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AGENDA

Committee POLICY REVIEW AND PERFORMANCE SCRUTINY COMMITTEE

Date and Time of Meeting WEDNESDAY, 6 DECEMBER 2017, 4.30 PM

Venue COMMITTEE ROOM 4 - COUNTY HALL

Membership Councillor Walker (Chair)
Councillors Berman, Bowen-Thomson, Boyle, Cunnah, Mackie,
McKerlich and Murphy

*Time
approx.*

1 Apologies for Absence 4.30 pm

To receive apologies for absence.

2 Declarations of Interest

To be made at the start of the agenda item in question, in accordance with the Members' Code of Conduct.

3 Delivering Capital Ambition & Corporate Plan 2018-19 (to follow) 4.35 pm

(a) Councillor Huw Thomas, Leader of the Council, will be in attendance and may wish to make a statement.

(b) Paul Orders, Chief Executive, Christine Salter, Corporate Director Resources, and Joseph Reay, Head of Performance & Partnerships, will be in attendance for this item.

(c) Questions by Members of the Committee.

4 Budget Monitoring 2017-18 - Month 6 (Pages 1 - 42)

(a) Councillor Chris Weaver, Cabinet Member Finance, Modernisation & Performance will be in attendance and may wish to make a statement.

(b) Christine Salter, Corporate Director Resources and Ian Allwood, Head of Finance will be in attendance for this item.

(c) Questions by Members of the Committee.

5 Way Forward

- Delivering Capital Ambition & Corporate Plan 2018-19
- Budget Monitoring 2017-18 – Month 6

6 Any Other Business and Date of next meeting

The date of the next scheduled meeting of the Policy Review and Performance Scrutiny Committee is on 17 January 2018

Davina Fiore

Director Governance & Legal Services

Date: Thursday, 30 November 2017

Contact: Kate Rees, 029 2087 2427, kate.rees@cardiff.gov.uk

This document is available in Welsh / Mae'r ddogfen hon ar gael yn Gymraeg

**CYNGOR CAERDYDD
CARDIFF COUNCIL**

**POLICY REVIEW & PERFORMANCE
SCRUTINY COMMITTEE**

6 December 2017

Budget Monitoring 2017/18 - Month 6

Reason for the Scrutiny

1. To provide Members with an update on the Council's financial monitoring position at month six of 2017/18. This report was presented to Cabinet at its meeting on 16 November 2017, which agreed all directorates currently reporting overspends should put in place action plans to reduce their projected overspends.

Background

2. The Policy Review and Performance Scrutiny Committee Terms of Reference includes responsibility for monitoring the overall Council budget, as well as responsibility for monitoring specific service areas, including Finance, Governance & Legal Services, and HR People Services.

Revenue budget

3. Attached at **Appendix A** is the 2017/18 month 6 budget monitoring report. The Committee will note that, at this point, a balanced budget position on the revenue account is projected for the end of the 2017/18 financial year. Directorate budgets are projected to overspend by £4.956million.
4. The service areas predicting overspends are Social Services (£3.198million), Economic Development (£1.347million), and Education and Lifelong Learning

(£1.158million). These are partly offset by projected underspends in other service areas, and a £3million general contingency fund.

5. Members may wish to note the following Directorate positions, where underspends are reported in brackets.

Directorate	Position at month 6	Appendix A pages and paragraphs
City Operations	(£118,000)	P4, 13-15
Communities, Housing & Customer Services	(£158,000)	P5, 16-18
Corporate Management	(£52,000)	P6, 19
Economic Development	£1,347,000	P7, 21-27
Education & Lifelong Learning	£1,158,000	P8, 28-31
Governance & Legal Services	(£118,000)	P10, 32-33
Resources	(£301,000)	P10, 34-36
Social Services	£3,198 million	P11, 37-44
Adult Services	(£200,000)	P11 39-41
Children's services	£3.398 million	P12 42-44

6. An overall shortfall of £1.954 million is currently anticipated against the £14.157 million directorate savings target, with £6.157 million having been achieved to date, and a further £6.046 million anticipated to be achieved by the year-end. The budget approved by Council on the 23 February 2017 identified red or red / amber achievability risks totalling £6.627 million with £845,000 of the savings proposals still at a general planning stage. These risks are evident in the projected shortfall currently reported as part of the month six monitoring.
7. A projected shortfall of £1.782 million has also been identified in relation to savings targets carried forward from 2016/17. Overall, this represents an increase of £267,000 compared to the shortfalls identified in relation to the 2017/18 and carried forward savings as reported at month four. The projected shortfalls are reflected in the directorate monitoring positions although where possible shortfalls have been offset by savings in other budget areas.
8. The £3.0 million general contingency budget, which was allocated to reflect the risk and planning status of the proposed savings for 2017/18, is also available to offset the shortfall in the current financial year. Although the projected shortfalls are lower than in recent years, this continues to be a cause for concern given the financial outlook in the medium term and the difficult choices facing the Council in the current budget round.
9. Directorates currently reporting a projected overspend are taking action to try to resolve the issues that led to the current position, or alternatively to identify offsetting savings in other areas of the service. Reviews challenging the performance of Directorates will continue throughout the year and the actions taken will be discussed in the Chief Executive's monthly meetings with individual directors. In response to the level of financial pressures identified in the current year all directorates have also reviewed their monitoring positions and identified a range of in-year savings, which are reflected in their reported positions. The scope of the review included non-essential third party spend, temporary staff arrangements and opportunities to maximise income. This has enabled a balanced position to be reported at month six.

Capital

10. The 2017/18 Capital Programme is £154.941 million, of which £122.354 million is in respect of General Fund schemes and £32.587 million is in relation to the Council's Public Housing schemes. Against this, the projected outturn at month 6 for 2017/18 is £140.731 million resulting in a total variance of £14.210 million. The most significant variance is in relation to the 21st Century Schools Programme (Band A) within the Schools Organisation Plan, with slippage also identified against a range of other schemes including £2.3 million against Public Housing schemes.
11. Directorates have been reminded of the need to avoid slippage wherever possible by ensuring that their project plans and profiles of activity are robust. Members will find directorate detail of the Council's Capital spend on pages 19 - 32 of **Appendix A**.

Way Forward

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

Legal Implications

13. The Scrutiny Committee is empowered to enquire, consider, review and recommend but not to make policy decisions. As the recommendations in this report are to consider and review matters there are no direct 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

14. 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

15. The Committee is recommended to:
- i. note the 2017/18 budget Monitoring month six report;
 - ii. consider whether it wishes to make any comments to the Cabinet; and
 - iii. consider whether it wishes to use information contained in the report to inform future scrutiny items.

DAVINA FIORE

Director, Governance & Legal Services

30 November 2017

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BUDGET MONITORING – MONTH 6 REPORT

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

AGENDA ITEM: 7

CORPORATE DIRECTOR RESOURCES

Reason for this Report

1. To provide the Cabinet with an update of the financial monitoring position for the authority based on the first six months of the financial year and as updated for significant movements to date.

Background

2. This monitoring report provides details of the projected outturn for 2017/18 compared with the budget approved by Council on the 23 February 2017.
3. The presentation of surpluses and deficits in this report follows the convention, which shows an excess of expenditure over budget as a positive and additional income over budget as a negative. Conversely, expenditure less than budget would be shown as a negative while income lower than expected would be denoted as a positive. Negative items are shown in brackets.

Issues

Revenue

4. Overall, the month six revenue monitoring for the Council shows a balanced position against budget, an improvement of £883,000 compared to the position reported at month four. The improvement reflects management actions introduced to control expenditure in the current year together with in-year targeted savings identified by directorates. There was also a further increase in NDR refunds on Council properties. The overall position continues to reflect a range of demographic, service and other financial pressures including shortfalls against budget savings targets in directorate budgets and a projected overspend in relation to capital financing costs. These are offset by projected savings in directorate budgets as a result of management actions, a saving on Insurance budgets, the release of contingency budgets, an anticipated surplus on Council Tax collection and NDR refunds on Council properties. Directorate budgets are currently projected to be overspent by £4.956 million with projected overspends in the

Social Services, Economic Development and Education & Lifelong Learning Directorates. These are partly offset by projected underspends in other directorates and by the £3.0 million general contingency budget which was provided as part of the 2017/18 budget in order to reflect the quantum, risk and planning status of the proposed savings for 2017/18. It should be noted that the 2017/18 Budget reduced the previous general contingency budget by £1 million. A summary of the overall position is attached as Appendix 1 to this report.

5. The projected overspends in directorate budgets include £3.198 million in Social Services, £1.347 million in Economic Development and £1.158 million in Education & Lifelong Learning. This reflects a range of factors including increased demographic pressures in Social Services and Education & Lifelong Learning, particularly in relation to looked after children and children with additional learning needs. There are also significant demographic and cost pressures in Waste Services. The projected overspends also include shortfalls in income and the anticipated failure to fully achieve the savings targets set as part of the 2017/18 Budget together with on-going shortfalls carried forward from the previous financial year.
6. The 2017/18 savings targets for each directorate are set out in Appendix 2(a) to this report together with the projected savings currently anticipated to be achieved. An overall shortfall of £1.954 million is currently anticipated against the £14.157 million directorate savings target with £6.157 million having been achieved to date and a further £6.046 million anticipated to be achieved by the year end. The budget approved by Council on the 23 February 2017 identified red or red / amber achievability risks totalling £6.627 million with £845,000 of the savings proposals still at a general planning stage. These risks are evident in the projected shortfall currently reported as part of the month six monitoring. A projected shortfall of £1.782 million has also been identified in relation to savings targets carried forward from 2016/17 and these are set out in Appendix 2 (b) to this report. Overall, this represents an increase of £267,000 compared to the shortfalls identified in relation to the 2017/18 and carried forward savings as reported at month four. The projected shortfalls are reflected in the directorate monitoring positions although where possible shortfalls have been offset by savings in other budget areas. The £3.0 million General contingency budget which was allocated to reflect the risk and planning status of the proposed savings for 2017/18 is also available to offset the shortfall in the current financial year. Although the projected shortfalls are lower than in recent years, this continues to be a cause for concern given the financial outlook in the medium term and the difficult choices facing the Council in the current budget round.
7. Actions are being taken by those directorates currently reporting a projected overspend to try to resolve the issues that led to the current position or alternatively to identify offsetting savings in other areas of the service. These will be considered as part of the challenge process to review the performance of directorates including the budget monitoring position. These reviews will continue throughout the year and the actions taken will also be discussed in the Chief Executive's monthly meetings with individual directors. In response to the level of financial pressures identified in the current year all directorates have also reviewed their monitoring positions and identified a range of in-year

savings which are reflected in their reported positions within this report. The scope of the review included non-essential third party spend, temporary staff arrangements and opportunities to maximise income. This has enabled a balanced position to be reported at month six.

8. The 2017/18 Budget included specific contingencies of £950,000 to reflect the potential for increased costs in relation to placements for looked after children in Social Services and £350,000 to offset potential income shortfalls in relation to the Material Recycling Facility (MRF) as a result of volatility in the market for recyclate materials. The month four report identified that full allocations would be required in both these areas and this is reflected in the directorate positions within this report. Other contingency budgets include £729,000 in relation to waste disposal reflecting the difficulty of predicting tonnage figures and the consequent impact on disposal costs and £2.244 million to reflect the potential for future growth in the number and value of claims as part of the Council Tax Reduction Scheme (CTRS). Current projections indicate a requirement of £537,000 to support increased tonnages in waste disposal and £522,000 to support CTRS claims in the current year. These are also reflected in the directorate positions within this report. The budget pressures in all these areas will continue to be monitored as the year progresses and any further variations to this position will be identified. The CTRS contingency includes annual uplifts to reflect the potential impact of Council Tax increases on this budget and includes budget carried forward from the previous financial year where this was not required. Given the pressures on the Council's budget and the availability of earmarked reserves to support costs in this area if required, it is therefore considered prudent to assume a saving of £500,000 against this budget and this is reflected within the overall monitoring position as an underspend within the Summary Revenue Account (SRA). This is in line with the position previously reported at month four. A budget of £1.431 million has also been set aside to meet costs arising from the Council's Voluntary Severance Scheme and this is currently anticipated to be fully committed.
9. The Council receives an annual report from its Insurance Advisors assessing the appropriateness of its insurance provisions and reserves for self-insured claims and based on this a significant saving was identified against insurance budgets in the previous financial year. The review is based on the position as at 1 October together with a forecast to the next balance sheet date of 31 March. Whilst the review in the current year has yet to be finalised, indications are that a saving will also be identified this year. Given this and the experience in the previous financial year it is therefore considered prudent to assume a saving of £600,000 against insurance budgets at this stage and for this to be reflected within the overall monitoring position as an underspend within the SRA. This will be further reviewed later in the year following the report from the Council's Insurance Advisors. This is in line with the position previously reported at month four.
10. A financial statement showing the spending position for each directorate is attached as Appendix 1 to this report. Comments on the main variances and any significant issues are as follows:

Capital Financing +£288,000

11. The Capital Financing Budget continues to show a projected overspend of £288,000. This reflects a combination of factors including £400,000 as a result of an increase in the provision for the repayment of debt following finalisation of the amount of capital expenditure incurred in 2016/17 paid for by unsupported borrowing having taken into account the estimated useful life of the assets funded by this borrowing. The overspend also includes a reduction in the level of interest receivable from the Housing Revenue Account reflecting changes to the overall debt structure and the impact of internal borrowing in reducing the consolidated rate of interest within the overall pool of Council debt.
12. These additional costs have been partly offset by the assumption that any external borrowing to meet capital expenditure commitments will be deferred to the last quarter of the year. This is consistent with the Council's Treasury Management Strategy approved by Council which recognises the short term savings achievable by utilising existing cash balances rather than taking external borrowing. This is because interest rates on investments are less than interest rates payable on borrowing. The timing of any borrowing decisions will continue to be subject to interest rates and advice from Treasury management advisors.

City Operations (£118,000)

13. The Directorate is currently forecasting an underspend of £118,000, an improvement of £362,000 compared to the position reported at month four. The improvement reflects opportunities to increase income, delays in filling vacant posts and the identification of efficiencies across the directorate. The overall position includes projected shortfalls against cross-directorate savings targets and overspends within School Transport and Sport & Outdoor Leisure. These are more than offset by underspends across a range of divisions, most notably Energy & Sustainability, Infrastructure Services and Planning & Building Control. Within the overall position is a projected shortfall against 2017/18 savings targets totalling £138,000. In addition, there are projected savings shortfalls of £154,000 in respect of unachieved 2016/17 savings carried forward. The individual variances can be seen in Appendices 2(a) and 2(b) to this report.
14. The overall position in relation to cross-directorate budgets is an overspend of £132,000. This is due to projected savings shortfalls against proposals for a staffing restructure and income generation. In addition, an overspend of £51,000 is projected within the Sport & Outdoor Leisure budget due to additional costs in relation to toilet maintenance. An overspend of £34,000 is also projected within School Transport, primarily due to it not being possible to achieve a 2017/18 saving proposal relating to transport to the Pupil Referral Unit and additional in-year costs of transport for pupils with additional learning needs. Pressures have also been identified in other divisions, namely energy income shortfalls and a shortfall in SWTRA fee recovery within Infrastructure Services, although these have been more than mitigated by in-year savings.

15. Underspends are currently projected in a number of divisions including Energy & Sustainability, where a £110,000 net underspend is anticipated due to staffing vacancies and recharges. An underspend is also projected within Management & Support totalling £47,000 due to increased staff recharges to externally funded activities. In addition, the Parks budget is projected to underspend by £33,000 due to staffing vacancies and increased recharges. Other divisions, including Bereavement Services, Infrastructure Services, Leisure & Play Services and Planning & Building Control, are reporting underspends totalling £145,000, resulting from a range of management actions including staffing vacancies and additional income. All other divisions are projecting balanced positions. This includes the Civil Parking Enforcement account and the Shared Regulatory Service, where it is assumed that significant income targets will be achieved. In addition, Transport Planning, Policy & Strategy is showing a balanced position despite CCTV contract inflation and increased sickness absence costs.

Communities, Housing & Customer Services (158,000)

16. The overall position indicates an underspend of £158,000 as compared to the balanced position previously reported at month four. The change is primarily due to the identification of additional staffing recharge income. The overall position largely comprises underspends against the Housing & Communities and Neighbourhood Regeneration divisions, partly offset by projected overspends in relation to Customer Services. Current indications are that savings totalling £964,000 will be achieved against the 2017/18 target of £1.083 million, leaving a shortfall of £119,000. In addition, a shortfall of £296,000 is projected in relation to unachieved savings targets brought forward from 2016/17, this relating to projected income shortfalls in relation to the Alarm Receiving Centre. These shortfalls are reflected in the overall Directorate position.
17. The Housing & Communities Division is currently projecting an underspend of £356,000. This includes a £174,000 underspend in relation to Preventative Services, which is mainly due to disabled facility fee income in excess of target and in-year savings due to vacancies. An increased underspend of £132,000 is also projected in relation to Assessment & Support functions, following a review of employee and supplies and services expenditure projections, resulting in the identification of increased recharge income. Included within the position are increased costs for temporary accommodation, increased premises costs relating to the Housing Options Centre, increased drainage costs and utility savings shortfalls relating to the traveller sites. Face to Face Customer Services is projected to underspend by £51,000 due to reduced employee recharges from the Housing Revenue Account for staff employed at hubs. All other budgets within this division are projected to balance, aside from Service Development & Improvement, which is projected to record a minor underspend resulting from vacancy savings within the Housing Strategy Team. Included within the overall position is a projected drawdown of £522,000 from the specific contingency budget set aside to meet increased costs in relation to the Council Tax Reduction Scheme. Further adjustments to this figure may be required as the year progresses, depending upon fluctuations in the number of applications and level of support required.

18. Customer Services is currently projected to overspend by £294,000, primarily in relation to the aforementioned £296,000 savings shortfall in connection with the Alarm Receiving Centre. A number of income opportunities have been identified, however these will not materialise until after 31st March 2018. In addition, there is a projected shortfall in Telecare fee income, although this particular overspend is more than mitigated by employee savings within the division and additional Meals on Wheels income. The Wales Interpretation and Translation Service (WITS) and Rent Smart Wales are both projecting balanced positions. A £23,000 underspend is projected within Partnership & Delivery, which relates to a savings shortfall, more than offset by managed underspends within supplies and services and a projected underspend against Communities First transition budgets. Neighbourhood Regeneration is currently projected to underspend by £49,000, due to vacancies. An underspend of £24,000 is also projected within Service Management & Support, due to employee savings. The other divisions within the Directorate are reporting balanced positions, including Libraries, where historic income shortfalls and overspends against various budgets are anticipated to be offset by further managed underspends. Both the Supporting People and Communities First grants are forecast to be used in full.

Corporate Management (£52,000)

19. An underspend of £52,000 is currently projected in relation to Corporate Management, this being in line with the position previously reported at month four. The projected underspend reflects a range of savings including £37,000 due to a reduction in contributions to the Mid Glamorgan Superannuation Fund relating to past employees and £33,000 from bank charges and commission earned. Underspends are also currently projected in relation to senior management budgets and audit fees. These are partly offset by a projected shortfall in the budget for the release of savings through voluntary schemes including the purchase of leave and by an anticipated overspend in relation to payments for the Coroner's Service.

Council Tax Collection (£177,000) and NDR refunds on Council properties (£967,000)

20. A review of the Council Tax position continues to indicate a potential surplus of £177,000. This is mainly due to a higher than anticipated collection rate which has the impact of reducing the required contribution to the Council Tax Bad Debt Provision. The level of single person discounts is also lower than was anticipated when the Council Tax base report was approved in December 2016. These are partly offset by a reduction in the anticipated number of properties and higher than anticipated level of exemptions mainly in relation to student properties. The surplus represents a variance of 0.1% of the estimated gross debit and may be subject to further fluctuations as the year progresses. A saving of £967,000 is also currently identified in relation to refunds of NDR on Council properties achieved through the appeals process. This will continue to be monitored and may increase as further appeals are taken forward during the year.

Economic Development +£1,347,000

21. An overspend of £1.347 million is currently anticipated, representing a slight improvement on the £1.399 million overspend previously reported at month four. The change is due to increased advertising income and a reduced overspend in relation to Recycling Waste Services, partly offset by overspends within Major Projects, Culture, Tourism & Events and City Centre Management. The overall position includes a significant overspend of £927,000 in relation to Commercial Services, as well as overspends projected within Culture, Tourism & Events, Major Projects, Property and City Centre Management. Projected underspends within Business & Investment and Office Rationalisation have partly mitigated the overall position. Included within the position are anticipated savings shortfalls of £207,000 in respect of 2017/18 and £230,000 in relation to unachieved savings targets carried forward from 2016/17. These shortfalls are reflected in the overall Directorate position.
22. The projected overspend in respect of Commercial Services is predominantly the result of an overspend totalling £765,000 within Recycling Waste Services. This includes a significant overspend within the Materials Recycling Facility (MRF) due to higher third party payments associated with the treatment of recyclates, and the loss of income due to the expiration of the contract with Caerphilly Council. Further overspends have been projected in relation to central transport charges and the use of agency staff to cover holidays and sickness within household waste recycling centres. Some improvement to this position is likely when the Wedal Road site closes, however this is not anticipated in the current financial year. As an in-year mitigation, the intention is to utilise earmarked reserves to offset a proportion of these costs. In addition, savings from non-kerbside recycling processing partly offset these overspends. Elsewhere within Recycling Waste Services an underspend of £199,000 is projected, comprising a significant underspend on bag purchases and additional income from new contracts. The savings shortfall within Recycling Waste Services is projected to total £137,000 and relates primarily to digitalisation.
23. The Council's 2017/18 budget included specific contingencies totalling £729,000 in relation to waste disposal, reflecting the difficulty of predicting tonnage figures and the consequent impact on disposals, and £350,000 to offset potential income shortfalls in relation to the MRF to reflect the volatility in the market for recycle materials. Having reviewed these areas, as part of the monitoring process, this report recommends that the full contingency budget for the MRF is allocated and an amount of £537,000 is allocated in respect of the impact of increased tonnages. These allocations have been incorporated within the directorate position.
24. Elsewhere within the Commercial Services division, it is anticipated that there will be an overspend of £101,000 in relation to Facilities Management, a deficit of £61,000 within Fleet Services and a balanced position within Construction & Design. Within the Facilities Management position there is a projected overspend in relation to FM Buildings, an overspend within Building Support due to agency staff costs, offset by a surplus on the Accommodation Account. The overspend within Fleet Services includes assumptions that all

savings proposals will be achieved in full and that an overspend on the vehicles holding account will be partly offset by an underspend within the workshop. The balanced position within Construction & Design is based on the assumption that income will fully cover expenditure, albeit there is a risk around progression of some significant fee-earning capital schemes.

25. Other overspends within the directorate include a projected £396,000 overspend in relation to Culture, Tourism & Events. This is largely due to shortfalls against savings targets for St David's Hall and New Theatre, in addition to income shortfalls within Functions Catering, Retail Catering, City Hall Functions and Mansion House, and a deficit within the budgets relating to the Old Library building. With regards to St David's Hall and New Theatre, it is anticipated that a significant part of the savings target will be achieved, however a shortfall of £116,000 is still expected in this financial year. The overall position for these venues assumes a significant amount of income generation later in the year and close monitoring will continue to be required to ensure that this remains achievable. In addition, there is a shortfall against unachievable parks sponsorship income targets, although this is partly offset by underspends within Tourism and Commercial Developments, due to staffing vacancies.
26. An overspend is also projected in relation to Property, where a deficit of £66,000 is the result of shortfalls against rental income targets. Partly offsetting this deficit is an underspend in connection with staff recharges and balanced positions are projected for Cardiff Market and the landlord budget. In addition, an overspend of £71,000 is projected against the City Centre Management budget. This is due to a staffing overspend within the Night Time Economy Service, partly offset by additional banner income. The Major Projects division is also projected to overspend, by £88,000, due to a shortfall in staff recharges to capital schemes. The position in relation to the cessation of the Dr Who Experience is currently under consideration and may result in costs which would need to be accounted for in the current financial year. This will be reflected in future monitoring reports as the position becomes clear.
27. These overspends are partly offset by projected underspends in relation to Business & Investment and Office Rationalisation. The Business & Investment underspend totals £151,000 and is due to additional bus shelter and other advertising income, net of costs incurred in generating the income. The Office Rationalisation underspend totals £50,000 because of premises cost savings in relation to a number of buildings earmarked for vacation during this financial year. Service Management & Support is projecting a balanced position, as is the Workshops account, despite additional repairs and maintenance costs, which are anticipated to be offset by additional rent and service charge income.

Education & Lifelong Learning +£1,158,000

28. The overall position indicates an overspend of £1.158 million, which represents a significant increase on the £724,000 overspend reported at month four. The change is the result of further expenditure in relation to Out of County Placements, the inclusion of a projected deficit in relation to the Music Service and an increase in the projected savings shortfall, partly offset

by a reduction in expenditure against Centrally Held School Funds totalling £182,000 as a result of in-year mitigations identified to improve the position. The overall position includes projected overspends against Out of County Placements & Additional Learning Needs (ALN), Lifelong Learning and Management & Support Services partly offset by savings against the budgets for Centrally Held School Funds, Wellbeing & Compliance and Early Years. Total savings of £2.156 million are currently projected to be achieved against the 2017/18 savings target of £2.471 million, leaving a projected shortfall of £315,000. In addition, there is a projected shortfall of £560,000 against the unachieved savings targets brought forward from 2016/17. These shortfalls are reflected in the Directorate outturn projection.

29. An overspend of £1.041 million is currently projected in relation to the budgets for Out of County Placements & ALN. Of this total, £977,000 relates to the cost of out of county placements, the majority of which is due to a shortfall of £560,000 against savings targets brought forward from 2016/17. Although the intention of the savings proposal was to reduce both the cost and number of placements, increased costs of, and demand for, placements has meant that this has not proved achievable to date and overall, costs have continued to increase. In addition, there is a projected overspend of £15,000 in connection with the budget for the Pupil Referral Unit (PRU), which relates to the 2017/18 savings proposals and the plan to commission a school to oversee the provision from September 2017. Although the commissioning arrangement has been finalised, the residual costs for the first five months of the year have exceeded the available budget. Furthermore, there is a projected overspend of £49,000 against Services of a Specialised Nature, due, primarily, to the one-off costs of digitalisation of records. The budget for the EOTAS tuition service is currently projected to balance, although there are potential challenges around recoupment of costs from schools, which may affect the position later in the year.
30. Further overspends are projected in relation to the central provision element of the Lifelong Learning division. The overspend totals £50,000 and relates to the running costs of the unoccupied space within the Friary Centre from September 2017 to March 2018, for which there is insufficient funding available. The Youth Service element of this division is projected to balance, against the backdrop of significant savings over the last three financial years. A further overspend of £317,000 is anticipated in relation to Management & Support Services. This overspend comprises additional hire costs in relation to temporary accommodation at Cantonian High School, increased agency costs within the Admissions service, and, predominantly, savings shortfalls totalling £300,000 in relation to commercialisation initiatives, partly offset by in-year employee savings due to vacancies.
31. An underspend totalling £100,000 is projected in relation to Centrally Held School Funds, which is despite the Music Service deficit. Savings against this budget include an in-year saving on the budget for reimbursements to schools in respect of trade union duties, estates management and school licences, as a result of the intention to transfer some of this expenditure to the delegated school budget. In addition, an underspend of £100,000 is projected in relation to Early Years & Childcare, mainly as a result of the reduced costs of non-maintained settings. A further underspend of £50,000

is anticipated within Wellbeing & Compliance due to the reduced costs of training provision. The remaining traded services, including Catering and the Outdoor Pursuits Centre, are projecting balanced positions. This is following the decision to remove all subsidies for these services, as part of the 2017/18 budget savings proposals.

Governance & Legal Services (£118,000)

32. The overall position indicates an underspend against budget of £118,000. This reflects an improvement of £50,000 compared to the position reported at month four following the identification of further income and savings on supplies and services expenditure. The overall position includes a shortfall against 2017/18 savings targets of £55,000.
33. The position comprises a projected underspend within Democratic Services of £66,000, primarily due to in-year employee savings resulting from vacancies and recruitment delays. Underspends are also projected in relation to Scrutiny Services and the Monitoring Officer budget. The underspends total £14,000 and £11,000 respectively and are due to a combination of staffing vacancies and reduced supplies and services expenditure. Bilingual Cardiff is now projected to underspend by £27,000 following the identification of further income generation opportunities. Legal Services are currently projecting a balanced position. This includes staffing underspends against the new posts created following the centralisation of legal budgets, although these are more than offset by a projected overspend in relation to external legal costs arising whilst the new posts remain vacant and because of the increase in child care cases and the complexity of these cases. However, earmarked reserve funding is available and may be sufficient to offset these additional costs during this financial year, although this position will continue to be closely monitored. The other budgets within the Directorate are projected to have balanced positions.

Resources (£301,000)

34. The Directorate is currently projecting an underspend of £301,000, an increase of £269,000 compared to the position reported at month four. This reflects actions taken in managing staff vacancies and delaying appointments together with reviewing third party spend including the cost of ICT. The Directorate's 2017/18 savings targets and those carried forward from 2016/17 are all currently projected to be achieved.
35. An underspend of £264,000 is currently projected in relation to Human Resources with savings on employee budgets due to vacancies, a projected underspend on Cardiff Academy, additional income within HR Services and savings on supplies and services and capital financing budgets in relation to HR Systems. A surplus of £45,000 is also currently projected in relation to Cardiff Works which is over and above the budgeted surplus for this service. Other areas currently projecting underspends include Performance & Partnerships, Commissioning & Procurement and ICT. These are mainly due to the identification of targeted in-year savings as set out above.

36. These are partly offset by projected overspends of £61,000 in the Finance Service and £42,000 in Enterprise Architecture. The projected overspend in Finance is mainly due to additional costs and income shortfalls within the Revenues Service including projected overspends on employee and supplies and services budgets and an anticipated shortfall against the income budget in relation to the recovery of penalty charge notices. The projected overspend in Revenues is partly offset by vacancy savings and additional income in other areas of Finance. The projected overspend in Enterprise Architecture is mainly due to an anticipated shortfall in internal income relating to the recovery of costs of supporting projects and other initiatives within the Council. All other areas within the Resources Directorate are currently projecting a balanced position.

Social Services +£3,198,000

37. The overall position for the Directorate shows a projected overspend of £3.198 million, an increase of £40,000 compared to the position reported at month four. This includes a projected overspend of £3.398 million in Children's Services partly offset by an anticipated saving of £200,000 in Adult Services. The projected overspend in Children's Services continues to reflect the impact of demographic pressures with a significant increase in the number of placements and cost for looked after children particularly in relation to external fostering. Although demographic and cost pressures are also evident in relation to Adult Services these are currently contained within the budgets allocated by Council. Additional grant funding from Welsh Government has also been received during the year and is assisting in supporting costs in both Children's and Adult Services. The overall position also reflects a shortfall against budget savings targets both in respect of the 2017/18 budget and in relation to on-going shortfalls against 2016/17 savings targets which have yet to be achieved. Total savings of £3.877 million are currently projected to be achieved against the Directorate's 2017/18 savings target of £4.997 million leaving a projected shortfall of £1.120 million. In addition a shortfall of £542,000 is also forecast against the savings targets carried forward from 2016/17. These shortfalls are reflected in the Directorate outturn projection with details of the individual variances set out in Appendices 2(a) and 2(b) to this report.
38. The current projections make no assumptions in relation to further growth arising from demographic pressures during the remainder of this financial year. Demand for services are needs led and can be volatile and costs, particularly in relation to external fostering, residential, domiciliary and nursing placements can be high. If the levels of demand continue to increase then the overall cost to the Directorate will also increase. This together with the significant level of assumed savings which have still to be achieved during the remainder of the year provides an element of risk that must continue to be closely monitored. Further detail on the individual positions for Children's and Adult Services are provided in the paragraphs that follow.

Adult Services – (£200,000)

39. The Adult Services budget is currently projecting a saving of £200,000 against budget despite on-going demographic and cost pressures particularly

in relation to domiciliary and nursing care. This reflects the significant additional funding provided as part of the Council's 2017/18 Budget including a budget realignment of £2.3 million, funding for demographic and cost pressures of £2.9 million, additional funding set aside to meet fee increases including the impact of the National Living Wage and a number of other specific financial pressures. The allocation of additional Welsh Government grant funding to support fee increases in Adult Services has also provided a degree of flexibility in relation to current costs and commitments. The position has improved since month four reflecting the continued impact of measures and efficiencies introduced by the Directorate to control costs, together with savings on staffing budgets as a result of managing the timing of appointments to vacant posts. The overall position includes a projected shortfall of £880,000 against the savings targets for 2017/18 and carried forward from 2016/17 and this is reflected in the analysis of the variances below.

40. Overall, commissioning budgets are currently reporting a projected overspend of £1.0 million. This includes projected overspends of £904,000 on Services for Older People, £366,000 on People with Learning Disabilities and £51,000 on People with a Physical Disability including alcohol and drugs. The projected overspends include both shortfalls against savings targets and demographic and cost pressures particularly in relation to domiciliary and nursing care. Domiciliary and direct payment care hours for older people for example have increased by 5.6% in the past 12 months resulting in additional costs of £1.0 million. There has also been an increase of around 10% in the price of a nursing bed during this period increasing costs within Services for Older People by £1.7 million. The projected overspend in Learning Disabilities is mainly due to a shortfall against savings targets although there has also been growth in the number of residential and external supported living placements. These overspends are partly offset by a saving of £320,000 in mental health services including a significant reduction in residential MH placements together with lower than anticipated levels of activity in relation to Deprivation of Liberty Safeguards (DOLS).
41. Internal Services are currently projecting an underspend of £1.2 million. This is mainly due to an anticipated saving of £969,000 in Assessment and Care Management reflecting staff vacancies within the service and the use of grant funding in this area, particularly in relation to the Integrated Care Fund. Savings of £217,000 in Internal Support & Management and £156,000 in Day Care and Reablement Services are also forecast. These are partly offset by an overspend of £141,000 in relation to Learning Disabilities Supported Living and Day Care mainly as a result of shortfalls against savings targets in previous years.

Children's Services +£3.398 million

42. The Children's Services budget is currently projecting an overspend of £3.398 million, an increase of £240,000 compared to the position reported at month four. This reflects a further increase in the overspend on external placements for looked after children. The projected overspend takes into account the drawdown of the £950,000 specific contingency budget set aside to meet increased costs in relation to placements for looked after children,

with this drawdown having been incorporated into the Directorate budget position in this report. Although Children's Services received an additional budget realignment of £3.3 million and funding for other specific pressures as part of the 2017/18 budget process, on-going pressures in relation to the increasing numbers of looked after children and subsequently on the budgets for external placements and leaving care support costs have nevertheless led to a projected overspend in the current year. The number of looked after children rose from 690 to 784 in the period 31 December 2016 to September 2017. These pressures have been alleviated to an extent by mitigating actions taken in respect of guardianship allowances and by savings in Child Health & Disability commissioning budgets, In House Fostering & Adoption and Family Intervention, Early Help & Prevention services. The allocation of additional Welsh Government grant funding to support initiatives in Children's Services has also provided a degree of flexibility in relation to current costs and commitments. The overall position includes a projected shortfall of £782,000 against the savings targets for 2017/18 and carried forward from 2016/17 and this is reflected in the analysis of the variances below.

43. An overspend of £4.198 million is currently projected in respect of external placements for looked after children with on-going pressures on external residential placements and a significant rise in the number of external fostering placements thereby increasing costs in this area. This is after allowing for the drawdown of the £950,000 contingency budget which was set aside specifically to meet increased costs associated with external placements. The projection includes an anticipated shortfall of £612,000 against the budget savings targets in this area with only partial savings likely to be achieved in relation to a number of initiatives including the establishment of an Adolescent Resource Centre. Other projected overspends include £225,000 on leaving care support costs for children aged 16+ reflecting the on-going high cost of supported accommodation and other support for those leaving care and £12,000 on Safeguarding and Child Sexual Exploitation budgets.
44. A saving of £429,000 is currently projected in relation to guardianship orders with no increase in the level of residential order allowances anticipated to be paid out in this financial year. A saving of £225,000 is also projected in relation to Child Health & Disability commissioning budgets mainly in respect of domiciliary and respite care. This reflects the continuing reduction in expenditure in this area following a process of reviews and a switch to direct payments in recent years. Other underspends include £50,000 in Internal Fostering & Adoption, mainly in relation to savings on fostering expenses and adoption allowances although there have been indications of further pressures in this area in recent months. Family Intervention, Early Help & Prevention budgets are also projecting an underspend of £205,000 partly as a result of the additional grant funding which has offset costs in this area with an underspend of £10,000 also anticipated in relation to Management & Business Support. Social Work budgets are currently projecting an underspend of £120,000 although the final figure will be dependent on the appointment process for new posts.

Civil Parking Enforcement

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

	Budget £000	Projected Outturn £000	Variance £000
Income			
On street car parking fees	(4,425)	(4,563)	(138)
Off street car parking fees	(1,086)	(1,112)	(26)
Residents parking permits	(300)	(300)	0
Penalty charge notices	(2,289)	(2,125)	164
Moving Traffic Offences (MTO's)	(3,656)	(3,775)	(119)
Total Income	(11,756)	(11,875)	(119)
Expenditure			
Operational costs, parking & permits	876	902	26
Enforcement service including TRO	5,164	5,155	(9)
Total Expenditure	6,040	6,057	17
Annual Surplus	(5,716)	(5,818)	(102)

46. The Civil Parking Enforcement budget for 2017/18 assumed a trading surplus of £5.716 million. The current projection indicates this surplus will be £5.818 million, an increase of £102,000.
47. Current forecasts indicate an additional £119,000 of income will be generated against the target. This includes increased income from car parking fees although this is dependent on a tariff increase in November and from MTO's, in particular bus lane enforcement. A shortfall is anticipated from penalty charge notices as workloads are diverted from penalty charge to MTO's. There are some additional operating costs relating to the maintenance of off-street car parks and some one-off purchases relating to the pay and display machines although these are largely mitigated by reduced employee costs as a result of vacancies.
48. The anticipated surplus of £5.818 million will be transferred to the Parking & Enforcement Reserve. This is available to support highway, transport and environmental maintenance and improvements. The table below illustrates the planned movements and forecasted year-end position in the reserve.

Parking & Enforcement Reserve	£000
Balance as at 1 st April 2017	351
Forecast contribution from CPE 2017-18	5,818
Total Available	6,169
Budgeted contribution to support Highways, Transport & Environmental Maintenance & Improvements	5,025
Contributions Agreed in Budget Proposals	
Bus corridor Improvements	335
DFS maintenance/ signs	7
Highways/ Transport/ improvements/ pressures	50
MTO Expansion	230
Additional Proposed Schemes	
20 mph zones Riverside & Canton	200
20 mph zones Cathays	70
Contribution to Bay Edge Walkway	35
HSBC Core Cities Cycling Partnership	50
Total Planned Use	977
Balance at 31 March 2018	167

49. The brought forward balance in the reserve is £351,000, which together with the forecasted surplus from CPE activities in 2017/18 results in a total sum available of £6.169 million. The anticipated drawdown from the reserve is £6.002 million which would leave a year-end balance of £167,000. At this level of balance it will not be prudent to authorize further spending from the reserve in 2017/18.
50. A number of contributions to schemes and initiatives were approved by Council as part of the 2017/18 Budget and these are set out above. The additional proposed schemes and initiatives have been approved by the Director of City Operations in consultation with the Cabinet Member for Strategic Planning & Transport and on the basis of the current financial projections the proposed allocation from the reserve has been approved by the Corporate Director of Resources. There is the potential for some fluctuations to these figures and this will be reported as part of the year-end position.

Housing Revenue Account

51. The Housing Revenue Account (HRA) is currently projecting a surplus of £1.380 million an increase of £1.050 million compared to the position reported at month four. The change is due to a projected underspend of £1.4 million on the Housing Repairs Account with previous forecasts having anticipated spending in line with budget. This is partly offset by an increase in support

costs and by a reduction in the anticipated surplus on income. Any surplus at the year-end will be utilised to support on-going investment and future housing development costs.

52. The current forecast for the Housing Repairs Account reflects updated service statistics which indicate a reduced demand for works. This may in part be due to the high volume of work undertaken in recent years. This will continue to be kept under review including any impact arising from the demobilisation and transition periods of the contract arrangements for the procurement of a new Building Maintenance Framework.
53. The projected surplus also includes an anticipated underspend of £164,000 on employee costs reflecting vacancies and other savings against the staffing budget with underspends of £66,000 on various premises costs, £26,000 on supplies and services and £21,000 on transport budgets also projected. These are partly offset by an anticipated overspend of £379,000 in relation to support services reflecting higher than anticipated levels of staff and premises recharges within the Communities, Housing & Customer Services Directorate. Income is currently projected to be £82,000 above target mainly due to a lower than budgeted level of void rent loss.

Cardiff Harbour Authority

54. Welsh Government support for Cardiff Harbour Authority is subject to 3-year funding agreements. The Welsh Government advised that they would like an opportunity to review current arrangements and wished to extend the previous business period by twelve months, up until 31st March 2018, during which period such a review will take place. The impact of this arrangement is that for the financial year 2017/18, Cardiff Harbour Authority will operate under the same budget allocation of £5.545 million (excluding asset renewal) as in 2016/17.
55. The current forecast indicates a funding requirement of £5.922 million, representing a full spend of budget.

Heading	Budget £000	Projected Out-turn £000	Variance £000
Expenditure	6,365	6,452	87
Income	(820)	(907)	(87)
Fixed Costs	5,545	5,545	0
Asset Renewal	377	377	0
TOTAL	5,922	5,922	0

56. The overall expenditure is expected to be £87,000 over budget although this is offset by increased income. The increased expenditure includes several additional maintenance and improvement schemes, which have been possible due to a combination of reduced spending against other budget heads and increased income. The additional schemes include the dredging of the river by the Castle and the widening of the coastal path. Furthermore, there are additional essential barrage maintenance costs. Reduced

expenditure include lower groundwater monitoring and control costs, environmental surveys and a general reduction in premises and supplies overheads. The projected income of £907,000 is above target and is generated from car parking fees, harbour dues and water activities.

57. The Asset Renewal budget is currently indicating a full spend in line with the approved schedule of work including the replacement of a vessel and testing welds and painting of the bascule bridges on the barrage.
58. The balance in the Project and Contingency Fund at 1 April 2017 was £591,000. This balance will increase following receipt of the additional capital receipt for £320,000 from the 'Bay-scape' development. There are commitments of £214,000 in relation to the final instalment of the Volvo Ocean Race hosting fee and £550,000 as part of the redevelopment work at Alexandra Head. This will leave a balance of £147,000 for further improvement work and as a contingency against future spending.
59. The Welsh Government is currently in discussion with Cardiff Harbour Authority over the way forward with a view to jointly agreeing a new funding agreement for 2018-21. The Welsh Government have already emphasised the pressures on the budget and indicated that supporting Cardiff Harbour Authority at current funding levels is unsustainable and consequently there is a desire to explore opportunities for savings.
60. Cardiff Harbour Authority and the Council have responded positively and constructively to this request and plan to work jointly with the Welsh Government on developing an appropriate settlement within the context of a wide-ranging review of the Harbour Authority's activities. Welsh Government are conscious of the Harbour Authority's statutory functions, therefore exploring savings and efficiencies must be undertaken carefully and managed appropriately. This review will take place over coming months with the aims and objectives contained within an agreed terms of reference.

Capital

61. The Council in February 2017 approved a new Capital Programme of £132.661 million for 2017/18 and an indicative programme to 2021/22. The budget for the General Fund and Public Housing has since been adjusted to £154.941 million to include actual slippage reported at outturn, incorporation of new grant approvals and confirmation of actual grant awards.
62. Given the significant capital pressures and reductions in funding seen over the last few years, slippage for annual sums, will not automatically be carried forward.
63. The month four monitoring report to Cabinet in September gave a comprehensive overview of the schemes included in the 2017/18 programme. The sections below outline the forecast position for 2017/18 for the General Fund and Public Housing, with the focus on key schemes and variances. A detailed list is included in Appendix 3.

General Fund

64. The projected outturn for the year is currently £111.169 million against a total programme of £122.354 million, a variance of £11.185 million. Expenditure at the end of month six was £44.972 million which represents 40% of the projected outturn, half way through the financial year.

City Operations

65. The 2017/18 programme for the Directorate is £27.984 million, with an initial variance identified of £3.111 million. This is primarily in relation to delays in implementation of the Cardiff West Interchange and development of phase two of the energy REFIT scheme.

Energy Projects & Sustainability

66. The Council has secured up to £2.1 million of repayable loan funding from the Welsh Government Green Growth Wales Fund for implementation of a mixture of energy saving technologies under the REFIT framework. Delays in implementation and reduction in the scope of works mean that the first phase of energy saving measures are expected to cost £1.093 million. Repayments of the loan must be made from savings arising from the measures introduced and energy savings are currently expected to be circa £120,000 per annum. Slippage of £1.012 million is shown for development of a second phase of measures subject to approval of a business case.

Regulatory

67. As part of the regionalisation of regulatory services, the Council was required to support the development and purchase of new software, hardware and mobile working solutions to ensure maximisation of efficiencies. This scheme was completed in 2016/17 with no further commitments outstanding. Accordingly the budget of £117,000 has been shown as an underspend.

Parks & Green Spaces

68. A phased programme of flood prevention works has been developed and included investigations at several sites to determine the condition of existing drainage systems and to understand the underlying reasons for the flooding problems. Sites include, Morganstown Park, Hailey Park, Grange Gardens, Parc Coed y Nant, Keyston Road, Hill Snook Park and Craiglee Drive. Delay in implementation of schemes means slippage of £60,000 has been initially identified into next year.
69. The projected expenditure for Parc Cefn Onn in the year has reduced from the month four estimate of £356,000 to £203,000. Asbestos in the roof of the toilets as well as the bespoke nature of some the works such as the raised board walk have delayed the start of improvements until the last quarter of the year.
70. Funding of £300,000 has been allocated in the revenue budget to allow refurbishment of various sports facilities in the city. These include changing

rooms at Rumney, Maes Y Coed, Trelai, Victoria Park and Caedelyn. Subject to ensuring no impact on fixtures, works are expected to be completed by the end of the financial year.

Leisure

71. The remaining £273,000 budget for priority one works to leisure sites prior to the transfer to Greenwich Leisure Limited (GLL), include completion of lighting, pool and fire alarm works at Pentwyn Leisure Centre and pool lighting at Llanishen Leisure Centre. These are expected to cost £173,000, with the balance of funding being used together with £50,000 from the asset renewal budget towards the costs of addressing roof defects at Llanishen Leisure centre. Costs, phasing and the most effective solution to address priority areas of the roof are currently being determined.
72. As part of the contract for the transfer of leisure sites to GLL, the capital programme includes a total of £3.5 million invest to save funding for investment in the transferred leisure sites. This is to enable GLL to improve facilities, generate income and reach a zero subsidy position. The first phase of the project includes new Technogym equipment being installed in Llanishen, Maindy, Western and Pentwyn leisure centres, along with an upgrade of the gym facilities. Changing rooms at Llanishen will be refurbished and new studios, including a group cycle room, will be installed. Reception areas at all four centres will also be upgraded. Any investment will be required to be repaid on an Invest to Save basis.
73. An invest to Save scheme of £500,000 is also included in the programme for Channel View Centre, a site which is retained by the Council. Following approval of a business case, investment has been approved to extend the fitness suite and update equipment in the gymnasium in order to attract new membership and support a reduction in subsidy. Works are proposed to commence in December and be complete in May 2017, so slippage of £100,000 is assumed at this stage.
74. Gym equipment for STAR centre was initially leased; however, this has been purchased in full at a cost of £106,000 in accordance with the agreement with GLL. Funding was set aside in 2016/17 for this expenditure in an earmarked reserve.

Bereavement & Registration services

75. The total programme of £300,000 reflects an allocation of property asset renewal for roof replacement of Thornhill crematorium chapel and other site improvements funded by the Bereavement Reserve including; lighting, vehicle and plant replacement, roads and path renewal. Works to the roof are currently the subject of a tender exercise, and currently scheduled for start in February 2018.

Highway Maintenance

76. Expenditure on the reconstruction of structurally deteriorated roads which are deemed to be a priority is forecast to be £1.430 million. Works completed

include Grand Avenue, Cae Glas Road, Caegwyn Road, Ty Gwyn Road, Llandennis Avenue and Rhydheilig Avenue. Investigations are continuing on further sites which will determine the most appropriate treatment to address condition and form the basis of any further tender exercise.

77. The balance of Council funded allocations for carriageway and footway resurfacing is £2.007 million. The contract for carriageway preventative works was completed in October 2017, however, the balance of investment proposed in schemes such as carriageway resurfacing, footway resurfacing and footway preventative works are the subject of prioritisation and then a procurement exercise. Full expenditure is currently forecast by the Directorate. As was the case during the previous year, adverse weather during the winter can have a detrimental effect on road surfaces. A contingency should be retained within the budget to manage the worst areas of any deterioration from existing highways budgets.
78. The Bridges and Structures budget of £1.080 million includes the balance of the Council's agreed £1.628 million contribution to Network Rail towards the cost of the works for Windsor Road Bridge. Although the road reopened in July 2016, a final account is awaited. Other schemes proposed to be undertaken during this year subject to design and procurement are works to North Road flyover, Penarth Road bridge, as well as culverts at Capel Llaniltern, Creigiau and Llandennis,
79. Funding of £130,000 from the street lighting renewal budget of £358,000 is proposed to be used to replace lanterns at Atlantic Wharf Canalside. The remaining budget is to be utilised for replacement lighting in subways and low level solar powered bollards.
80. In respect of the LED lighting on principal roads the majority of the circa 13,600 lanterns have been replaced. However further works are required to replace nonstandard lanterns installed in different parts of the city to ensure comprehensive coverage of LED lighting and control of that lighting from the new Central Management System. Additional works include lighting in subways, heritage lighting such as in St Mary's Street and high mast columns in Gabalfa and St Mellons. A variation of £377,000 has been made to the LED contract to include these items, whilst ensuring that the overall cost remains within the £5.5 million limit approved by Cabinet. Any such variations will need to be managed in line with business case for the scheme and paid back from energy savings.
81. The Greener Grangetown scheme is being undertaken with funding partners Dwr Cymru and Landfill Community fund. The scheme aims to retrofit sustainable drainage systems and in the process improve the public realm such as road and footpath resurfacing. It is expected to be complete in December 2017 and whilst the total cost of the scheme was initially estimated to be £2.5 million, given the risks of any infrastructure scheme, it is forecast to be circa £380,000 higher. This will be managed by value engineering within the scheme and any overspend will be sustained within existing Directorate budgets.

Traffic & Transportation

82. The asset renewal telematics budget of £390,000 allows the completion of fan replacement in Butetown Tunnel.
83. In 2017/18, the annual sum for cycling development was increased by £400,000 per annum to £800,000. This is proposed to be used for the design of primary routes of the network linking the City Centre to other areas such as University Hospital Wales, Cardiff Bay and strategic sites in the Local Development Plan. Works include upgrades to areas of the Taff Trail, currently being developed, and upgrades from North Road to Western Avenue business park and university campuses, which will be constructed in the new year. Full expenditure is forecast, including use of £38,000 slippage from 2016/17.
84. A sum of £375,000 Council match funding is included in the Capital Programme to help secure a range of Welsh Government grants where match funding is required. Together with slippage from 2016/17 this is to complete a range of schemes for Local Transport, Safe Routes in Communities and Road Safety. Welsh Government terms and conditions require all grant to be utilised by 31 March 2018.
85. The Welsh Government allocation to Cardiff for the Local Transport Fund is £1.264 million. The fund supports development of integrated, effective, accessible, affordable and sustainable transport systems. Schemes bid for and approved this year include Eastern Corridor Active Travel (£184,000); Western Corridor completion of strategic cycle network route 6 (£227,000); to develop a cycle route running parallel with the A469 (£475,000) and further active travel and bus improvements on the A4119 (£378,000).
86. A Welsh Government Road Safety grant of £505,000 will support capital projects that reduce road casualties. Schemes to be undertaken include safety improvements at the junctions of Western Avenue / Excelsior Road, Newport Road / Wentloog Road and replacement of safety cameras at various locations.
87. Safe Routes in Communities Grant (£475,000) aims to improve accessibility and safety and encourage walking and cycling in communities. There is particular emphasis on improving routes to and from schools with works proposed for St Mary's at Wyndham Crescent and schemes in the Fairwater area.
88. In relation to moving traffic offences, expenditure of £230,000 is to be incurred from the Parking reserve to implement measures which would benefit from additional enforcement. Expenditure of £200,000 is also proposed on an invest to save basis for the replacement of aged pay and display machines, to be repaid from future parking and enforcement income.
89. Other proposed bus corridor improvements funded from £335,000 of the Parking Reserve include, the balance of payments due under contracts for A469 and A470 bus corridor improvement and design works for various schemes to support future grant bids to Welsh Government.

90. As part of Cabinet's approval to construct the new bus interchange at Waungron Road in the West of the City in February 2017, Council annual sum allocations for bus Corridor improvements in the 5 year programme were brought forward and reallocated to allow the interchange scheme to proceed. However, slippage of £1.4 million has been identified for this scheme as it is deemed more effective to undertake the works at the same time as housing development on the site. Any works are unlikely to take place until 2018/19.
91. Funding of £862,000 is proposed for upgrades to the CCTV Control Room to replace aged equipment and unsupported software, as well as control systems for the tunnel and traffic management. Specifications have been developed to allow tender exercises to be undertaken, with installation now anticipated in January. Full spend is currently predicted.

Harbour Authority

92. The Harbour Asset Renewal budget approved for 2017/18 is £377,000. It includes various barrage structural works and £300,000 for the replacement of a sailing vessel. Full spend is projected for this Welsh Government grant.

Communities, Housing & Customer Services

93. The 2017/18 programme for the Directorate is £13.178 million, with an initial variance identified of £1.919 million in relation to the timing of implementation of the neighbourhood regeneration schemes, disabled facilities service and development of a domestic abuse centre.

Citizen Hubs

94. The remaining schemes included in the current programme allow completion of the Hubs strategy approved by Cabinet. There are unforeseen cost increases on projects and mitigating opportunities are being sought for external grant funding in order to remain within the overall budgets allocated. This position will continue to be reviewed.
95. Phase 2 of the planned extension of St Mellons Hub is to be complete in May 2018. There have been initial issues with ground conditions, and the total costs of the scheme are estimated at £4.1 million, which includes a £950,000 contribution from Housing Revenue Account over the two years 2017/18 and 2018/19.
96. Llanishen Hub is on schedule to open in November and includes the conversion of the ground floor of Llanishen Police Station to accommodate a library, training and interview spaces. The estimated costs of the scheme are £555,000, which includes a £55,000 contribution from Housing Revenue Account in 2017/18.
97. Llandaff North & Gabalfa Hub opened in May 2017 at a total cost of £1.385 million. This involved the refurbishment and re-modelling of the library and

day centre to accommodate a wider range of community services and activities.

98. The Llanedeyrn Hub opened in July 2017 and final account negotiations are underway with finalised scheme at a total cost of circa £1.966 million. The Hub is an extension to the Powerhouse community centre incorporating hub, library and café on the ground floor and police office accommodation on the first floor.

Neighbourhood Regeneration

99. The neighbourhood renewal schemes budget is £541,000 and allows completion of remaining schemes in the programme. Play area improvements have been completed at Heol Y Delyn, while Coed Y Gores and improvements to Burnham Avenue shops are in progress. Slippage of £91,000 is shown for footpath and access improvements at Hendre Park, whilst details of a wider improvement scheme are developed.
100. The local shopping centre improvements budget of £574,000 includes owners' contributions estimated at £17,000 and slippage from 2016/17 of £214,000 for commercial property shop front improvement works in the Clare Road/ Penarth Road district shopping centre. Slippage of £179,000 is currently assumed, with additional properties requesting to join the scheme being added to the existing contract for works.
101. The Maelfa regeneration scheme includes the redevelopment a new retail parade of 9 units which is expected to be completed in Autumn 2018 at a total cost of £2 million on an invest to save basis, when they will revert to the Council to manage. Expenditure of £1.201 million is forecast for the year primarily towards the retail units, but also towards some predevelopment works. Slippage of £107,000 is assumed this year.
102. The Alleygating budget of £65,000 will allow further gates to be installed in prioritised lanes in Plasnewydd, Riverside and Ely. Schemes are subject to resident consultation and legal procedures and £15,000 of slippage is anticipated in year.

Housing (General Fund)

103. The Disabled Facilities Service budget includes mandatory and discretionary grants to housing owner occupiers to enable a person to continue living in their own home as well as administration costs for the grants. The total budget of £4.405 million includes £605,000 slippage from 2016/17. In addition, a Welsh Government Intermediate Care Fund Enable grant of £399,000 has also been awarded to the Council which requires the Council to work in partnership with Health, Social Care and the independent sector to support independent living. Slippage of £500,000 is assumed at this stage, as whilst expenditure may be committed, all works will not be completed at the end of the year and priority will be given to ensure grant funding is utilised by its deadline of 31 March 2018.

104. To facilitate comprehensive regeneration schemes, the estate environmental improvements capital allocation supports the costs of works to owner occupier properties on housing and estate improvement schemes. It includes the development of a scheme for energy wall insulation at Llandaff North and Rumney, for which a grant application is now to be made to Welsh Government, the outcome of which is expected in January. Full slippage of £427,000 is shown against these schemes.
105. The 2017/18 Capital Programme included an allocation of £1.2 million for the development of a Domestic Abuse Centre, £400,000 of which was assumed in 2017/18. Works are in partnership with the University Health Board and delivery is contingent on the timing of improvements to the fabric of the Cardiff Royal Infirmary building. Options for an interim facility in the short term are being considered to allow the service to operate, however projected spend this year is £100,000 on design and development costs, with anticipated slippage of £300,000 into 2018/19.

Economic Development

106. The 2017/18 programme for the Directorate is £19.461 million, with an initial variance identified of £729,000 predominantly in relation to the timing of development of the International Sports Village temporary car park and a £528,000 overspend on the Lamby Way household waste recycling centre.

Business and Investment

107. Having already supported the Tramshed development, Welsh Government has provided an additional £1.5 million repayable loan funding over a 15 year period for town centre loan schemes as part of its vibrant and viable places programme. Funding totalling £2 million is now available with the focus being the regeneration of listed buildings within the Grangetown and Butetown wards to bring derelict spaces back into use. Subject to due diligence, proposed loans of up to £770,000 are assumed to be made in 2017/18 for the regeneration of the unused listed train station in Bute Street and the restoration of Cory's buildings for residential units.
108. The Council has developed a joint investment fund in Small to Medium Enterprises with S4C. The £150,000 investment has now been fully spent with funding allocated to three companies. In addition the remaining funding for the Social Innovation Fund providing grant to new or expanding social enterprises is to be fully utilised.

City Development & Major Projects

109. In 2016/17, budget of £12.075 million in relation to the Central Enterprise Zone (CEZ) was brought forward to purchase land at Dumballs Road. Options are currently being considered for the site together with the development partner Vastint to redevelop the area through a residential-led mixed-use development delivering up to 2000 new homes, including affordable homes, commercial and community uses. The remaining capital allocations of £2.925 million invest to save funding and £1.6 million for

additional land purchase to be met by earmarked capital receipts are currently assumed to be required and spent this financial year.

110. In July 2017, Cabinet re-iterated the commitment to deliver a new bus interchange at Central Square. Outstanding pre development costs relating to a new Bus Interchange development including design, planning and site preparation costs of £6 million, have now been paid to the developer and in order to facilitate this payment, £500,000 in approved capital funding was required to be brought forward from future years into 2017/18.
111. Current forecasts are for building works to start on site in January 2018, although this will be subject to the development proposal being submitted and agreed by the Council. Should additional pre development costs or land assembly expenditure be required in 2017/18, additional budget will need to be brought forward from future years, subject to this being within the agreed financial envelope. The cabinet report highlighted a number of risks including the level of receipts, timing and also the need for a contribution being realised from Welsh Government.
112. Central Square public realm design has now been finalised, with the developer delivering the scheme over the next two years with any Council contribution anticipated at circa £9 million in total. Including slippage, the amount included in the 2017/18 programme is £2.903 million, and so subject to progress on site and phasing of any council contribution, budget may need to be brought forward from future years.
113. Subject to approval of a business case, the Capital programme included £1.3 million (including £57,000 Section 106 funding) for the creation of a temporary car park at the International Sports Village Site. This was to meet parking obligations to the International Pool whilst releasing other areas of land for development. Any scheme is subject to there being no additional cost to Council in excess of resources available from capital receipts and other external contributions, however work has now been delayed until Spring 2018 pending a strategic review of the whole ISV site. It has therefore been assumed at this stage that there is full slippage on the scheme.
114. As part of proposals for further development of the House of Sport in Leckwith, the Council has agreed to provide funding of £150,000 for allotment works. This amount is payable on completion of legal agreements and repayable as part of an option agreement to undertake a lease for land.

Commercial Services

115. The new household waste recycling centre opened in July 2017. Previous monitoring reports highlighted that the costs had increased and this is primarily due to an increase in size of the recycling facility in order to future proof the requirement, the addition of a canopy to keep recycling streams dry, adverse exchange rates and additional costs in relation to civil engineering works. The total cost is estimated to be £2.770 million with funding for these additional costs during 2016/17 and 2017/18 to be managed from within the overall capital programme and earmarked revenue reserves set aside towards these costs.

116. A sum of £650,000 has been allocated following approval of an invest to save business case to upgrade the waste materials recycling facility at Lamby Way in order to reduce manual handling and increase recycling rates. The works have been tendered and are to be implemented by the end of the year with savings arising used to repay the initial investment.
117. Property Asset Renewal works for administration buildings of £783,000, includes works at County Hall to complete disabled access works and improvements to health and safety. City Hall works include replacement of stone balustrades on the roof, replacement of electronic bollards and improved security.
118. Final capping and restoration is being undertaken of the remaining 12 hectares of the Lamby Way landfill site following its closure. This will complete works to the landfill site as per the licence requirements of Natural Resources Wales and the original planning permission. A two phase contract with an initial value of £1.985 million was awarded in 2016/17. Works are expected to be complete by November 2017, but will be at least £550,000 in excess of the initial contract value with a further £400,000 of potential additional costs to be reviewed by the Council and contractor. Additional costs are due to the need to procure additional soil, filling in voids and confirming locations of the various underground capping layers. A provision for future landfill costs was set up in 2013/14 so additional costs will need to be managed within the provision which is not shown in the Capital programme. In accordance with best practice, the level of the provision is to be reviewed during this year.

Venues and Cultural Facilities

119. The property asset renewal budget of £252,000 along with £159,000 slippage is for various works including replacement of CCTV at St David's Hall, Building Management systems, including ventilation chillers in New Theatre and resurfacing of war time tunnels at Cardiff Castle.
120. A further £115,000 remains to allow completion of roofing works at New Theatre with the £306,000 slippage for priority one works at both these sites carried forward until a detailed plan for use is determined.

Property

121. The property asset renewal budget of £60,000 is proposed to be spent on the replacement of heating controls at the Old Library in the Hayes.
122. The budget allocated for Office Accommodation Rationalisation is £200,000 which will be utilised to support the efficient use of administrative buildings as outlined in the original business case for this project. Expenditure in 2017/18 includes the acquisition of Action for Children's freehold share of the John Reynolds Centre and provide a simultaneous community asset transfer of the whole building to Llanrumney Phoenix Boxing Club (£51,000) and £20,000 to refurbish Cord House. Slippage of £100,000 is currently shown.

123. The Community Asset Transfer budget can provide up to £25,000 for improvement works to buildings being taken on by third party organisations. Slippage of £50,000 is shown, with expenditure to date in 2017/18 including support for Friends of Llwynfedw Gardens at Llwynfedw Pavilion and Cardiff Beach Volleyball at Victoria Park Pavilion.
124. In accordance with the strategy for investment property approved by Cabinet in November 2015, two opportunities that are currently in progress are the purchase of property at Womanby Street and Senlan Industrial Estate. A total of £655,000 has been included in the capital programme subject to legal completion of the purchases. Expenditure is paid for from the disposal proceeds from investment properties which are earmarked for re-investment.
125. An allocation of £300,000 was included in the Financial Resilience Mechanism towards a partial refurbishment of the Central Market roof in order to prevent water ingress. This is currently the subject of a tender exercise with works expected to be completed by 31 March 2018.

Education and Lifelong Learning

126. The 2017/18 programme for the Directorate is £57.650 million, with an initial variance identified of £4.589 million at month six. The variance relates to a re-profiling of future years allocations in relation to ICT infrastructure, slippage of capital receipts and a projected overspend against Schools Asset Renewal budgets.

Schools - General

Asset Renewal - Buildings

127. Total schools Asset Renewal allocations for 2017/18 are £4.764 million. This includes significant specific allocations for schemes at Willows High School (£1.5 million) and Fitzalan High School (£2.0 million) both of which are currently anticipated to be delivered on budget.
128. As a result of significant overspends in 2016/17 requiring resources to be brought forward from 2017/18, there are limited resources available in 2017/18 to address Asset Renewal schemes outside of the specifically funded schemes at Willows and Fitzalan discussed above. These available resources have been fully allocated to deliver prioritised schemes in 2017/18. The emergence of unplanned schemes to address urgent needs which have been identified during the year to date, and are expected to be required throughout the year are anticipated to require an additional £1 million. This potential overspend will be managed by bringing forward this sum from the 2018/19 budget allocation.

Asset Renewal – Suitability and Sufficiency

129. Suitability budgets for the financial year 2017/18 total £1.040 million. The allocation has been fully allocated to the installation of demountable units to support capacity in schools which require it for 2017/18.

Whitchurch High DDA

130. The budget of £0.975 million for DDA required adaptations at Whitchurch High School represents slippage from the Capital Programme allocation for this purpose from 2016/17. It is anticipated that this budget will be fully utilised for this purpose in 2017/18.

Flying Start Grant

131. The budget for Flying Start Capital schemes for the year totals £117,000. This is made up of slippage of £40,000 in relation to the St Cadoc's scheme from 2016/17 plus £77,000 of new approvals for several small schemes in 2017/18. All allocations are expected to be utilised in full during 2017/18.

Schools Organisation Plan – 21st Century Schools

132. In March 2015 the Authority submitted a re-aligned 21st Century Schools Programme (Band A) for investment totalling £164.1 million which was subsequently approved by Welsh Government and now forms the basis for the Authority's Schools Organisation Programme going forwards until 2019.
133. 21st Century Schools expenditure anticipated for the 2017/18 Capital Programme totals £49.954 million. The projected outturn expenditure at month six amounts to £44.115 million, with slippage of £5.839 million identified to date. This will need to be carefully monitored as the financial year progresses with so many large schemes running concurrently during 2017/18.
134. The largest anticipated spend in 2017/18 relates to the new Eastern High School project. This project is currently on target for a December 2018 completion date and expenditure on the project during 2017/18 is projected to be £18.9 million.
135. In addition to ongoing schemes, several large value expenditure schemes have or will be commencing on site construction during 2017/18. These include the new Cardiff West Community High School (£8 million), new Howardian Primary School (£4.4 million), new Ysgol Glan Morfa (£4.4 million), new Ysgol Hamadryad (£1.9 million) and the new Gabalfa / Ysgol Glan Ceubal Primary (£4.0 million).

Resources

136. The 2017/18 programme for the Directorate is £1.724 million, with spend of £1.665 million predicted. Details of schemes within the Directorate are shown below.

Technology

137. The main priority for the Modernising IT to Improve Business Processes budget in 2017/18 is to support key ongoing projects in the Organisational Development Programme and the digitisation of business services utilising modern technology. Given previous levels of slippage on this budget heading,

the budget has been profiled at £980,000 for this year and includes expenditure on the Electronic Document Management Systems and the Cardiff App. Future investment will be targeted towards projects being developed to support the Council's Digital vision.

138. The £419,000 budget for ICT refresh is to be used on a range of projects to support resilience, capacity and capability. This includes additional storage units, flash storage appliances and replacement of other unsupported hardware. Slippage of £59,000 is forecast this year due to slower than anticipated spend.

Corporate

139. In respect of the contingency budget of £200,000, given that it is early in the financial year this is shown projected to be fully required, although as the year progresses, any under spend will be used to reduce the level of borrowing assumed in the Capital Programme.
140. The £500,000 invest to save budget has been partially utilised (£375,000) towards Salix schemes for energy reduction measures with the remainder assumed to be fully spent.

Social Services

141. The 2017/18 programme for the Directorate is £2.357 million, with a variance of £778,000 represented by slippage on building works proposed on various schemes to improve service delivery. Details of schemes within the Directorate are shown below.

Adult Services

142. Integrated Care Fund (ICF) grant funding of £50,000 has been awarded for a refurbishment of the Tremorfa Day Services centre in addition to a £250,000 allocation of Council funding. Works proposed include an external canopy and refurbishment of toilets which are to be the subject of a tender exercise. Slippage of £225,000 is assumed at this stage, with the use of external grant prioritised first.
143. In order to support the Day Centre Opportunities Strategy and reconfiguration of day services for older people, improvement works at Minehead Road Day Centre were completed in May. The Grand Avenue scheme is due to start on site in November 2017. A total of £1.167 million has been allocated by the Council with an approved Welsh Government Integrated Care Fund Grant of £330,000 required to be spent by 31 March 2018. With grant to be utilised first, slippage of £397,000 is anticipated in year.

Children's Services

144. A new accommodation strategy was approved to include the refurbishment of Gabalfa House to facilitate the relocation of Youth Offending Service from Penhill. The refurbishment of Gabalfa House will include a new activity area and an IT breakout zone for the direct benefit of the young people at an

estimated cost of £329,000. These capital works will facilitate the disposal of Penhill during October which will generate a capital receipt to support the affordability of the council's capital programme.

145. Further ICF funding of £300,000 has been awarded to refurbish and enhance Trelai Youth Centre, making it available for children with learning disabilities and complex needs for classroom and out of school activities. It would be accessible for use by Ty Gwyn and neighbouring special schools. Subject to the outcome of tenders, an estimate of expenditure incurred during the year is £75,000. Given that works will not be complete by 31 March 2018, slippage of £225,000 is shown whilst confirmation is sought to determine whether grant can be carried forward. The scheme will only progress if this is the case.

Capital Receipts

146. The 2017/18 Capital Programme included an assumption of £2.0 million non-earmarked capital receipts net of fees to pay for the Capital Programme. To date the only disposal relates to the sale of the former library in Trelai (£80,000). Planned disposals in the year include the Youth offending service site at Penhill in Llandaff and the Howard Gardens former bowls green and pavilion in Adamsdown.

Cardiff City Region City Deal

147. At its meeting of 14 July 2017, Cardiff Capital Region City Deal (CCRCD) Joint Committee approved investment proposals in respect of the Compound Semi-Conductor (CSC) project. The project has purchased and is fitting out facilities for the manufacture of compound semi-conductor wafers also enabling significant private sector investment in the region. The project is being delivered by a special purpose vehicle (company), wholly in the ownership of the ten partnering local authorities. The total expenditure approved for the CSC project is £38.5 million and is to be fully funded from City Deal grant receivable from H.M Treasury (HMT) in the current and next three financial years. However, as expenditure is profiled to be fully incurred over two financial years, there is a potential short-term cash requirement of £5.4m in 2017/18 and £4.6m in 2018/19.
148. It is proposed that Cardiff Council would make available a short term bridging facility to the company until HMT grant is received in 2019/20 and 2020/21, at which point the grant will be used to repay any loan provided directly by this Council. The shareholders agreement includes a number of protections in respect of the bridging loan including, security against company assets and back to back agreements with the other nine partnering authorities, in the unlikely event that full loan is not recovered. The first priority as future tranches of HMT grant are received will be the bridging loan and therefore the risk to Cardiff of the loan not being fully recovered is deemed to be minimal. The actual timing of the loan is subject to detailed monitoring of cash flows, due diligence and Cabinet and budgetary framework approvals being in place. This will require Cabinet and Council reports in January 2018, or will alternatively form part of the budget proposals report in February 2018 to secure inclusion in the Capital Programme.

Public Housing (Housing Revenue Account)

149. The revised Capital Programme for Public Housing is £32.587 million with a projected outturn of £29.562 million. The Directorate should ensure that procurement and contracts are in place to fully utilise the Major Repairs Allowance (MRA) Grant in 2017/18 as well as other grants received.
150. The Housing Development budget of £1.5 million will be used on several schemes including; the conversion of the former children home at 150 Thornhill Road into older person “independent living” accommodation (£180,000); £591,000 for Edinburgh Court improvements, and South Morgan Place balcony improvements. These schemes aim to encourage ownership of the estate and help to avoid anti-social behaviour.
151. The estate regeneration and stock remodelling projected costs for the year are circa £1.612 million in 2017/18 and include a range of schemes including; garage and courtyard improvement schemes (£850,000) and a number of schemes to improve the energy efficiency of blocks (£500,000). A variance of £1.388 million is forecast this year due to slippage of Channel View (£624,000), Belmont Walk (£200,000) and Anderson Place (£200,000) projects delayed due to slower design and consultation processes than initially planned.
152. A sum of £12.602 million is expected to be spent on external and internal improvements to housing stock for boiler replacement, heating, roofing, rewiring, underpinning of properties where subsidence issues have been found, front door upgrades to flats and works to maintain the Welsh Housing Quality Standard. This includes kitchens and bathroom upgrades when properties become vacant prior to re-letting. Some of the larger schemes include; £2.2 million for roof replacements, £1.9 million for fire door upgrades to flats and £1.3 million for rewiring works in all types of council dwellings.
153. The allocation of £2.3 million to provide adaptations and associated improvements to the homes of disabled people in HRA properties is currently forecast to be fully spent.
154. Phase 1 of the Cardiff Living Programme is currently underway with the Willowbrook West and the Braunton and Clevedon schemes on site and progressing well. Enabling work has commenced on the Llanrumney Depot site. The anticipated spend is £6.984 million this financial year (in addition to £2.309 million relating to section 106 contributions).
155. As part of the Housing Revenue Account Outturn for 2016/17, a new earmarked reserve of £2.582 million was created in order to purchase private sector properties for sale that would help address affordable housing need and support the development of existing schemes such as Cardiff Living. Total spend of £2 million is expected to be utilised in year, with five properties purchased to date with a further two offers being accepted.

Section 106 schemes and Other Contributions

156. 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 projection at month six:

	Budget	Projection at Month 6	Variance
	£000	£000	£000
Regulatory Services	0	12	12
Parks & Green Spaces	884	968	84
Traffic & Transportation	458	718	260
Strategic Planning	93	190	97
Neighbourhood Regeneration	276	64	(212)
Economic Development	486	73	(413)
Education & Lifelong Learning	218	259	41
Public Housing (HRA)	2,309	2,309	0
Total	4,724	4,593	(131)

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

- Parks and Green Spaces – Schemes are proposed to be undertaken in a number of areas including; Llandaff Fields, Trelai Park and Hailey Park play areas, public realm and footpath improvements in Butetown, Paget Street, Parc Tredelerch, Dorchester and Winchester Avenues.
- Traffic & Transportation – public transport improvements, junction improvements, bus stops and bus borders; installation of CCTV and real time information, telematics and transportation schemes including the provision of bus routes in the City and strategic transport initiatives.
- Strategic Planning – public realm improvements at Newport Road and City Road.
- Neighbourhood Regeneration - Improvement of community facilities.
- Economic Development – Support for small to medium enterprises in Adamsdown.
- Education & Lifelong Learning – Howardian Primary School and Cardiff West Community High School.
- Public Housing – development of new Council housing as part of the Cardiff Living Project.

Reasons for Recommendations

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

Legal Implications

159. It is a Council responsibility to set the budget and policy framework and to approve any changes there to or departures there from. It is an Executive responsibility to receive financial forecasts including the medium term financial strategy and for the monitoring of financial information.

Financial Implications

160. The month six revenue monitoring for the Council shows a balanced position against budget, an improvement of £883,000 compared to the position reported at month four. The improvement reflects management actions introduced to control expenditure in the current year together with in-year targeted savings identified by directorates. There was also a further increase in NDR refunds on Council properties. The overall position continues to reflect a range of demographic, service and other financial pressures including shortfalls against budget savings targets in directorate budgets and a projected overspend in relation to capital financing costs. These are offset by projected savings in directorate budgets as a result of management actions, a saving on Insurance budgets, the release of contingency budgets, an anticipated surplus on Council Tax collection and NDR refunds on Council properties. Directorate budgets are currently projected to be overspent by £4.956 million however it is anticipated that management actions will enable this to be reduced by the year end. The directorate overspends are partially offset by the £3.0 million general contingency budget which was provided as part of the 2017/18 budget in order to reflect the quantum, risk and planning status of the proposed savings for 2017/18.
161. The projected overspends in directorate budgets include £3.198 million in Social Services, £1.347 million in Economic Development and £1.158 million in Education & Lifelong Learning. This reflects a range of factors including increased demographic pressures in Social Services and Education & Lifelong Learning, particularly in relation to looked after children and children with additional learning needs. There are also significant demographic and cost pressures in Waste Services. The projected overspends also include shortfalls in income and the anticipated failure to fully achieve the savings targets set as part of the 2017/18 Budget together with on-going shortfalls carried forward from the previous financial year.
162. The potential overspend includes a projected shortfall against the savings identified for each directorate as part of the 2017/18 budget together with any shortfalls against savings targets carried forward from the previous year. An overall shortfall of £1.954 million is currently anticipated against the £14.157 million directorate savings target with £6.137 million having been achieved to date and a further £6.066 million anticipated to be achieved by the year end. A projected shortfall of £1.782 million has also been identified in relation to savings targets carried forward from 2016/17. The projected shortfalls are reflected in the directorate monitoring positions although where possible shortfalls have been offset by savings in other budget areas. The July Cabinet meeting approved the Budget Strategy Report for 2018/19 and identified the significant financial challenges that the Council faces in the medium term. The projected under-achievement of identified savings in 2017/18 together

with those carried forward from the previous year continues to underline the difficulties of achieving year on year savings across the Council.

163. The projected overspend in directorate budgets and in particular the shortfalls against savings targets represent a continuing cause for concern. Actions are being taken by those directorates currently reporting a projected overspend in order to try to resolve the issues that led to the current position or alternatively to identify offsetting savings in other areas of the service. This will be reviewed throughout the year as part of the overall challenge process to review the performance of directorates including the budget monitoring position. In response to the level of financial pressures identified in the current year all directorates have also reviewed their monitoring positions and identified a range of in-year savings which are reflected in their reported positions within this report. The scope of the review included non-essential third party spend, temporary staff arrangements and opportunities to maximise income. This has enabled a balanced position to be reported at month six.
164. The 2017/18 Capital Programme is £154.941 million of which £122.354 million is in respect of General Fund schemes and £32.587 million is in relation to the Council's Public Housing schemes. Against this, the projected outturn for 2017/18 is £140.731 million resulting in a total variance of £14.210 million.
165. Where there is a risk of slippage, directorates, need to address any obstacles promptly to ensure budgets allocated are spent in a timely manner. Where this is not possible, early reporting of issues should take place and robust profiles of expenditure should be developed for future years.
166. The Capital Programme update includes a number of schemes planned to be funded by external grants that have strict deadlines for expenditure having to be incurred. It is essential that directorates ensure that opportunities for utilisation of such funding are not lost to the Council by ensuring appropriate resources are directed to these schemes and that consideration has been given to all steps required to ensure contracts are in place and to meet the terms and conditions of such funding.
167. The 2017/18 Capital Programme included an assumption of £2.0 million non-earmarked capital receipts net of fees as part of the funding for the programme. As at month six actual receipts totalled £80,000. Further planned disposals are being progressed and it is essential that these are completed in the second half of the year in order to provide the required level of funding.

RECOMMENDATIONS

The Cabinet is recommended to:

1. Note the potential outturn position based on the first six months of the financial year and the management actions taken in support of this.

2. Reinforce the requirement for all directorates currently reporting overspends as identified in this report to put in place action plans to reduce their projected overspends.

CHRISTINE SALTER

Corporate Director

10 November 2017

The following appendices are attached:

Appendix 1 – Revenue position

Appendix 2 (a) – Budget Savings position – 2017/18 Savings

Appendix 2 (b) – Budget Savings position – 2016/17 Savings

Appendix 3 – Capital Programme

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