats.

14. Importantly the report highlights that the construction market continues to face supply shortages and rising material prices resulting in higher development costs. The Council continues to experience significant demand for affordable housing.

### **Way Forward**

15. Councillor Chris Weaver, Cabinet Member, Finance, Modernisation and Performance, Christopher Lee, Corporate Director Resources, and Ian Allwood, Head of Finance, will be in attendance. There will be a presentation to ensure full understanding of the strategy, governance and monitoring arrangements that support successful delivery of the Capital Programme, focussing also on the particular challenges of delivering the Programme in 2022/23. The witness team will take Members' questions.

### **Legal Implications**

16. 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**

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 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 6 2022/23 budget monitoring report.
- ii. consider whether it wishes to make any comments, observations or recommendations to the Cabinet.

**DAVINA FIORE**

Director, Governance & Legal Services

**9 November 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: 17 NOVEMBER 2022**

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**BUDGET MONITORING – MONTH 6 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 September 2022 (Month 6) 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 of March 2022 with the key sources of funding underpinning the budget being the Revenue Support Grant (RSG) from Welsh Government, the amount forecast to be raised by Council Tax and other income sources including fees and charges 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 Council faces unprecedented challenges to its financial resilience due to a combination of the legacy of the pandemic, energy pricing, pay pressures and the cost-of-living crisis. 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.

5. The Month 4 monitoring position noted that the report did not include any assumptions over and above the already budgeted pay awards of 3% for 2022/23. With the NJC pay negotiations being concluded, the financial impact of the current pay award offer has been included in this Month 6 monitoring report.
6. As reported on the 20 October Cabinet, the 2023/24 Budget Update Report highlighted the possibility of pay inflation exceeding the 2022/23 budgeted levels for pay awards. Across the UK, sustained levels of high inflation have placed upward pressure on pay awards and this has resulted in pay offers in the current financial year that exceed the budgeted level of 3%. The Council is a service-driven organisation and therefore workforce costs are a key cost driver of internally provided services. With the NJC pay award for 2022/23 being agreed, this monitoring report has been updated to reflect the potential impact on the monitoring position based on the latest information.
7. For 2022/23, the National Joint Committee (NJC) collective agreement for pay has now been received (which encompasses most Council staff), is an uplift of £1,925 across all pay scales. In percentage terms, this is a 10.5 % increase at the bottom of the Council's pay spine, 4.3% at the top, and between 1.02% and 3.97% for senior officers. The additional cost of the potential NJC award compared to the 3% budgeted in 2022/23 is £4.961 million for Directorates and £3.20 million for Schools). The Independent Welsh Pay Review Body (IWRPB) has recommended a teachers' pay award of 5% in September 2022. The additional cost of this compared to the 3% that was budgeted is £1.5 million.

## **Issues**

### **Revenue Position**

8. The overall revenue position reported in the paragraphs that follow below comprises of projected variances, including any shortfalls anticipated against the 2022/23 budget savings proposals and any additional savings or efficiencies that have been identified during the year. The financial position also includes an anticipated cost of the pay award negotiations across each directorate. In order to provide a clear comparison between the Month 4 position and the Month 6 forecast, Appendix 1 sets out in detail the variance breakdown due to the pay award and those assumptions comparable to Month 4.
9. The overall monitoring position, as at Month 6, reflects a total projected net annual Council overspend of £7.394 million. The impact of the pay award is £4.961 million and the comparable variance for Month 6 (exclusive of the pay award) is £2.433 million (Month 4 £7.368 million).
10. The Directorate position is an overspend of £11.438 million (£11.253 million at month 4 without the pay award impact reflected). Offsetting this, there is a projected underspend of £1.700 million in relation to Capital Financing, a projected underspend against the Summary Revenue Account of £0.344 million and the £2 million general contingency budget.

11. The table below provides a summary of the overall position:

<b>Directorate</b>	<b>(£000)</b>
Corporate Management	(6,424)
Economic Development:	
Economic Development	2,618
Recycling & Neighbourhood	1,358
Education & Lifelong Learning	6,224
People & Communities:	
Housing, & Communities	(764)
Performance & Partnerships	(128)
Adult Services	(495)
Children's Services	8,302
Planning, Transport & Environment	224
Resources:	
Governance & Legal Services	539
Resources	(16)
<b>Total Directorate Position</b>	<b>11,438</b>
Capital Financing	(1,700)
General Contingency	(2,000)
Summary Revenue Account	(344)
<b>Total Net Council Position</b>	<b>7,394</b>

12. The table above indicates the continued pressure across several service areas in terms of budgetary performance and these are contributing to a significant overall projected overspend at Month 6. However, the overall position is comparable to Month 4 despite an additional cost of £4.961 million due to the impact of the 2022/23 pay award. The corrective action and additional savings identified by directorates has therefore already had an impact on the position. However more will be required over the remaining months of 2022/23 to achieve a balanced budget position.
13. 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 within 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. It has additionally dampened down income recovery given the squeeze on household budgets.
14. The specific overspends and underspends within each directorate's position are outlined in more detail within Appendix 2. In summary, the three most significant variances are noted below:

- a. **Economic Development** (+£2.618M) - The position exclusive of the pay award is an overspend of £1.806 million; an improvement of £1.054 million which includes additional in-year savings of £420,000. 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** (+£6.224M) - The position exclusive of the pay award is an overspend of £5.588 million; a deterioration of £164,000 compared to the month 4 forecast and inclusive of £273,000 additional identified in year savings. A key pressure contributing to this overspend is in relation to School Transport due to rising costs in fuel and driver supply combined with the increased number of pupils with additional learning needs requiring transport. There are also significant pressures in respect of out of area placements and school catering services, the latter being impacted by price increases in relation to food and transport costs combined with reduced income from paid school meals.
  - c. **Children's Services** (+£8.302M) - The position exclusive of the pay award is an overspend of £7.577 million; an improvement of £1.373 million compared to the month 4 report. The majority of this overspend remains 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.
15. 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 remains that £6.463M of this allocation is committed at Month 6 thus providing a level of resilience (£3.537 million) if further pressures emerge by the end of the financial year.
16. As reported in Month 4, within Children's Services an urgent programme of work has been established to seek to reduce spend and deliver improvements across a range of services linked specifically to the issue of external placements. The work currently undertaken has resulted in a review of higher cost placements and has looked to reduce the period of time those premises are occupied. The number and complexity of cases coming through combined with the inability of the market to provide placement solutions remains unprecedented at this time. The position continues to include 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 actions being taken to mitigate the position include focussed work on the following activities:

- 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
17. The position at Month 6 assumes use of £1.280 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 staff 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 the Children's Contingency for 2022/23 given targets are being met as set in the Council's Corporate Plan.
18. 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 continues to assume 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.
19. 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 on 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 £240,000 (4.3%) against the directorate savings target of £5.558 million. The £1.1 million of corporate savings are all projected to be achieved.
20. Given the continued pressure on the budget position, all services have reviewed opportunities to deliver further in-year efficiencies. These savings total £3.323 million, and have been taken into account in the overall projected position for Month 6. These savings, which are over and above those budgeted in March 2022, represent a first set of actions, and work will continue to deliver more over the remaining months of the financial year. There remains a focus on avoiding front line impact and taking efficiencies where opportunities arise but the financial challenge over the long term will not be achieved simply by efficiencies alone.
21. 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 the 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 at 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 6, only the underspend with respect to interest receivable has been factored into the position. The underspend continues to be 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. The position will continue to be monitored as the fiscal landscape evolves and further adjustments to forecasts will be made when identified.

22. 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.
23. 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 £1.280 million has been drawn down from the £2.150 million contingency budget held for meeting the additional costs arising from a reduction in agency staff as referenced earlier in the report. This leaves £0.870 million for any further demand in Children's Services and the risk of increasing external residential placements for the remainder of this year.
24. 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 £656,000 despite the potential impact of a higher than anticipated pay award increase of approximately £1 million. 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 unavoidable future commitments. The Civil Parking Enforcement position reflects an in-year surplus of £5.371 million compared to the budgeted surplus of £5.696 million, reflecting income below target. The Cardiff Harbour Authority is projecting a balanced position with increased cost pressures for dredging and barrage maintenance offset by other managed underspends. Within this position, the Asset Renewal budget is anticipated to be fully spent in line with the revised work schedule.

## **Capital**

25. The Council on 3<sup>rd</sup> 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 £298.142 million



to include actual slippage reported at outturn, incorporation of new grant approvals and confirmation of actual grant awards.

26. The sections below indicate a forecast position for 2022/23 for the General Fund and Public Housing.

#### General Fund

27. The projected outturn for the year is currently £148.053 million against a total programme of £223.532 million with a variance of £75.479 million, which is predominantly slippage. Expenditure at the end of Month 6 was £57.238 million which represents circa 38% of the projected outturn, however there are several large expenditure items which are anticipated to progress during the latter part of the year.

#### Capital Schemes Update

28. Delivery of capital projects is complex, they may span a number of years and are 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.
29. 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.
30. It remains important that directorates continue to allocate sufficient capacity and resource to ensuring projects progress in line with the timescales intended and robust business cases continue to be essential with a focus on approved schemes within the existing capital investment programme.
31. 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 and confirmation of terms and conditions may mean late changes in programme and projections.
32. The impact on the capital programme of relevant proposals agreed will be updated in the next monitoring report. 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 the switching of Council resources and early discussion with grant funding bodies should be undertaken to ensure that approved grants can be used in full.
33. Further detail on progress against significant capital schemes included in the programme is included in Appendices 4 and 5 to this report.

## Capital Receipts

34. 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.
35. 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. In respect of Earmarked Receipts, a deposit has been received for the disposal of Merchant House/Cory's buildings.
36. The Capital investment programme also includes several major development projects which assume that capital receipts are earmarked to pay towards initial 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 significant risk of both abortive costs and to the level of borrowing and should be incurred on certainty of receipts and an approved business case.

## Public Housing (Housing Revenue Account)

37. The Programme for the Housing Revenue Account (HRA) is £74.610 million, and expenditure of £76.150 million is forecast, requiring budget of £1.540 million to be brought forward, primarily because of accelerated spend on the re-cladding of Lydstep Flats. Expenditure at the end of Month 6 was £35.849 million which represents circa 47% of the projected outturn.
38. Against an original allocation of £2.650 million, a total of £2.700 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 is dependent on progress on site and receipt of acceptable tenders on schemes such as Trowbridge Green.
39. Expenditure on building improvements is projected to be £26.975 million for the year, against a budget of £19.150 million. The variance is in large part due to the Lydstep Flats re-cladding 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.

40. 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.
41. Expenditure on the development of new housing over several sites during the year is currently projected to total £43.775 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.
42. 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. However, progress on these sites is currently stalled as a result of the appointed contractor falling into administration. Alternative options to ensure the sites are re-started and completed at pace are being considered in parallel with legal requirements. 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.
43. Cabinet considered a report in July 2022 for a scheme to meet urgent housing need and meanwhile use of the Gas Works site in Grangetown, prior to its permanent redevelopment. In advance of entering into a construction contract, a letter of intent has been approved by delegation to avoid delay and secure modular home supplies and services. With a revised and increased cost estimate of £37 million since the Cabinet Report, the costs of the scheme are to be updated further prior to entering into a full contract. Whilst Welsh Government grant has been approved in principle, formal confirmation is awaited, with all external grants expected to meet at least 50% of the initial estimated cost and the balance assumed from Council borrowing. The expenditure projection for 2022/23 initially assumes £13 million of expenditure in the year.
44. The construction market continues to face the impact of supply shortages, financial difficulties and rising material prices, resulting in increases in costs for developments and challenges finding suitable suppliers. There are also significant pressures and demand for affordable housing as considered by Cabinet in the July report. Cabinet will also consider options for a new Housing Partnership to mitigate some of these risks and to speed up development of future sites.

45. 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. Given cost increases across other planned sites, external grant funding sources are being actively pursued to make developments viable and to ensure commitments funded by borrowing in the HRA remain affordable and sustainable given wider revenue budget pressures as a result of inflation impacts. Grant awards and agreed changes in terms and conditions to allow flexible use of funding to meet emerging priorities will be updated as part of future monitoring reports and in the update of the 2023/24 HRA Business Plan and Medium-Term Financial Plan.

### **Reasons for Recommendations**

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

### **Legal Implications**

47. 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**

48. There are no HR imps that arise directly from this report. However, the HR implications that were set out in the Budget 2023/24: Update Report of 20<sup>th</sup> October 2022 continue to apply to any in year savings that may be required.

### **Property Implications**

49. There are no further specific property implications in respect of the Budget Monitoring Month 6 2022/23 Report. During the second quarter, the Strategic Estates Department continued 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.
50. The report highlights in-year financial pressures within Strategic Estates and the service area continues to work closely with Finance colleagues to identify in-year and future mitigations, as well as 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 relevant service areas.

## Financial Implications

51. In summary, this report outlines a projected Council net overspend of £7.394 million at Month 6 of the 2022/23 financial year. The overspend has incorporated pay award implications which were not considered for the reported Month 4 position. If the pay award was not added to the position, the overspend from Month 4 to Month 6 would have reduced by £4.935 million.
52. The overspend of £7.394 million is after the offset of £2 million General Contingency. If an overspend at 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 £6.861 million in such a circumstance but this level would be considered unsustainable. However, between Month 6 and the financial year end, every effort will continue to be made to reduce the overspend to a balanced position or to identify other sources of funding such as earmarked reserves which will provide some form of financial resilience. In addition, £3.537 million of the £10 million Covid Recovery budget has been retained in the event of any further financial pressures appearing. This position will be reviewed and updated in later monitoring reports.
53. Because of this risk, it remains important that directorates retain a focus on their financial positions and ensure that tight financial controls are in place over the remainder of this financial year, that overspends do not worsen and, if possible, are further 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 levels of earmarked reserves.
54. In relation to the 2022/23 Capital Programme, a variance of £75.479 million is currently projected against the General Fund element, predominantly in relation to slippage against schemes. In terms of the Public Housing programme, whilst some projects are spending in advance of expectations such as Lydstep Flats, delays in planned new build housing sites are offset by approvals by Cabinet for short term meanwhile use to meet housing demand. Overall, funding from later years of £1.540 million is assumed to be brought forward.
55. 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. 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.
56. 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 any commitments which would continue to increase the Council's borrowing requirement and 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 6 2022/23.
2. Note the capital spend and projected position at Month 6 2022/23.

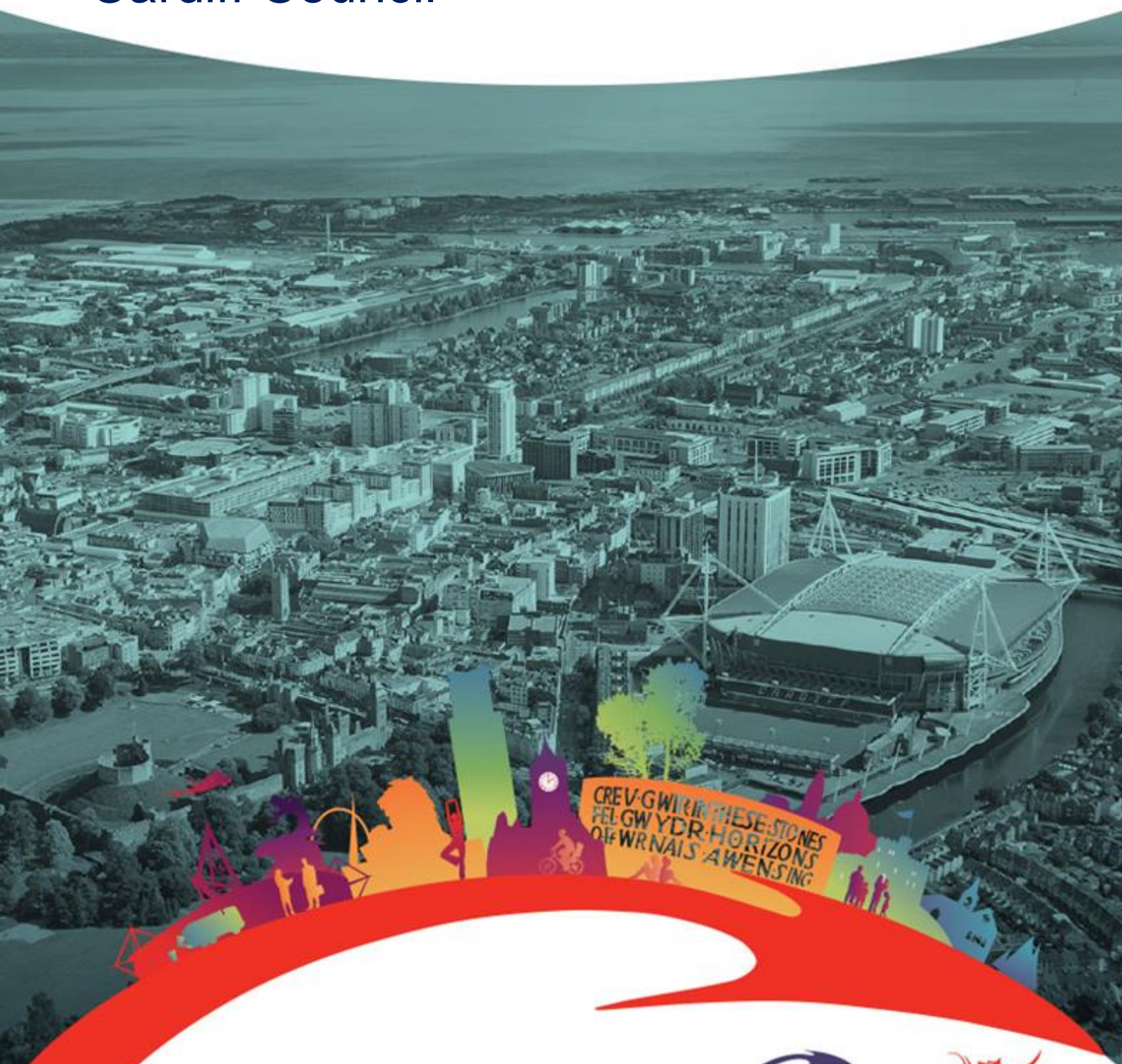
<b>SENIOR RESPONSIBLE OFFICER</b>	<b>CHRISTOPHER LEE</b>
	Corporate Director Resources <i>DATE: 2 November 2022</i>

The following Appendices are attached:

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

# Capital Strategy 2022/23

Cardiff Council



## Delivering Capital Ambition

In July 2017, the Cabinet approved 'Capital Ambition', a five-year policy programme which set out the Administration's principles, priorities and ambitions for the city. This was updated in 2021 with the Administration's priorities and commitments for the remainder of the municipal term.

These commitments prioritise maintaining momentum in city regeneration and economic development, tackling inequality and inclusive growth, responding to the climate emergency and public service reform. The policy agenda now also includes, in response to the public health crisis and its consequent economic impact, a programme of work to support recovery and successfully reposition Cardiff as a successful global city over the longer term.

Progressing this ambitious agenda will require capital investment if the administration is to deliver on its major commitments. This would include investment in new schools and in modernising school buildings, delivering a significant house building programme, leading a shift to net zero carbon and enabling the

continued regeneration of the city's business and transport infrastructure.

It is therefore crucial that, when long term investment decisions are undertaken, decision makers can rely on clear and informed information. This would include:

- A long-term view of capital expenditure plans and any financial risks to which the Council is exposed.
- Ensuring due regard to the long-term financing, affordability implications and potential risks.
- A clear overview of the Council's asset management planning arrangements and any maintenance requirements that have resource and business planning implications.

The Capital Strategy will therefore continue to help support informed decision making in the delivery of Capital Ambition.





# Strategic Context

As the capital city of Wales, Cardiff has a nationally significant commercial, cultural and retail offer. It has been one of the fastest growing cities in the UK, and, with four out of every five net new jobs in Wales created in Cardiff, the capital is of regional and well as national importance.

Whilst the city has driven jobs creation across Wales over the last 5 years, the impact of the Covid-19 pandemic has been significant on the economy. Unemployment has increased since January 2020, with a clear need for the Council to play a role in supporting people and businesses as part of the city's recovery.

Other challenges remain. The growth in demand for social services, a national challenge that is keenly felt in Cardiff, places pressure on the Council. Equally, the need to accelerate the shift to net zero carbon means that decarbonisation projects that have the biggest local impact must be costed and funded.

Capital Ambition identifies the opportunities facing the city and sets out the response to challenges. This is not just a consideration of how challenges are responded to, but it is also

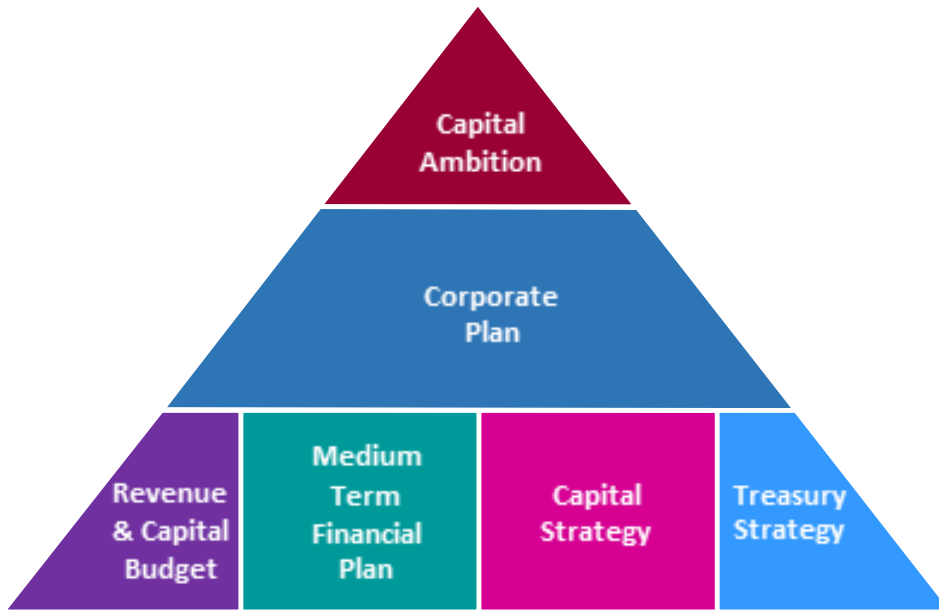
about investing in future economic growth and development, prioritising investment in schools, affordable housing, tackling homelessness, and protecting the city's most vulnerable people. It sets out the approach for tackling congestion and air pollution, improving recycling rates and keeping our streets clean, along with a series of commitments to respond to the climate emergency, to create opportunities for local people and addressing inequality. All these will require capital investment which will play an important role in supporting and accelerating the Council's work in responding to Covid-19 and leading the recovery.

Where Capital Investment is needed to deliver the administration's priorities, in responding to these issues, the Capital Strategy is a framework that the Council can rely on to develop a clear, consistent and informed process in undertaking capital investment decisions.

Corporate Plan 2022-25: Selected Proposed Capital Schemes		
<b>Cardiff is a great place to grow up</b>	<b>Supporting people out of poverty</b>	<b>A capital city that works for Wales</b>
Deliver Band B of the 21st Century Schools Programme	Deliver the strategic priorities within the new Housing Support Programme strategy	Work with the UK and Welsh Governments to deliver investment and capacity improvements at Cardiff Central Station
Up to 8 new primary schools and 2 new secondary schools by 2030	Deliver the planned supported housing scheme for single people at Adams Court	Enhance the city centre as a location for businesses and investment and reassert its role as a regional employment centre
Invest in digital infrastructure, equipment and new learning technologies	Deliver the new family homelessness centres at the Gasworks and Harrison Drive	Deliver the new Multi-Purpose Indoor Arena by 2024/25
Deliver an integrated model of Youth Support Services	<b>Growing in a resilient way</b>	Progress a development strategy for the next phase of the International Sports Village
Improve outcomes for children and families by embedding the Interventions Hub	Deliver the short-term actions within the One Planet Cardiff Action Plan	Bring forward proposals to protect and revitalise historic buildings in the Bay
<b>Safe, confident and empowered communities</b>	Deliver the Design and Build contract for Phase 1 of the Cardiff Heat Network	Deliver the Canal Quarter
Invest in the regeneration of local communities	Deliver a Housing Energy Efficiency Retrofit programme	Consider development and investment opportunities for St David's Hall
Deliver the 'Michaelston College' multi-generational well-being village	Develop a City-Wide Electric Vehicle Roadmap	<b>Cardiff is a great place to grow older</b>
Progress plans for a Youth Hub in the city centre	Working with partners, design and deliver a programme of strategic transport projects	Continue to increase the availability of accommodation with support options
Prepare and adopt a new Regeneration Strategy to support district and local centres	Programme the delivery of the bridge crossing scheme at Llanrumney as part of a wider regeneration scheme	Develop a 'Hubs for All' approach by March 2023
Work in partnership with Registered Social Landlords to maximise the amount of affordable housing that can be delivered	Invest in a new fully segregated, safe cycling network across the city	Work with Cardiff & Vale University Health Board (UHB) to establish integrated Health and Well-being Centres
Further develop the Complex Needs Day Service	Deliver the Council's Green Infrastructure Plan	Remove the means test from all eligible disabled adaptations
Deliver the two-year Alley Gating Programme	Complete coastal defence improvements in Cardiff East	Develop older persons housing that supports independent living
Support grassroots and community sports	<b>Modernising and integrating our public services</b>	
Implement a programme of Section 106, Asset Renewal and Capital for Parks to include sport, play and infrastructure improvements	Develop a Hybrid Working Model	
In partnership with Welsh Water, bring the Llanishen Reservoir site back into use for sailing and other recreational purposes	Deliver a leaner and greener estate and protect the council's historic buildings	
	Dispose of land and property to achieve the £25m general fund capital receipts target by end of 2025/26	

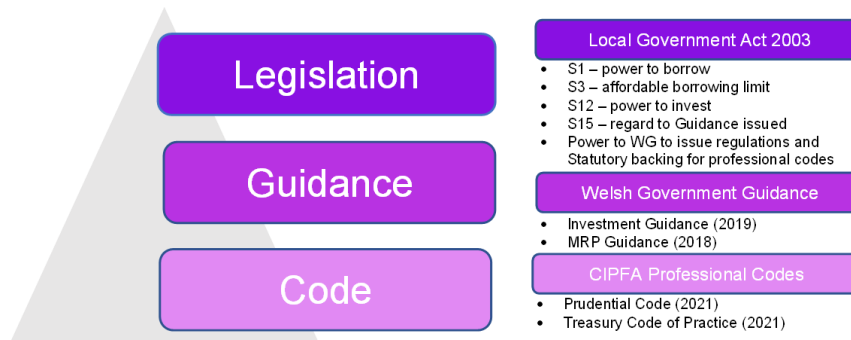
# Capital Strategy Framework

The Capital Strategy is an integral part of the Council’s Strategic and Financial Planning Framework.



In 2004, local authorities were provided with the flexibility to make their own capital investment decisions. Legislation, guidance and professional codes of practice were introduced to support decision making and ensure investment and borrowing is Prudent, Sustainable and Affordable. The Council has complied with these principles since their

introduction and in various updates. Following consultation in 2021, the CIPFA Prudential Code and Treasury Management Code have been revised, primarily in response to investment undertaken solely for financial return/yield.



Looking ahead to 2023/24, key changes in the Prudential Code to consider include:

- Updated and additional prudential indicators, monitoring, reporting as well as creation of Investment Management Practices for Service and Commercial investments
- Confirmation of approach to ‘Proportionality’ and risk to service delivery where borrowing is undertaken for yield
- Setting out approach to inclusion of Environmental, Social and Governance issues in developing capital investment

- Reviewing existing commercial or service investments to divest where appropriate.
- An authority must not borrow to invest primarily for financial return applies with immediate effect, with the loss of borrowing ability from the PWLB an immediate consequence.

# Capital Strategy Framework

The Capital Strategy sets out the Council's approach to:

- working with partners
- asset management planning
- risk appetite
- governance and decision making
- capital investment in 2022/23 and indicatively to 2026/27
- funding the strategy
- managing the borrowing requirement
- prudent Minimum Revenue Provision (MRP) Policy for repayment of capital expenditure
- affordability.

The remainder of this strategy considers these in more detail. The Strategy forms an integral part of the Budget report and it is recognised that there are various strategy developments that need to take place over the medium term as part of new regulatory requirements, self-assessment feedback and as mitigations to financial resilience risk.

The Section 151 Officer is required to report, in the Budget Report, on the deliverability, affordability and risk associated with the Capital Strategy and where appropriate have access to specialised advice to enable them to reach their conclusions.





In meeting our ambition to create a greener, fairer and stronger capital city and in delivering our responsibility as the economic driver for the city-region and Wales, we must work closely with partners across the public and private sectors. This is particularly relevant given the financial challenges faced by the Council.

Cardiff has outpaced most other UK cities in terms of jobs growth in recent decades, much of which has been driven by a strategic approach where the public and private sector have worked together to leverage investment and create jobs and opportunities.

The Council also works closely with regional, local authority partners in the Cardiff Capital Region, with partners in the Great Western Gateway and as part of the UK Core Cities Group nationally. Within the city the Council has significant partnerships with other public sector bodies via informal or formal boards such as the Public Sector Service Board, Registered Social Housing Landlords, charities, universities and colleges to support the delivery of services for its residents, communities and businesses.

The Council will continue to work with Welsh Government to align key priorities and to make a case for a much longer term and sustained approach to capital investment that not only supports the city's vital infrastructure, but also projects that can make a stepped change in helping to drive the recovery of the city, region and nation forward.

The Council will continue to use its enabling role to harness skills and private funding, to take forward capital investment to deliver improvements and inclusive growth which would not otherwise be deliverable or affordable, and its capital strategy reflects the potential for Council investment to unlock further private investment for the good of its residents and communities.

It will set out its vision and co-ordinate activity between business and government bodies to develop a more productive and innovative platform for investment in the city. This will include the feasibility of a joint venture agreement to deliver economic regeneration and development in respect to transportation improvements.

# Asset Management Planning



The Council has responsibility for assets used in service delivery including property, highway infrastructure (roads, footpaths, structures, lighting) and Council dwellings. It is essential to understand the need, utilisation, condition and the investment and operating cost requirements of assets, whether owned or leased.

The Council's historic retained interests in land assets in various parts of the city has been an enabler in its ability to support development of key capital projects in the city. The Council also has a track record of acquiring assets based on future regeneration projects or to secure strategic options. It is recognised that the acquisition of new assets such as land could gain or lose value in the intervening period. However, the overarching aim of the Council is to release the value in the asset once the regeneration has been completed and such benefits are wider than to make a financial return.

When prioritising investment, it is essential to understand the long-term cost of maintaining and operating existing assets and their fitness for purpose, having consideration of which are deemed essential in continued service delivery, or which can be considered for alternative uses. The backlog of maintenance in some key assets is recognised and alternative approaches and options for longer term solutions will continue to be considered to address the risks this poses rather than continued investment by the

Council in the same assets. This is neither an effective asset management approach nor affordable in the long term. These will be considerations in key assets such as schools, historic and administrative buildings required for the long term.

Approved Asset Management Plans are in place for property assets including dwellings that demonstrate the approach to the Council's stewardship of assets. A disposal strategy was also updated in 2021 to relinquish or find alternative beneficial uses for assets deemed surplus to requirements. This includes using property effectively across the Council by using suitable sites for the building of affordable Council housing.

The Council has set up a number of working groups that aim to provide assurance to Cabinet by continuing to seek the development and embedding of strategic asset management activity as a corporate activity. This covers activities such as property asset management, housing delivery and school organisation planning and for major projects.

During 2022/23, consideration will be given to updating and development of plans for Highways and other infrastructure assets, vehicles, commercial property holdings, as well as updates to the annual property plan considered by Cabinet in December 2021.



## Risk Appetite

In undertaking complex projects, decision making needs to be supported by proportionate business cases in line with best practice covering strategic, economic, financial, commercial and management cases. Embedding and codifying this in council processes is not only best practice but is also a key factor in financial resilience. For large complex projects, professional external advice and services would be sourced to undertake due diligence to understand risks and inform decision making.

Capital investment to be undertaken can be broadly split into two types:

1. Expenditure on **existing assets** to ensure they meet the requirements of service delivery, are fit for purpose, meet health and safety guidance, and reduce future costs.
2. Expenditure on **creation of new assets, specific projects or non-treasury investments to meet core functions and service delivery aims.** Non treasury investment to meet service or Council obligations could include: loans or equity towards capital expenditure incurred by external bodies, subsidiaries or joint ventures; utilising commercial property holdings to retain value.

The Council will not incur expenditure on new **non treasury investments primarily for financial return.**

In respect of 1 and 2, the Council recognises that achieving these aims will require consideration of alternative delivery structures and of all forms of funding including additional borrowing. Financial austerity has had a significant impact on affordability, however taking the city recovery forward is not just a consideration of how we manage decline. Capital investment funded by borrowing will be undertaken in priority areas to meet Capital Ambition, whilst at all times clearly understanding how the affordability of such expenditure can be managed over the longer term supported by robust due diligence, business cases, risk management and monitoring.

These holdings stem from historic interests of land, managed in accordance with an Investment Property Strategy approved by

Cabinet in 2016. The aim is to review existing land holdings, maintain yield from the existing estate, remove liabilities, and secure regeneration and marriage value of sites that would support economic regeneration in the city. Acquisitions are funded by proceeds of existing investment property, the value of which was circa £177 million as at 31<sup>st</sup> March 2021. In line with the requirements of the Prudential Code, the strategy and estate management practices will be reviewed in 2022/23.

The Council recently secured the site of the Red Dragon Centre (RDC) for circa £64 million as an enabler for a wider masterplan for the Atlantic Wharf Regeneration including Indoor Arena.

Revenue income receivable from historic commercial property holdings for 2020/21 was circa £4.3 million, the income being used to support the delivery of services. RDC income was £3.6 million for which any surpluses generated are reinvested into the delivery of the overall project rather than being used to support the ongoing delivery of Council services.

The Council is mindful of the risks of HM Treasury restrictions on borrowing from the PWLB solely for commercial yield. The income receivable from the commercial property portfolio to support the revenue budget is not deemed to be a financial resilience risk in terms of being 'un-proportionate' to the Council's overall income. This will be an ongoing consideration including development of any limits and indicators to determine any risk to proportionality.

Non treasury investment funded by additional borrowing would only be undertaken after:

- Cabinet approval of a robust business case supported by independent advice
- Consideration of the legal basis on which the expenditure is being incurred
- Affordability and risk assessment of such expenditure over the longer term

It is essential that such a process is codified and applies to all significant projects, else the capital programme may include approved schemes that not only represent a financial risk, but also do not fully consider option appraisal, asset management and delivery risks that secure better outcomes. The outcome of such business cases will be considered as part of the budget strategy planning framework for 2023/24.

# Governance and Decision Making

The Council has processes in place to approve, manage and monitor capital projects arising from the Capital Strategy.

## **Prioritisation, Capacity and Skills**

Following consideration of resources and affordability, capital expenditure requirements are prioritised on the following basis:

- Firstly, to meet expenditure on Annual Sum requirements, to meet expenditure on mandatory grants and for the renewal of existing assets such as property, parks and highways.
- Secondly, to meet expenditure on schemes previously approved by Council which have been committed to, either contractually or in principal and where following a review, these are still deemed essential to proceed.
- Thirdly, new expenditure proposed after consideration of:
  - link to strategic objectives
  - risk of not undertaking the expenditure
  - statutory / legislative requirements
  - financial implications and affordability
  - development, review and approval of relevant business cases.

To support prioritisation and to avoid slippage and potentially unanticipated additional costs, the Council will need to ensure access to sufficient skills and capacity both within the Council and externally to deliver the investment programme. Such capacity could be project management and development skills; technical and design skills, knowledge, availability of contractors as well as wider market factors.

## **Defining Capital Expenditure**



The Council has determined criteria and eligibility for capitalisation and it is important, despite pressures on revenue budgets, that only acceptable costs are charged as capital expenditure. Any internal recharges of costs should be evidence based and regularly reviewed. Advice would need to be sought where relevant and eligibility is reviewed by Audit Wales as part of the external audit of the Council's accounts.

## **Constitution, Procurement and Value for Money**

The Council's Procurement Strategy ensures that the principles and practices associated with procuring works, goods and services consistently achieve value-for-money and actively contribute to the Council's priority outcomes. The Strategy, and the Council's Socially Responsible Procurement Policy aims to ensure that procurement becomes sufficiently flexible and agile to support the Council to operate in an efficient, compliant and ethical manner to deliver capital projects on time, on budget and to specified quality standards with contractors supporting the delivery of wider community benefits. The Council has adopted the Welsh Themes, Outcomes and Measures as a scored element on all tenders over £250,000 to maximise the social value delivered through its procurement spend.

Procurement considers third party spend across budgets and taking opportunities to consolidate and aggregate spend and achieve economies of scale are a key focus.

The Council recognises the benefits of utilising regional, joint and local framework arrangements where they can demonstrate value for money and compliance with the Council's Procurement Strategy objectives. Through its One Planet Cardiff Strategy the Council has committed to be Carbon Neutral by 2030. A significant element of our carbon footprint comes from the indirect emissions arising from the supplies, services and works the Council buys to support the delivery of Council services. Therefore, any reduction in our carbon footprint will need to be delivered through rethinking and challenging what is bought and how it is delivered. The Council is working to embed procurement processes that

# Governance and Decision Making

address climate change and a circular economy approach.

The Council's process and authority for the acquisition and disposal of land or property is set out in the Constitution. Transactions over £1 million are required to be approved by Cabinet as part of a business case with all transactions to be verified by a valuation.

## **Approval, Monitoring and Reporting the Capital Programme**

The Capital Strategy informs the Council's capital investment programme and Treasury Management Strategy. This integration is one of the reasons why it is deemed that full Council should continue to consider and approve the affordability of the Capital Strategy and detailed programme as part of the Council's budget proposals recommended by Cabinet.

Council approves the capital investment programme having consideration of CIPFA's Prudential and Treasury Management Code indicators highlighting the impact of capital decisions on the revenue budget and proportionality, affordability, prudence and sustainability.

Directorates are responsible for monitoring capital schemes, and the reporting of progress in delivering the Capital Programme periodically to Cabinet as part of the Council's Budget Monitoring and final outturn reports. The reports include:

- Forecast expenditure during the year on schemes
- The stage at which projects are in terms of timescale and any issues resulting in delay
- Changes in funding available for schemes
- Any cost increases and how they are being managed
- Virements or other changes required in accordance with the Council's Constitution.





## Capital Investment Programme 2022/23 to 2026/27

The Capital Programme is a five-year rolling programme, initially set for 2022/23 and on an indicative basis for four years thereafter. It has been profiled in accordance with technical advice relating to regulatory processes, timetables and work plans.

The proposed Capital Programme for future years is summarised in the following table.

In comparison, actual capital expenditure in 2020/21 was £166 million (£112 million General Fund, £54 million HRA). Projected capital expenditure in 2021/22 is £234 million (£174 million General Fund, £60 million HRA).

The detailed five-year Capital Programme proposed is included at the end of this Annex.

Indicator						
Capital Programme Expenditure						
	2022/23* £000	2023/24 Indicative £000	2024/25 Indicative £000	2025/26 Indicative £000	2026/27 Indicative £000	Total £000
Annual Sums Expenditure	24,275	26,500	23,515	22,915	19,715	116,920
Ongoing Schemes	45,216	32,712	20,981	20,050	6,336	125,295
New Capital Schemes (Exc ITS)	125	175	100	250	225	875
Schemes Funded by External Grants and Contributions	55,554	43,916	77,590	34,701	664	212,425
Existing and new Invest to Save (ITS) Schemes	63,601	158,922	90,270	10,500	12,240	335,533
<b>Total General Fund</b>	<b>188,771</b>	<b>262,225</b>	<b>212,456</b>	<b>88,416</b>	<b>39,180</b>	<b>791,048</b>
<b>Total Public Housing (HRA)</b>	<b>74,610</b>	<b>111,250</b>	<b>106,135</b>	<b>69,605</b>	<b>53,700</b>	<b>415,300</b>
<b>Total Capital Programme</b>	<b>263,381</b>	<b>373,475</b>	<b>318,591</b>	<b>158,021</b>	<b>92,880</b>	<b>1,206,348</b>

\* Includes slippage estimated at Month 9. The final slippage figure, which will be known at outturn, will be reflected in the Month 4 2022/23 budget monitoring report.

The detailed programme includes

- Annual sums such as disabled adaptations and expenditure to improve existing assets such as infrastructure and property.
- Allocations for previous commitments.
- New capital investment proposed in year.
- Assumptions for known external grants and contributions, which are in most cases subject to a bid process.
- Projects proposed based on revenue savings, incidental revenue income or other sources to repay initial investment over time, including new schemes approved in 2022/23, subject to business case.
- The Housing Revenue Account programme, with a focus maintaining investment to support the Welsh Housing Quality Standards, cladding and priority energy efficiency schemes, regeneration and significant investment in new Council homes to meet the demand for good quality, affordable social housing.

Local authorities are facing many challenges with capital programmes because of interruptions and delays perpetuated by Covid and the current general escalating costs in the construction industry. Recognising this issue, further funding is likely from Welsh Government in the last quarter of 2021/22 in terms of specific grants as well as un-hypothecated grants to give authorities maximum flexibility. Any such changes and will be reported as part of the 2021/22 Outturn Report as well as approach to setting future years budget strategy.

The budget report also provides an update on the Indoor Arena project following approval of the final business case in September 2021. The proposed programme includes enabling costs and an approach to direct funding of the arena construction by the Council as an alternative for third party funding. This will be fully funded by annual lease income from the Arena Operator.

## Capital Investment Programme 2022/23 to 2026/27

The Council is also continuing to develop several strategic projects, which, subject to approval of business cases, due diligence and affordability may be considered for approval as part of future iterations of the detailed investment programme. These include projects arising from the Transport White Paper including Metro; Atlantic Wharf Masterplan; International Sports Village; Core Office Strategy; 21st Century Schools and responding to the climate emergency. To support a robust business case approach and inform the next iteration of the capital programme, allowance is made in the revenue budget for feasibility and options appraisal for several potential future projects. This includes:

- Enhanced service delivery options from alternative locations for the dogs' home
- Review of the Materials Recycling Facility
- Ensuring sustainable burial space in the city
- Working with partners to secure funding to create a Youth Zone
- Options in respect to assets with significant backlogs of maintenance such as St David's Hall and City Hall as considered by Cabinet in the Corporate

Property Strategy in December 2021, and,

- Renewable energy projects following a post project appraisal of existing schemes.

The Council's One Planet Strategy sets clear targets for the reduction of Carbon emissions by 2030. Several significant capital projects have already successfully been delivered or are on the ground that support this aim including the solar farm at Lamby way, buildings retrofit and the District Heat Network. However, meeting the target will not only require expenditure, but creative thinking across all areas the Council can influence. As the level of data on carbon emissions and those ideas are crystallised and prioritised, robust business cases will need to be developed and where capital expenditure is required, external funding also sought, to ensure that the local, regional and national strategies carbon reduction targets can be delivered and are affordable in the long term.

Unless funded by future or retained external grant, approval of the above projects will result in further increases in the Council's borrowing requirement.





The Council has several funding streams available to support capital investment. The resources assumed to pay for the five-year capital investment programme from 2022/23 are set out in a table at the end of this Annex.

## **Cash Resources to pay for Capital Investment**

These include:

- Non-ring-fenced grants i.e. for use on Council determined priorities. These include General Capital Grant and Major Repair Allowance received from Welsh Government. Any grant received late in year, may be carried forward as a usable reserve for allocation to projects in future years.
- Ring-fenced grants to achieve a particular outcome and therefore with restricted use as specified by the funder. The main source of external grant is from WG, which in most cases follows an application or bidding process for schemes or distribution of grants on a formula basis. The short-term nature of grant awards makes long term planning and delivery of strategic schemes very difficult. Where external grant funding bids are made, it is essential that these are in line with Council priorities and include consideration of any revenue budget consequences. Where grants require match funding, the Council will prioritise such support to increase the likelihood of a successful bid.

- External Contributions from planning agreements or other sources. Large housing development sites as part of the Council's Local Development Plan will also impact on the city's infrastructure. Developer agreements either in place or to be determined will aim to mitigate impacts such as affordable housing, school capacity, open space and public transport infrastructure, subject to the planning process. Where contributions are being requested, sufficiency to achieve the required outcomes should be considered along with any revenue budget implications. The Finance section collates the profiling of sums received, over future years.
- Revenue budgets and earmarked reserves held and modelled specifically to support the affordability of capital investment.
- Capital receipts arising from the disposal of Council assets. The Council's approach to receipts is as follows:
  - Prioritise receipts required to meet the balance of the £40 million target for General Fund Capital Receipts (net of fees) and any additional targets set in subsequent years.
  - Use of receipts in excess of assumption in the budget to be considered to reduce the level of debt.
  - Where an asset has been funded specifically from prudential borrowing, any receipt arising from it would be utilised to reduce expenditure not yet paid for.
  - To limit the earmarking of capital receipts only for capital expenditure essential to secure a disposal, to meet the terms and conditions of a grant, where approved by Cabinet as ring-fenced for specific projects or strategies, or where required to be ring-fenced by legislation.

Where Cabinet approve land to be appropriated between the General Fund and Housing Revenue Account, this is to be at a valuation

# Funding the Strategy

certified by a registered valuer with the decision to be confirmed in accordance with the constitution.

The actual realisation and timing of capital receipts can be uncertain given the number of variable factors involved. To take this into account, a Capital Programme that includes assumptions on significant levels of capital receipts needs to be supported by a clear, approved strategy for the realisation and timing of such receipts. To do otherwise would be a significant risk to the Council's borrowing requirement and future revenue budget pressures.

In respect to the £40 million capital receipts target and the subsequent £1 million increase to this target in 2019/20, £8 million was raised by 31 March 2021 and circa £4.5 million is assumed receivable for budgeting purposes in 2021/22, subject to timing of disposals. The approach to meet the balance of £28.5 million was updated in the Corporate Property Strategy considered by Cabinet in December 2021 including the key areas of disposal that will be considered. Whilst the overall target remains in place, the budget assumes no income at this stage from c £15 million of potential receipts identified from school's sites.

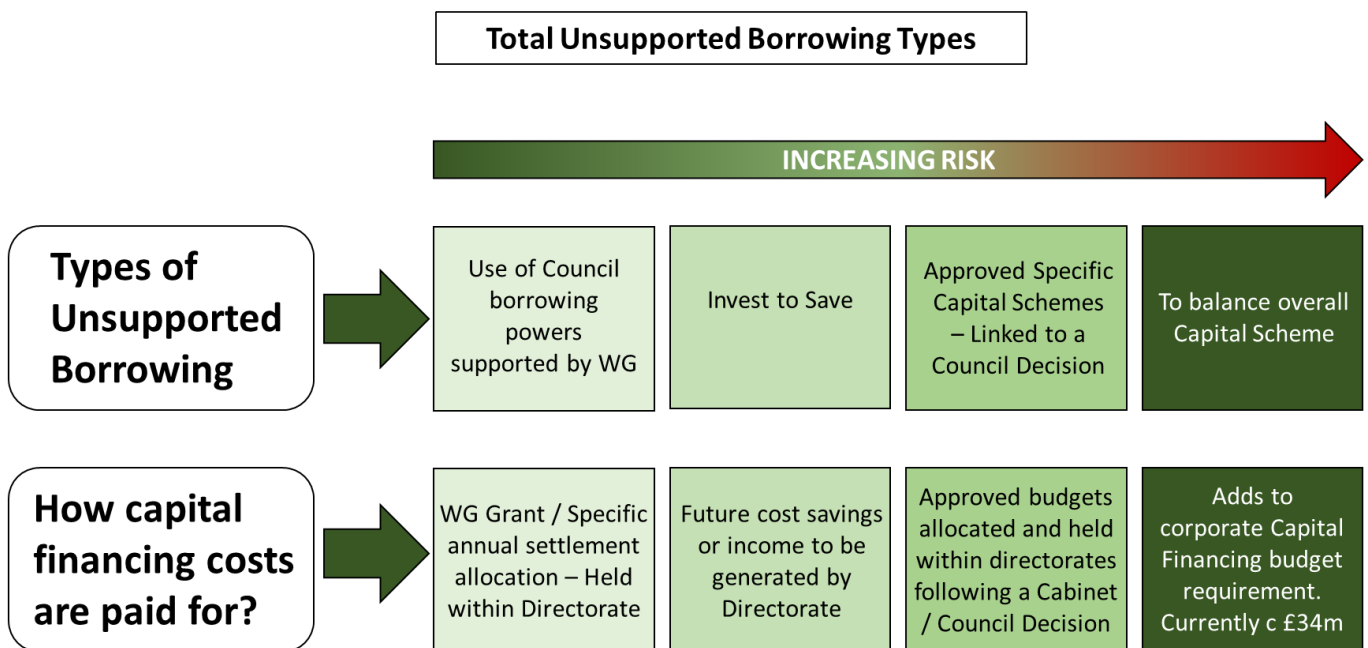
Progress in delivering receipts will be reported periodically to the Cabinet as part of the Council's property strategy.

## Borrowing to pay for Capital Investment

There are currently no nationally imposed restrictions to the quantum of borrowing that can be undertaken to pay for capital investment.

The Council approves its own affordable borrowing limit as part of the Local Government Act 2003 and this is set at a level consistent with the programme of capital investment proposed. There are two main types of borrowing to pay for capital investment which form part of the Council's borrowing requirement and is managed as part of the Treasury Management Strategy:

- 'Supported Borrowing' - costs of servicing are included within the annual Revenue Support Grant (RSG) the Council receives from Welsh Government.
- 'Unsupported Borrowing' - costs of servicing to be met from Council tax, rent, savings, incidental income or sale of assets. The types of unsupported borrowing typically undertaken by the Council and how capital financing costs are paid for are shown below.



# Funding the Strategy



Welsh Government itself has been utilising and considering different options to meet the cost of investment, primarily by utilising the ability of local authorities to borrow.

This includes schemes such as:

- Local Government Borrowing Initiative for highways and schools and potentially for coastal erosion.
- Providing interest free loans using Financial Flexibility Funding available to them for a range of schemes deemed repayable from future incidental income or enhancements in land value.

Whilst welcome where there is linkage to the strategic aims of Cardiff Council, these present an ongoing risk to the Council as all risk of expenditure remains with the Council and WG require all funding to be paid back in full in future years.

Following consideration of alternative options, the Council will undertake 'Direct Funding' of the Arena utilising PWLB loans or similar loans. This would be at no direct cost to the Council though as any costs of 'Direct Funding' would be matched or exceeded by annual lease income receivable by the Arena operator.

The Council will consider the risks and benefits of new school investment proposed by Welsh Government as part of its Mutual Investment

Model (MIM) for 21<sup>st</sup> Century Schools. This is where new schools could be built under a Public Private Partnership arrangement and Councils will be required to pay a revenue charge per

annum for use of the asset over a defined period to which the Welsh Government would contribute a fixed percentage.

The Council will also explore with Welsh Government the development of a Tax Increment Finance pilot, a means of unlocking development value through investing in infrastructure, assumed to be paid for from anticipated future business rates.

In assessing alternative income sources proposed to pay for investment funded by borrowing, the long-term risks, sustainability and responsibility for them would need to be clearly understood. This is together with lessons learnt where similar schemes have been introduced elsewhere. Robust business cases and due diligence is essential.

## Leasing

Lease obligations are like borrowing as they have an ongoing revenue budget commitment. Leasing will be considered following due diligence over the life of the asset, comparing the financial and non-financial benefits and risks compared to the Council owning and delivering such assets itself. As part of new accounting requirements from 2022/23, the Council will undertake a data gathering exercise to understand materiality and the detailed financial implications, assets and liabilities in respect to significant lease agreements.



# Managing the Borrowing Requirement

The Council's Treasury Management Strategy considers how the cash requirements arising from the Council's Capital Strategy and detailed investment programme are managed by external borrowing and the timing of any such borrowing. This is delegated to the Section 151 Officer. Governance and Audit Committee is responsible for seeking assurances that the Council has complied with the Treasury Management Strategy and Practices by demonstrating effective control of the associated risks and pursuing optimum performance consistent with those risks.

Where capital expenditure has been incurred without a resource to pay for it i.e. when proposed to be paid for by supported or unsupported borrowing, this will increase what is termed the Council's Capital Financing Requirement (CFR) which is the Council's underlying need to borrow. The Council is required to make a prudent provision for the repayment of historic capital expenditure from its revenue budget in line with its agreed policy. This reduces the CFR. Calculation of the CFR is summarised in the table below and results in the need to borrow money.

Movement	Opening Capital Financing Requirement (CFR)
+	Capital expenditure incurred in year
-	Grants, contributions, reserves and receipts used for capital expenditure
-	Prudent Minimum Revenue Provision and Voluntary Provision
=	Closing Capital Financing Requirement (CFR)

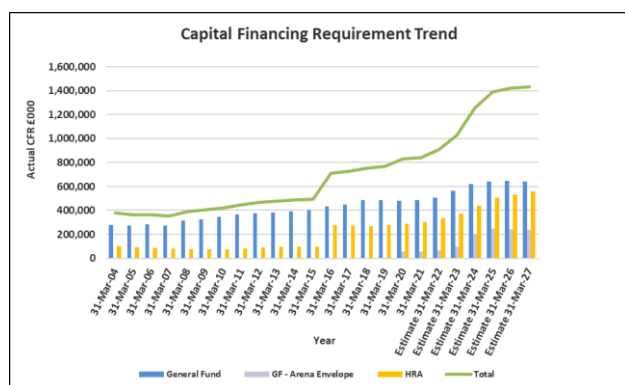
Future projections of the CFR based on the Capital investment programme and resources deemed available to fund it are shown in the table below.

Forecasts are subject to the timing of capital expenditure and receipt of funding sources.

Indicator							
Capital Financing Requirement as at 31 March							
	2021 Actual £m	2022 Estimate £m	2023 Estimate £m	2024 Estimate £m	2025 Estimate £m	2026 Estimate £m	2027 Estimate £m
General Fund	484	508	564	621	642	648	640
General Fund (Arena Affordability Envelope)	56	67	97	198	246	242	238
Housing Revenue Account	301	335	369	438	505	534	556
<b>Total</b>	<b>841</b>	<b>910</b>	<b>1,030</b>	<b>1,257</b>	<b>1,393</b>	<b>1,424</b>	<b>1,434</b>

The chart below shows the trend in the CFR including the Housing Revenue Account.

The latter includes the £187 million payment made from the HRA to HM Treasury to exit the subsidy system in 2015/16 and future expenditure to create new Council owned affordable housing in accordance with the Housing 30 Year Business Plan. The increase for the general fund relates to previous commitments and new expenditure commitments primarily those assumed to pay for themselves from future incidental income or savings such as the indoor arena, City Deal and the 21<sup>st</sup> century school's financial model.



## Managing the Borrowing Requirement

As indicated in previous years, given the significance of the Capital Financing Requirement in respect to the Arena Affordability Envelope, this is highlighted separately in the chart.

The Medium-Term Financial Plan projections for the General Fund and HRA, include the costs of servicing the respective borrowing requirements. The Treasury Management Strategy addresses how the Council will meet the borrowing requirement including any external borrowing

The Council can consider various debt instruments, with the main source of long-term borrowing for local authorities historically being the Public Works Loan Board. Best treasury management practice is that loans are not taken on a project-by-project basis. However alternative options will be considered for specific council projects where relevant such as leasing, loans from Welsh Government and bonds where these would allow financing requirements to be met in an efficient manner. Advantages and disadvantages of such products, supported by external advice in respect of different options, would need to be considered including risks, track record and cost of issuance.



# Prudent Minimum Revenue Provision (MRP) Policy Statement

Where capital expenditure is paid for using borrowing, the Council has a statutory duty to charge an amount to future revenue budgets for the eventual repayment of that expenditure. This spreads the cost of capital expenditure incurred now, and historically, to future revenue budgets. Decisions in respect of the allocation of MRP have short, medium and very long-term impacts across generations.

Making minimum and any voluntary provision must be prudent and results in a reduction in the Council's underlying need to borrow known as the Capital Financing Requirement (CFR). Legislation does not define what constitutes a 'prudent provision'. Instead, Welsh Government has provided guidance and examples to interpret that term.

A statement on the Council's policy for its annual MRP is required to be submitted to Council for approval before the start of the financial year to which the provision will relate.

The previous approach to MRP on supported borrowing was based on a reducing balance basis. This was tested and reviewed during 2019/20 and a change in approach adopted whereby current and future generations who make use of assets, will pay an equal and consistent amount of MRP and there is a defined point at which debt will be fully provided.

The reduction in revenue resources because of the change is proposed to be continued to be made available to strengthen the Local Authority's financial resilience in respect of capital and treasury, through a Treasury Management Reserve.

*It is proposed that the Council's MRP Policy to apply for 2022/23 and for future years is as follows, with any change in the level, timing and method of provision in year delegated to the Section 151 Officer:*

- *Council expenditure undertaken based on 'supported borrowing' approved by WG is to be provided for on a straight-line basis over 45 years.*
- *HRA supported borrowing, which was part of the previous housing subsidy system is to be provided for at 2% on a straight-line basis. MRP on the significant £187 million settlement*

*buyout payment is to be on 2% straight line basis as a minimum.*

- *Additional borrowing for a general increase in investment either in the Council Fund or HRA to balance the Capital Programme in a year is to be provided for on a straight-line basis over the estimated average life of the assets created.*
- *Any additional expenditure linked to specific schemes e.g. Invest to Save, 21st Century Schools, Arena affordability envelope etc. is to be provided for on a straight-line basis, or annuity basis, over the estimated useful life of assets being created or a shorter period as determined by the Section 151 Officer or suggested periods determined by Welsh Government as is the case with the Local Government Borrowing Initiative.*
- *Voluntary revenue provision more than the above requirements can be made subject to affordability and following advice of the Section 151 Officer. Voluntary revenue provision or overpayments, can, if needed, be reclaimed in later years if deemed necessary or prudent where disclosed in accordance with requirements and the proposed use and outcomes are approved and reported to Council.*
- *Subject to agreement of the S151 Officer, MRP may be waived on expenditure recoverable within a prudent period through capital receipts (e.g. land purchases, loan repayments) or sculpted and deferred to when the benefits from investment are scheduled to begin, to manage any initial revenue deficits or when confirmed external grant payments towards that expenditure are expected.*
- *The MRP charged against liabilities under finance leases, or contracts that have the characteristics of finance leases, shall be equal to the principal element of the lease repayment, calculated on an annual basis.*

Following consultation in England on updates to MRP guidance, any relevant changes from Welsh Government guidance will be considered in the 2023 /24 MRP policy.



## Affordability

Capital investment undertaken historically, and the proposed Capital Programme, form an integral part of the Council's revenue budget and Medium-Term Financial Plan. The revenue budget impact of capital schemes for Council Tax and Rent payers include:

- The costs of operating / maintaining new assets.
- The capital financing costs of servicing any borrowing required to pay for investment (interest and the Council's approach to making prudent provision for repayment of capital investment paid for by borrowing).
- The revenue costs of preparing and delivering projects.
- Abortive costs required to be charged to revenue budgets if schemes do not proceed.

Some or all costs of that investment may be offset by financial and non-financial benefits such as incidental income, cost avoidance and importantly improved outcomes for residents of the city.

Where capital investment has been undertaken by borrowing, the Council is required to spread the cost of that investment over future year's revenue budgets. This is in accordance with its Policy on Prudent Provision for the Repayment of Capital expenditure which is approved as part of the budget proposals each year.

It is recognised that the Council cannot afford to do everything, however where revenue resources are deemed available to increase the level of Council borrowing, where it needs to do so, this will be considered. The Council's approach to affordability of its capital financing budgets in the medium term are as follows:

- General Fund – Additional investment funded by borrowing over the medium term to be minimised unless in accordance with the principles agreed as part of budget strategy and following robust business cases (Secure match funding or pay for themselves).
- Housing Revenue Account - Increasing over the long term primarily because of implementing Capital Ambition target of new affordable housing. Future rent policy of WG and a robust approach to ensuring viability

of new development are key risks to affordability.

- Strategic and major development projects – To create specific revenue budget allocations to cover capital financing costs arising from approved business cases.

The approach of Cabinet approval of proportionate business cases for significant projects funded by the Council, prior to full inclusion in the capital programme is an essential tool to ensure financial resilience and understanding of affordability and risk.

Prudential indicators and financial resilience indicators included in the Budget Report must be considered in taking a longer-term view of affordability, prudence and sustainability. These are to be developed further during 2022/23 in line with CIPFA Code changes.

The percentage of the Council's revenue budget that is committed in the long term to capital financing costs is increasing. Given the pressure on revenue budgets, this clearly limits the affordability of other priorities in future years and must be a factor considered by members when determining the Capital Programme.

The indicator below identifies the trend in the cost of capital financing (excluding the running costs of schemes) as a percentage of net revenue stream. Financing costs include:

- Interest payable on borrowing and receivable on treasury investments
- Penalties or any benefits receivable on early repayment of debt
- Prudent revenue budget provision for repayment of capital expenditure paid for by borrowing
- Reimbursement of borrowing costs from directorates in respect of Invest to Save schemes.

For the General Fund, the net revenue stream is the amount to be met from non-specific WG grants and Council Tax, whilst for the HRA it is the amount to be met from rent payers and service charges. These are clearly based on future assumptions in respect to Aggregate External Financing, council tax income and housing rents. Any adverse change in these

## Affordability

variables may have a significant impact on the outlook and comparators for this indicator.

An increasing ratio indicates that a greater proportion of the estimated future revenue budget is required for capital financing costs over the planned Capital Programme period.

Although there may be short term implications, Invest to Save schemes are intended to be net neutral on the capital financing budget. However, there are risks that the level of incidental income, savings or capital receipts anticipated from such schemes will be delayed or will not materialise. This would have a detrimental long-term consequence on the revenue budget and requires careful monitoring when considering future levels of additional borrowing.

In accordance with the principles of Invest to Save, the net ratio assumes that any costs of

undertaking additional investment are recovered over time from directorate or other revenue budgets.

Accordingly, a gross ratio is also calculated which indicates the gross capital financing cost i.e. it represents a worst-case scenario, highlighting the proportionality of such investment.

The requirement to meet any additional costs, in a worst-case scenario, can only come from future savings or from increases in Council Tax or Rent. It should be noted that Welsh Government control Rent Policy. An increasing ratio limits the scope for additional borrowing in future years and reduces the Council's overall flexibility when making decisions on the allocation of its revenue resources.

Indicator							
Ratio of Financing Costs to Net Revenue Budget Stream							
	2020/21 Actual %	2021/22 Estimate %	2022/23 Estimate %	2023/24 Estimate %	2024/25 Estimate %	2025/26 Estimate %	2026/27 Estimate %
<b>General Fund – Net Capital Financing Budget</b>	4.73	4.77	4.58	4.69	4.71	4.70	4.90
<b>General Fund – Gross Capital Financing Budget</b>	6.99	7.18	6.90	7.50	8.22	8.39	8.44
<b>Housing Revenue Account (HRA) – Gross Capital Financing Budget</b>	32.72	32.24	32.16	33.36	36.23	38.49	37.72

Two additional local indicators are also produced for the General Fund only, to support decision making and are shown in the tables below for the period up to 2026/27. The first indicator shows the ratio of capital financing costs expressed as a percentage of its controllable revenue budget. This excludes expenditure on levies, Council Tax support and delegated school's budgets.

An increasing percentage indicates that a greater proportion of the controllable budget is required for capital financing costs, which are committed in the long term.

# Affordability

Indicator								
Capital Financing Costs expressed as percentage of Controllable Budget								
	2011/12 Actual %	2021/22 Estimate %	2022/23 Estimate %	2023/24 Estimate %	2024/25 Estimate %	2025/26 Estimate %	2026/27 Estimate %	Difference 11/12-26/27 %
Net	13.47	11.23	9.83	10.14	10.19	10.21	10.68	(20.71)
Gross	15.17	16.83	14.73	16.11	17.66	18.12	18.34	20.90

The second additional indicator below for the General Fund and HRA highlights the impact of the increasing Capital Financing Requirement (Debt) as a ratio of the projected Net Revenue Stream. It is an indicator of financial

sustainability and helps to explain the relationship of debt to the resources available to deliver services.

Indicator								
Capital Financing Requirement (Debt) as a ratio of the Net Revenue Stream								
	2011/12 Actual %	2020/21 Actual %	2021/22 Estimate %	2022/23 Estimate %	2023/24 Estimate %	2024/25 Estimate %	2025/26 Estimate %	2026/27 Estimate %
<b>General Fund</b>	0.72	0.82	0.84	0.89	1.07	1.13	1.10	1.06
<b>Housing Revenue Account (HRA)</b>	2.24	3.78	4.13	4.43	4.97	5.39	5.41	5.35



# References

## **Key Documents**

Capital Ambition (Cabinet March 2022)

Investment Property Strategy (Cabinet November 2016)

Corporate Property Strategy and Annual Property Plan (Cabinet December 2021)

Treasury Management Strategy 2022/23 (Council March 2022)

## **Image Descriptions (in order of appearance)**

Cover – City aerial view

Proposed International Sports Village – artistic impression

Grange Gardens

Proposed Channel View development – artistic impression

The Maelfa

Whitchurch Hub

Rhydypenau Hub interior

Crofts St housing development (3 pictures)

Proposed Arena – artistic impression

Track at International Sports Village – artistic impression

E-Collect electric waste collection vehicle

Expansion at Thornhill Cemetery

Work in progress at Highfields PassivHaus development

Grange Gardens

## **Attachments to the Capital Strategy 2022/23**

Capital Investment Programme 2022/23 - 2026/27

Capital Funding 2022/23 - 2026/27



## Capital Investment Programme 2022/23 - 2026/27

	Purpose / To Fund	<u>2022/23</u> <u>Including</u> <u>Slippage</u> <u>£000</u>	<u>Indicative</u> <u>2023/24</u> <u>£000</u>	<u>Indicative</u> <u>2024/25</u> <u>£000</u>	<u>Indicative</u> <u>2025/26</u> <u>£000</u>	<u>Indicative</u> <u>2026/27</u> <u>£000</u>	<u>Total</u> <u>£000</u>	
<b>Annual Sums Expenditure</b>								
1	Disabled Adaptations Grants (see also Public Housing)	adaptations and internal modifications to allow the recipient to live independently within their own home.	5,459	5,000	5,000	5,000	5,000	<b>25,459</b>
2	Owner Occupier Costs - Housing Regeneration	owner occupier costs of improvements to housing and boundary walls as part of public housing regeneration schemes. Includes enabling works to improve energy efficiency in areas eligible for Welsh Government grant funding.	330	240	240	140	140	<b>1,090</b>
3	Alleygating	prevention of anti-social behaviour with other benefits such as reduced street cleansing and highway maintenance costs.	161	100	100	100	100	<b>561</b>
4	Neighbourhood Renewal Schemes (NRS)	local regeneration schemes based on ward member priorities.	629	200	0	0	0	<b>829</b>
5	Schools Property Asset Renewal	improving the condition of the schools property stock within the Council in accordance with Directorate Asset Management plans and priority works arising from surveys. Health and Safety and Additional Learning Needs Strategy.	2,302	7,815	5,815	4,815	2,815	<b>23,562</b>
6	Schools Suitability and Sufficiency	increasing accessibility issues in schools, to address rising pupil numbers and works required in schools that are not part of the 21st Century Schools programme.	1,040	1,040	1,040	1,040	1,040	<b>5,200</b>
7	Highway Carriageway Reconstruction	programme to address structural failure, beyond routine repairs.	100	0	0	0	0	<b>100</b>
8	Carriageway Investment	road resurfacing - priorities based on annual engineering inspections.	4,000	3,350	4,350	4,050	3,350	<b>19,100</b>
9	Footway Investment	footway resurfacing including implementation of dropped kerbs - priorities based on annual engineering inspections.	760	755	470	470	470	<b>2,925</b>
10	Footway Improvements around Highway Trees	improving the condition of tree roots and tree pits on footways.	125	125	125	125	125	<b>625</b>
11	Street Lighting Renewals	replacement and installation of new street lighting columns including renewal of electrical cabling.	1,020	1,000	270	270	270	<b>2,830</b>
12	Highway Structures including Bridges	the strengthening or replacement of sub standard bridges, culverts and other highways structures following principal inspection reports.	1,100	1,100	1,100	1,100	1,100	<b>5,500</b>
13	Bus Corridor Improvements	bus corridor improvements with a focus on securing match funding.	565	335	335	335	335	<b>1,905</b>
14	Road Safety Schemes	local network improvements including junction and pedestrian safety improvements, with a focus on securing match funding.	335	335	335	335	335	<b>1,675</b>
15	Telematics / Butetown Tunnel	transportation infrastructure improvements including CCTV systems.	300	600	330	630	630	<b>2,490</b>
16	Transport Grant Match Funding	match funding for Council bids to Welsh Government for transport schemes.	375	375	375	375	375	<b>1,875</b>
17	Strategic Cycle Network Development	implementation and match funding of the Cycling Strategy as prioritised in the integrated network map. Installation of cycle parking and network improvements to improve network permeability.	800	400	400	400	400	<b>2,400</b>
18	Materials Recycling Facility	upgrades to minimise downtime at the Materials Recycling Facility.	45	45	45	45	45	<b>225</b>
19	Waste Recycling and Depot Site Infrastructure	safety improvements at waste management facilities, skip renewal and retaining wall replacement.	300	200	100	100	100	<b>800</b>
20	Non Schools Property Asset Renewal	improvements to the condition of the non-schools property stock within the Council in accordance with Directorate Asset Management Plans and priority works.	2,449	1,855	1,855	1,855	1,855	<b>9,869</b>
21	Parks Infrastructure	improvements to existing parks infrastructure e.g. allotments, hard surfaces, sports fields, parks utilities and outdoor leisure facilities.	140	140	140	140	140	<b>700</b>
22	Play Equipment	replacement of existing play equipment in parks.	290	290	190	190	190	<b>1,150</b>
23	Teen/Adult Informal Sport and Fitness Facilities	improvements to the condition of priority MUGA's, fitness equipment, BMX tracks and skate parks.	350	200	200	200	200	<b>1,150</b>
24	Green Flag Park Infrastructure Renewal	the replacement of ageing infrastructure in existing Green Flag parks to support assessment criteria.	100	100	100	100	100	<b>500</b>
25	ICT Refresh	replacement of failing / non compliant hardware for corporate systems.	1,000	700	400	900	400	<b>3,400</b>
26	Contingency	unforeseen pressures in the Capital Programme that arise in year that cannot be managed within existing resources.	200	200	200	200	200	<b>1,000</b>
<b>TOTAL ANNUAL SUMS</b>			<b>24,275</b>	<b>26,500</b>	<b>23,515</b>	<b>22,915</b>	<b>19,715</b>	<b>116,920</b>

## Capital Investment Programme 2022/23 - 2026/27

Purpose / To Fund	2022/23 Including Slippage £000	Indicative 2023/24 £000	Indicative 2024/25 £000	Indicative 2025/26 £000	Indicative 2026/27 £000	Total £000
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### Ongoing Schemes / Amendments to Ongoing Schemes

27	City Centre Youth Hub	Council contribution to create a multi agency Youth Hub.	136	1,900	0	0	0	2,036
28	Targeted Regeneration Investment Programme	match funding towards approved regional projects such as Tudor Street Commercial Property and Environmental Improvement scheme.	988	0	0	0	0	988
29	Rhiwbina Hub	refurbishment and alteration of the existing building to develop a Council Hub.	288	0	0	0	0	288
30	Youth Zone	land assembly for key regeneration site at the gateway to Ely. Subject to a report to Cabinet, to enter into a development partnership to create a Youth Zone and subsequent business case and confirmation of grant funding and operating costs being in place.	150	0	0	0	0	150
31	Neighbourhood, District and Local Centre Regeneration	amplify the importance of local spaces, local shopping and services for communities highlighted by the Covid crisis. Together with a further phase of the Neighbourhood Renewal Scheme, further public realm and green space improvements, community safety measures and improved neighbourhood facilities to help communities to adapt and thrive.	250	450	450	450	450	2,050
32	Children's Services Accommodation Strategy	the balance of proceeds from disposal of 150 Thornhill Road ring-fenced for schemes which provide direct benefit to children.	0	229	0	0	0	229
33	Children's Respite Provision	requirements based on an assessment of respite services for children at Ty Storrie, to align service provision with the needs of young people.	100	750	900	0	0	1,750
34	Schools Additional Asset Renewal / H&S and Additional Learning Needs (ALN)	the balance of £25 million additional funds allocated for Schools property improvements including those for Health & Safety and Additional Learning Needs.	7,500	9,000	0	0	0	16,500
35	21st Century Schools Band B (assumed from asset sales)	part of the Council's match funding towards expenditure funded by Welsh Government Grant. £25m of this is assumed to be from the proceeds of asset sales, with the balance being additional borrowing paid by revenue budgets in the Band B financial model.	10,000	2,500	2,500	10,000	0	25,000
36	City Centre Transport Schemes	the design and implementation of City Centre Transport Improvements along with any approved Welsh Government or other external funding sources.	176	1,000	0	0	0	1,176
37	City Centre Transport Impact - enabling works	works and smart corridors to mitigate impact of City Centre transportation improvements, being undertaken as part of the Clean Air Direction, in adjacent wards and key routes.	2,000	1,000	500	0	0	3,500
38	City Centre Transport Schemes - Churchill Way Canal	part of the City Centre East highway works, to expose the existing dock feeder canal at the upper end of Churchill Way. The Canal will be delivered as part of the wider transport scheme and will be used to cleanse highway surface water as part of the Sustainable Drainage infrastructure installed with the scheme. Once constructed, the Canal will provide a new public space with seating areas.	3,000	0	0	0	0	3,000
39	Western Transport Bus Interchange	a public transport interchange in the west of the city as part of the redevelopment of the former Household Waste Recycling Centre.	208	1,100	0	0	0	1,308
40	Cycling Infrastructure (Priority Cycle Routes) - Active Travel	connected routes creating a network for cyclists to safely use and facilitate a significant mode shift from private car to cycling resulting in improved road safety and reducing congestion.	1,000	1,000	2,000	0	0	4,000
41	Bereavement Property Asset Renewal	a segregated property asset renewal allocation for bereavement services from the rest of the property portfolio to allow more of the bereavement reserve to be support the revenue costs of the service and directorate.	103	100	105	225	110	643
42	Coastal Risk Management Programme - construction match funding	a scheme to manage flood and erosion risk at the estuary of the river Rumney, including protection of landfill material, key road infrastructure and the Rover Way travellers site. Subject to design, final business case approval. Welsh Government contribution is assumed in the form of Local Government Borrowing Initiative.	196	500	1,420	0	0	2,116
43	Flooding and Drainage	match funding for implementation of priority schemes to alleviate flooding, where there is an approved business case and WG grant funding is in place following an application process.	475	250	250	0	0	975

## Capital Investment Programme 2022/23 - 2026/27

	Purpose / To Fund	2022/23 Including Slippage £000	Indicative 2023/24 £000	Indicative 2024/25 £000	Indicative 2025/26 £000	Indicative 2026/27 £000	Total £000
44	One Planet Strategy - small schemes and match funding	500	900	900	900	0	3,200
45	New Household Recycling and Service Centre	0	200	1,650	1,475	0	3,325
46	Waste Recycling and Collection Review	0	815	0	0	0	815
47	Waste Grants Match funding	100	100	0	0	0	200
48	Indoor Arena Contribution to Delivery (Part)	5,000	0	0	0	0	5,000
49	International Sports Village (Phase 1)	7,400	0	0	0	0	7,400
50	East Cardiff Industrial and Regeneration Strategy	1,500	2,000	5,000	2,000	0	10,500
51	Central Square Public Realm	342	0	0	0	0	342
52	Economic Regeneration Schemes	1,930	0	0	0	0	1,930
53	Cardiff Indoor Market Restoration	69	595	0	0	0	664
54	Community Asset Transfer	25	73	0	0	0	98
55	Flatholm Island - NLHF Project 'A Walk Through Time'	100	100	0	0	0	200
56	Roath Park Dam	1,500	3,800	0	0	0	5,300
57	Upgrading Council Chamber Conference Systems	50	0	0	0	0	50
58	Modernising ICT to improve business processes	130	350	306	0	0	786
59	Cardiff Capital Region City Deal (CCRCDD)	0	4,000	5,000	5,000	5,776	19,776
<b>TOTAL ONGOING SCHEMES</b>		<b>45,216</b>	<b>32,712</b>	<b>20,981</b>	<b>20,050</b>	<b>6,336</b>	<b>125,295</b>

## Capital Investment Programme 2022/23 - 2026/27

	Purpose / To Fund	<u>2022/23</u> <u>Including</u> <u>Slippage</u> <u>£000</u>	<u>Indicative</u> <u>2023/24</u> <u>£000</u>	<u>Indicative</u> <u>2024/25</u> <u>£000</u>	<u>Indicative</u> <u>2025/26</u> <u>£000</u>	<u>Indicative</u> <u>2026/27</u> <u>£000</u>	<u>Total</u> <u>£000</u>	
<b>New Capital Schemes/Annual Sums (Excluding Invest to Save)</b>								
60	Parking Enforcement Equipment (Earmarked Reserve)	moving traffic offences cameras and equipment for new routes and changing routes that will require enforcement for safety purposes and in order to maintain efficient traffic flows.	125	175	100	250	225	<b>875</b>
<b>TOTAL NEW SCHEMES / ADDITIONAL ANNUAL SUMS</b>			<b>125</b>	<b>175</b>	<b>100</b>	<b>250</b>	<b>225</b>	<b>875</b>

<b>Schemes funded by Grants and Contributions (Further grants subject to approval of bids)</b>								
61	Enable Grant (WG)	support for Independent Living and to be used with the Council's allocation for Disabled Facilities adaptations.	540	540	540	540	540	<b>2,700</b>
62	Travellers Sites (WG)	subject to design, number of pitches, planning and grant approval, the creation of additional pitches at Shirenewton.	250	1,500	1,500	0	0	<b>3,250</b>
63	21st Century Schools Band B (WG)	strategic investment programme for priority schools including land acquisition, funded by Welsh Government grant and subject to approval of individual business cases.	22,240	13,610	58,810	31,210	0	<b>125,870</b>
64	Welsh Medium Capital Grant (WG)	Welsh Medium Provision at Ysgol Mynydd Bychan.	1,000	860	0	0	0	<b>1,860</b>
65	City Centre Eastside Transport Scheme (Metro+CCRCD)	City Centre - Eastside grant with the CCRCD allocation.	1,500	0	0	0	0	<b>1,500</b>
66	Air Quality Direction 2019 - Grant (WG)	measures including; Taxi vehicle emissions incentive; City Centre transport and active travel; Implementation management and monitoring.	5,000	6,600	0	0	0	<b>11,600</b>
67	Safe Routes in Communities (WG)	accessibility and safety improvements to encourage walking and cycling in communities.	600	600	600	0	0	<b>1,800</b>
68	Road Safety Grant (WG)	measures that secure road safety casualty reduction.	0	200	200	0	0	<b>400</b>
69	Local Transport Fund (WG)	integrated, effective, accessible, affordable and sustainable transport systems.	3,000	4,000	5,000	0	0	<b>12,000</b>
70	Active Travel Fund (WG)	increased levels of active travel, improve health and well-being, air quality, connect communities and improve active travel access to employment, education and key services, destinations and public transport.	10,000	6,000	7,000	0	0	<b>23,000</b>
71	Ultra Low Emission Vehicles (WG)	electric vehicle and infrastructure installation.	1,000	0	0	0	0	<b>1,000</b>
72	Circular Economy Fund (WG)	measures to reduce waste generated or move up the Waste Hierarchy, particularly in respect of increasing reuse & repair; Further increases in recycling rates; including for non-domestic premises; Reductions in emissions relating to the circular economy; and Increasing resource efficiency.	1,000	0	0	0	0	<b>1,000</b>
73	Cardiff Heat Network (Heat Network Investment Project)	grant to be provided to Cardiff Heat Network Limited from the Department for Business, Energy & Industrial Strategy Heat Networks Delivery Unit towards the construction of a District Heat Network.	4,178	0	0	0	0	<b>4,178</b>
74	Central Market (Lottery)	the restoration of the Market, subject to final costing and further stage approvals.	0	1,587	0	0	0	<b>1,587</b>
75	Flatholm (Lottery)	the restoration of built and natural heritage on Flatholm Island.	300	330	0	0	0	<b>630</b>
76	Harbour Authority (WG)	critical and non critical asset renewal programme.	26	1,250	430	1,510	124	<b>3,340</b>
77	Planning Gain (S106) and other contributions	various schemes such as improvements to open space, transportation, public realm and community facilities.	4,920	6,839	3,510	1,441	0	<b>16,710</b>
<b>TOTAL SCHEMES FUNDED BY GRANTS AND CONTRIBUTIONS (FURTHER GRANTS SUBJECT TO APPROVAL OF BIDS)</b>			<b>55,554</b>	<b>43,916</b>	<b>77,590</b>	<b>34,701</b>	<b>664</b>	<b>212,425</b>



## Capital Investment Programme 2022/23 - 2026/27

	Purpose / To Fund	<u>2022/23</u> <u>Including</u> <u>Slippage</u> <u>£000</u>	<u>Indicative</u> <u>2023/24</u> <u>£000</u>	<u>Indicative</u> <u>2024/25</u> <u>£000</u>	<u>Indicative</u> <u>2025/26</u> <u>£000</u>	<u>Indicative</u> <u>2026/27</u> <u>£000</u>	<u>Total</u> <u>£000</u>	
<b>Additional borrowing undertaken by the Council to be repaid from revenue savings/incidental income (Invest to Save - Subject to Business Case)</b>								
<b>Existing Schemes</b>								
78	Right Homes, Right Support Strategy - Residential Provision for Children Looked After	improvements to the residential offer for Children Looked After by the Council which are currently placed outside of the Council boundaries and with Independent Fostering Agencies, subject to a business case. This includes an emergency pop-up unit, an assessment unit, and additional residential places in the city.	500	500	0	0	0	<b>1,000</b>
79	Young Persons Gateway Accommodation	supported accommodation for young people (16-24) to help them live independently whilst still providing intensive 24 hour support. Additional properties are required and while these can be sourced from Council or housing association stock some works will be needed to bring them up to the required standard for shared housing.	248	0	0	0	0	<b>248</b>
80	21st Century Schools - Band B Financial Model	strategic investment programme for priority schools including land acquisition, funded by additional borrowing.	12,950	17,430	17,490	0	5,740	<b>53,610</b>
81	Residential Street lighting conversion to LED	the roll out of LED street lighting in residential areas resulting in a reduction in costs, carbon emissions and improved lighting.	2,700	1,100	0	0	0	<b>3,800</b>
82	Cardiff Heat Network (loan to CHN Ltd)	Loan from Welsh Government to be provided to Cardiff Heat Network Limited Ltd towards the capital costs arising from the delivery of Phase 1 of the Cardiff Heat Network using waste heat from the Viridor Energy Recovery Facility (the "Project") in a way which de-risks the Project, enabling the delivery of its carbon benefits against a context of relatively high financial risk. Repayable to the Council by CHN Ltd from Heat Revenues over 30 years in line with the business case approved by Cabinet. Loan is repayable by Council to WG, irrespective of the level of income generation.	2,000	6,592	0	0	0	<b>8,592</b>
83	Coastal Risk Management Programme - Construction - WG Local Government Borrowing Initiative	works to address flood and erosion risk at the estuary of the river Rumney, including protection of landfill material, key road infrastructure and the Rover Way travellers Site. Allocation is subject to Council match funding being in place and approval of Welsh Government contribution assumed in the form of Local Government Borrowing Initiative.	4,000	9,000	8,250	0	0	<b>21,250</b>
84	Indoor Arena - enabling costs	a further triggering of the affordability envelope towards costs such as enabling works and Multi Storey Car Park.	3,000	27,080	0	0	0	<b>30,080</b>
85	Indoor Arena - contribution to delivery (part)	part of £24.3m contribution to support construction of the Arena. This £15m would be paid for from a recurring revenue budget held by major projects. The balance of £9.3m is included in the capital programme, expected to be paid for by earmarked receipts including those due from Central Square.	2,000	7,500	5,000	0	0	<b>14,500</b>
86	Indoor Arena - Direct Funding (Replacement for Income Strip Third Party Funding)	Direct borrowing funded by the annual lease income from the arena operator, backed by parent company guarantee.	23,020	69,050	46,030	0	0	<b>138,100</b>
87	Core Office Strategy - Digital Infrastructure	smarter working, digital infrastructure and building adaptations to allow the relinquishment of Willcox House.	5,629	1,500	0	0	0	<b>7,129</b>
88	Waste Vehicle Replacement - Lease or buy	setting an overall limit to be able to undertake effective lease versus buy option appraisal for Waste Collection vehicles, as long as revenue budgets are in place and committed to repay initial acquisition costs.	354	4,870	0	0	0	<b>5,224</b>
89	International Sports Village (Phase 2)	delivery of a velodrome and clubhouse, a cycle circuit, Toys R Us refurbishment, car parking, highways and public space, repayable from potential operator and rental income, subject to a business case and a report to Cabinet.	1,750	6,000	4,500	0	0	<b>12,250</b>
90	Pentwyn Leisure Centre Redevelopment	creation of a bespoke centre and elite training, fitness and conditioning facility, subject to a Cabinet report and business case. Total cost of £5.5m, of which £1.5 million would be from capital receipts, with the balance subject to a business case demonstrating that any additional borrowing can be sustainably repaid from future income.	1,450	2,300	0	0	0	<b>3,750</b>

## Capital Investment Programme 2022/23 - 2026/27

	Purpose / To Fund	<u>2022/23</u> <u>Including</u> <u>Slippage</u> <u>£000</u>	<u>Indicative</u> <u>2023/24</u> <u>£000</u>	<u>Indicative</u> <u>2024/25</u> <u>£000</u>	<u>Indicative</u> <u>2025/26</u> <u>£000</u>	<u>Indicative</u> <u>2026/27</u> <u>£000</u>	<u>Total</u> <u>£000</u>
91	CCRCDC - 'Capital expenditure contribution towards Wider Investment Fund in advance of receipt of capital grant'	0	0	3,500	6,000	6,000	15,500
92	CCRCDC - Housing / Projects Fund	0	3,000	3,000	4,000	0	10,000
93	Invest to Save - Annual Bid Allocation	500	500	500	500	500	2,500
<b>New Invest to Save Bids</b>							
94	Independent Living Wellbeing Centre	3,500	1,500	0	0	0	5,000
95	Non Operational Property Strategy - Regeneration Fund	0	1,000	2,000	0	0	3,000
<b>TOTAL INVEST TO SAVE</b>		<b>63,601</b>	<b>158,922</b>	<b>90,270</b>	<b>10,500</b>	<b>12,240</b>	<b>335,533</b>
<b>TOTAL GENERAL FUND</b>		<b>188,771</b>	<b>262,225</b>	<b>212,456</b>	<b>88,416</b>	<b>39,180</b>	<b>791,048</b>
<b>Public Housing Capital Programme (HRA)</b>							
96	Regeneration and Area Improvement	2,650	2,450	2,450	2,450	2,450	12,450
97	External and Internal Improvements	19,150	27,950	25,850	14,650	13,900	101,500
98	New Build and Acquisitions	49,810	77,500	74,485	49,155	34,000	284,950
99	Disabled Facilities Adaptations	3,000	3,350	3,350	3,350	3,350	16,400
<b>TOTAL PUBLIC HOUSING</b>		<b>74,610</b>	<b>111,250</b>	<b>106,135</b>	<b>69,605</b>	<b>53,700</b>	<b>415,300</b>
<b>TOTAL CAPITAL PROGRAMME EXPENDITURE</b>		<b>263,381</b>	<b>373,475</b>	<b>318,591</b>	<b>158,021</b>	<b>92,880</b>	<b>1,206,348</b>

## Capital Funding 2022/23 - 2026/27

	<u>2022/23</u>	<u>Indicative</u>	<u>Indicative</u>	<u>Indicative</u>	<u>Indicative</u>	<u>Total</u>	%
	<u>£000</u>	<u>2023/24</u>	<u>2024/25</u>	<u>2025/26</u>	<u>2026/27</u>	<u>£000</u>	
		<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>		
<b>General Fund</b>							
WG Unhypothecated Supported Borrowing	(8,901)	(10,630)	(10,630)	(8,901)	(8,901)	<b>(47,963)</b>	6.1
WG General Capital Grant	(6,135)	(7,326)	(7,326)	(6,135)	(6,135)	<b>(33,057)</b>	4.2
Additional Borrowing to balance existing capital programme	(34,953)	(33,901)	(17,690)	(25,719)	(10,805)	<b>(123,068)</b>	15.6
Additional Borrowing - Invest to save/earn schemes to be repaid from revenue savings/incidental income or directorate budgets	(63,601)	(158,922)	(90,270)	(10,500)	(12,240)	<b>(335,533)</b>	42.4
Earmarked Capital Receipts	(14,242)	(2,000)	(5,000)	(2,000)	0	<b>(23,242)</b>	2.9
Non Earmarked Capital Receipts assumption	(5,000)	(5,000)	(3,640)	0	0	<b>(13,640)</b>	1.7
Direct Revenue Financing	(210)	(210)	(210)	(210)	(210)	<b>(1,050)</b>	0.1
Earmarked Reserves	(175)	(320)	(100)	(250)	(225)	<b>(1,070)</b>	0.1
External funding estimates and contributions	(55,554)	(43,916)	(77,590)	(34,701)	(664)	<b>(212,425)</b>	26.9
<b>Total General Fund</b>	<b>(188,771)</b>	<b>(262,225)</b>	<b>(212,456)</b>	<b>(88,416)</b>	<b>(39,180)</b>	<b>(791,048)</b>	<b>100.0</b>
<b>Public Housing (HRA)</b>							
Major Repairs Allowance WG Grant	(9,550)	(9,550)	(9,550)	(9,550)	(9,550)	<b>(47,750)</b>	11.5
Additional Borrowing	(44,415)	(81,595)	(81,685)	(46,615)	(39,650)	<b>(293,960)</b>	70.8
Direct Revenue Financing / Earmarked Reserves	(5,500)	(2,400)	(2,400)	(2,400)	(2,400)	<b>(15,100)</b>	3.6
External funding estimates and contributions	(10,545)	(12,705)	(9,000)	(6,040)	(2,100)	<b>(40,390)</b>	9.7
Capital Receipts	(4,600)	(5,000)	(3,500)	(5,000)	0	<b>(18,100)</b>	4.4
<b>Total Public Housing</b>	<b>(74,610)</b>	<b>(111,250)</b>	<b>(106,135)</b>	<b>(69,605)</b>	<b>(53,700)</b>	<b>(415,300)</b>	<b>100.0</b>
<b>Total Capital Programme Resources Required</b>	<b>(263,381)</b>	<b>(373,475)</b>	<b>(318,591)</b>	<b>(158,021)</b>	<b>(92,880)</b>	<b>(1,206,348)</b>	

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**CARDIFF COUNCIL CAPITAL PROGRAMME 2022-2023**

<b>DIRECTORATE &amp; SCHEME</b>		<b>2022-2023 Programme</b>	<b>2021-22 Slippage</b>	<b>Budget Revision</b>	<b>Virements</b>	<b>Changes &amp; New Approvals</b>	<b>Total Programme 2022-23</b>	<b>Projected Outturn</b>	<b>Slippage</b>	<b>(Underspend) / Overspend</b>	<b>Total Variance</b>
		<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b><u>ECONOMIC DEVELOPMENT</u></b>											
<b><u>Business &amp; Investment</u></b>											
1	Town Centre Loan Scheme	0	0	0	0	250	250	250	0	0	0
2	S106 Schemes	54	50	(50)	0	0	54	51	(3)	0	(3)
<b>Total Business &amp; Investment</b>		<b>54</b>	<b>50</b>	<b>(50)</b>	<b>0</b>	<b>250</b>	<b>304</b>	<b>301</b>	<b>(3)</b>	<b>0</b>	<b>(3)</b>
<b><u>City Development &amp; Major Projects</u></b>											
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)
<b>Total City Development &amp; Major Projects</b>		<b>39,972</b>	<b>655</b>	<b>9,350</b>	<b>0</b>	<b>0</b>	<b>49,977</b>	<b>18,540</b>	<b>(31,437)</b>	<b>0</b>	<b>(31,437)</b>
<b><u>Parks &amp; Green Spaces</u></b>											
10	Asset Renewal Buildings	53	0	0	0	0	53	53	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	250	(1,237)	0	(1,237)
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
<b>Total Parks &amp; Green Spaces</b>		<b>4,431</b>	<b>1,238</b>	<b>(1,277)</b>	<b>0</b>	<b>0</b>	<b>4,392</b>	<b>2,772</b>	<b>(1,620)</b>	<b>0</b>	<b>(1,620)</b>
<b><u>Leisure</u></b>											
18	Pentwyn Leisure Centre Redevelopment	200	1,444	0	0	0	1,644	250	(1,394)	0	(1,394)
<b>Total Leisure</b>		<b>200</b>	<b>1,444</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,644</b>	<b>250</b>	<b>(1,394)</b>	<b>0</b>	<b>(1,394)</b>
<b><u>Venues &amp; Cultural Facilities</u></b>											
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
<b>Total Venues &amp; Cultural Facilities</b>		<b>0</b>	<b>252</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>252</b>	<b>252</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b><u>Property &amp; Asset Management</u></b>											
21	Asset Renewal Buildings	1,302	1,442	0	(107)	0	2,637	1,790	(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
<b>Total Property &amp; Asset Management</b>		<b>1,279</b>	<b>1,559</b>	<b>0</b>	<b>(107)</b>	<b>1,340</b>	<b>4,071</b>	<b>3,170</b>	<b>(901)</b>	<b>0</b>	<b>(901)</b>

**CARDIFF COUNCIL CAPITAL PROGRAMME 2022-2023**

<b>DIRECTORATE &amp; SCHEME</b>		<b>2022-2023 Programme</b>	<b>2021-22 Slippage</b>	<b>Budget Revision</b>	<b>Virements</b>	<b>Changes &amp; New Approvals</b>	<b>Total Programme 2022-23</b>	<b>Projected Outturn</b>	<b>Slippage</b>	<b>(Underspend) / Overspend</b>	<b>Total Variance</b>
		<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Harbour Authority</b>											
26	Harbour Asset Renewal	26	0	0	0	521	547	547	0	0	0
	<b>Total Harbour Authority</b>	<b>26</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>521</b>	<b>547</b>	<b>547</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Recycling Waste Management Services</b>											
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	(56)	18	478	418	(60)	0	(60)
29	Material Recycling Facility	45	21	0	56	0	122	122	0	0	0
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
	<b>Total Recycling Waste Management Services</b>	<b>1,530</b>	<b>1,314</b>	<b>0</b>	<b>0</b>	<b>(960)</b>	<b>1,884</b>	<b>1,824</b>	<b>(60)</b>	<b>0</b>	<b>(60)</b>
<b>TOTAL ECONOMIC DEVELOPMENT</b>		<b>47,492</b>	<b>6,512</b>	<b>8,023</b>	<b>(107)</b>	<b>1,151</b>	<b>63,071</b>	<b>27,656</b>	<b>(35,415)</b>	<b>0</b>	<b>(35,415)</b>
<b>EDUCATION &amp; LIFELONG LEARNING</b>											
<b>Schools - General</b>											
<b>Planning &amp; Development</b>											
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	11,628	2,951	0	2,951
36	Suitability / Sufficiency	1,040	0	0	0	4,372	5,412	5,412	0	0	0
37	S106 Funded Schemes	1,273	1,806	(1,806)	0	1,602	2,875	2,875	0	0	0
	<b>Total Planning &amp; Development</b>	<b>8,615</b>	<b>6,483</b>	<b>(1,806)</b>	<b>0</b>	<b>5,974</b>	<b>19,266</b>	<b>22,217</b>	<b>2,951</b>	<b>0</b>	<b>2,951</b>
<b>Schools Organisation Planning</b>											
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	29,801	(15,445)	0	(15,445)
	<b>Total Schools Organisation Planning</b>	<b>45,190</b>	<b>4,041</b>	<b>0</b>	<b>0</b>	<b>(3,985)</b>	<b>45,246</b>	<b>30,251</b>	<b>(15,445)</b>	<b>450</b>	<b>(14,995)</b>
<b>TOTAL EDUCATION &amp; LIFELONG LEARNING</b>		<b>53,805</b>	<b>10,524</b>	<b>(1,806)</b>	<b>0</b>	<b>1,989</b>	<b>64,512</b>	<b>52,468</b>	<b>(12,494)</b>	<b>450</b>	<b>(12,044)</b>
<b>PEOPLE &amp; COMMUNITIES</b>											
<b>COMMUNITIES &amp; HOUSING</b>											
<b>Neighbourhood Regeneration</b>											
40	Neighbourhood Renewal Schemes	350	353	0	0	0	703	500	(203)	0	(203)
41	District Local Centres	0	235	0	0	0	235	0	(235)	0	(235)
42	Transforming Towns Placemaking	0	0	0	0	306	306	306	0	0	0
43	Alleygating	100	98	0	0	0	198	50	(148)	0	(148)
44	Targeted Regeneration Investment Programme Matchfunding	0	801	0	0	0	801	801	0	0	0
45	St Mary Street Improvement Works	0	0	0	0	93	93	93	0	0	0
46	Rhiwbina Hub	0	281	0	107	507	895	895	0	0	0
47	City Centre Youth Hub	(650)	784	0	0	0	134	134	0	0	0
48	Youth Zone - Cowbridge Road West Regeneration	1,000	(98)	0	0	0	902	750	(152)	0	(152)
49	S106 Funded Projects	287	(318)	318	0	0	287	105	(182)	0	(182)
	<b>Total Neighbourhood Regeneration</b>	<b>1,087</b>	<b>2,136</b>	<b>318</b>	<b>107</b>	<b>906</b>	<b>4,554</b>	<b>3,634</b>	<b>(920)</b>	<b>0</b>	<b>(920)</b>

**CARDIFF COUNCIL CAPITAL PROGRAMME 2022-2023**

<b>DIRECTORATE &amp; SCHEME</b>		<b>2022-2023 Programme</b>	<b>2021-22 Slippage</b>	<b>Budget Revision</b>	<b>Virements</b>	<b>Changes &amp; New Approvals</b>	<b>Total Programme 2022-23</b>	<b>Projected Outturn</b>	<b>Slippage</b>	<b>(Underspend) / Overspend</b>	<b>Total Variance</b>
		<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Housing (General Fund)</b>											
50	Disabled Facilities Service	4,100	1,172	0	(2)	0	5,270	4,970	(300)	0	(300)
51	Enable Grant	540	0	0	0	115	655	655	0	0	0
52	Independent Living Wellbeing Hub - Displacement	3,500	1,101	0	0	0	4,601	0	(4,601)	0	(4,601)
53	Assistive Living	0	0	0	2	0	2	2	0	0	0
54	Traveller Site Expansion	250	0	0	0	0	250	100	(150)	0	(150)
55	Estate Environmental Improvements	80	3	0	0	0	83	183	100	0	100
<b>Total Housing</b>		<b>8,470</b>	<b>2,276</b>	<b>0</b>	<b>0</b>	<b>115</b>	<b>10,861</b>	<b>5,910</b>	<b>(4,951)</b>	<b>0</b>	<b>(4,951)</b>
<b>Flying Start</b>											
56	Flying Start	1,000	0	0	(1,000)	137	137	137	0	0	0
57	Moorland Primary	0	500	(200)	1,000	0	1,300	1,300	0	0	0
58	Childcare	0	204	0	0	0	204	204	0	0	0
<b>Total Flying Start</b>		<b>1,000</b>	<b>704</b>	<b>(200)</b>	<b>0</b>	<b>137</b>	<b>1,641</b>	<b>1,641</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total Communities &amp; Housing</b>		<b>10,557</b>	<b>5,116</b>	<b>118</b>	<b>107</b>	<b>1,158</b>	<b>17,056</b>	<b>11,185</b>	<b>(5,871)</b>	<b>0</b>	<b>(5,871)</b>
<b>SOCIAL SERVICES</b>											
<b>Adult Services</b>											
59	Tremorfa Day Services	0	36	0	0	0	36	36	0	0	0
<b>Total Adult Services</b>		<b>0</b>	<b>36</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>36</b>	<b>36</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Children's Services</b>											
60	Accommodation Strategy	0	(18)	18	0	0	0	0	0	0	0
61	Young Persons Gateway Accommodation	0	248	0	0	0	248	50	(198)	0	(198)
62	Residential Provision for Children Looked After	0	500	0	0	0	500	0	(500)	0	(500)
63	Respite - Learning Disabilities behaviour that challenges (Ty Storrie) - Displacement	100	1,135	0	0	0	1,235	200	(1,035)	0	(1,035)
64	Edge of Care Units (*2) - Bringing out of county home - Displacement	0	455	0	0	0	455	455	0	0	0
65	Childrens Assessment Centres - Displacement	0	455	0	0	0	455	0	(455)	0	(455)
66	Safer Accommodation - Displacement	0	695	0	0	0	695	0	(695)	0	(695)
<b>Children's Services</b>		<b>100</b>	<b>3,470</b>	<b>18</b>	<b>0</b>	<b>0</b>	<b>3,588</b>	<b>705</b>	<b>(2,883)</b>	<b>0</b>	<b>(2,883)</b>
<b>Total Social Care</b>		<b>100</b>	<b>3,506</b>	<b>18</b>	<b>0</b>	<b>0</b>	<b>3,624</b>	<b>741</b>	<b>(2,883)</b>	<b>0</b>	<b>(2,883)</b>
<b>TOTAL PEOPLE &amp; COMMUNITIES</b>		<b>10,657</b>	<b>8,622</b>	<b>136</b>	<b>107</b>	<b>1,158</b>	<b>20,680</b>	<b>11,926</b>	<b>(8,754)</b>	<b>0</b>	<b>(8,754)</b>
<b>PLANNING, TRANSPORT &amp; ENVIRONMENT</b>											
<b>Energy Projects &amp; Sustainability</b>											
67	Cardiff Heat Network	4,628	1,550	0	0	0	6,178	6,178	0	0	0
68	Energy Retrofit of Buildings (REFIT - Invest to Save)	0	0	0	0	129	129	129	0	0	0
69	One Planet Strategy small schemes & matchfunding	500	360	0	0	0	860	660	(200)	0	(200)
<b>Total Energy Projects &amp; Sustainability</b>		<b>5,128</b>	<b>1,910</b>	<b>0</b>	<b>0</b>	<b>129</b>	<b>7,167</b>	<b>6,967</b>	<b>(200)</b>	<b>0</b>	<b>(200)</b>

<b><u>DIRECTORATE &amp; SCHEME</u></b>	<b>2022-2023 Programme</b>	<b>2021-22 Slippage</b>	<b>Budget Revision</b>	<b>Virements</b>	<b>Changes &amp; New Approvals</b>	<b>Total Programme 2022-23</b>	<b>Projected Outturn</b>	<b>Slippage</b>	<b>(Underspend) / Overspend</b>	<b>Total Variance</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>



**CARDIFF COUNCIL CAPITAL PROGRAMME 2022-2023**

<b>DIRECTORATE &amp; SCHEME</b>		<b>2022-2023 Programme</b>	<b>2021-22 Slippage</b>	<b>Budget Revision</b>	<b>Virements</b>	<b>Changes &amp; New Approvals</b>	<b>Total Programme 2022-23</b>	<b>Projected Outturn</b>	<b>Slippage</b>	<b>(Underspend) / Overspend</b>	<b>Total Variance</b>
		<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b><u>Bereavement &amp; Registration Services</u></b>											
70	Bereavement Asset Renewal	95	95	0	0	0	190	190	0	0	0
	<b>Total Bereavement &amp; Registration Services</b>	<b>95</b>	<b>95</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>190</b>	<b>190</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b><u>Highway Infrastructure</u></b>											
71	Highway Carriageway - Reconstruction	100	58	0	267	0	425	425	0	0	0
72	Highway Resurfacing	2,300	2,674	0	(1,967)	0	3,007	4,148	1,141	0	1,141
73	Footpaths	760	0	0	0	0	760	1,293	533	0	533
74	Footway Improvements around Highway Trees	125	0	0	0	0	125	125	0	0	0
75	Millennium Walkway	400	(400)	0	0	0	0	0	0	0	0
76	Bridges & Structures	600	902	0	0	0	1,502	950	(552)	0	(552)
77	Street Lighting Renewals	740	384	0	0	0	1,124	324	(800)	0	(800)
78	LED Lighting Residential (Invest to Save)	1,200	773	0	0	0	1,973	2,800	827	0	827
79	Coastal Erosion Scheme Rover Way to Lamby Way	4,000	196	0	0	260	4,456	260	(4,196)	0	(4,196)
80	Flood Prevention Schemes	250	238	0	0	1,472	1,960	1,513	(447)	0	(447)
	<b>Total Highway Maintenance</b>	<b>10,475</b>	<b>4,825</b>	<b>0</b>	<b>(1,700)</b>	<b>1,732</b>	<b>15,332</b>	<b>11,838</b>	<b>(3,494)</b>	<b>0</b>	<b>(3,494)</b>
<b><u>Traffic &amp; Transportation</u></b>											
81	Asset Renewal Telematics / Butetown Tunnel	300	501	0	0	0	801	801	0	0	0
82	Cycling Development	800	1,941	0	(1,000)	0	1,741	1,000	(741)	0	(741)
83	Road Safety Schemes	335	0	0	0	0	335	335	0	0	0
84	WG Grant Matchfunding	375	136	0	0	0	511	316	(195)	0	(195)
85	WG (Local Transport Fund)	3,000	185	0	0	(630)	2,555	2,370	(185)	0	(185)
86	WG (Road Safety Casualty Reduction)	0	0	0	0	89	89	89	0	0	0
87	WG (Safe Routes in Communities)	600	0	0	0	689	1,289	1,289	0	0	0
88	WG (Active Travel Fund)	10,000	0	0	0	(761)	9,239	9,239	0	0	0
89	WG (20mph Core Allocation)	0	0	0	0	316	316	316	0	0	0
90	WG (Air Quality)	5,000	0	0	0	(2,493)	2,507	2,507	0	0	0
91	WG ( Bus Infrastructure Fund )	0	0	0	0	1,511	1,511	1,511	0	0	0
92	City Centre Eastside and Canal Phase 1	3,750	21	0	1,500	1,098	6,369	6,369	0	0	0
93	City Centre Transport Schemes Matchfunding	259	(83)	0	1,500	0	1,676	491	(1,185)	0	(1,185)
94	City Centre Transport Impact - Enabling works	1,000	1,500	0	0	0	2,500	1,000	(1,500)	0	(1,500)
95	Moving Offences Enforcement / P&D Equipment	125	0	0	0	(125)	0	0	0	0	0
96	Bus Corridor Improvements	335	139	0	(300)	0	174	174	0	0	0
97	Cardiff West Interchange	0	225	0	0	0	225	25	(200)	0	(200)
98	S106 Funded Schemes	1,202	440	(440)	0	0	1,202	484	(718)	0	(718)
	<b>Total Traffic &amp; Transportation</b>	<b>27,081</b>	<b>5,005</b>	<b>(440)</b>	<b>1,700</b>	<b>(306)</b>	<b>33,040</b>	<b>28,316</b>	<b>(4,724)</b>	<b>0</b>	<b>(4,724)</b>
<b><u>Strategic Planning &amp; Regulatory</u></b>											
99	S106 Projects	681	172	(172)	0	0	681	34	(647)	0	(647)
	<b>Total Strategic Planning &amp; Regulatory</b>	<b>681</b>	<b>172</b>	<b>(172)</b>	<b>0</b>	<b>0</b>	<b>681</b>	<b>34</b>	<b>(647)</b>	<b>0</b>	<b>(647)</b>
<b>TOTAL PLANNING, TRANSPORT &amp; ENVIRONMENT</b>		<b>43,460</b>	<b>12,007</b>	<b>(612)</b>	<b>0</b>	<b>1,555</b>	<b>56,410</b>	<b>47,345</b>	<b>(9,065)</b>	<b>0</b>	<b>(9,065)</b>

**CARDIFF COUNCIL CAPITAL PROGRAMME 2022-2023**

<b>DIRECTORATE &amp; SCHEME</b>		<b>2022-2023 Programme</b>	<b>2021-22 Slippage</b>	<b>Budget Revision</b>	<b>Virements</b>	<b>Changes &amp; New Approvals</b>	<b>Total Programme 2022-23</b>	<b>Projected Outturn</b>	<b>Slippage</b>	<b>(Underspend) / Overspend</b>	<b>Total Variance</b>
		<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>RESOURCES</b>											
<b>Technology</b>											
100	Modernising ICT to improve Business Processes	44	207	0	0	0	251	251	0	0	0
101	ICT Refresh	800	541	0	0	0	1,341	1,141	(200)	0	(200)
<b>Total Technology</b>		<b>844</b>	<b>748</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,592</b>	<b>1,392</b>	<b>(200)</b>	<b>0</b>	<b>(200)</b>
<b>Central Transport Services</b>											
102	Vehicle Replacement - Lease or Buy Phase 1	0	90	0	0	(90)	0	0	0	0	0
103	Vehicle Replacement - Lease or Buy Phase 2	4,700	(2,394)	0	0	0	2,306	2,306	0	0	0
<b>Total Central Transport Services</b>		<b>4,700</b>	<b>(2,304)</b>	<b>0</b>	<b>0</b>	<b>(90)</b>	<b>2,306</b>	<b>2,306</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Corporate</b>											
104	Contingency	200	0	0	0	(200)	0	0	0	0	0
105	Invest to Save - Small Schemes	500	0	0	0	(500)	0	0	0	0	0
106	City Deal WIF Payment to Region	(6,792)	6,792	0	0	0	0	0	0	0	0
107	Core Office Strategy - Digital Infrastructure	1,450	5,402	0	0	0	6,852	4,000	(2,852)	0	(2,852)
108	Web casting and Infrastructure	0	160	0	0	0	160	160	0	0	0
109	Electric Bus and Infrastructure Grant Scheme - Displacement	0	7,949	0	0	0	7,949	800	(7,149)	0	(7,149)
<b>Total Corporate</b>		<b>(4,642)</b>	<b>20,303</b>	<b>0</b>	<b>0</b>	<b>(700)</b>	<b>14,961</b>	<b>4,960</b>	<b>(10,001)</b>	<b>0</b>	<b>(10,001)</b>
<b>TOTAL RESOURCES</b>		<b>902</b>	<b>18,747</b>	<b>0</b>	<b>0</b>	<b>(790)</b>	<b>18,859</b>	<b>8,658</b>	<b>(10,201)</b>	<b>0</b>	<b>(10,201)</b>
<b>TOTAL GENERAL FUND</b>		<b>156,316</b>	<b>56,412</b>	<b>5,741</b>	<b>0</b>	<b>5,063</b>	<b>223,532</b>	<b>148,053</b>	<b>(75,929)</b>	<b>450</b>	<b>(75,479)</b>
<b>PUBLIC HOUSING (HRA)</b>											
110	Estate Regeneration and Stock Remodelling	2,650	(2,473)	2,473	0	0	2,650	2,700	50	0	50
111	External and Internal improvements to buildings	19,150	9,166	(9,166)	0	0	19,150	26,975	7,825	0	7,825
112	Disabled Facilities Service	3,000	848	(848)	0	0	3,000	2,700	(300)	0	(300)
113	Housing New Builds & Acquisitions	49,810	32,043	(32,043)	0	0	49,810	43,775	(6,035)	0	(6,035)
<b>TOTAL PUBLIC HOUSING</b>		<b>74,610</b>	<b>39,584</b>	<b>(39,584)</b>	<b>0</b>	<b>0</b>	<b>74,610</b>	<b>76,150</b>	<b>1,540</b>	<b>0</b>	<b>1,540</b>
<b>TOTAL</b>		<b>230,926</b>	<b>95,996</b>	<b>(33,843)</b>	<b>0</b>	<b>5,063</b>	<b>298,142</b>	<b>224,203</b>	<b>(74,389)</b>	<b>450</b>	<b>(73,939)</b>

## Appendix 5 – General Fund Capital Schemes Update – Month 6

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 £223.532 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 £63.071 million; with an initial variance of £35.415 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 totalling £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. Onward loans are approved by the Council following a due diligence process with the only approval in this year to date being a £250,000 loan to Tramshed Tech Ltd to support expansion of business services and flexible office space. It should be noted that all risk in respect to repayable loans received from Welsh Government remains with the Local Authority.
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 later this financial year, which will allow construction to begin on site. This is later than originally scheduled, which means a significant proportion of this year's budget (circa £29 million) will need to be carried forward

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into 2023/24. All expenditure will be covered by the Arena affordability envelope.

6. Cabinet in October 2022 considered an update on the Llanrumney Regeneration Scheme including an outline of the developer's proposal for the delivery of a new road link and bridge connecting the A48 to the Llanrumney ward. As part of an agreed Cardiff East Regeneration Strategy, subject to agreement of detailed grant terms, a grant of £1.5 million has also 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, all currently under construction. 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 £53,000 includes 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. All budget made available has been allocated to a destination skate park 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 and a log retaining wall at Roath Park.
12. Expenditure of £250,000 is forecast during 2022/23 in relation to Roath Park Dam. Investigatory / modelling works continue, along with a Phase 2

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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, and further delay will result in slippage of £1.394 million into 2023/24, whilst the scope, business case, viability and development agreements are confirmed. Expenditure of £250,000 on professional fees is forecast for 2022/23.

## **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. Robust systems should be put in place with regular collaboration with the operator to action any residual Council responsibilities for the building on an ongoing basis.

## **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, Cardiff Castle and remedial works at Cardiff International White-Water Centre. £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. 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 and reviewed to determine whether the budget is still required as part of the investment programme in 2023/24.

18. 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 for regeneration or to benefit from regearing of sites. Subject to completion of legal terms, this includes 14 Ipswich Road and various Brains Pubs sites. An estimate of £1.340 million is assumed at this stage for the year, and any onward disposal should be actioned as soon as possible to ensure any recurring costs of holding the properties are minimised.
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 £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 considered by Cabinet. Subject to the implementation costs of the strategy over the period and availability of external 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 agreed change actions.
23. The Waste Recycling and Depot Site Infrastructure budget of £478,000 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 £122,000 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.

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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. Details of any external grant awards approved to support the recycling strategy 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 £64.512 million, with a projected variance of £12.044 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 schools' estate including roof and boiler replacements, fire precaution works, safeguarding of lobbies and kitchen upgrades. An additional £8.677 million, from the overall additional £25 million of Invest to Save funding approved in 2018/19, was allocated to address condition, health and safety and additional learning needs within the schools' estate. This funding is planned to be used flexibly to cover priority works within schools and an additional £2.951 million is anticipated to be drawn down earlier than planned for use in 2022/23.

#### *Asset Renewal – Suitability and Sufficiency*

28. The original 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. Additional WG grant awards have been made in relation to ALN capital works (£2.188 million) and Community Focus Schools (£2.184 million). Both are expected to displace capital budgets previously identified allowing the need to bring forward Invest to Save funding to be mitigated.

### **Schools Organisation Plan – 21<sup>st</sup> 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 21<sup>st</sup> 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 School have a Welsh Government approved overall budget of £64.3 million. Expenditure on the project in 2022/23 is estimated to be £23.557 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 to be submitted to Welsh Government with expenditure on planning, surveys and professional fees underway and enabling works to commence shortly.
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 now been approved by Welsh Government with enabling works being costed.
34. Due to the requirement to resolve land issues, the St Mary the Virgin scheme has been reprofiled with no significant expenditure expected until 2023/24.
35. Other Band B schemes currently underway include 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**

36. The Directorate Programme for 2022/23 is £20.680 million with a variance of £8.754 million identified.

### **Communities & Housing**

#### **Neighbourhood Regeneration**

37. 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, subject to progress on site. Opportunities for additional grant funding continue to be sought and subject to success, may result in additional slippage.

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38. 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. Full slippage is assumed again whilst a comprehensive plan of priorities is determined in conjunction with successful grant bids. A grant award from the Welsh Government Transforming Towns Placemaking Programme has been received with allocations over the next three years of £306,000, £435,000 and £580,000 respectively. 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.
39. 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 forecast to be spent in year. The remainder will be available for schemes in 2023/24.
40. Several schemes progressed under the Welsh Government Targeted Regeneration Investment Programme (TRIP), paid for by a combination of external grant and Council match funding are ending. This includes works on Tudor Street to improve the public realm environment and external improvements to commercial premises which will fully utilise the Council's match funding element of £801,000 carried from 2021/22 and allocated transport funding for city centre enabling works.
41. Improvement works at St Mary Street, costing an estimated £93,000, are due to be completed this year and are to be paid for by agreed contributions from the Civil Parking Enforcement reserve.
42. 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 external grant funding has been approved in principle to cover additional costs of the scheme and equipment.
43. 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, however the risk of abortive costs will need to be considered. Expenditure of £134,000 is assumed to take place in the year, and additional budget may need to be brought forward subject to progress.
44. 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. From its potential match funding towards any project, the Council aims to secure land to determine regeneration opportunities via a youth community-based facility. This is currently subject to a business case, a Levelling Up grant application and working with external partners prior to a future report to Cabinet on next steps.

## Housing (General Fund)

45. 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 impacts arising from the price of equipment and materials.
46. 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.
47. 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, this is subject to finding a suitable site and confirmation of a business case so full slippage is currently projected into 2023/24. 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 may be deemed available towards the Council's costs of any approved wellbeing hub scheme. Any scheme would be subject to approval of external partners and agreed contributions towards costs.
48. Following initial design, costs and review of ground conditions, the extent of any expansion to the Shirenewton Traveller site has been reduced in scope. Further development works are being undertaken during 2022/23, with risk of further abortive costs, prior to any confirmation of costs and Welsh Government Grant approval towards costs of the project.
49. 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 Pennsylvania, Arnold Avenue Bronte Crescent and subject to outcome of tenders are start on Trowbridge Green, with total expenditure of £183,000 currently anticipated and requiring £100,000 to be brought forward from the 2023/24 budget.
50. 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

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51. The budget for Flying Start Capital schemes for the year totals £1.437 million. This comprises of ongoing projects from previous years including £1.3 million in relation to Moorland Primary. In year allocations will be utilised for refurbishment, ICT and external works at ten nursery sites across Cardiff; full expenditure of this capital funding is anticipated this year.

### **Childcare Capital Grant**

52. Welsh Government have introduced a new Early Years and Childcare Capital Programme, over three years to 2024-25. This is subject to a bidding and business case process and could include existing planned projects and/or new projects that have been identified from Childcare Sufficiency Assessments or as part of Flying Start childcare expansion plans. Funding applications will be developed and subject to approval be included in future monitoring reports. Slippage of £204,000 relates to grants provided to nurseries as part of additional funding awarded by Welsh Government carried forward from 2021/22.

### **Social Services**

#### **Adult Services**

53. 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.

#### **Children's Services**

54. 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 £50,000 is forecast for the year, with £198,000 slipped into next year to facilitate the sourcing of a further eighteen units in 2023/24.

55. 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 and is to be reviewed as part of the development of the 2023/24 capital programme. Any expenditure on both the above schemes would need to be repaid on an invest to save basis.

56. 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 is 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 three young people each.
- A 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.

Property searches are being undertaken with options including open market purchase, new build as well as re-purposing and upgrading existing Council assets. However 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. Whilst grant funds have been received, it is essential that the expected outcomes of the grant award are met promptly and in accordance with a confirmed overall strategy.

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**

57. The Directorate Programme for 2022/23 is £56.410 million with a variance of £9.065 million identified.

**Energy Projects & Sustainability**

58. 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

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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 any event that CHN is unable to repay the loan, the risks remain with the Council. 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. Following resolution of agreements, expenditure is expected to increase in the last two quarters and 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.

59. 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.
60. 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 data, a low carbon / recycled alternative trial for the A470 Carriageway resurfacing scheme and the implementation and testing of an air source heat pump at Thornhill Primary School. Slippage of £200,000 is assumed, primarily for the latter scheme whilst external design works are commissioned.

### **Bereavement & Registration Services**

61. 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**

62. 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

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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.

63. Current projections suggest a requirement to bring forward budget in relation to highways and footpaths of £1.674 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.
64. Millennium Walkway and lighting refurbishment was completed in 2021/22. The bridges and Structures budget of £1.502 million including slippage will support culvert works at Llandennis Road, Rhydlafer Farm, Aubrey Villas 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.
65. 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.
66. 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 had initially been delayed due to internal capacity as well as restricted supply of lanterns resulting from shortages of semi-conductor components, however expenditure during the year has progressed well resulting in funding allocated being brought forward and the project to be completed in the first quarter of 2023/24. Salix Loans approved towards expenditure, will be drawn down by the end of the financial year.
67. 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. Cabinet in September 2022 approved the business case, a revised scope and design and considered the potential significant increase in costs of the scheme which mitigates a key corporate risk. The revised scheme removes the rock revetment along the coast in front of Lamby Way landfill and the erosion protection on meanders Lamby Way roundabout and Cardiff Sailing Club. This change removed protection to infrastructure relating to Lamby Way landfill and associated aspects such as highways and solar farm, which are to be managed as ongoing directorate risks. Funding for the coastal scheme comes from supported borrowing from Welsh Government and a Council

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contribution. Terms and conditions are to be determined. The Council contribution is expected to be above the levels identified in the Capital Programme, with any additional funding to meet the Council's contribution to be managed using earmarked reserves and prioritisation of unallocated grant. Any further costs more than the estimate will require movement within the existing approved Capital programme including budgets relating to Council maintained assets in Highways. A tender process is underway and subject to this, slippage of £4.196 million is assumed, with only a start on site by the end of the year.

68. 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**

69. 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.

70. 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 and to manage changes in construction costs.

71. 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:

72. 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.

73. 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.

74. The Welsh Government revised allocation to Cardiff for Safe Routes in Communities Grant of £1.289 million aims to improve accessibility and safety and encourage walking and cycling in communities. There is particular

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emphasis on improving routes to and from schools within the Canton and 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.

75. 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).
76. A new Welsh Government grant allocation of £316,000 has been awarded to continue the roll out of a 20mph default speed limit.
77. 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.
78. A Welsh Government Grant of £1.511 million has been awarded to support bus stop infrastructure improvements including real time information systems and displays, with expenditure required to take place by 31 March 2023.
79. Following investment of over £9 million, works at Wood Street are planned to be completed in November, 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

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£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. 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 £18.859 million with a variance of £10.201 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. Slippage of £200,000 is assumed to allow for any delay in timing of delivery of equipment to be purchased in the year which includes 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 complete the latest phase for the purchase of 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, this is projected to not be required at this stage, with commitments being managed within existing budgets.

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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 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 will be 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 on reconstruction and 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 circa £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 approach was agreed by Cabinet in October 2022, with the detailed terms of the scheme to be developed following consultation with operators and required due diligence. The timescale to seek formal applications is by January 2023 and with lead in times for vehicles in the industry, it is assumed any Council expenditure in year may relate to deposits for vehicles only, resulting in slippage into 2023/24.

## Section 106 Schemes and Other Contributions

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 6:

	<b>Budget</b>	<b>Projection at Month 6</b>	<b>Variance</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>

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Parks & Green Spaces	1,423	1,750	327
Traffic & Transportation	1,202	484	(718)
Strategic Planning & Regulatory	681	34	(647)
Neighbourhood Regeneration	287	105	(182)
Economic Development	54	51	(3)
Education & Lifelong Learning	1,273	2,875	1,602
Public Housing (HRA)	189	200	11
<b>Total</b>	<b>5,109</b>	<b>5,499</b>	<b>390</b>

Some of the schemes included in the profile above are:

- Parks and Green Spaces – Schemes are proposed to be undertaken in several 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 – Includes works to university lawns and lighting at Bute Street underpass.
- 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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