

BUDGET MONITORING – MONTH 9 REPORT

REPORT OF THE CORPORATE DIRECTOR RESOURCES

AGENDA ITEM: 5

**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 nine 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 nine revenue monitoring for the Council shows a balanced position against budget, an improvement of £537,000 compared to the position reported at month six. The improvement reflects a number of factors including a significant saving on insurance costs, additional surplus on Council Tax collection and further NDR refunds on Council properties. These are partially offset by a reduced saving on capital financing costs and by an overall increase in the projected overspend on directorate budgets. Further projected overspends are reported in relation to Social Services, City Operations and Education & Lifelong Learning with all other directorates reporting improved positions compared to month six.

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 and insurance costs, 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 £7.032 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 Education & Lifelong Learning 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 £5.981 million in Social Services, £955,000 in City Operations, £425,000 in Corporate Management and £100,000 in Education & Lifelong Learning. 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 £6.253 million is currently anticipated against the £25.892 million directorate savings target with £14.701 million having been achieved to date and a further £4.938 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 nine monitoring. A projected shortfall of £1.832 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 £723,000 compared to the shortfalls identified in relation to the 2016/17 targets and the carried forward savings from 2015/16 as reported at month six. 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. As part of the due diligence for the 2017/18 budget process consideration will be given as to the likely achievability of these shortfalls in future years.

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 remainder of the year with the actions taken also discussed in the Chief Executive's monthly meetings with individual directors. In addition, as set out in previous monitoring reports, earlier in the year the Chief Executive implemented a number of management actions aimed at 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). An allocation of £434,000 was previously reported in order to support claims in the current financial year however the latest forecasts suggest that this allocation will not be fully required. No other changes to the contingency allocations have been identified at this stage. Final adjustments will be made as part of the closure of accounts. At present, for monitoring purposes any balance on the 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 the position set out in previous reports, 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. The Council receives an annual report from its Insurance Advisors assessing the appropriateness of its insurance provisions and reserves for self-insured claims. The review is based on the position as at 1 October together with a forecast to the next balance sheet date of 31 March. The review utilises actuarial techniques to forecast ultimate claim costs and is undertaken by an actuary employed by the Insurance Advisors. The Council uses the results of this report to assess the appropriateness of its funding arrangements and in conjunction with existing claim costs and the cost of insurance premiums sets the insurance charges to the Revenue Account

for the current financial year. The position for 2016/17 indicates reduced costs in relation to the forecast for claims and on that basis the insurance charges to the Revenue Account are lower than anticipated providing a saving of £700,000 in the current financial year. This has been reflected in the month nine monitoring position.

11. 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 (£520,000)

12. The capital financing budget is currently forecasting an underspend of £520,000, a reduction of £270,000 compared to the position reported at month six. The reduction includes a shortfall of £150,000 against the budgeted dividend from Cardiff Bus following the decision at its Annual General Meeting in November not to award a dividend in relation to its 2015/16 accounts. Other changes include a further anticipated reduction to the level of interest that can be charged to the Housing Revenue Account as part of the pooling arrangements.
13. This overall position reflects a range 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 +£955,000 (£125,000 underspend excluding the impact of the Leisure ADM)

14. The Directorate is currently forecasting an underspend of £125,000, however, when the impact of the delays to the Alternative Delivery Model (ADM) for Leisure are included, this results in a projected overspend of £955,000. This overall position represents an increase of £184,000 compared to the month six 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 £2.363 million, of which £1.080 million relates to the Leisure ADM. However, overachievements against savings targets totalling £429,000 result in total net savings shortfalls of £1.934 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.

15. The total overspend within Leisure Services is projected to be £1.169 million, including the £1.080 million savings shortfall relating to the ADM process. This shortfall is due to the delayed implementation date of 1st December 2016 for the transfer of leisure centres to the new operator. This is partly offset by efficiency savings totalling £69,000 in leisure centres in the period prior to the transfer to the new operator. A deficit of £107,000 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 £66,000 relating to Community Halls, mainly due to a savings shortfall at Canton Community Hall as an alternative operator has not yet been identified. This is partly offset by an anticipated trading surplus of £15,000 at other specialist facilities, including the Sailing Centre, Riding School and Motorcycle Training.
16. The other significant overspend within the Directorate relates to cross directorate savings targets, where shortfalls total £717,000. 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.
17. The most significant projected underspend within the Directorate continues to be within the Transport Planning, Policy & Strategy division and totals a slightly reduced £263,000. 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 £156,000. This relates to additional concessionary fares travel reimbursement income of £130,000, a £52,000 saving from temporary vacant posts and a net saving of £23,000 across various maintenance budgets. These are partly offset by a financial pressure in relation to the South Wales Trunk Road Agency (SWTRA) cost recovery mechanism totalling £125,000. An additional £76,000 drawdown from commuted sums will help to offset this. Although there is also a shortfall of £175,000 due to delays in implementing the LED street lighting and traffic signal conversion saving, this is planned to be offset by a draw down from the Energy Conservation Reserve.

18. Further underspends are anticipated in relation to Schools Transport, Street Cleansing, Bereavement Services, Parks & Sport and Planning & Building Control. The School Transport underspend of £160,000 is mainly due to route optimisation savings above agreed targets. The Street Cleansing underspend of £82,000 is due to employee cost savings resulting from the phased appointment to vacant posts. Bereavement Services is currently forecasting an underspend of £148,000 due to increased income and a planned reduction in the contribution to the Bereavement Reserve, albeit 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 £71,000, despite a shortfall in landscape design fees and costs associated with cleaning of toilets in 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 £165,000 projected underspend against Planning & Building Control budgets is the result of anticipated additional planning fees and staff savings.
19. In contrast to the balanced positions reported at month six, overspends of £82,000 and £53,000 are now anticipated in relation to Play Services and Registration Services. The Play Services overspend is due to various difficulties associated with the community asset transfers, some of which are linked to the uncertainties surrounding future Communities First funding. The projected overspend within Registration Services represents an operational deficit due to income shortfalls. These positions are partly mitigated by an underspend of £27,000 within the Energy Management section where there are reduced Carbon Reduction Scheme payments partly offset by income shortfalls. Although the projected surplus on Civil Parking Enforcement is anticipated to be £279,000 less than budgeted this is offset by a reduced contribution to the Parking & Enforcement Reserve and therefore has no adverse impact on the monitoring position for City Operations. Further details of the position on Civil Parking Enforcement are set out later in this report. Other minor variances within the Directorate relate to Enforcement, Management & Support, Cardiff Dogs Home and Regulatory Services and total a net overspend of £6,000.
20. The budget for 2016/17 provided one-off 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 by the Directorate and the expenditure is reflected in this report.

Communities, Housing & Customer Services (£119,000)

21. The Directorate is currently projecting an underspend of £119,000 an increase of £22,000 compared to the position reported at month six. This continues to include projected underspends against the Housing & Communities, Partnership Delivery, Independent Living Services, Into Work Services and Adult & Community Learning divisions, partly offset by projected overspends in relation to Customer Services and Libraries. 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. This represents an unchanged position since month six. 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.

22. The Housing & Communities Division is continuing to project an underspend of £415,000, which represents a slight increase since Month 6. This includes a reduced £102,000 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 underspend is also partly as a result of the proposed use of earmarked reserves to fund postage costs relating to Welfare Reform change notifications, in particular. Preventative Services is currently forecasting an improved underspend of £235,000 with projected 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 £51,000 resulting primarily from projected savings within Housing Strategy Grants, and Face to Face Customer Services which is projecting staffing savings totalling £27,000. Current projections in relation to the Council Tax Reduction Scheme indicate a projected spend of £28.766 million which is lower than previous projections. This will continue to be closely monitored but at this stage it appears likely that the previously agreed drawdown of £434,000 from Contingency will not be fully required. Final adjustments will be made as part of the closure of accounts.
23. Customer Services is currently projecting an increased overspend of £436,000, 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. A reduced underspend of £43,000 in relation to Into Work Services is also projected due, predominantly, to alternative funding for employee costs. In addition, a significantly increased underspend of £160,000 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.
24. An increased overspend of £149,000 is now being projected in relation to Libraries and continues to largely be the result of a delay in the roll out of the Libraries and Hub Strategy. This savings shortfall totals £83,000 and 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 continuing to project a surplus of £30,000, as a result of increased class attendance, and the other divisions within the directorate are reporting balanced positions or minor variances. Both the Supporting People and Communities First grants are forecast to be used in full.

Corporate Management +£425,000

25. An overspend of £425,000 is currently projected in relation to Corporate Management, a reduction of £44,000 compared to the position reported at month six. 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.
26. 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 respect of contributions to the Mid Glamorgan Superannuation Fund relating to past employees and in relation to other past service contributions, audit fees, levies and contributions and by reduced costs against senior management budgets.

Council Tax Collection (£642,000) and NDR refunds on Council properties (£585,000)

27. A review of the Council Tax position indicates a potential surplus of £642,000 an increase of £244,000 compared to the position reported at month six. 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 0.3% of the estimated gross debit and may be subject to further fluctuations as the year progresses. A saving of £585,000 is also currently identified in relation to refunds of NDR on Council properties an increase of £267,000 compared to the position reported at month six. The savings have been achieved through the appeals process and may be subject to further increases as appeals are taken forward during the year.

Economic Development (£95,000)

28. The position for Economic Development is anticipated to be an underspend of £95,000, compared to the £65,000 underspend reported at month six. 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 Commercial Services, which is currently projecting an increased

underspend of £127,000. The overall Directorate position includes anticipated savings shortfalls of £1.502 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.

29. A significant underspend of £372,000 continues to be 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 £68,000 projected overspend in relation to Major Projects, due to additional staff costs and premises expenditure 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.
30. The budget for Culture, Tourism & Events is forecast to underspend by £119,000, which represents an improvement on the position reported at month six. This overall position is partly due to a £94,000 projected surplus within the Venues division, primarily because of additional income of £185,000 in relation to City Hall Functions, a projected £68,000 surplus within Cardiff Castle and a £45,000 underspend in relation to Cardiff Caravan Park as a result of additional income. This is partly offset by income below target in respect of Functions and Retail Catering totalling £168,000 and a £26,000 overspend against the budgets for Mansion House. Protocol Services are also projecting a minor underspend, which relates to managed underspends within supplies and services budgets, although this is almost entirely offset by employee overspends within management and support budgets. In addition, an underspend of £25,000 is projected within Events due to in-year savings on operational budgets and additional income in relation to 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 continue to be closely monitored as box office income in particular can be subject to volatility.
31. The overall position in relation to the Property Division is a reduced overspend of £67,000. Rental income shortfalls amount to £272,000 however these are partly offset by additional one-off income in relation to licences totalling £106,000. In addition, there is additional projected staff recharge income of £93,000 and unbudgeted staff recharges totalling £6,000 to the Cardiff Market. Capital receipts under £10,000 are expected to be in line with the budget target. Further to the Property overspend is a

significantly increased overspend of £360,000 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, Suffolk House and Penhill, resulting in increased non-domestic rates and utilities costs.

32. The Commercial Services Division is currently anticipating an underspend of £127,000, compared to the £65,000 underspend reported at month six. The overall position is largely due to surpluses within both Fleet Services and Facilities Management. The £699,000 savings shortfall, in respect of 2016/17 targets, primarily relates to digitalisation, HWRC closures, depot security and renewable gas income 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.
33. 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.
34. The overall position for Recycling Waste Services is a minor overspend of £2,000. This includes a £397,000 shortfall in savings targets, as well as in-year pressures totalling £368,000. These in-year pressures continue to 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 £763,000 have been identified, including additional landfill income from inert materials, additional transfer station income and collection efficiencies, staff savings and an assumed transfer from earmarked reserves to offset the projected costs associated with the delay in the implementation of changes to the HWRC sites. Fleet Services is currently reporting a projected underspend of £33,000, representing an improvement on the balanced position reported at month six, despite the savings shortfalls associated with vehicle utilisation. A number of mitigations for the £240,000 savings shortfall have been identified, including vacant posts, additional internal income and projected underspends on fuel and vehicle parts. A projected increased surplus of £96,000 within Facilities Management is mainly due to surpluses in relation to both Building Services, Building Support and Pest Control, 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 +£100,000

35. The overall position is projected to be a £100,000 overspend, which represents an increase on the balanced position reported at month six. This position is largely related to a projected overspend against out of county placements offset by savings elsewhere within the Directorate, particularly Catering. Total savings of £2.616 million are currently projected to be achieved against the 2016/17 savings target of £3.356 million, leaving a projected shortfall of £740,000. 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.
36. An increased overspend of £637,000 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 £613,000. 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 an increased projected overspend of £127,000 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 and shortfalls in cost recovery relating to hospital tuition. Furthermore, an overspend is also anticipated in relation to the Pupil Referral Unit, due, primarily, to the fallout of grant funding. Partly offsetting these variances is an underspend in relation to Services of a Specialist Nature, largely due to it being possible to make savings on the cost of resources.
37. An additional overspend totalling £55,000 is also projected in relation to a variety of budget headings within Centrally Held School Funds. Included within this heading are the minor shortfall anticipated in relation to the Music Service, costs incurred in respect of providing temporary accommodation within schools, savings against the budget for continuing pension contributions and a surplus in relation to the Storey Arms Centre. This particular overspend is almost entirely offset by an anticipated underspend of £54,000 in relation to the School Improvement, Management & Support division. Within this position are in-year savings totalling £147,000 in connection with Management & Support budgets, due to vacancies, and 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 £53,000 and a £41,000 overspend in respect of Performance & Governance, the majority of which relates to e-learning.

38. The remainder of the overspend outlined in the previous paragraphs is partly offset by an increased £375,000 projected underspend in relation to the Catering service. This underspend has become possible because of additional income, following a price increase, and the continued identification of efficiencies against expenditure budgets. In addition, there is a £63,000 projected underspend within Early Years & Childcare due to in-year savings in relation to payments for independent nursery settings. Furthermore, there is a projected £100,000 underspend in relation to Wellbeing & Compliance, the majority of which is in relation to in-year savings on training and reduced costs due to shared service arrangements. The budget for Lifelong Learning is anticipated to balance, including projected full achievement of significant savings targets within the Youth Service.

Governance & Legal Services (£55,000)

39. The overall position indicates an underspend against budget of £55,000, which represents a significant improvement on the £42,000 overspend reported at month six. The position includes a shortfall of £24,000 in relation to the 2016/17 savings targets. The overall position comprises underspends against the Monitoring Officer budget, Scrutiny Services, Member Services and Democratic Services, partly offset by a significantly reduced projected overspend within Legal Services. The Legal Services overspend of £27,000 is due to a shortfall against a previous initiative to reduce external legal costs totalling £200,000, almost entirely mitigated by staffing savings, due to delays in appointing to vacant posts, and additional internal income. The £45,000 underspend against the Monitoring Officer budget is the result of the vacancy in the Monitoring Officer post earlier in the year. The underspend of £27,000 within Scrutiny Services is the result of staffing vacancies that are partly offset by income shortfalls, whilst the combined £10,000 underspend within Member and Democratic Services is due to reduced supplies and services expenditure. Bilingual Cardiff is currently projected to balance despite various offsetting variances relating to staffing underspends, additional external income and savings shortfalls. Electoral Services is projected to balance.

Resources (£160,000)

40. The Directorate is currently projecting an underspend of £160,000, an increase of £102,000 compared to the position reported at month six. Savings continue to be reported in relation to Performance & Partnerships with improved positions in Finance and ICT also resulting in projected savings. These are partly offset by projected overspends in Human Resources and Health & Safety. 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 £18,000 against the unachieved savings targets carried forward from 2015/16. These shortfalls are reflected in the Directorate outturn position.

41. An underspend of £96,000 is currently projected in relation to Performance and Partnerships reflecting managed underspends and savings on employee budgets as a result of vacancies in Performance Management, the Cabinet Office and Policy and Partnerships. The latter also includes savings on supplies and services and transport costs although these are partly offset by a shortfall in income within the Cardiff Research Centre. Underspends of £59,000 in Finance and £52,000 in ICT are also projected. In both these areas the savings are mainly as a result of staff vacancies with the position in Finance partly offset by cost pressures and income shortfalls in the Revenues Service including a shortfall of £130,000 against the budget saving relating to the extension of the income enforcement service. 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.
42. These are partly offset by projected overspends of £31,000 in Human Resources and £16,000 in Health & Safety. The projected overspend in Human Resources is due to an anticipated shortfall of £184,000 against the budgeted surplus for Cardiff Works. This is partly offset by a reduction in capital financing costs for HRPS systems and by additional support service income. The projected overspend of £16,000 in Health & Safety includes a combination of prior year costs relating to the management support arrangements and additional employee costs as a result of staff changes during the year. All other areas within the Resources Directorate are currently projecting a balanced position.

Social Services +£5,981,000

43. The overall position for the Directorate shows a projected overspend of £5.981 million, an increase of £400,000 compared to the position reported at month six. This reflects further service and cost pressures in both Adult and Children's Services together with a reduction in the level of cashable savings anticipated to be achieved in the current financial year. The overall forecast includes projected overspends of £3.296 million in relation to Children's Services and £2.685 million in Adult Services. The projected overspend reflects the impact of demographic and cost pressures, with significant increases in the number of placements and cost for looked after children particularly in relation to external fostering and increased levels of need and requirements for domiciliary care and nursing home placements. There have also been significant cost pressures particularly in relation to nursing home placements. 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 £3.977 million are currently projected to be achieved against the Directorate's 2016/17 savings target of £5.539 million leaving a projected shortfall of £1.562 million. In addition a shortfall of £1.194 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.

44. The current projections make no assumptions in relation to further growth arising from demographic pressures during the remainder of this financial year. Demand for services are needs led and can be volatile and costs, particularly in relation to external fostering, 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 a further level of assumed savings which have still to be achieved during the remainder of the year provides an element of risk that will continue to be closely monitored.
45. The Children's Services budget is currently projecting an overspend of £3.296 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 for Children's Services includes a projected shortfall of £1.467 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.
46. An overspend of £3.197 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 during the year 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. Overall, the number of external fostering placements is 28 higher than the average in the previous financial year. The projection also includes an anticipated shortfall of £773,000 against the budget savings targets in this area with only partial savings likely to be achieved in 2016/17 in relation to a number of initiatives including the establishment of an Adolescent Resource Centre. These savings are anticipated to be fully achieved in 2017/18.
47. Other projected overspends include £580,000 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 £701,000 is also projected in relation to Management & Business Support. This includes shortfalls in savings targets of £482,000 together with an anticipated overspend on external legal costs with significant pressures continuing to be identified in this area. An overspend of £131,000 is also currently anticipated on safeguarding budgets together with £47,000 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.

48. A saving of £617,000 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 £272,000 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 £310,000 on Internal Fostering reflecting reduced numbers and savings on staffing budgets, £110,000 on Adoption budgets although there have been indications of further pressures in this area in recent months and £51,000 on the Family Support / Personal Advisor Service mainly due to savings on staffing budgets.
49. The Adult Services budget is currently projecting an overspend of £2.685 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 £1.289 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.
50. Overall, commissioning budgets are currently reporting a projected overspend of £3.077 million. The overall position includes projected overspends of £3.031 million on Services for Older People and £598,000 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. The number of domiciliary care hours providing support to older people and people with a physical disability has increased by 10% in the past 12 months resulting in additional costs of £1.7 million. There has also been an increase of around 8% in the price of a nursing bed during this period increasing costs within services for older people by £750,000. These overspends are partly offset by projected underspends of £461,000 in Mental Health Services and £91,000 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 reduction in residential placements.
51. The budget for directly provided Adult Services is currently projecting an underspend of £392,000. This is mainly due to an anticipated saving of £749,000 in Assessment and Care Management reflecting staff vacancies within the service. Underspends of £69,000 in Internal Support & Management and £59,000 in relation to day care and reablement services for older people are also forecast. These are partly offset by an overspend

of £485,000 in relation to Learning Disabilities Supported Living and Day Care mainly as a result of shortfalls against savings targets.

Civil Parking Enforcement

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

	Budget £000	Projected Outturn £000	Variance £000
Income			
On street car parking fees	(4,242)	(4,133)	109
Off street car parking fees	(918)	(998)	(80)
Residents parking permits	(290)	(310)	(20)
Penalty charge notices	(2,280)	(2,040)	240
Moving Traffic Offences (MTO's)	(3,668)	(3,411)	257
Total Income	(11,398)	(10,892)	506
Expenditure			
Operational costs, parking and permits	936	951	15
Enforcement service including TRO	4,768	4,526	(242)
Total Expenditure	5,704	5,477	(227)
Annual Surplus	(5,694)	(5,415)	279

53. The Civil Parking Enforcement budget for 2016/17 assumed a trading surplus of £5.694 million. The current projection indicates this surplus will be £5.415 million, a decrease of £279,000. The variance is a combination of lower income of £506,000 and reduced operating costs of £227,000.
54. Lower income is anticipated from various sources including on street parking caused by changes from long stay to short stay parking bays; Moving Traffic Offences (MTO's) due to the delay in the expansion of bus lane and yellow box junction enforcement and from penalty charge notices due to a delayed recruitment of enforcement officers. There is however an increase in off-street parking fees mainly reflecting greater activity at Sophia Gardens.
55. The reduction in expenditure is caused by delays in the expansion of the MTO's which has resulted in lower operating costs and recruitment of enforcement officers.
56. The anticipated surplus of £5.415 million will be transferred to the Parking & Enforcement Reserve. This is available to support highway, transport and environmental maintenance and improvements. The table overleaf illustrates the planned movements and forecasted year end position in the reserve.

Civil Parking Enforcement Reserve	£000
Balance as at 1 st April 2016	371
Forecast contribution from CPE 2016-17	5,415
Total Available	5,786
Budgeted contribution to support Highways, Transport & Environmental Improvements	5,025
Budgeted contribution - Cardiff West Bus Interchange – design and contract	150
Other proposed contributions	
20mph zones (lines and signage)	50
75% residential parking lines and signage	50
Digital, new signs, school keep clear zones, lining/patching	156
Car Free Day	15
A4232/A48 resurfacing	187
Total Planned Use	5,633
Balance	153

57. The brought forward balance in the reserve is £371,000 which together with the forecasted surplus from CPE activities in 2016/17 results in a total sum available of £5.786 million. The anticipated drawdown from the reserve is £5.633 million which would leave a year-end balance of £153,000. At this expected level of balance it will not be prudent to authorise further spending from the reserve in 2016/17.
58. The proposed schemes and initiatives have been approved by the Director of Operations in consultation with the Cabinet Member for Transport, Planning and Sustainability and on the basis of the current financial projections the proposed allocation from the reserve has been approved by the Corporate Director of Resources. Some of these schemes have already been completed whilst others are still being finalized. There is therefore the potential for some fluctuations to these figures and this will be reported as part of the year-end position.

Housing Revenue Account

59. 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 £1.9 million. This represents an increased contribution of £695,000 as compared to the position reported at month six mainly due to revised forecasts in relation to spend on housing repairs and a reduced requirement in relation to the provision for bad debts. The reserve will be used to support future proposals around housing development and acquisitions.

60. Employee costs are currently projecting an underspend of £530,000 reflecting vacancies and other savings against the staffing budget. This is an increase of £50,000 compared to the position previously reported at month six. Recent forecasts have also identified a projected saving of £400,000 on the Housing Repairs Account mainly due to a delay in the commencement of the painting programme. An underspend of £127,000 is also currently anticipated on premises budgets including reduced costs in relation to space occupied at the Central Library. Other variances include underspends of £75,000 on supplies and services with savings on insurance and bank charges and £114,000 on estimated support costs. There is also an anticipated reduction of £500,000 to the provision for bad debts, £200,000 higher than the position previously reported at month six. Income forecasts also continue to improve with current projections suggesting a surplus of £154,000 mainly due to a lower than budgeted level of void rent loss.

Cardiff Harbour Authority

61. 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.
62. An amendment in April 2016 to the 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.
63. The current financial position at the end of month nine 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	6,463	98
Income	(820)	(918)	(98)
Fixed Costs	5,545	5,545	0
Asset Renewal	346	346	0
TOTAL	5,891	5,891	0

64. The position includes reduced environment costs plus increased income generation offset by some additional essential maintenance costs at the barrage. The projected income of £918,000 includes £514,000 from car parking fees, £270,000 from harbour dues, £82,000 from water activities and a further £52,000 from other sources.
65. The Asset Renewal budget is currently indicating a full spend in line with the approved schedule of work.
66. The balance in the Project and Contingency Fund at 1st April 2016 was £756,000. 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

67. 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 nine report to Cabinet revises the budget for the General Fund and Public Housing to £128.346 million, which includes actual slippage reported at outturn, incorporation of new grant approvals and confirmation of actual grant awards.
68. The Month four and six monitoring reports gave a comprehensive overview of the schemes included in the 2016/17 programme. The sections below indicate the forecast position for 2016/17 for the General Fund and Public Housing, focusing on key schemes.

General Fund

69. The projected outturn for the year is currently £87.054 million against a total programme of £102.701 million, a variance of £15.647 million representing a net underspend and slippage. Expenditure at the end of Month nine was £45.766 million, which represents 53% of the projected outturn. Whilst this is not inconsistent with previous years due to time taken to implement schemes, this does reflect the likelihood of additional slippage being reported at outturn. Directorates need to manage contracts to ensure any delay in delivery of schemes is minimised.

Capital Schemes Update

70. 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

71. The 2016/17 programme for the Directorate is £27.539 million, with a variance identified of £5.345 million. This is primarily in relation to the timing of schemes such as leisure centre investment as part of the new contract, LED lighting on principal roads, Greener Grangetown scheme and expenditure on S106 agreements.

Energy Projects & Sustainability

72. The energy retrofit scheme will implement energy saving technologies at various sites at a cost estimate for the first tranche of schemes of £1.230 million. Implementation is now to be primarily in 2017/18. Funded by borrowing from the Welsh Government Green Growth Wales Fund, this will need to be repaid from savings arising from the measures introduced.
73. The Radyr Weir hydro scheme became operational in July 2016 and options are now being considered to create infrastructure that would allow the sale of energy generated rather than supply to the National Grid.

74. During 2014/15, expenditure of £560,000 was incurred in connecting Lamby Way landfill site to the grid as part of a proposal for the creation of a solar farm. A further procurement exercise is currently underway to determine the viability of such a scheme.

Regulatory

75. The Council is required to contribute towards new software, hardware and mobile working solutions, as well as estate related requirements for the joint service. Current estimates show slippage of £69,000 against the £299,000 allocated in this financial year. A further £117,000 is allocated in 2017/18 for these commitments.

Parks & Green Spaces

76. The annual Asset Renewal Infrastructure budget of £140,000 as well as remaining expenditure of £185,000 for the construction of the water play area are projected to be fully utilised.
77. Delay in finalising the Parks Play equipment programme for the year has resulted in works being likely to extend into the new financial year. Slippage of £54,000 is reported.
78. In order to address flooding issues arising from parks sites, investigations at several sites have been undertaken to determine the condition of existing drainage systems and to understand the underlying reasons for the flooding problems. This has further delayed implementation and is reflected by slippage of £142,000 being projected into next year. Expenditure includes surveys to Roath Park Dam as part of a review of dam safety required to be undertaken under the Reservoirs Act 1975.
79. Existing hard surface pitches at Trelai Park and at the Marl are being upgraded to 3G pitches using a repayable loan of £432,000 from Welsh Government. Drainage issues, associated artificial turf system testing and planning permission requirements have resulted in additional costs of circa £67,000, which are to be met from S106 funding, with an estimated completion date of March 2017.

Leisure

80. The lease and operational transfer to Insole Court Trust was completed at the end of September 2016. Various property maintenance issues such as boiler replacement are arising following transfer and such obligations of the Council will need to be managed within existing budgets.
81. Eastern Leisure Centre opened following refurbishment in August 2016 at a cost of £6.5 million. Additional costs of £170,000 have been incurred in order to purchase outright the fitness equipment instead of leasing the equipment. As part of the Leisure Alternative Service Delivery procurement, it was specified that there would be no ongoing revenue costs to the contractor of equipment. This purchase cost is an overspend which will

either need to be funded by additional borrowing or underspend taken from other schemes at 2016/17 outturn. Discussions are in progress in relation to equipment at STAR where the same issue applies.

82. The Council's contract for leisure services includes contractor investment of £1 million 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. Full slippage of £1 million is currently shown whilst a process for drawing down investment and assuming priorities are determined.
83. 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 to be undertaken include ventilation and air conditioning, pool lighting and pool filter replacements at various sites. Full expenditure is currently forecast, but is subject to discussion with the new operator.

Bereavement & Registration services

84. 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

85. A capital budget was requested in 2016/17 of £750,000 for the reconstruction of structurally failed roads. Site investigations and data analysis was completed in December and the most appropriate treatment was determined to address current on-site condition. Procurement for the works will take place in January to provide an anticipated start date of March for the 6-week works period. Slippage of £350,000 is currently estimated.
86. Full expenditure is currently forecast by the Directorate on carriageway and footway resurfacing totalling £2.846 million with all contracts let.
87. 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.
88. Installation of LED lighting on principal roads has commenced with circa 4,000 units to be installed this financial year prioritising the most energy inefficient lanterns first. The estimated total cost is £4.8 million with £1.2 million forecast to be spent in 2016/17. Loan approval has been received from SALIX to fund expenditure and is repayable from Directorate revenue budget savings.
89. The Greener Grangetown scheme started in January 2017 and will retrofit sustainable drainage systems and in the process improve the public realm. The total cost of the scheme is estimated to be £2.5 million, with £560,000

profiled to be spent during 2016/17. Given the infrastructure nature of the scheme, any risks of additional costs during the construction period will need to be closely managed.

Traffic & Transportation

90. Asset renewal budgets of £1.934 million for Transport, Traffic Management, Cycling and Telematics are to be spent on a range of schemes including safety improvements, strategic transport schemes 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.
91. The Welsh Government 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 completed in January 2017.
92. Moving Traffic Offences enforcement expenditure of £750,000 includes bus lane enforcement, yellow box junctions and replacement of aged pay and display machines. The borrowing to fund these costs will be repaid from use of the parking reserve as approved in the 2016/17 budget.
93. Cabinet in December 2016 agreed to proceed with the Western Transport Interchange at Waungron Road, with an estimated cost of £1.7 million. Funding of £500,000 available in 2016/17, is currently forecast to be fully utilised, but is subject to the timing of the procurement of the works.
94. A CCTV system upgrade budget of £340,000 was requested to replace aged and unsupported software and IT equipment. The procurement process is proposed to be undertaken in January 2017 and accordingly full slippage is currently shown.

Harbour Authority

95. The Harbour Asset Renewal budget of £346,000 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

96. The 2016/17 programme for the Directorate is £14.072 million, with an initial variance identified of £2.910 million in relation to the timing of implementation of remaining hubs projects, disabled adaptations and neighbourhood regeneration schemes. Details of schemes within the Directorate are shown below.

Citizen Hubs

97. 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.
98. Fairwater hub opened in May 2016 and the new STAR hub opened to the public at the end of September 2016 with a project cost of £6.907 million.
99. Llanedeyrn Hub is scheduled to be completed in May 2017 with estimated costs of £1.9 million of which £450,000 is a proposed contribution from the public housing capital programme.
100. Llandaff North & Gabalfa Hub opened in January with projects costs of circa £1.335 million of which £280,000 is a contribution from the public housing capital programme.
101. 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 and a tender exercise is underway, but the letting of a contract is dependent on independent valuation of sites to be disposed of being sufficient to meet project costs. Subject to this, the expected start date is April 2017, with completion 12 months later. Slippage of £750,000 is currently shown.
102. Llanishen Hub tenders have not yet been finalised, so any construction expenditure is now likely to be in 2017/18, resulting in slippage of £400,000.

Neighbourhood Regeneration

103. The Neighbourhood Renewal schemes budget of £985,000 will allow completion of schemes already started, as well as design for future schemes. Whilst options to bring forward schemes in the programme are being considered, design delays and need for stakeholder agreements for the schemes has resulted in a slippage forecast of £300,000.
104. The community shopping centre budget of £301,000 is to be utilised to continue the programme of shop front improvements in Penarth Road / Clare Road District Centre in Grangetown. This is supplemented by initial Welsh Government Vibrant & Viable Places Grant of £138,000. In December 2016, additional grant of £200,000 was offered if utilised by 31 March 2017. In order to prioritise the use of external funding, slippage of £200,000 is recognised against this budget.
105. The Maelfa regeneration scheme includes construction of new retail units for commercial rent, public realm improvements, and the delivery of affordable and private sale homes. An agreement has now been finalised with development partner, Cardiff Community Housing Association, and terms are being negotiated with prospective tenants for the shop units. Pre - development works including demolition, temporary shop fit out and service

diversions are likely to result in costs of £600,000 being incurred during this year, with the main scheme to commence in March.

Housing (General Fund)

106. 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, slippage of £800,000 against the capital budget is expected due to access delays and contractor capacity. A £398,000 adaptations support grant from Welsh Government will be fully utilised to provide adaptations.
107. The estate environmental improvements capital allocation supports the costs of works to owner-occupier properties to complement schemes being undertaken in public housing. Slippage of £190,000 is shown primarily in relation to external energy efficiency schemes.

Economic Development

108. The 2016/17 programme for the Directorate is £10.160 million. Whilst slippage is recognised in relation to Central Square public realm, £12.500 million of budget from future years has been brought forward for land acquisition at Dumballs Road. Details of schemes within the Directorate are shown below.

Business and Investment

109. Schemes to support business and social enterprise investment include the Capital Cardiff Fund, a joint investment fund with S4C and a Social innovation fund. Two schemes have been approved for the S4C element totalling £100,000 with slippage of £50,000 anticipated for next year. Slippage of £14,000 is shown for the Social Innovation fund whilst a number of applications are the subject of review. Capital Cardiff Fund schemes will be approved subject to sufficient resources being recovered from repayment of previous loans.

City Development & Major Projects

110. Budget of £12.5 million in relation to Central Enterprise Zone (CEZ) has initially been brought forward from future years to purchase land at Dumballs Road. The Council will work with the development partner Vastint to attract significant private sector investment enabling the regeneration of the Dumballs Road area through a residential-led mixed-use development delivering up to 2000 new homes, including affordable homes and other commercial and community uses.
111. A scheme to remove waste materials from land at the International Sports Village (ISV) is complete and will allow land to be used for further development in line with the ISV masterplan. Final verification of site levels and quantities have resulted in total costs being £655,000.

112. 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.
113. 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

114. The Month six Budget monitoring report previously highlighted that the £1.941 million cost to replace the Household Waste Recycling Centre (HWRC) at Lamby Way was £396,000 in excess of the capital budget available. These additional costs have been met from existing budgets and arose primarily This was primarily due to an increase in size of the recycling facility in order to future proof the requirement and the addition of a canopy to keep recycling streams dry. The forecast cost is now expected to increase by a further £300,000. These additional costs are across both the civils works contract and purchase of a unique Modulo Beton recycling structure. The additional works required on the civils works are to discharge planning condition requirements relating to; drainage, landscape design and construction, unforeseen ground conditions and services for the recycling structure. The significant drop in the value of the Pound against the Euro during the period of final quote and contract signatures has led to a higher purchase cost. Funding for these costs are to be from an earmarked revenue reserve for waste management and recycling income initiatives.
115. The Property Asset Renewal budget for administration buildings including contingency is £501,000. This 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.

Venues and Cultural Services

116. The property asset renewal allocation of £561,000 is for St David's Hall and the Castle. Of this £350,000 is to refurbish escalators at St David's Hall during 2016/17 following repeated mechanical breakdown. Property Asset Renewal works of £211,000 at the Castle include health and safety lighting, boiler renewal, emergency lighting upgrades to meet fire regulations, CCTV and intercom upgrades to main car park as well as an upgrade of public toilets.

117. A budget of £623,000 remains for priority works for St David's Hall and New Theatre prior to any alternative service delivery. Works to the roof of the New Theatre are to commence in January with the remaining allocation of £328,000 for St David's Hall to be carried forward into 2017/18.

Property and Asset Management

118. In accordance with the Council's Investment Property Strategy, the leasehold interest of a former veterinary site on Bute Street was purchased for £273,000 and a short-term letting is still to be sought.
119. 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 includes a £400,000 payment as full and final settlement towards any dilapidations liability as part of the lease assignment. These costs are to be met from capital receipts arising from office rationalisation projects.

Education and Lifelong Learning

120. The 2016/17 programme for the Directorate is £47.525 million, with an initial variance identified of £16.094 million and therefore a projected outturn at month nine of £31.431 million. The variance relates to timing of costs expected in relation to a number of large schemes, most notably the new Eastern High School and three new primary schools. Following compliance testing, capital budget for schools property asset renewal have been brought forward from future years to undertake the necessary works. Further details of schemes within the Directorate are shown below.

Schools - General

Asset Renewal - Buildings

121. The Directorate has agreed a full schedule of works for 2016/17 utilising initial budget available of £3.182 million, however electrical compliance testing has necessitated the undertaking of further works with initial budgeted costs of £1.565 million. This expenditure will be managed by utilising the £250,000 contingency budget in the Capital Programme as well as bringing forward future years property asset renewal budget allocated for schools. Future plans and schemes will need to be reprioritised and reviewed by the Directorate to ensure costs and works remain within available budgets allocated for Education.

Asset Renewal – Suitability and Sufficiency

122. The Suitability and Sufficiency budget is £1.051 million after a virement of £120,000 as an agreed contribution towards a specialist resource base at Cantonian High School.

Flying Start Grant

123. In addition to the award of £535,000 capital grant from Welsh Government to deliver improvements to St Cadoc's Primary, the authority has also been awarded £82,000 capital grant to undertake eight small schemes in the final quarter of the financial year. 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 which was anticipated to be spent in 2016/17 and will now not be required as the schemes were completed under budget.

Whitchurch High DDA

124. 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.

Schools Organisation Plan – 21st Century Schools

125. 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.
126. 21st Century Schools expenditure anticipated in the 2016/17 Capital Programme is £23.086 million, which is a net variance of £15.043 million.
127. The most significant slippage amount is £8.330 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.
128. Other notable slippage is recognised from schemes to deliver new primary schools, Howardian (£4.2 million) and Ysgol Hamadryad (£2.3 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 projects by spring 2018. Finalisation of design requirements and fixed price agreements has now begun with works anticipated to start in February 2017.
129. Works brought forward from 2017/18 total £0.624 million and relate to Ninian Park Primary Extension (£194,000) and Cardiff West Community High (£430,000).

Resources

130. The 2016/17 programme for the Directorate is £3.080 million, with a variance identified of £1.667 million in relation to projects to improve business process. Details of schemes within the Directorate are shown below.

Technology

131. 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 at Month nine the projected spend is £779,000 resulting in slippage of £1.667 million into 2017/18. This slippage is due to a number of factors including: -

- Resolution of technical issues within SAP Customer Relationship Management before development of future phases of the project.
- Ongoing meetings and demonstrations to determine the most effective solution to meet the Council's requirements for property asset management.

132. The revised forecast of expenditure includes the creation of several new eligible posts to accelerate delivery of digital services, which will support some of the issues highlighted above and create technical capacity to build IT infrastructure. The scheme profile has been amended to include slippage into later years.

Corporate

133. The contingency budget of £250,000 is proposed to be vired to meet the costs of electrical works in schools during 2016/17.
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 has been removed from the programme as not likely to be requested during the year.

Social Services

135. The 2016/17 programme for the Directorate is £575,000 with a predicted underspend of £100,000 on ICF grant which is unlikely to be spent during the year and slippage of £125,000 in relation to Minehead Road Day Centre. 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, works will begin in Minehead Road in February and be completed in April 2017. £125,000 of the £325,000 budgeted has been identified as slippage with use of

£185,000 of Welsh Government Intermediate Care Fund Grant being prioritised for use given the requirement to utilise it by 31 March 2017.

Capital Receipts

137. The 2016/17 Capital Programme included an assumption of £2.0 million of non-earmarked capital receipts net of fees to pay for the Capital Programme. To date the main receipts include the sale of former offices at Bessemer Close and depot on Hadfield Road (£394,000) along with the completion of disposal of the former Trading Standards offices at Bridge Street in the City Centre (£566,000). Further sales are expected at auction in the last quarter, with any shortfall in receipt requirements to be met from receipts in the following year.
138. Other disposals include the sale of former caretaker houses (£281,000); the former Rumney Library (£150,000) and the youth hostel on Wedal Road (£885,000) which is proposed to be earmarked for reinvestment in schemes at Roath Park. In addition sale of investment property for re-investment in accordance with the approved strategy has amounted to £408,000.

Public Housing (Housing Revenue Account)

139. The revised Capital Programme of £25.645 million is forecast to have slipped by £2.895 million based on estimates of the level of works that can be undertaken. HRA capital receipts in respect of Right to Buy total £1.8 million in the first 9 months from the sale of 17 properties.
140. Estate regeneration and stock remodelling scheme projected costs are circa £3.725 million in 2016/17. The £200,000 underspend against the budget has been utilised to offset part of the increase in demand in the Disabled Facility Service.
141. External and Internal Improvements projected expenditure of £10.760 million includes boiler replacement, heating, roofing, rewiring, front door upgrades to flats and kitchens and bathroom upgrades when properties become vacant prior to re-letting. This includes £1.6 million for the refurbishment of Sandown Court to bring it up to a modern and desirable standard for older person housing, promoting independent living and making better use of the communal facilities within the building.
142. 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 £700,000 due to demand for adaptations. This will be managed within the existing HRA capital Programme.
143. The Housing Partnership Programme is currently projecting expenditure in the region of £1.580 million for the year with slippage of £950,000 recognised. The first scheme at Llanrumney is due to commence on site in March and will deliver 106 new homes of which 40 will be Council owned.

144. The Hubs budget of £2.055 million includes £1.325 million for STAR Hub, £280,000 for Llandaff North / Gabalfa and also £450,000 towards a Hub at Llanedeyrn.

Section 106 schemes and Other Contributions

145. 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 nine:

	Budget	Projection at Month 9	Variance
	£000	£000	£000
Traffic & Transportation	703	551	(152)
Parks & Sport	1,324	768	(556)
Neighbourhood Regeneration	151	22	(129)
Bereavement	20	20	0
Schools	270	270	0
Planning	133	14	(119)
Economic Development	494	187	(307)
Total	3,095	1,832	(1,263)

146. In addition to the slippage of £1.099 million previously reported, further estimated slippage of £160,000 is now reported on Section 106 schemes. This is primarily in relation to contributions held by Economic Development £82,000 and Planning £80,000.
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 and Trelai Park, refurbishment of the bowls pavilion at Trelai Park, public open space improvements at Parc Coed y Nant, Hammond Way Play Area, Hamadryad Park and Hendre Lake Park. Significant slippage persists primarily as a result of capacity to design and take forward works.
149. The Schools contribution is to be used towards an extension to allow the provision of additional school places at Coed Glas Primary School.

Reason for Recommendations

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

Legal Implications

151. 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

152. Overall, the month nine revenue monitoring for the Council shows a balanced position against budget, an improvement of £537,000 compared to the position reported at month six. The improvement reflects a number of factors including a significant saving on insurance costs, additional surplus on Council Tax collection and further NDR refunds on Council properties. These are partially offset by a reduced saving on capital financing costs and by an overall increase in the projected overspend on directorate budgets. Further projected overspends are reported in relation to Social Services, City Operations and Education & Lifelong Learning with all other directorates reporting improved positions compared to month six.
153. 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 and insurance costs, 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 £7.032 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.
154. The projected overspends in directorate budgets include £5.981 million in Social Services, £955,000 in City Operations, £425,000 in Corporate Management and £100,000 in Education & Lifelong Learning. 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.
155. The overall position 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 £6.253 million is currently anticipated against the £25.892 million directorate savings target with £11.971 million having been achieved to date and a further £7.668 million anticipated to be achieved by the year end. A projected shortfall of £1.832 million has also been identified in relation to savings targets carried forward from 2015/16. Overall, this represents an increase of £723,000 compared to the shortfalls identified in relation to the 2016/17 targets and the carried forward savings

from 2015/16 as reported at month six. The projected shortfalls are reflected in the directorate monitoring positions although where possible shortfalls have been offset by savings in other budget areas. 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 and as part of the due diligence for the 2017/18 budget process consideration will be given as to the likely achievability of these shortfalls in future years.

156. 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 directly offsetting savings in other areas of the service.
157. The 2016/17 Capital Programme is £128.346 million of which £102.701 million is in respect of General Fund schemes and £25.645 million is in relation to the Council's Public Housing schemes. Against this, the projected outturn for 2016/17 is £109.804 million resulting in a total variance of £18.542 million.
158. 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	102.701	87.054	(15.647)
Public Housing	25.645	22.750	(2.895)
Total	128.346	109.804	(18.542)

159. 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 nine 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.

3. Approve the virement of the £250,000 contingency budget in the Capital Programme as well as bringing forward the indicative Capital Programme budgets for schools property asset renewal to meet the costs of additional compliance works in 2016/17.

CHRISTINE SALTER

Corporate Director

10 February 2017

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