

BUDGET MONITORING – MONTH 6 REPORT

REPORT OF THE CORPORATE DIRECTOR RESOURCES

AGENDA ITEM: 4

**PORTFOLIO: CORPORATE SERVICES & PERFORMANCE (COUNCILLOR
GRAHAM HINCHEY)**

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 2016/17 compared with the budget approved by Council on the 25th February 2016.
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 projected overspend of £537,000 an improvement of £313,000 compared to the position reported at month four. The improvement reflects a number of factors including further savings identified in directorate budgets, additional surplus on Council Tax collection and further NDR refunds on Council properties. These are partially offset by an increase to the projected overspend in the Social Services Directorate reflecting increased demographic and cost pressures and a reduction in the level of budget savings anticipated to be achieved. The majority of directorates are reporting improved positions compared to month four.
5. The overall position continues to reflect financial pressures and shortfalls against budget savings targets in directorate budgets although these are

partly offset by projected savings on capital financing, the release of contingency budgets previously earmarked to fund voluntary severance costs, an anticipated surplus on Council Tax collection and NDR refunds on Council properties. Directorate budgets are currently projected to be overspent by £6.643 million however it is anticipated that continued management actions will enable this to be reduced by the year end. The current position includes projected overspends in the Social Services, City Operations and Governance & Legal Services Directorates and in Corporate Management. The directorate overspends are partially offset by the £4.0 million general contingency budget which was maintained as part of the 2016/17 budget in order to reflect the quantum, risk and planning status of the proposed savings for 2016/17. A summary of the overall position is attached as Appendix 1 to this report.

6. The projected overspends in directorate budgets include £5.581 million in Social Services, £771,000 in City Operations, £469,000 in Corporate Management and £42,000 in Governance and Legal Services. This position reflects a range of factors including increased demographic and cost pressures in Social Services, shortfalls in income and the anticipated failure to fully achieve the savings targets set as part of the 2016/17 Budget together with on-going shortfalls carried forward from the previous financial year.
7. The 2016/17 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 £5.611 million is currently anticipated against the £25.892 million directorate savings target with £10.412 million having been achieved to date and a further £9.869 million anticipated to be achieved by the year end. The budget approved by Council on the 25 February 2016 identified red or red / amber achievability risks totalling £11.663 million with £2.752 million 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 £1.751 million has also been identified in relation to savings targets carried forward from 2015/16 and these are set out in Appendix 2 (b) to this report. Overall, this represents an increase of £81,000 compared to the shortfalls identified in relation to the 2016/17 targets and the carried forward savings from 2015/16 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 £4.0 million general contingency budget which was allocated to reflect the risk and planning status of the proposed savings for 2016/17 is also available to offset the shortfall in the current financial year. However, despite this the shortfalls represent a continuing cause for concern particularly as the Council is faced with another difficult budget round.
8. Actions are continuing to be 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 are considered as part of the challenge process to review the performance of directorates including the budget monitoring position. In addition, the Chief Executive holds regular meetings with directors to

identify measures to reduce the level of spend across the Council with the intention of improving the overall position as the year progresses. These reviews will continue throughout the year with the actions taken also discussed in the Chief Executive's monthly meetings with individual directors. In addition, as previously set out in the month four monitoring report, the Chief Executive has implemented a number of management actions with a view to achieving a balanced position by the end of the financial year. This includes measures relating to the purchase of goods and services, staffing arrangements and maximising income.

9. The 2016/17 Budget included a number of specific contingencies including £1.168 million in relation to waste disposal reflecting the difficulty of predicting tonnage figures and the consequent impact on disposal costs, £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 price volatility in the market for recycle materials. The month four monitoring report identified that full allocations would be required in respect of looked after children in Social Services and in relation to income shortfalls in the MRF with an allocation of £439,000 to be made from the Waste Management Contingency. Other Contingency budgets include £1.228 million to reflect the potential for future growth in the number and value of claims as part of the Council Tax Reduction Scheme (CTRS) with an allocation of £434,000 having been reported as part of the month four position in order to support claims in the current financial year. No further changes have been identified as part of the month six position however the budget pressures in these areas will continue to be monitored as the year progresses and any further variations to this position will be identified. At present, for monitoring purposes any balance on these contingency budgets is shown as committed. The budget also includes £5.975 million to meet costs arising from the Council's Voluntary Severance Scheme in the current financial year. In line with position set out in the month four monitoring report, it is currently anticipated that an amount of £600,000 could be released from this Contingency to support the projected outturn position in the current financial year. The balance of £5.375 million is currently committed but will be subject to review as the year progresses.
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 (£790,000)

11. The capital financing budget is currently forecasting an underspend of £790,000, broadly in line with the position reported at month four. This reflects a number of factors. Firstly, following the determination of final capital expenditure in 2015/16 and slippage in the programme, the amount required to be set aside for the repayment of capital expenditure which is usually charged a year in arrears is lower than originally forecast for this year. Also, as part of the Outturn report for 2015/16, it was reported that a technical adjustment was undertaken to pay off historic premiums and penalties amounting to £2.1 million in relation to rescheduling of borrowing

undertaken in previous years. This cost would normally be spread over future years, however charging the full cost in 2015/16 has allowed a saving to be made in 2016/17 which will also support the Council's budgets in future years. A saving is also anticipated through the use of temporary cash balances to defer any significant external borrowing requirement in the current financial year. This is in line with the Treasury Management Strategy and takes into account the impact of the reduction in the Bank of England Base Rate earlier in the year. These are partly offset by a reduction to the share of external interest cost that can be charged to the Housing Revenue Account as part of the pooling arrangements and from lower interest receivable from directorates in the current financial year, mainly in relation to the Schools Organisation Plan.

City Operations +£771,000 (£406,000 underspend excluding the impact of the Leisure ADM)

12. The Directorate is currently forecasting an underspend of £406,000, however when the impact of the delays to the Alternative Delivery Model (ADM) for Leisure are included this results in a projected overspend of £771,000. This overall position represents an improvement of £14,000 compared to the month four position. In addition to the shortfall against the savings target relating to the implementation of the ADM in Leisure Services, overspends continue to be projected in relation to cross-directorate budgets, mainly due to further shortfalls against savings targets. The mitigations against these overspends continue to include savings in all areas across the Directorate. Within the overall position is a projected shortfall against savings targets totalling £2.256 million, of which £1.117 million relates to the Leisure ADM. However, overachievements against other savings targets totalling £542,000 result in total net savings shortfalls of £1.714 million in respect of savings targets for both 2016/17 and unachieved savings brought forward from 2015/16. The individual variances can be seen in Appendices 2(a) and 2(b) to this report.
13. The total overspend within Leisure Services is projected to be £1.209 million, including the £1.177 million savings shortfall relating to the ADM process. Although a decision has been taken by Cabinet in respect of this issue, the revised implementation date of 1st December 2016 has resulted in a delay to the transfer of leisure centres to the new operator and, therefore, in the achievement of the saving. This is partly offset by projected efficiency savings in leisure centres in the period prior to the transfer to the new operator. These amount to £128,000 thereby reducing the overall projected overspend on leisure centres to £1.049 million in the current financial year. A deficit of £99,000 is also projected in respect of the Cardiff International White Water Centre, which is a consequence of a reduction in the subsidy provided by the Cardiff Harbour Authority. In addition, there is a further deficit of £96,000 relating to Community Halls, mainly due to a savings shortfall at Canton as an alternative operator has not yet been identified. This is partly offset by an anticipated trading surplus of £35,000 at other specialist facilities, including the Sailing Centre, Riding School and Motorcycle Training.

14. The other significant overspend within the Directorate relates to cross directorate savings targets. These incorporate the various service re-shaping exercises being undertaken within the Directorate, including a review of cross service support functions and a wholesale review of staffing levels. A delivery plan is in place which should ensure the achievement of these savings, including a new operating model for the Neighbourhood Services function, however this will not take effect in time to deliver the savings in full in 2016/17. Other minor overspends within the Directorate relate to Enforcement, Management & Support and Regulatory Services and total £13,000, predominantly due to increased employee costs. The minor overspend within Regulatory Services is despite full achievement of the £310,000 savings target in connection with the collaborative arrangement.
15. The most significant projected underspend within the Directorate continues to be within the Transport Planning, Policy & Strategy division and totals £280,000. This is predominantly in relation to overstay charges for the Windsor Road and Beresford Road bridge upgrades, which are part of the railway electrification schemes, and other income increases from road related activities. In addition, Infrastructure Services is also projected to underspend by £168,000. This relates to additional concessionary fares travel reimbursement income of £137,000, as well as a £67,000 saving in connection with new contracts for electrical and tunnel maintenance and a £43,000 saving from vacant posts. These are partly offset by financial pressures in relation to the South Wales Trunk Road Agency (SWTRA) cost recovery mechanism totalling £117,000 and temporary costs relating to the bus station and heliport totalling £38,000. An additional £76,000 drawdown from commuted sums will help to offset this. Although there is also a shortfall of £102,000 due to delays in implementing the LED street lighting saving, this is planned to be offset by a draw down from the Energy Conservation Reserve.
16. Further underspends are anticipated across the service including in relation to Schools Transport and Bereavement Services, Parks & Sport and Planning & Building Control. The increased School Transport underspend of £161,000 is due to further route optimisation savings above agreed targets together with additional income. Bereavement Services is currently forecasting an underspend of £109,000 due to a planned reduction in the contribution to the Bereavement Reserve, albeit that the lower reserve contribution does present a risk in terms of reduced scope for future capital works. The Parks & Sport division is projected to underspend by £69,000, despite a shortfall in landscape design fees and costs associated with the cleaning of toilets within parks. However, it has been possible to more than mitigate these pressures with staff vacancies and recharges, reduced expenditure within Outdoor Leisure and Sports Development, increased income from Bute Park events and a reduced subsidy for the RHS Show. The £152,000 projected underspend against Planning & Building Control budgets is the result of anticipated additional planning fees and staff savings. Other projected underspends include £12,000 relating to the Dogs Home and £17,000 in Energy Management.

17. The other budgets within the Directorate, including Civil Parking Enforcement, the Play Service and Registration Services, are forecasted to have balanced positions. Although an anticipated income shortfall of £173,000 is currently forecast in relation to Civil Parking Enforcement due to delayed expansion of the Moving Traffic Offences scheme, this is offset by a reduced contribution to the Parking & Enforcement Reserve thereby enabling a balanced position to be reported. The balanced position in the Play Service is despite a £50,000 projected shortfall against the savings target relating to the transfer of centres to communities although efforts continue to be made in order achieve this saving. The balanced position within Registration Services is despite challenges in achieving income targets however, it is still anticipated that targets will be achieved via increased volumes of events and ceremonies.
18. The budget for 2016/17 provided additional resource totalling £320,000 to repair an additional 3,000 potholes and a further £320,000 to improve neighbourhood and city centre street cleansing, drainage and gully cleaning. This work is being actively managed through City Operations and the expenditure is reflected in this report.

Communities, Housing & Customer Services (£97,000)

19. The overall position indicates an increased underspend of £97,000 against budget, compared to the £6,000 underspend reported at month four. This continues to include projected underspends against the Housing & Communities, Partnership Delivery, Independent Living Services and Into Work Services divisions, partly offset by projected overspends in relation to Customer Services and Libraries. In addition, an underspend is now evident in relation to Adult & Community Learning. Current indications are that savings totalling £814,000 will be achieved against the 2016/17 target of £1.197 million, leaving a shortfall of £383,000. In addition, a shortfall of £132,000 is projected in relation to unachieved savings targets brought forward from 2015/16. The shortfalls include £432,000 in relation to delays in the implementation of the Alarm Receiving Centre and this is reflected in the overall Directorate position.
20. The Housing & Communities division is continuing to project an increased underspend of £406,000. This includes a £129,000 underspend in relation to Assessment & Support functions, resulting from savings on employees and supplies and services in certain functions, partly offset by increased premises costs in the Housing Options Centre. This position also reflects the proposed use of earmarked reserves to fund postage costs relating to Welfare Reform change notifications, in particular. Preventative Services is currently forecast to underspend by £221,000 with projected amounts of Renovation Grant administration fees in excess of the target, partly offset by reduced income levels relating to Targeted Elderly provision. All other budgets within this division are projected to balance, aside from Service Development & Improvement, which is projected to underspend by £46,000 resulting from projected savings within Housing Strategy Grants, and Face to Face Customer Services which is projecting staffing savings totalling £9,000. Included within the overall position is a drawdown of £434,000 from the specific contingency budget set aside to meet increased expenditure 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.

21. Customer Services is currently projected to overspend by £398,000, primarily in relation to the aforementioned £432,000 savings shortfall in connection with the Alarm Receiving Centre. This particular overspend is partly mitigated by employee savings within the Contact Centre. A number of alternative income sources have also been identified, however these will not materialise until after 31st March 2017. A £52,000 underspend continues to be projected within Partnership & Delivery, which primarily relates to employee and supplies and services savings in connection with Neighbourhood Working grants. This is due to the fact that alternative funding has been identified for certain costs. An improved underspend of £63,000 in relation to Into Work Services is also projected due, predominantly, to alternative funding for employee costs. In addition, an underspend of £75,000 is projected in relation to Independent Living Services, which is the result of additional employee savings and recharge income, partly offset by other minor premises and support overspends.
22. The projected £131,000 overspend in relation to Libraries is largely the result of a delay in the roll out of the Libraries and Hub Strategy. This £83,000 shortfall forms the balance of the total savings shortfalls outlined previously. The remainder of the Libraries overspend is because of additional employee costs and income shortfalls, both of which are partly offset by underspends against supplies and services budgets. Adult & Community Learning is now projecting a surplus of £30,000, as a result of increased class attendance. All other divisions with the directorate are reporting balanced positions. Both the Supporting People and Communities First grants are forecast to be used in full.

Corporate Management +£469,000

23. An overspend of £469,000 is currently projected in relation to Corporate Management, a reduction of £25,000 compared to the position reported at month four. The overall position includes a projected shortfall of £275,000 against the 2016/17 budget savings target of £875,000 in relation to savings arising from the implementation of digitalisation across the Council. Work is continuing to identify further savings and this is being supported through the Organisational Development Programme. All other budget savings targets for 2016/17 are currently anticipated to be achieved.
24. A shortfall of £200,000 is also anticipated in relation to the budget for the release of savings through voluntary schemes including the purchase of leave although this will continue to be monitored as the year progresses. There is also a projected overspend of £49,000 in relation to payments for the Coroner's Service. These are partly offset by savings in relation to bank charges and contributions to the Mid Glamorgan Superannuation Fund relating to past employees and by reduced costs against senior management budgets.

Council Tax Collection (£398,000) and NDR refunds on Council properties (£318,000)

25. A review of the Council Tax position indicates a potential surplus of £398,000 an increase of £158,000 compared to the position reported at month four. The projected surplus reflects a number of factors including a higher than anticipated number of properties across the city and lower levels of single person discounts than was anticipated when the Council Tax base report was approved in December 2015. The surplus represents a variance of 0.2% of the estimated gross debit and may be subject to further fluctuations as the year progresses. A saving of £318,000 is also currently identified in relation to refunds of NDR on Council properties achieved through the appeals process however this may increase as further appeals are taken forward during the year.

Economic Development (£65,000)

26. The position for Economic Development is anticipated to be an underspend of £65,000, compared to the £3,000 underspend reported at month four. This position continues to include underspends against Business & Investment, Workshops and Culture, Tourism & Events, offset by overspends within Major Projects, Property, City Centre Management and Office Rationalisation. Included within the overall Directorate position is the newly formed Commercial Services, which is currently projected to underspend by £65,000. The overall Directorate position includes anticipated savings shortfalls of £1.279 million in respect of 2016/17. In addition, there is a projected shortfall of £120,000 in relation to unachieved savings targets carried forward from 2015/16.
27. A significant underspend of £372,000 is projected against the budgets for Business & Investment. This is largely due to increased advertising income in connection with the contract for bus shelters and the Hayes Screen totalling £277,000. In addition, there is a £95,000 underspend projected in relation to Cardiff Branding following a reduction in committed expenditure. An underspend is also projected in relation to Workshops totalling £40,000. This is due to savings in respect of non-domestic rates costs. Partly offsetting these underspends is a £38,000 projected overspend in relation to Major Projects. This is due to additional staff costs and costs relating to a property survey in respect of the Cardiff International Pool. An overspend of £68,000 is also forecast against City Centre Management budgets and relates to increased salary costs resulting from a delay in implementing a new operating model for the taxi marshalling service. These increased costs are partly offset by additional income and reduced premises costs.
28. The budget for Culture, Tourism & Events is forecast to underspend by £44,000. This is partly due to a £32,000 projected underspend within the Venues division, primarily because of additional income of £141,000 in relation to City Hall Functions. This is partly offset by income below target in respect of Functions and Retail Catering and a £27,000 overspend against the budgets for Mansion House. Protocol Services are also projecting an underspend, totalling £7,000, which relates to managed underspends within supplies and services budgets. In addition, a small underspend of £5,000 is

projected within Events. This is due to additional income in relation to Cardiff Caravan Park and underspends at Sophia Gardens car park, partially offset by parks sponsorship income below target. The budgets held in respect of St David's Hall and the New Theatre are currently projecting a balanced position with an anticipated operational shortfall of £130,000 being mitigated by the use of an earmarked reserve. This reserve was created from the surplus which was reported as part of the 2015/16 outturn, part of which was set aside to act as a buffer against potential shortfalls in future years. The forecast income position will need to continue to be closely monitored as box office income in particular can be subject to volatility. There is also uncertainty regarding the timing of a potential implementation of the Arts Venues ADM and this could impact on the overall monitoring position.

29. The overall position in relation to the Property Division is a projected overspend of £110,000. Rental income shortfalls amount to £292,000 however these are partly offset by additional one-off income in relation to licences totalling £76,000. In addition, capital receipts under £10,000 are anticipated to exceed budget by £50,000 and there is additional projected staff recharge income of £56,000. Further to the Property overspend is an improved projected overspend of £240,000 in connection with Office Rationalisation. This is primarily in relation to the delayed transfer of the Global Link building to the local health board, as well as delays in the disposal of Bessemer Close resulting in increased non-domestic rates costs.
30. The new Commercial Services Division is currently anticipating an underspend of £65,000, compared to the balanced position reported at month four, due to a projected surplus within Facilities Management. All other units within the division are continuing to forecast either balanced positions or have minor offsetting variances. The £606,000 savings shortfall, in respect of 2016/17 targets, primarily relates to digitalisation, renewable gas generation, the HWRCs and depot security within Recycling Waste Services and vehicle utilisation within Fleet Services. In addition, there are projected savings shortfalls in relation to Cleaning Services and energy costs within Facilities Management Buildings. However, it has been possible to identify mitigations to offset both these shortfalls and other emerging financial pressures.
31. The Council's 2016/17 budget included specific contingencies totalling £1.168 million 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 Materials Recycling Facility (MRF) to reflect the volatility in the market for recycle materials. Having continued to review these areas as part of the monitoring process, this report reflects the full use of the contingency budget for the MRF together with £439,000 allocated in respect of the impact of increased tonnages. These allocations have been incorporated within the Directorate position.
32. The overall position for Recycling Waste Services is balanced. This includes a £344,000 shortfall in savings targets, as well as in-year

pressures totalling £365,000. These in-year pressures relate to higher third party payments associated with the treatment of glass and increased operating costs for the Recycling & Waste Management division. However, mitigations totalling £703,000 have been identified, including additional landfill income from inert materials, additional transfer station income, staff savings and an assumed transfer from earmarked reserves to offset projected costs at the HWRC sites. Fleet Services is currently reporting a balanced position, despite the savings shortfalls associated with vehicle utilisation. A number of mitigations for the £200,000 savings shortfall have been identified, including vacant posts and projected underspends on fuel and vehicle parts. The £65,000 surplus within Facilities Management is mainly due to surpluses in relation to both Building Services and Building Support, partly offset by an under-recovery of security income. The other units within the section are projecting minor, offsetting variances. The Design & Construction Unit continues to project a balanced position, predicated on the use of earmarked reserves to fund upgrades to ICT equipment.

Education & Lifelong Learning – On target

33. The overall position continues to indicate a balanced spend against budget, with a projected overspend against out of county placements offset by savings elsewhere within the Directorate, particularly Catering. Total savings of £2.851 million are currently projected to be achieved against the 2016/17 savings target of £3.356 million, leaving a projected shortfall of £505,000. In addition, there is a projected shortfall of £46,000 against the unachieved savings targets brought forward from 2015/16. These shortfalls are reflected in the Directorate outturn projection.
34. An overspend of £504,000 is currently projected in relation to the budgets for Inter-Authority Recoupment and Special Educational Needs (SEN). The majority of this relates to the cost of out of county placements and shortfalls against savings targets totalling £455,000. The intention of the savings proposal was to reduce both the cost and number of placements and, whilst this has been possible in a number of cases, it has not resulted in the full achievement of the target. In addition, there is a projected overspend of £50,000 in connection with the budget for Education Other Than At School (EOTAS), as a result of delays in the implementation of a new approach to the delivery of one-to-one tuition. A minor variance is currently projected against the budget for Services of a Specialist Nature with all other SEN budgets, including the Pupil Referral Unit projecting balanced positions.
35. The overspend outlined above is partly offset by a continued £275,000 projected underspend in relation to the Catering service. This underspend has become possible because of additional income and the continued identification of efficiencies against expenditure budgets. In addition, there is a £20,000 projected underspend within Early Years & Childcare due to in-year savings in relation to payments for independent nursery settings. Furthermore, there is a projected underspend of £4,000 against centrally held budgets, comprising an underspend of £32,000 against continuing pension contributions budgets and a projected £5,000 trading surplus relating to the Storey Arms Centre. These are partially offset by a £33,000

overspend against the budget for fees and subscriptions. The position on the Music Service has improved since month four and a balanced position is now anticipated.

36. The remainder of the overspend is offset by underspends totalling £155,000 within the School Improvement, Management & Support division and an underspend of £50,000 relating to Wellbeing & Compliance. This includes savings of £202,000 against Management & Support budgets, largely the result of management actions undertaken in previous months. These actions took the form of a review of staffing recharges and subsequent realignment of staffing costs. This allowed certain costs to be absorbed elsewhere within the directorate, without having a detrimental impact upon the overall position. Additional savings have resulted from staffing vacancies. Partly offsetting this particular position are various overspends against School Improvement budgets amounting to £47,000. The Wellbeing & Compliance saving results from shared service arrangements within Health & Safety. A balanced position is forecast in relation to Lifelong Learning with the significant savings targets within the Youth Service currently anticipated to be achieved.

Governance & Legal Services +£42,000

37. The overall position indicates an overspend against budget of £42,000, which represents a slight improvement on the £44,000 overspend reported at month four. The position includes a shortfall of £24,000 in relation to the 2016/17 savings targets. The overall position continues to comprise of a projected overspend within Legal Services of £116,000, partially offset by underspends against the Monitoring Officer budget, Scrutiny Services and Bilingual Cardiff. The Legal Services overspend is due to a shortfall against a previous initiative to reduce external legal costs totalling £200,000 and a shortfall in land charges fee income. Partially mitigating this shortfall are staffing savings due to delays in appointing to vacant posts. The £43,000 underspend against the Monitoring Officer budget is the result of the vacancy in the Monitoring Officer post earlier in the year. The underspend of £28,000 within Scrutiny Services is the result of staffing vacancies, whilst the projected £8,000 Bilingual Cardiff underspend is also due to staffing vacancies. Within the Bilingual Cardiff position is an income shortfall, in relation to simultaneous translation, offset by external income generated from neighbouring local authorities. The other budgets within the Directorate are projected to have balanced positions or minor variances.

Resources (£58,000)

38. The Directorate is currently projecting an underspend of £58,000, an increase of £39,000 compared to the position reported at month four. Savings continue to be reported in relation to Performance & Partnerships and Human Resources partly offset by overspends in Finance and Health & Safety although in both these areas the projected overspends have reduced compared to previous forecasts. Total savings of £1.616 million are currently projected to be achieved against the Directorate's 2016/17 savings target of £1.760 million leaving a projected shortfall of £144,000. In addition there is also a projected shortfall of £45,000 against the unachieved savings

targets carried forward from 2015/16. These shortfalls are reflected in the Directorate outturn position.

39. An underspend of £64,000 is currently projected in relation to Performance and Partnerships with savings on employee budgets as a result of vacancies in Performance Management and Policy and Partnerships. The latter also includes savings on supplies and services and transport costs although these are partly offset by a shortfall on income within the Cardiff Research Centre. An underspend of £6,000 is also currently projected in Human Resources with savings on employee budgets due to vacancies and a reduction in capital financing costs for HRPS systems partly offset by shortfalls in income and a projected shortfall of £97,000 against the budgeted surplus for Cardiff Works.
40. These are partly offset by projected overspends of £6,000 in both Finance and Health & Safety. The Finance position includes a shortfall against budget savings targets of £189,000 including £130,000 relating to the extension of the income enforcement service in Revenues. Although savings have been achieved and continue to be progressed in this area it is not anticipated that they will be fully achieved in the current financial year. The shortfalls are partly offset by vacancy savings and additional income across the Finance Service. The projected overspend of £6,000 in Health & Safety is mainly due to prior year costs relating to the management support arrangements. All other areas within the Resources Directorate are currently projecting a balanced position.

Social Services +£5,581,000

41. The overall position for the Directorate shows a projected overspend of £5.581 million, an increase of £360,000 compared to the position reported at month four. This reflects further service and cost pressures in both Adult and Children's Services together with a reduction in the level of budgeted savings anticipated to be achieved in the current financial year. The overall forecast includes projected overspends of £2.976 million in relation to Children's Services and £2.605 million in Adult Services. The projected overspend reflects the impact of demographic pressures, especially within Children's Services where there has been a significant increase in the number of placements and cost for looked after children particularly in relation to external fostering. The overall position also reflects a significant shortfall against budget savings targets both in respect of the 2016/17 budget and in relation to on-going shortfalls against 2015/16 savings targets which have yet to be achieved. Total savings of £3.918 million are currently projected to be achieved against the Directorate's 2016/17 savings target of £5.539 million leaving a projected shortfall of £1.621 million. In addition a shortfall of £1.074 million is also forecast against the savings targets carried forward from 2015/16. 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.
42. 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 domiciliary, residential 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.

43. The Children's Services budget is currently projecting an overspend of £2.976 million. This is after taking into account the allocation of the £950,000 specific contingency budget set aside to meet increased costs in relation to placements for looked after children. The requirement for the allocation of this contingency sum was set out in the month four monitoring report and the allocation has been incorporated into the Directorate budget position in this report. Although the Service received an additional budget realignment of £1.6 million as part of the 2016/17 budget process, on-going pressures on the budgets for external placements, leaving care support costs and external legal costs have all contributed to the overspend. 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 and In House Fostering & Adoption. The overall position includes a projected shortfall of £1.507 million against the savings targets for 2016/17 and carried forward from 2015/16 and this is reflected in the analysis of the variances below.
44. An overspend of £2.837 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 £808,000 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.
45. Other projected overspends include £450,000 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. An overspend of £639,000 is also projected in relation to Management & Business Support. This includes shortfalls in savings targets of £487,000 together with an anticipated overspend on external legal costs with significant pressures continuing to be identified in this area. An overspend of £223,000 is also currently anticipated on safeguarding budgets together with £57,000 on other social work teams. This is mainly due to the on-going requirement for agency support in this area although it is anticipated that this will reduce with measures to fill vacant posts continuing to be progressed.
46. A saving of £616,000 is projected in relation to guardianship orders with no increase in the level of Residence Order allowances anticipated in this financial year although this is partly offset by additional costs as a result of increased numbers. A saving of £220,000 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 £208,000 on Internal Fostering reflecting reduced numbers and savings on staffing budgets, £140,000 on Adoption budgets although there have been indications of further pressures in this area in recent months and £46,000 on the Family Support / Personal Advisor Service mainly due to savings on staffing budgets.

47. The Adult Services budget is currently projecting an overspend of £2.605 million. This is due to a combination of shortfalls against the budget savings targets for 2016/17 and the on-going shortfalls from 2015/16 together with a number of demographic and cost pressures particularly in relation to domiciliary and nursing care. This overspend takes account of the additional funding provided as part of the 2016/17 Budget which included a budget realignment of £2.5 million in relation to savings targets from previous years, funding for demographic pressures of £1.6 million and additional funding set aside to meet fee increases including the impact of the National Living Wage. The overall position includes a projected shortfall of £1.188 million against the savings targets for 2016/17 and carried forward from 2015/16 and this is reflected in the analysis of the variances below.
48. Overall, commissioning budgets are currently reporting a projected overspend of £2.961 million. The overall position includes projected overspends of £2.861 million on Services for Older People and £599,000 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 care costs for older people and people with a physical disability have increased by 7% in the past 12 months resulting in additional costs of £1.25 million. There has also been an increase of around 6% in the price of a nursing bed during this period increasing costs within services for older people by £700,000. These overspends are partly offset by projected underspends of £491,000 in Mental Health Services and £8,000 in Service for People with Learning Disabilities. The position in Mental Health Services is largely due to levels of expenditure on Deprivation of Liberty Safeguards (DOLS) continuing to be lower than anticipated. There has also been a recent reduction in residential placements.
49. The budget for directly provided Adults Services is currently projecting an underspend of £355,000. This is mainly due to an anticipated saving of £717,000 in Assessment and Care Management reflecting staff vacancies within the service. Underspends of £36,000 in Internal Support & Management and £37,000 in relation to day care and reablement services for older people are also forecast. These are partly offset by an overspend of £435,000 in relation to Learning Disabilities Supported Living and Day Care mainly as a result of shortfalls against savings targets.

Housing Revenue Account

50. The Housing Revenue Account (HRA) is currently reporting a balanced position with projected savings and additional income enabling the transfer to an earmarked reserve of £1.205 million. This represents an increased contribution of £90,000 as compared to the position reported at month four. The reserve will be used to support investment and future housing development costs.
51. Employee costs are currently projecting an underspend of £480,000 reflecting vacancies and other savings against the staffing budget. An underspend of £185,000 is also currently anticipated on premises budgets including reduced costs in relation to space occupied at the Central Library. A balanced position is currently forecast in relation to the Housing Repairs Account but this will continue to be closely monitored as the year progresses. Other variances include underspends of £75,000 on supplies and services with savings on insurance and bank charges and £136,000 on estimated support costs. There is also an anticipated reduction of £300,000 to the provision for bad debts. Income forecasts currently suggest a surplus of £29,000 mainly due to a lower than budgeted level of void rent loss.

Cardiff Harbour Authority

52. The original budget for 2016/17 was set at £6.146 million, as part of a three year budget that was agreed with the Welsh Government covering the period 2014/15 to 2016/17.
53. An amendment in April 2016 to deed of variation, dated 3rd April 2014, between the Welsh Ministers and the City of Cardiff Council, reduced the 2016/17 fixed costs budget by £255,000.
54. The current financial position at the end of quarter two indicates that the forecasted annual draw down of funding will be £5.891 million, representing a full spend of budget.

Heading	Budget £000	Projected Out-turn £000	Variance £000
Expenditure	6,365	6,421	56
Income	(820)	(876)	(56)
Fixed Costs	5,545	5,545	0
Asset Renewal	346	346	0
TOTAL	5,891	5,891	0

55. The position includes reduced environment costs plus increased income generation offset by some additional essential maintenance costs at the barrage. The projected income of £876,000 includes £495,000 from car parking fees, £237,000 from harbour dues, £83,000 from water activities and a further £61,000 from other sources.
56. The Asset Renewal budget is currently indicating a full spend in line with the approved schedule of work.

57. The balance in the Project and Contingency Fund at 1st April 2016 was £756,000. The second instalment of the hosting fee for the Volvo ocean race will be paid in quarter three. The balance will be retained for further improvement work and as a contingency against future spending. Any income generated during the year from the sale or disposal of land will be credited to the fund along with a 50% share of any underspend against the Fixed Cost budget.

Capital

58. The Council in February 2016 approved a Capital Programme of £114.329 million for 2016/17 and an indicative programme to 2020/21. The Month 4 report to Cabinet revised the budget for the General Fund and Public Housing to £127.023 million following inclusion of actual slippage reported at outturn, incorporation of new grant approvals and confirmation of actual grant awards.
59. The Month 4 monitoring report also gave a comprehensive overview of the schemes included in the 2016/17 programme. The sections below indicate a forecast position for 2016/17 for the General Fund and Public Housing, focusing on key schemes.

General Fund

60. The projected outturn for the year is currently £79.697 million against a total programme of £101.538 million, a variance of £21.841 million which is slippage. Expenditure at the end of Month 6 was £22.025 million which represents 28% of the projected outturn, half way through the financial year.

Capital Schemes Update

61. The following provides an update on the significant capital schemes included in the programme in addition to the detailed list in Appendix 3.

City Operations

62. The 2016/17 programme for the Directorate is £28.565 million, with an initial variance identified of £4.782 million. This is primarily in relation to leisure centre alternative service delivery schemes, the implementation of LED lighting on principal roads, the Greener Grangetown scheme and development of Cardiff West transport interchange. Details of schemes within the Directorate are shown below.

Energy Projects & Sustainability

63. Energy retrofit will implement a mixture of energy saving technologies at various sites in order to achieve energy cost savings. The payback period for the project is 8 years, with the level of financial savings guaranteed by the contractor. The cost of the scheme is £1.230 million funded by

borrowing from the Welsh Government Green Growth Wales Fund which will need to be repaid from savings arising from the measures introduced.

64. The Radyr Weir hydro scheme, became operational in July 2016 and alongside the turbines is a specially constructed fish pass, a picnic area and wider improvements for cyclists and walkers on this section of the Taff Trail.
65. Salix Energy Efficiency Loan Schemes (SEELS) is an invest to save project to achieve energy efficiency and carbon reduction savings in schools. For 2016/17, £235,000 of the initial £1.0 million approved remains to be implemented. Sites to have measures installed in this year are Coed Glas Primary, Grangetown Primary, Rhydypenau Primary and Ysgol Pwll Coch.

Regulatory

66. The regionalisation of regulatory services requires the Council to pay towards new software, hardware and mobile working solutions to ensure maximisation of efficiencies as well as estate related requirements for the service. The £299,000 allocated in this financial year is forecast to be spent with a further £117,000 allocated in 2017/18 for these commitments.

Parks & Green Spaces

67. The annual Asset Renewal Infrastructure budget of £140,000 and annual play equipment budget of £90,000 are projected to be fully utilised.
68. A phased programme of flood prevention works to address issues at various locations is still being developed. Investigations at several sites to determine the condition of existing drainage systems and to understand the underlying reasons for the flooding problems are being undertaken. Sites, where the information has been obtained are being used to inform design solutions, the first phase of which will be implemented later this year. Delay in implementation means slippage of £100,000 has been initially identified into next year. Expenditure includes surveys to Roath Park Dam to inform discussions with Council and Natural Resources Wales as part of a review of dam safety required to be undertaken under the Reservoirs Act 1975
69. Following a successful bid to the Heritage Lottery Fund, Parc Cefn Onn, a grade 2 listed historic country park, has been awarded a £459,900 grant for Capital works and provision of a temporary parks ranger service. Following acceptance of the grant terms and conditions and the seeking of permission to start from HLF, expenditure during the year is forecast to be professional fees and the start of works on the refurbishment of the toilet facilities. Footpath works intended to be undertaken this financial year will now be undertaken in the following year with the estimate included in the programme for expenditure now being £40,000.
70. Existing hard surface pitches at Trelai Park and at the Marl are being upgraded to a 5 a-side and 7 a-side 3G pitch respectively following a procurement process with estimated cost of £432,000 to be funded by a loan from Welsh Government. The loan must be repaid over a 10-year

period along with ensuring adequate revenue budget provision is made for eventual replacement of the surface and ongoing maintenance of the pitches in line with required standards.

Leisure

71. The lease and operational transfer to Insole Court Trust was completed at the end of September 2016. Both the Potting Shed Café and Montessori School are open as part of the refurbished facility. Final construction costs and Grant claims are also being determined. Additional costs due to heritage finds and extensions of time have previously been reported to Cabinet with the estimated costs for the project being £3.1 million, funded primarily by BIG Lottery, Heritage Lottery and the Council. This excludes any costs to address the heritage finds and to complete the main house, which has secured additional Heritage Lottery Funding of £268,000 to complete this additional work.
72. Eastern Leisure Centre opened following refurbishment in August 2016 with total costs estimated to be £6.5 million. Accessibility improvement works at Pentwyn Leisure Centre have also been completed including a new front entrance, ramp and steps access with the cost of £165,000 funded from proceeds from the sale of the Dome in Pentwyn.
73. As part of discussions with the successful bidder to run the Council's Leisure services, the process for managing £1 million of their investment as well as use of a £3.5 million loan facility to be provided by the Council over a 20-year period as an Invest to Save allocation is to be determined. Any loan would be required to be used by the successful bidder to invest in facilities and repay any such investment to the Council from additional income or savings. Whilst £1.0 million was initially profiled for use in 2016/17, subject to completion of final contract it is assumed that any use of Council funding would be in 2017/18, resulting in the full amount being shown as slippage.
74. The Capital Programme also includes £531,000 of the initial £750,000 made available in 2015/16 to undertake priority works to leisure sites as part of any transfer. Works currently proposed to be undertaken includes ventilation and air conditioning, pool lighting and pool filter replacements. A detailed schedule of works is being developed, following discussions with the new leisure provider, with full spend currently being projected at Month 6.

Bereavement & Registration services

75. The programme of £100,000 reflects proposed replacement plant and equipment to be purchased during the year and infrastructure works including the layout of new Burial sections. There are circa £20,000 of building enhancements at Cathays Chapel which are being funded through planning obligations and other donations.

Highway Maintenance

76. A capital budget was requested in 2016/17 of £750,000 for the reconstruction of structurally deteriorated roads. Site investigations will be concluded in October to determine the most appropriate treatment to address condition and form the basis of any tender exercise.
77. Full expenditure is currently forecast by the Directorate on carriageway and footway resurfacing. Over the prolonged winter months, Cardiff along with the majority of the country, experienced unprecedented volumes of rainfall. These conditions, coupled with the low road temperatures had a severely detrimental effect on the road surfaces. The A48 and A4232 were the worst hit roads, primarily due to the very high traffic flows. Although localised 'make safe' repairs were undertaken throughout the winter period this could not be maintained from an operational, safety or cost perspective. The cost of urgent resurfacing works on these routes is £620,000, and is to be managed by bringing into the programme funding from commuted sums, assumed additional parking enforcement income, the re prioritisation between highway and footway resurfacing and a virement from the street lighting column replacement capital allocation.
78. The Bridges and Structures budget of £759,000 for 2016/17 is primarily the balance of the Council's agreed £1.628 million contribution to Network Rail of 20% towards the cost of the works for Windsor Road bridge. Final costs are awaited from Network Rail and will need to be managed within overall budgets for structures.
79. The remaining street lighting budget is proposed to be spent on illuminated bollards city wide and installation of new lighting columns on Pentwyn Link Road which is currently unlit.
80. The street lighting energy reduction scheme to introduce dimming technology to circa 22,500 columns in residential areas completed most modifications in July 2016 with remaining lanterns that can be adapted to ensure completeness of the scheme currently being reviewed. The financial savings from reduced energy usage will be used to repay initial investment and achieve revenue savings.
81. Following approval by Cabinet in July 2016, for the implementation of LED lighting on principal roads and a Central Management System, a tender exercise has been completed. The business case estimate of total cost of £4.9 million remains valid. Opportunities for a quicker implementation are to be considered which would result in earlier generation of savings, however until contractual terms and an agreed implementation plan is confirmed, estimated capital expenditure in 2016/17 remains at £1.2 million, with the balance of the 2016/17 budget shown as slippage.
82. The Greener Grangetown scheme will retrofit sustainable drainage systems and in the process improve the public realm in the relevant areas. Funding agreements with Dwr Cymru and Landfill Community fund have been completed specifying which costs each of the partners will contribute towards and a contractor to undertake the works is in place. The total cost of the scheme is estimated to be £2.5 million, with £0.850 million profiled to be spent during 2016/17. The construction start date is anticipated at the

end of November with completion planned in September 2017. Given the infrastructure nature of the scheme, any risks of additional costs during the construction period will need to be closely managed. Following completion of the scheme, the Council will retain responsibility for ongoing maintenance of the rain gardens, new drainage and associated infrastructure. Any such obligations will need to be met from future revenue budgets.

Traffic & Transportation

83. The asset renewal allocation including slippage from 2015/16 for Transport, Traffic Management, Cycling and Telematics is £1.934 million. It is to be spent on a range of schemes including safety improvements, strategic transport schemes, cycling and replacement of fans within Butetown tunnel. Slippage of £274,000 has been recognised due to the tunnel fans installation taking place between November 2016 and July 2017.
84. An annual 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. The WG grant allocations to Cardiff for Local Transport, Road Safety and Safe Routes are forecast to be fully utilised during the year. Construction of the A469 Improvement Scheme was completed at the end of October, with the A470 Scheme to be substantially complete in January 2017.
85. Moving Traffic Offences enforcement expenditure of £750,000 is to be incurred on bus lane enforcement, yellow box junctions and replacement of aged pay and display machines, with any borrowing to be repaid from parking and enforcement income as initially budgeted as part of the approved use of the parking reserve in the 2016/17 budget.
86. The programme included £500,000 to create a bus interchange at Waungron Road in the West of the City. This was to be paid for from a budgeted contribution from the parking reserve as well as from disposal proceeds arising from the redevelopment of the site. Design and a review of costs is being undertaken and at this stage the full amount is shown as slippage.
87. A CCTV system upgrade budget of £340,000 was requested to replace aged and unsupported software and IT equipment. Prior to commencement of a tender exercise, initial costing indicates that proposals may need to be prioritised or additional funding identified so as not to exceed the available budget. Whilst full spend is currently predicted, this is currently highlighted as a risk.

Harbour Authority

88. The Harbour Asset Renewal budget of £346,000 forms the final part of a 3-year programme and includes street furniture renewal, electrical and mechanical work in relation to the barrage, replacement of equipment in the

children's play area, replacement of vessels and replacement of oil pollution collection equipment. Full expenditure is projected,

Communities, Housing & Customer Services

89. The 2016/17 programme for the Directorate is £13.610 million, with an initial variance identified of £996,000 in relation to the timing of implementation of remaining hubs projects. Details of schemes within the Directorate are shown below.

Citizen Hubs

90. The schemes included in the current programme will complete the Hubs strategy approved by Cabinet. Where cost estimates received have been in excess of budgets available, opportunities have been sought for external grant funding, utilisation of receipts arising from schemes or to reduce scope where feasible in order to remain within the overall budgets allocated for the programme.
91. Fairwater hub opened in May 2016 following refurbishment works of £305,000. The new STAR Hub, which commenced construction in August 2015, was opened to the public at the end of September 2016 with total project cost of £6.907 million. The facilities allow an extension to the range of Council community, leisure as well as partner services offered to local residents.
92. Phase 2 of the planned extension of St Mellons Hub involves a community hall, youth den, changing facilities, multi-use rooms, flying start provision and a café area. Planning approval has been granted. Dependant on independent valuation and surveys of sites to be disposed of being in excess of estimated cost of any extension, construction could begin in January 2017. Estimated construction costs are circa £3.885 million and slippage of £400,000 is estimated to date.
93. Llanishen Hub involves the conversion of the ground floor of Llanishen Police Station to accommodate a library, training and interview spaces, to replace the existing leased premises. Positive progress has been made in lease negotiations and planning consent has been granted. Any construction expenditure is now likely to be in 2017/18, subject to the outcome of a tender exercise, resulting in slippage of £467,000.
94. Llandaff North & Gabalfa Hub works commenced in May 2016 with the construction programme due for completion in November 2016 at a total cost of £1.335 million of which £280,000 is a contribution to the works from the public housing capital programme.
95. Llanedeyrn Hub estimated costs are £1.9 million of which £450,000 is a proposed contribution from the public housing capital programme. Works are scheduled to be complete in May 2017.

Neighbourhood Regeneration

96. The Neighbourhood Renewal schemes budget of £985,000 is expected to be fully spent, allowing completion of schemes already started as well as design and tender of others in the programme. Where schemes are delayed, options to bring forward other schemes in the programme will be considered.
97. The local shopping centre budget of £321,000 is to be utilised to continue expenditure on shop front improvements to commercial premises on Penarth Road and Clare Road in Grangetown. This is supplemented by Welsh Government Vibrant & Viable Places Grant for the area of £138,000.
98. Maelfa regeneration works include the construction of affordable and private sale homes, the creation of retail units for commercial rent, as well as extensive infrastructure and public realm improvements. The Council and development partner, Cardiff Community Housing Association will finalise a development agreement and terms with current leaseholders of shops, with pre development works including demolition and temporary shop fit out funded from the £441,000 budget to commence this Autumn. Land disposals arising as part of the regeneration are to be re-invested to support the viability of the scheme.
99. The alleygating budget of £134,000 includes further phases of area based schemes being implemented in Gabalfa and Cathays with implementation to be undertaken in the latter part of the financial year.

Housing (General Fund)

100. The Disabled Facilities Service budget of £4.905 million includes the one off allocation of £1.9 million of revenue budget in order to help reduce waiting times and meet additional pressures on this budget during 2016/17. Whilst the number of referrals is currently as expected, activity will need to be monitored closely during the year to determine whether additional £398,000 of adaptations support grant received from Welsh Government can be used to displace any of the Council's own funding. Full expenditure is currently projected.
101. A Welsh Government Intermediate Care Fund grant of £100,000 received to complete development, production and purchase of bespoke assisted living devices is also assumed to be fully spent.
102. To encourage comprehensive regeneration schemes, the estate environmental improvements capital allocation is intended, where feasible, to complement schemes being undertaken to public housing and estates by providing options to support the costs of works to owner occupier properties.

Economic Development

103. The 2016/17 programme for the Directorate is £9.816 million, with an initial variance identified of £1.432 million primarily in relation to the timing of central square public realm. Details of schemes within the Directorate are shown below.

Business and Investment

104. The extended Voucher Scheme funded by the Department of Culture Media and Sports (DCMS) was launched on 1 April 2015 and is now closed for new voucher applications towards the capital costs of installing new broadband connection in order to access high speed connectivity and capability. Projected expenditure for Cardiff is £175,000 this financial year.
105. Schemes to support business and social enterprise investment include the Capital Cardiff Fund, a joint investment fund with S4C and a Social innovation fund with budgets totalling £232,000. Whilst little expenditure has been incurred to date, a number of applications have been received following further promotional marketing and are the subject of review. Actual expenditure in the year will be subject to any applicant meeting the terms and conditions of any grant or loan agreement, however the Directorate is currently forecasting full expenditure against these budgets.
106. As part of the WG Town Centre Loan Scheme in Grangetown, the Council provided a £500,000 loan in 2015/16 to support the developer of the Tramshed to create a mixed development including venue, residential units, creative units and workspace, bringing back to life a vacant and listed building. Following implementation of the scheme, the loan has been repaid and further options for beneficial and viable use of the recyclable funding are now being considered and would be added to the programme following a due diligence process.

City Development & Major Projects

107. Removal of waste materials from land at the International Sports Village (ISV) will allow land to be used for further development in line with the ISV masterplan. Removal costs are to be paid for from the proceeds of disposal of land from phase one of the Bayscape development and cost estimates including removal, disposal, landfill tax and any tipping fees are £600,000 but is subject finalisation of verification of site levels and quantities.
108. Design work for the transport interchange is continuing as well as an options appraisal and costing to recommend a strategic approach to the delivery of the scheme at Central Square. An update was provided to Cabinet in September, where approval was given to underwrite the second phase of design works. The design costs will form part of a wider package of pre-development costs being incurred by the developer in progressing the scheme. In addition, estimates for expenditure incurred directly by the Council in the current year remain at £500,000.
109. Development of the first phase of design for public realm works at Central Square in conjunction with the developer is in progress. The developer will deliver the scheme with any Council contribution anticipated at circa £9 million as part of the original estimate when setting the Capital Programme. The actual cost is yet to be agreed along with any specified maximum or contractual ceiling. Expenditure of £1.0 million is currently projected however is subject to finalisation of agreements.

Commercial Services

110. Following receipt of tenders, the estimated cost to replace the Household Waste Recycling Centre (HWRC) at Lamby Way is £1.941m. This was £396,000 in excess of the budget available primarily due to an increase in size in order to future proof the requirement and also the addition of a canopy to keep recycling streams dry. Additional costs have been met from existing budgets.
111. Property Asset Renewal works for administration buildings of £493,000, includes works at County Hall to complete fire dampers and electrical works to ensure continuity of power supply and replacement lighting. City Hall works include subsidence and underpinning works to the ground floor toilet block as well as completion of the programme of fire alarm works which ensures the building meets new fire alarm regulations.
112. A number of vehicles that have reached the end of their useful life for Facilities Management and Social Services are proposed to be replaced as part of the £250,000 annual capital budget for outright purchase. Trials are also being undertaken to determine the suitability of electric or hybrid vehicles for parts of the Council's fleet.

Venues and Cultural Services

113. The property asset renewal allocation of £610,000 is for St Davids Hall and the Castle. Of this £300,000 is to refurbish escalators at St Davids Hall during 2016/17 following repeated mechanical breakdown. Property Asset Renewal works of £310,000 at the Castle include health and safety lighting works in areas open to public access, emergency lighting upgrades to meet fire regulations, CCTV and intercom upgrades to main car park as well as an upgrade of public toilets.
114. St David's Hall and New Theatre were initially allocated funding in 2015/16 of £350,000 and £295,000 respectively to address priority works to the external fabric of the building, as part of any consideration of alternative delivery mechanisms. Estimates of costs and works proposed for the remaining total budget of £623,000 are currently being considered by the Directorate following receipt of building condition reports and include works to the New Theatre roof estimated at £450,000 which would commence post-Christmas.

Property

115. In accordance with the Council's Investment Property Strategy, the leasehold interest of a former veterinary site on Bute Street, the freehold of which was already held by the Council, was purchased. The investment (£273,000) is deemed to be of strategic importance for medium to long term redevelopment opportunities in the area. A short term letting is currently

being sought with the aim of generating income to offset any rental income lost from investment properties sold.

116. The projected outturn for the Office Accommodation Rationalisation budget is £1.019 million to support the efficient use of administrative buildings. This includes expenditure to relocate staff to County Hall from Global Link and other accommodation and also includes a £600,000 payment to Cardiff and the Vale University Local Health Board for potential dilapidations compensation as part of the lease assignment. These costs are to be met from capital receipts arising from office rationalisation projects.
117. Further building rationalisation priorities in the short term are implementation of a Children's Services accommodation strategy which would allow the disposal of Suffolk House, as approved by Cabinet in September 2016, and also relocation of the Youth Offending Service from Penhill.
118. The Community Asset Transfer budget can provide up to £25,000 for improvement works to buildings being taken on by third party organisations. Based on known commitments, any requirement is likely to be minimal during 2016/17 resulting in £50,000 slippage shown initially.

Education and Lifelong Learning

119. The 2016/17 programme for the Directorate is £45.792 million, with an initial variance identified of £13.146 million. Whilst contracts for construction have been let, the variance relates to timing of costs expected in relation to the new Eastern High School and three new primary schools. Details of schemes within the Directorate are shown below.

Schools - General

Asset Renewal - Buildings

120. The Directorate has agreed a full schedule of works and the budget of £3.182 million is currently expected to be fully spent in 2016/17.

Asset Renewal – Suitability and Sufficiency

121. The Suitability and sufficiency budget including slippage of £1.171 million for 2016/17 has been reduced by £120,000 to £1.051 million. This is to reflect an agreed contribution towards a specialist resource base at Cantonian High School.

Whitchurch High DDA

122. A budget of £2.0 million was approved within the 2016/17 Capital Programme for improvement works to comply with disabled accessibility requirements at Whitchurch High School. Current indications suggest that

there will only be expenditure to the value of £1.0 million and therefore projected slippage of £1.0 million against this budget for 2016/17. Options for any further improvements required will need to be considered as part of a longer term strategy.

Flying Start Grant

123. Cardiff has been awarded £535,000 capital grant from Welsh Government to deliver improvements to St Cadoc's Primary. It is anticipated that the full allocation will be utilised in 2016/17. There is also slippage of £51,000 brought forward from 2015/16 schemes anticipated to be spent in 2016/17.

Schools Organisation Plan – 21st Century Schools

124. In March 2015 the Authority submitted a re-aligned 21st Century Schools Programme 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.
125. 21st Century Schools expenditure anticipated in the 2016/17 Capital Programme is £25.897 million, which is a net variance of £12.236 million.
126. The most significant slippage amount is £8.712 million in relation to the new Eastern High School. Delays in reaching agreements with Cardiff and the Vale College for site access led to delays in demolition of the Trowbridge site which has had a knock on impact to the commencement of the construction contract. The contractors are now on site and no further delays to the construction timetable are anticipated at this stage.
127. Other notable slippage is recognised from schemes to deliver new primary schools, Howardian (£3.5 million) and Ysgol Hamadryad (£1.5 million). Procurement for these primaries as well as Ysgol Glan Morfa has been undertaken and works awarded to a single contractor to deliver all three primaries by September 2017. Initial designs have been agreed and the finalising of design requirements and fixed price agreements has now begun. It is anticipated that works will begin on site by January 2017.
128. Works brought forward from 2017/18 total £1.500 million and relate to Ninian Park Primary Extension (£800,000), New High School in the West (£500,000) and Moorland Primary (£200,000).

Resources

129. The 2016/17 programme for the Directorate is £3.430 million, with an initial variance identified of £1.485 million in relation to projects to improve business process. Details of schemes within the Directorate are shown below.

Technology

130. The main priority for the Modernising IT to improve Business Processes budget in 2016/17 is to support key projects in the Organisational

Development Programme and the digitisation of business services utilising modern technology. The budget in 2016/17 is £2.446 million and the projected spend is £961,000 resulting in slippage of £1.485 million into 2017/18. This slippage is due to a number of factors including: -

- resources available to support and facilitate business change and time taken to adopt new and often very different ways of working, extending the original project timelines significantly e.g. in relation to electronic document management system and mobile working.
- the need to resolve technical issues within SAP Customer Relationship Management before development of future phases of the project.
- due diligence to determine whether a SAP based or standard off the shelf solution is more effective in meeting the Councils' requirements for property asset management at a lower cost.

131. The revised forecast of expenditure includes the creation of several new posts to accelerate delivery of digital services, which will support some of the issues highlighted above and create technical capacity to build IT infrastructure. Any posts created would need to be eligible capital expenditure, with the timing of costs subject to the recruitment process.

132. The £384,000 budget for ICT refresh is forecast to be fully spent on a range of projects to support resilience, capacity and capability.

Corporate

133. The contingency budget of £250,000 is currently projected to be fully spent and its use will be subject to confirmation from Directorates that all alternative options have been considered to manage any projected overspends before they are incurred. As the year progresses, any under spend will be used to reduce the level of borrowing assumed in the Capital Programme.

134. Of the original £500,000 invest to save budget, £150,000 has been used towards an Economic Development scheme towards fencing and infrastructure at Leckwith allotments. The balance is shown as fully required, however use will be dependent on receipt and approval of relevant business cases received from Directorates.

Social Services

135. The 2016/17 programme for the Directorate is £325,000, with full expenditure projected. Details of schemes within the Directorate are shown below.

Adult Services

136. In order to support the Day Centre Opportunities Strategy and reconfiguration of day services for older people, a procurement exercise is being undertaken for the refurbishment and re-modelling of Minehead Road during 2016/17 and further sites such as Grand Avenue day centre in

2017/18 subject to a viable scheme. The aim is to provide high quality day care facilities appropriate for dementia and other service users with complex needs together with their carers. Minehead Road is estimated to cost £325,000 and is supported by £185,000 of Welsh Government Intermediate Care Fund Grant which must be spent by 31 March 2017.

Capital Receipts

137. The 2016/17 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 main receipts include the sale of former terrapin offices at Bessemer Close and depot on Hadfield Road (£394,000) and also the completion of disposal of the former Trading Standards offices at Bridge Street in the City Centre (£566,000).
138. Other disposals include the sale of investment property and former caretaker's houses (£281,000) and the youth hostel on Wedal Road (£885,000) which are proposed to be earmarked for reinvestment in specific schemes. The latter is proposed for re-investment in essential works to Roath Park and subject to agreed and acceptable costs, investment in Roath Park House.

Public Housing (Housing Revenue Account)

139. The revised Capital Programme of £25.485 million set in the February 2016 Budget is forecast to have slipped by £2.450 million at the end of the financial year as a result of changes in the forecast level of works that can be undertaken. The Directorate should ensure that procurement and contracts are in place to fully use Major Repairs Allowance (MRA) Grant in 2016/17 as well as other grants and capital receipts made available.
140. HRA capital receipts in respect of Right to Buy total £1.2 million in the first six months, from the sale of 12 properties.
141. Estate regeneration and stock remodelling scheme projected costs are circa £5.8 million in 2016/17 and include a range of schemes including; conversion of the former children home at 150 Thornhill Road into older person "independent living" accommodation, Edinburgh Court, South Morgan Place, Trowbridge Mawr, Hodges Square as well a number of schemes to improve the energy efficiency of housing blocks. The £200,000 underspend against the budget has been utilised to offset the increase in demand in the Disabled Facility Service.
142. External and Internal Improvements projected expenditure of £12.150 million includes boiler replacement, heating, roofing, rewiring, underpinning of properties where subsidence issues have been found, front door upgrades to flats and works to maintain Welsh Housing Quality Standards, such as kitchens and bathroom upgrades when properties become vacant prior to re-letting. The projected spend includes £1.6 million for the refurbishment of Sandown Court to bring it up to a modern and desirable standard for older person housing.

143. The initial allocation of £1.8 million to provide adaptations and associated improvements to the homes of disabled people in HRA properties is currently forecast to be exceeded by circa £200,000 due to demand for adaptations, which will look to be offset by virement of budget from estate regeneration.
144. Following the appointment of Wates as partner for the Housing Partnership Programme, preparatory works include the completion of demolition of former scientific laboratory at Croft Street, as well as demolition of properties at Clevedon and Highmead Road. Planning applications for 6 Phase 1 sites have been submitted with permissions granted for Braunton / Clevedon and Willowbrook at September Planning Committee. Projections indicate expenditure in the region of £950,000 in year, a slippage of £1.450 million against budget.
145. The Hubs budget of £2.055 million makes allowance for HRA contributions towards the cost of service provision from Hubs during 2016/17. This includes £1.325 million for STAR Hub, Llandaff North / Gabalfa £280,000 and also £450,000 towards a Hub at Llanedeyrn.

Section 106 schemes and Other Contributions

146. The table below shows the Section 106 and other contributions forecast to be spent at the time of setting the budget. This has been revised by directorates and is reflected in the new projection at Month 6:

	Budget	Projection at Month 6	Variance
	£000	£000	£000
Traffic & Transportation	703	490	(213)
Parks & Sport	1,324	827	(497)
Neighbourhood Regeneration	151	22	(129)
Bereavement	20	20	0
Schools	270	274	4
Planning	133	94	(39)
Economic Development	494	269	(225)
Total	3,095	1,996	(1,099)

147. The Traffic and Transportation Section 106 projection is made up of over 30 individual contributions used to fund telematics, junction improvements and public transport schemes across the city. Slippage compared to the original profile is as a result of a revision of telematics schemes initially included within the original profile.
148. Significant Parks and Sport schemes which are complete or will be on site in 2016/17 include Victoria Park wet play area, 3G pitch at Pentwyn Leisure Centre, public open space improvements at Parc Coed y Nant, Pontcanna Fields / Llandaff Fields, Hamadryad Park, and Hendre Lake Park. Significant slippage persists primarily as a result of capacity to design and take forward works.

149. Neighbourhood regeneration funding is to be used for community facilities. Contributions originally planned towards the new STAR Hub are no longer proposed to be used for the facility with discussion on their use now planned to be undertaken with local members.
150. The Schools contribution is to be used towards an extension to allow the provision of additional school places at Coed Glas Primary School.

Reasons for Recommendations

151. To consider the report and the actions therein that forms part of the financial monitoring process for 2016/17.

Legal Implications

152. 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

153. Overall, the month six revenue monitoring for the Council shows a projected overspend of £537,000 an improvement of £313,000 compared to the position reported at month four. The improvement reflects a number of factors including further savings identified in directorate budgets, additional surplus on Council Tax collection and further NDR refunds on Council properties. These are partially offset by an increase to the projected overspend in the Social Services Directorate reflecting increased demographic and cost pressures and a reduction in the level of budget savings anticipated to be achieved. The majority of directorates are reporting improved positions compared to month four.
154. The overall position continues to reflect financial pressures and shortfalls against budget savings targets in directorate budgets. These are partly offset by projected savings on capital financing, the release of contingency budgets previously earmarked to fund voluntary severance costs, an anticipated surplus on Council Tax collection and NDR refunds on Council properties. Directorate budgets are currently projected to be overspent by £6.643 million however it is anticipated that continued management actions will enable this to be reduced by the year end. The directorate overspends are partially offset by the £4.0 million general contingency budget which was maintained as part of the 2016/17 budget in order to reflect the quantum, risk and planning status of the proposed savings for 2016/17.
155. The projected overspends in directorate budgets include £5.581 million in Social Services, £771,000 in City Operations, £469,000 in Corporate Management and £42,000 in Governance and Legal Services. This position reflects a range of factors including increased demographic and cost pressures in Social Services, shortfalls in income and the anticipated failure to fully achieve the savings targets set as part of the 2016/17 Budget

together with on-going shortfalls carried forward from the previous financial year.

156. The potential overspend includes a projected shortfall against the savings identified for each directorate as part of the 2016/17 budget together with any shortfalls against savings targets carried forward from the previous year. An overall shortfall of £5.611 million is currently anticipated against the £25.892 million directorate savings target with £10.412 million having been achieved to date and a further £9.869 million anticipated to be achieved by the year end. A projected shortfall of £1.751 million has also been identified in relation to savings targets carried forward from 2015/16. Overall, this represents an increase of £81,000 compared to the shortfalls identified in relation to the 2016/17 targets and the carried forward savings from 2015/16 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 July Cabinet meeting approved the Budget Strategy Report for 2017/18 and identified the significant financial challenges that the Council faces in the medium term. The projected under-achievement of identified savings in 2016/17 together with those carried forward from the previous year underlines the difficulties of achieving year on year savings across the Council.
157. 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 is considered as part of the overall challenge process to review the performance of directorates including the budget monitoring position. In addition, the Chief Executive holds regular meetings with directors to identify measures to reduce the level of spend across the Council. These reviews will continue throughout the year. As previously reported, a number of management actions have been implemented to reduce the level of spend across the Council with the intention of improving the overall position as the year progresses and so enabling a balanced position to be achieved by the end of the financial year.
158. The 2016/17 Capital Programme is £127.023 million of which £101.538 million is in respect of General Fund schemes and £25.485 million is in relation to the Council's Public Housing schemes. Against this, the projected outturn for 2016/17 is £102.732 million resulting in a total variance of £24.291 million.
159. The Programme, Projected Outturn and Projected Variance are shown below:

Capital	2016/17 Programme	2016/17 Projected Outturn	Projected Variance
	£M	£M	£M
General Fund	101.538	79.697	(21.841)
Public Housing	25.485	23.035	(2,450)

Total	127.023	102.732	(24.291)
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160. Where there is a risk of slippage, directorates, must 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.
161. 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 no opportunities for utilisation of such funding are 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.

RECOMMENDATIONS

The Cabinet is recommended to:

1. Note the potential outturn position based on the first six months of the financial year.
2. Reinforce the requirement for all directorates currently reporting overspends as identified in this report to put in place actions to reduce their projected overspends.

CHRISTINE SALTER
Corporate Director
15 November 2016

The following appendices are attached:

- Appendix 1 – Revenue position
- Appendix 2 (a) – Budget Savings position – 2016/17 Savings
- Appendix 2 (b) – Budget Savings position – 2015/16 Savings
- Appendix 3 – Capital Programme