

BUDGET MONITORING – MONTH 4 REPORT

**PORTFOLIO: FINANCE, MODERNISATION & PERFORMANCE
(CHRIS WEAVER)**

AGENDA ITEM: 5

Reason for this Report

1. To provide the Cabinet with an update of the financial monitoring position for the authority based on the first four 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 2018/19 compared with the budget approved by Council on the 22 February 2018.
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 four revenue monitoring for the Council shows a balanced position with financial pressures and shortfalls against budget savings targets in directorate budgets offset by projected savings on capital financing, an anticipated surplus on Council Tax collection and NDR refunds on Council properties. The position also takes into account the release of the £1.1 million set aside for transitional grant relief via the Financial Resilience Mechanism as it has now been confirmed that this budget is no longer required for its original purpose in the current financial year. Directorate budgets are currently projected to be overspent by £5.0 million, however it is anticipated that management actions will enable this to be reduced by the year end. The current position includes projected overspends in a number of directorates the most significant being in respect of Social Services, Planning, Transport & Environment and Education & Lifelong Learning. These are partly offset by projected underspends in other

directorates and by the £3.0 million general contingency budget which was provided as part of the 2018/19 budget in order to reflect the quantum, risk and planning status of the proposed savings for 2018/19. A summary of the overall position is attached as Appendix 1 to this report.

5. The projected overspends in directorate budgets include £2.815 million in Social Services, £1.424 million in Planning, Transport & Environment, £851,000 in Education & Lifelong Learning and £230,000 in Economic Development. The directorate positions reflect a range of factors including increased demographic pressures in Social Services, particularly in relation to looked after children, shortfalls in income and the anticipated failure to fully achieve the savings targets set as part of the 2018/19 Budget together with on-going shortfalls carried forward from the previous financial year.
6. The 2018/19 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 £2.827 million is currently anticipated against the £14.296 million directorate savings target with £4.953 million having been achieved to date and a further £6.516 million anticipated to be achieved by the year end. The budget approved by Council on the 22 February 2018 identified red or red / amber achievability risks totalling £6.910 million with £1.434 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 four monitoring. A projected shortfall of £846,000 has also been identified in relation to savings targets carried forward from 2017/18 and these are set out in Appendix 2 (b) to this report. The projected shortfalls are reflected in the directorate monitoring positions although where possible shortfalls have been offset by savings in other budget areas. The £3.0 million General contingency budget which was allocated to reflect the risk and planning status of the proposed savings for 2018/19 is also available to offset the shortfall in the current financial year. However, despite this the projected shortfalls represent a continuing cause for concern particularly as the Council is about to embark on another difficult budget round.
7. Actions are being taken by those directorates currently reporting a projected overspend to try to resolve the issues that led to the current position or alternatively to identify offsetting savings in other areas of the service. These will be considered as part of the challenge process to review the performance of directorates including the budget monitoring position. The Chief Executive has held a series of meetings with directors to identify measures to reduce the level of spend with the intention of improving the overall position as the year progresses. These reviews will continue throughout the year and the actions taken also discussed in the Chief Executive's regular meetings with individual directors.
8. The 2018/19 Budget included specific contingencies of £950,000 to reflect the potential for increased costs in relation to placements for looked after children in Social Services and £350,000 to offset potential income shortfalls in relation to the Material Recycling Facility (MRF) as a result of volatility in the market for recyclate materials. Having reviewed these areas as part of the monitoring process this report recommends that these

contingency budgets be fully allocated to the Social Services and Planning, Transport & Environment Directorates respectively. A contingency budget of £2.138 million is also maintained to reflect the potential for future growth in the number and value of claims as part of the Council Tax Reduction Scheme (CTRS). This includes an annual uplift to reflect the potential impact of Council Tax increases on this budget and includes budget carried forward from the previous financial year where this was not required. Current projections indicate a requirement of £1.422 million to meet costs in the current financial year. The budget pressures in all these areas will continue to be monitored as the year progresses and any further variations to this position will be identified. A budget of £786,000 has also been set aside to meet costs arising from the Council's Voluntary Redundancy Scheme and this is currently anticipated to be fully committed.

9. The Budget approved by Council on 22 February 2018 included an allocation of £4.0 million from the Financial Resilience Mechanism for one-off use in 2018/19. This included £1.1 million for Transitional Grant Relief in order to provide transitional funding to mitigate any specific grant issues during the year. As the outstanding matters in relation to grant funding have now been resolved and no further issues identified, this sum has therefore been released and is reflected in the overall Council monitoring supporting a balanced position as at month four. The Council has also received a refund of VAT from HMRC in the current financial year amounting to £2.494 million net of fees. This relates to VAT paid by the Council in relation to leisure services in previous years and reflects a change to regulations following the decision of the Court of Justice for the European Union in relation to the case of the London Borough of Ealing. A further refund, albeit on a smaller scale is also anticipated in relation to Cardiff Castle although this has yet to be received and will be confirmed later in the year. As the repayments relate to previous financial years they will be credited to the Summary Revenue Account with the £2.494 million currently shown as committed either to provide a contribution to reserves or to offset any one-off expenditure commitments that may need to be addressed in 2018/19.
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 (£204,000)

11. The Capital Financing Budget is currently forecasting an underspend of £204,000. This includes a combination of factors the most significant of which is a projected saving of £269,000 on the amount required to be set aside for the repayment of capital expenditure. This reflects the determination of final capital expenditure incurred in 2017/18 paid for by unsupported borrowing and the slippage in the programme for that year. A saving is also projected in relation to interest payable on new external borrowing with the assumption that any external borrowing to meet capital expenditure commitments in the current financial year will be deferred to the end of September. This is consistent with the Council's Treasury Management Strategy approved by Council which recognises the short term savings achievable by utilising existing cash balances rather than

taking external borrowing. This is because interest rates on investments are less than interest rates payable on borrowing. The timing of any borrowing decisions will continue to be subject to interest rates and advice from Treasury Management advisors. A saving is also currently anticipated in relation to interest receivable on investments. The savings are partly offset by additional costs in other areas, principally in relation to a reduced share of external interest payable that is chargeable to the Housing Revenue Account.

Corporate Management +£124,000

12. An overspend of £124,000 is currently projected in relation to Corporate Management. This is mainly due to a projected shortfall of £150,000 against the Council-wide budget saving of £606,000 in relation to business process efficiencies and the use of digital technology. Whilst savings are projected through a combination of service reviews and other initiatives further opportunities have still to be identified in order to achieve the full saving in 2018/19. Other overspends include a projected shortfall in the budget for the release of savings through voluntary schemes including the purchase of leave and an anticipated overspend on bank charges. These are partly offset by a range of savings including £60,000 due to a reduction in contributions to the Mid Glamorgan Superannuation Fund relating to past employees and £25,000 from commission earned. Underspends are also currently projected in relation to senior management budgets.

Council Tax Collection (£211,000) and NDR refunds on Council properties (£476,000)

13. A review of the Council Tax position indicates a potential surplus of £211,000. This is due to a higher than anticipated collection rate which has the impact of reducing the required contribution to the Council Tax Bad Debt Provision. This is partly offset by projected variances to the level of discounts and exemptions, with current projections particularly for single person discounts currently higher than was anticipated when the Council Tax base report was approved in December 2017. The surplus represents a variance of 0.1% of the estimated gross debit and will be subject to further fluctuations as the year progresses. A saving of £476,000 is also currently identified in relation to refunds of NDR on Council properties achieved through the appeals process. This will continue to be monitored and may increase as further appeals are taken forward during the year.

Economic Development +£230,000

14. The Directorate is currently forecasting an overspend of £230,000, primarily reflecting an overspend within Facilities Management and income shortfalls within Property & Office Rationalisation. Other variances include an overspend in relation to Major Projects and a small underspend within Business, Investment & Workshops. The remaining divisions are reporting balanced positions. Included within the position are anticipated savings shortfalls totalling £213,000 against the £2.486 million target for 2018/19, as well as a £44,000 shortfall against the £134,000 unachieved savings targets carried forward from 2017/18. The savings shortfalls predominantly relate to

shortfalls in rental income and initiatives relating to Security Services within Facilities Management.

15. The overspend in respect of Facilities Management totals £100,000 and is predominantly due to an overspend against the budgets for FM Buildings, as a result of additional expenditure on utilities, cleaning and security costs. These costs are partly offset by underspends in relation to rent and rates. The remainder of the Facilities Management position comprises additional employee expenditure within Security Services, additional employee and supplies and services costs within Building Support and a deficit in relation to Pest Control, more than offset by a net surplus within Cleaning Services, additional School Caretaking income and additional income from external occupants of core buildings. The Property & Office Rationalisation overspend totals £104,000 and is largely due to rental income shortfalls, partly offset by an underspend against Office Rationalisation budgets, additional internal recharges and staff vacancies.
16. Other variances include an overspend of £36,000 against Major Projects and an underspend of £10,000 within Business, Investment & Workshops. The Major Projects overspend is the result of unbudgeted rates costs in relation to the Dr Who Experience, partly offset by underspends against supplies and services budgets and rental income above target for the Cardiff International Pool. The Business, Investment & Workshops underspend is the product of additional workshops rental income, partly offset by salary costs above budget within the Youth Foods function. All other divisions are reporting balanced positions, including Culture, Tourism & Events where income levels below target are projected to be offset by vacancy savings. In addition, it is assumed that challenging savings targets totalling £538,000, in relation to St David's Hall, New Theatre and Cardiff Castle, will be achieved in full.

Education & Lifelong Learning +£851,000

17. The overall position indicates an overspend of £851,000, largely due to a significant projected overspend against the budget for Out of Area Placements. Other variances include overspends within SOP & Admissions, Achievement, Inclusion and Performance & Resources, offset by projected underspends against Senior Management and Non-Delegated School Expenditure. In terms of savings proposals, it is anticipated that a £53,000 shortfall will result against the 2018/19 savings target of £1.278 million, with all unachieved savings carried forward from 2017/18 being achieved in full.
18. The overspend against the Out of Area Placements budget totals £796,000, representing expenditure levels broadly in line with the outturn for 2017/18. It is due to a combination of historic unachieved savings proposals and significant growth in placements connected to non-statemented pupils accessing alternative provision. The level of alternative provision has grown rapidly in recent years, whilst the number of pupils accessing traditional out of area placements, in independent schools or schools in other local

authorities, has remained relatively stable. Within the overall position is an allowance for future placements, however the trends over recent years suggest a risk that the overspend could increase beyond the current figure.

19. The other overspends within the Directorate include a net overspend of £33,000 within Performance & Resources. This is primarily due to a projected deficit in relation to the Music Service and additional premises costs connected with the Friary Building, partly offset by a staffing underspend within Business Support. The Catering Service is projecting a balanced position and the Storey Arms Outdoor Pursuits Centre is projecting a minor deficit. The position in relation to the Music Service requires further detailed review and could potentially change during the remainder of the financial year. A number of targeted management actions are being implemented across the Directorate, although a number of these are specifically in relation to the Music Service, with the aim of improving the trading position. Any benefits resulting from these actions will be reflected in future monitoring positions. The projected overspend against the Achievement budget totals £43,000 and is primarily due to the £53,000 savings shortfall, which relates to the annual contribution to the Central South Consortium Joint Education Service.
20. Other variances include an overspend of £38,000 within the Inclusion service, due to ongoing costs of records digitalisation, and an overspend of £67,000 against SOP & Admissions. This overspend is due to additional staffing costs within the Admissions service and additional costs connected to the temporary accommodation in place at Cantonian High School. An underspend of £30,000 is projected against the Senior Management budget, due to staffing recharges and additional grant funding, whilst Non-Delegated Expenditure budgets are expected to underspend by £96,000, due to underspends against budgets for past service pension contributions, staff undertaking trade union duties and temporary accommodation.

People & Communities

Communities & Housing (£365,000)

21. The Directorate is currently anticipating an underspend of £365,000, largely as a result of a projected underspend against the Preventative Services division. Other variances include underspends within Assessment & Support, Housing Strategy, Grants & Advice, Community Hubs, Employability Services and Neighbourhood Regeneration. The only projected overspend is against the Service Management & Support division. In terms of savings targets, full achievement of the £835,000 2018/19 target is anticipated, with a shortfall of £46,000 projected against unachieved savings carried forward from 2017/18. This shortfall is connected to commercialisation initiatives.
22. The projected underspend in relation to Preventative Services totals £171,000 and is due to in-year vacancy savings and additional capital allocations, which result in revenue budget savings against the Council's

contribution to the Joint Equipment Service. In addition, Assessment & Support is expected to underspend by £43,000, with additional premises expenditure at the Housing Options Centre being more than offset by employee savings as a result of increased grant funding. An underspend of £25,000 is also projected within Housing Strategy, Grants & Advice due to in-year employee savings. Included within the overall position is a projected drawdown of £1.422 million from the specific contingency budget set aside to meet increased costs in relation to the Council Tax Reduction Scheme. The use of this budget is subject to Cabinet approval, as outlined in the recommendations to this report. 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.

23. The other underspends within the Directorate include Community Hubs where a £60,000 underspend is projected, due to in-year vacancies. The underspend within Employability Services is forecasted to total £70,000 and is due to employee savings and additional staff recharge income. An underspend of £35,000 is projected within Neighbourhood Regeneration and is also due to in-year employee vacancies. The overspend within the Directorate relates to Service Management & Support and totals £39,000, largely due to the unachieved saving from 2017/18. Both Supporting People and Adult & Community Learning are projecting balanced positions, with the latter potentially at risk of overspending, should additional income, currently assumed within the position, not be generated. Included within the Directorate position are assumptions around the use of earmarked reserves to fund expenditure connected to various initiatives, including spend on homelessness.

Social Services +£2,815,000

24. The overall position for the Directorate shows a projected overspend of £2.815 million. This includes a projected overspend of £3.621 million in relation to Children's Services with Adult Services currently projecting an underspend of £806,000. The projected overspend in Children's Services reflects the impact of demographic pressures with a significant increase in the number of placements and cost for looked after children particularly in relation to residential and external fostering. Although demographic and cost pressures are also evident in relation to Adult Services these are currently contained within the budgets allocated by Council. The overall position also reflects a shortfall against budget savings targets both in respect of the 2018/19 budget and in relation to on-going shortfalls against 2017/18 savings targets which have yet to be achieved. Total savings of £3.680 million are currently projected to be achieved against the Directorate's 2018/19 savings target of £5.160 million leaving a projected shortfall of £1.480 million. In addition a shortfall of £430,000 is also forecast against the savings targets carried forward from 2017/18. 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.
25. The current projections make no assumptions in relation to further growth arising from demographic pressures during the remainder of this financial year. Demand for services are needs led and can be volatile and costs,

particularly in relation to external fostering, residential, domiciliary and nursing placements can be high. If the levels of demand continue to increase then the overall cost to the Directorate will also increase. This together with the significant level of assumed savings which have still to be achieved during the remainder of the year provides an element of risk that must continue to be closely monitored. Further detail on the individual positions for Children's and Adult Services are provided in the paragraphs that follow.

Adult Services – (£806,000)

26. The Adult Services position is currently projecting a saving of £806,000 against budget despite on-going demographic and cost pressures particularly in relation to residential and nursing care for older people and significant shortfalls against savings targets. The projected saving reflects the significant additional funding provided as part of the Council's 2018/19 Budget including funding for demographic and cost pressures of £2.7 million, additional funding set aside to meet fee increases including the impact of the National Living Wage and a number of other specific financial pressures. The projected underspend also includes significant savings on staffing budgets within the service reflecting both the high number of vacancies and the use of short term grant funding to offset costs in these areas. The overall position includes a projected shortfall of £1.860 million against the savings targets for 2018/19 and carried forward from 2017/18 and this is reflected in the analysis of the variances below.
27. Overall, commissioning budgets are currently reporting a projected overspend of £458,000 with projected overspends of £1.147 million in Services for Older People and £51,000 in respect of People with Learning Disabilities partly offset by savings in other areas. The projected overspend in Services for Older People includes shortfalls against savings targets of £1.3 million particularly in relation to domiciliary care where although the number of care hours has remained relatively stable, this has proved insufficient to enable the full savings targets to be achieved. There have also been demographic and cost pressures in relation to residential and nursing care with the number of placements in both these areas increasing and costs in nursing care continuing to rise. Further analysis is being undertaken to identify the reason for this increase. Placement costs for nursing care are currently on average 8% above the levels in the previous financial year resulting in an increased cost of £1.3 million. This has been largely offset by specific allocations made in the budget process including a £400,000 allocation from the Financial Resilience Mechanism. The projected overspend in Learning Disabilities is mainly due to anticipated shortfalls against savings targets together with an increase in direct payment hours and costs. These variances are partly offset by projected underspends of £501,000 in Mental Health Services and £239,000 for People with a Physical Disability including alcohol and drug services. The projected underspend in Mental Health Services includes a continuing reduction in residential placements together with levels of expenditure on Deprivation of Liberty Safeguards (DOLS) continuing to be lower than anticipated. In relation to Physical Disability, Alcohol and Drug Services the

projected underspend reflects a range of savings with costs generally lower than budgeted.

28. Internal Services are currently projecting an underspend of £1.264 million. This is mainly due to anticipated savings of £754,000 in Assessment and Care Management and £369,000 in Day Care and Reablement Services both of which reflect staff vacancies within the service and the use of grant funding in these areas, particularly the Integrated Care Fund. An underspend of £270,000 is also forecast in Internal Support & Management reflecting a range of savings on staffing and supplies and services budgets. These variances are partly offset by an overspend of £129,000 in relation to Learning Disabilities Supported Living and Day Care mainly as a result of shortfalls against savings targets set in previous years.

Children's Services +£3.621 million

29. The Children's Services budget is currently projecting an overspend of £3.621 million. This is after taking into account the drawdown of the £950,000 specific contingency budget set aside to meet increased costs in relation to placements for looked after children, with this drawdown having been incorporated into the Directorate budget position in this report. Although Children's Services received an additional budget realignment of £3.990 million and funding for other specific pressures as part of the 2018/19 budget process, on-going pressures in relation to the increasing numbers of looked after children and subsequently on the budgets for external placements and leaving care support costs have nevertheless led to a projected overspend in the current year. The increase in looked after children are mainly younger children. The edge of care service for teenagers provided through the ARC is demonstrating real success and there is a business case in development to replicate this approach for younger children. The number of looked after children rose from 803 to 867 in the period 31 December 2017 to July 2018. These pressures have been alleviated to an extent by mitigating actions taken in respect of guardianship allowances and by savings on staffing budgets due to vacancies in a number of areas within the service. The overall position includes a projected shortfall of £50,000 against the savings targets for 2018/19 and carried forward from 2017/18 and this is reflected in the analysis of the variances below.
30. An overspend of £3.844 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 overall volume of activity in Children's Services has seen an increase in internal fostering, external fostering and residential placement. The sufficiency of supply of quality, cost effective placements as well as edge of care services are the issues to be addressed by the service. During the period 31 December 2017 to July 2018 external fostering numbers have increased by 33 (8.7%) whilst external residential placements have increased by 6 (11.8%) increasing on-going service costs

significantly. An overspend of £195,000 is also projected in relation to internal fostering and adoption budgets with the current number of internal fostering placements 8% above the 2017/18 average and adoption numbers also increasing significantly compared to the previous year. This overspend should be seen in the context of reducing future costs for children who no longer remain looked after by way of adoption and an increase in children returning from Independent Fostering Agencies to in-house fostering provision. Other projected overspends include £110,000 on leaving care support costs for children aged 16+ reflecting the on-going high cost of supported accommodation and other support for those leaving care and £58,000 on commissioning budgets with overspends on contact services partly offset by savings on sessional and respite care. An overspend of £54,000 is also projected in relation to social work teams reflecting the current high level of agency staff in these areas, however this is likely to be improved through the proposed restructure of some social work teams.

31. A saving of £246,000 is currently projected in relation to guardianship orders with no increase in the level of residential order allowances anticipated to be paid out in this financial year. Savings of £136,000 in Support Services, £131,000 in Early Intervention and £77,000 in Safeguarding are also projected, all reflecting savings against staffing budgets. An underspend of £50,000 is also anticipated in relation to the budgeted costs for the Crosslands Home.

Planning, Transport & Environment +£1,424,000

32. The Directorate is currently projecting an overspend totalling £1.424 million, predominantly due to a significant overspend with Recycling & Waste Management Services. In addition, overspends are projected against Fleet Services and Planning, Building Control & Energy, whilst underspends are anticipated within Highways and Schools Transport. Cross directorate budgets are also projecting a significant overspend, whilst minor variances are reflected in a number of divisions. Savings shortfalls totalling £1.042 million are included within the overall position, £821,000 of which are against the £1.838 million target for 2018/19 and £221,000 against the unachieved savings carried forward from 2017/18. A large proportion of the anticipated shortfalls are connected to the Recycling & Waste Management Service and relate to staff attendance, round performance, commercial income and digitalisation initiatives. Other shortfalls relate to energy savings, school transport initiatives and vehicle utilisation within Fleet Services.
33. The overspend within the Recycling & Waste Management Service totals £1.064 million and reflects a number of significant overspends and the aforementioned savings shortfalls, which total £406,000, partly offset by lower costs for secondary and organic processing and various other in-year mitigations. The main overspends include costs associated with the ongoing HWRC and Waste Transfer Station investigations, additional agency expenditure and income shortfalls at the Materials Recycling Facility (MRF), caused by the global market impact on recyclable commodity

prices, and additional costs relating to the skip scheme and technology initiatives. In addition, overspends are anticipated on vehicle fuel and a shortfall in landfill gas income is also expected.

34. The Council's 2018/19 budget included a specific contingency totalling £350,000 to offset potential income shortfalls in relation to the MRF, reflecting the volatility in the market for recyclate materials. Having reviewed this area, as part of the monitoring process, this reports recommends that the full contingency budget is allocated. This allocation has been incorporated within the Directorate position, but is subject to Cabinet approval, as set out in the recommendations to this report.
35. Other overspends across the Directorate include unachieved cross directorate savings shortfalls, which total £222,000. In addition, Fleet Services is projected to overspend by £322,000, largely reflecting unachieved vehicle utilisation savings. A level of uncertainty remains within this position and there is the potential that this could change later in the financial year. A further significant overspend, which totals £354,000, is anticipated within the Planning, Building Control & Energy Management Division, where savings shortfalls, as well as a shortfall in planning fee income, are partly offset by a reduced carbon reduction payment. Other, smaller, overspends are projected within Management & Support and Neighbourhood Services. These total £27,000 and £21,000 respectively, with the latter due to compensation payments, partly offset by staffing savings.
36. The most significant underspend within the Directorate relates to Highways and totals £489,000. This underspend is mainly due to an increased, drawdown from the Civil Parking Enforcement Reserve to fund a range of eligible maintenance and improvement services, as well as an anticipated saving on street lighting energy costs, staff savings and a reduction in the planned level of maintenance expenditure. The other underspend, which totals £100,000 relates to School Transport and is despite savings shortfalls totalling £165,000. These shortfalls are planned to be more than offset by future savings following a retendering exercise for the provision of transport for children with additional learning needs. All other divisions are reporting balanced positions or very minor variances, including Bereavement, Registration Services & Dogs Home and the Shared Regulatory Service, on the basis that income targets will be achieved.

Resources

Governance & Legal Services £15,000

37. The Directorate is currently forecasting an overspend of £15,000, comprising an overspend within Legal Services on external legal fees, partly offset by an underspend within Electoral Services. Other variances include underspends against the Monitoring Officer budget and Scrutiny Services and an overspend against Member Services. All 2018/19 savings

proposals are expected to be achieved in full, aside from the £83,000 proposal relating to external legal expenditure. In terms of unachieved savings carried forward from 2017/18, a £55,000 shortfall is projected, again in connection with external legal expenditure.

38. The Legal Services overspend is projected to be £120,000 and is due to external legal expenditure in excess of the available budget. This additional expenditure is due to the volume of children's safeguarding cases and the increase in complex cases needing support together with recent levels of staff vacancies. Whilst the staff vacancies result in in-year underspends against employee budgets, these are outweighed by the additional external costs. Additional income is also partly offsetting the external spend, as well as a planned contribution from earmarked reserves. It is anticipated that the vacancies will be filled by the middle of the year and that the external expenditure will reduce at that point. However, should the number and complexity of children's cases continue to rise, there is a risk that the projected overspend will increase. In addition to the Legal Services overspend, Member Services is projecting a £24,000 overspend which reflects increased costs against a number of budget headings, including supplies and services.
39. The most significant underspend within the Directorate relates to Electoral Services and amounts to £94,000. This is largely due to in-year vacancies and reduced expenditure in relation to printing and postage costs. An underspend of £25,000 is also reported in relation to Scrutiny Services and £10,000 against the Monitoring Officer budget both of which reflect staff vacancies. The Democratic Services budget is currently projecting a balanced position, after allowing for efficiency savings required as part of the 2018/19 budget proposals.

Resources (£103,000)

40. The Directorate is currently projecting an underspend of £103,000 with savings in Human Resources, Performance & Partnerships and Commissioning & Procurement partly offset by projected overspends in the Digital Services Division and the Finance Service. A shortfall of £27,000 is currently projected against the Directorate's £1.616 million 2018/19 savings target with a shortfall of £50,000 also anticipated in relation to savings targets carried forward from 2017/18.
41. An underspend of £246,000 is currently projected in Human Resources with savings on employee budgets due to vacancies, additional income within HR Services and savings on capital financing costs and other budgets in relation to HR Systems. An underspend of £112,000 in relation to Performance and Partnerships includes projected savings on supplies and services and employee budgets in Policy and Partnerships and Media and Communications and savings on employee budgets within Performance Management. An underspend of £77,000 is also currently projected in relation to Commissioning and Procurement mainly due to savings on employee budgets.

42. These are partly offset by a projected overspend of £226,000 in the Digital Services Division. This includes a projected overspend of £386,000 in the Community Alarm Service including significant shortfalls against income targets for both the Alarm Receiving Centre and Telecare. This reflects savings targets set in previous years which have still to be achieved and although significant further opportunities have been identified by the service area it is not anticipated that these will be achieved in the current financial year. The overspend in the Community Alarm Service is partly offset by savings in other areas of the Digital Services Division including the Contact Centre, Meals on Wheels and savings on employee costs due to vacancies. An overspend of £106,000 is currently projected in relation to the Finance Service. This includes shortfalls against previous savings targets together with additional costs within the Revenues Service. These are partly offset by vacancy savings and additional income in other areas of Finance. A balanced position is currently projected in relation to Health and Safety.

Civil Parking Enforcement

43. 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	Projected	Variance
	£000	£000	£000
Income			
On street car parking fees	(4,784)	(4,852)	(68)
Off street car parking fees	(1,237)	(1,139)	98
Residents parking permits	(325)	(340)	(15)
Penalty charge notices	(2,000)	(2,066)	(66)
Moving Traffic Offences (MTOs)	(3,840)	(4,524)	(684)
Other Income	0	(3)	(3)
Total Income	(12,186)	(12,924)	(738)
Expenditure			
Operational costs, parking & permits	820	818	(2)
Enforcement service including TRO	5,470	5,419	(51)
Total Expenditure	6,290	6,237	(53)
Annual Surplus	(5,896)	(6,687)	(791)

44. The Civil Parking Enforcement budget for 2018/19 assumed a trading surplus of £5.896 million. The current projection indicates this surplus will be £6.687 million, an increase of £791,000.

45. Increased income of £738,000 is anticipated, mainly from MTOs following the earlier completion of phase four and the over achievement of existing phases against original expectations. There are also increases in on-street car parking fees and penalty charge notices. The off street car parking fees are forecast to be lower than target due to the closure of North Road whilst new infrastructure relating to the cycle path is installed. Expenditure is projected to be £53,000 below budget due to reduced employee costs as a result of in year vacancies.
46. The anticipated surplus of £6.687 million will be transferred to the Parking & Enforcement Reserve. This is available to support highway, transport and environmental maintenance and improvements. The table below illustrates the planned movements and forecasted year end position in the reserve.

Parking & Enforcement Reserve	£000s
Balance as at 1 st April 2018	701
Forecast contribution from CPE 2018-19	6,687
Total Available	7,388
Budgeted contribution to support Highways, Transport & Environmental Improvements	5,085
Contributions Agreed in Budget Proposals	
Bus corridor improvements	335
DFS maintenance/ signs	7
Highways/ Transport/ improvements/ pressures	50
20 mph zones	240
Transport LDP monitoring	60
Active Travel post	60
Car Fee Day	40
British Cycling Core Cities Cycling Partnership	50
Bike Hire Scheme	50
Residential Parking expansion	175
Additional Proposed Schemes (subject to approval)	
Electrical Vehicle Charging match funding	50
Additional drawdown to support Highways, Transport & Environmental Improvements	400
Total Planned Use	1,517
Balance	786

47. The brought forward balance in the reserve is £701,000, which together with the forecasted surplus from CPE activities in 2018/19 results in a total sum available of £7.388 million. The anticipated drawdown from the reserve is £6.602 million, which would leave a year-end balance of £786,000.

48. Council as part of the 2018 /19 Budget approved a number of contributions to schemes and initiatives and these are set out above. The Director of Planning, Transport & Environment in consultation with the Cabinet Member for Strategic Planning & Transport has approved the additional proposed schemes and initiatives and on the basis of the financial projections the proposed allocation from the reserve has been approved by the Corporate Director of Resources.

Housing Revenue Account

49. The Housing Revenue Account (HRA) is currently projecting a surplus of £300,000. The major variance is a projected underspend of £600,000 in respect of the Housing Repairs Account. This reflects the withdrawal of one of the contractors recently appointed to the new Building Maintenance Framework which will result in delays to some repairs including void property works and underspends against approved budgets. Mitigation measures are in place including the use of other contractors within the framework and a planned increase in the use of internal operatives but these will take time to implement in full. Other projected underspends include £300,000 on capital financing budgets due to a reduction in interest charges payable, £35,000 on premises costs and £12,000 on transport.
50. These variances are offset by projected overspends on other budgets including £350,000 on employee costs. This includes £600,000 of additional costs in relation to temporary fire wardens. Following the events at Grenfell, all Council-owned high rise blocks with cladding were tested and six were found to have some level of combustibility. Urgent works are now underway to remove the cladding and fire risk consultants and the Fire Service have advised that 24 hour fire wardens should be located at these blocks whilst this is being undertaken. The cost of the wardens is partly offset by vacancies and other employee savings against the costed establishment. Income is currently forecast to be £252,000 below target with a higher than budgeted void rent loss partly due to the issues with a contractor as set out above. An overspend of £45,000 is also projected in relation to support services mainly due to higher than anticipated charges from the Council's Central Transport Service.

Cardiff Harbour Authority

51. Welsh Government support for Cardiff Harbour Authority is subject to 3-year funding agreements. The Welsh Government advised that they would like an opportunity to review current arrangements and wished to extend the previous business period by twelve months, up until 31st March 2018. The review, originally planned for the autumn of 2017 was however delayed until the current financial year. Subsequently agreement was reached between the two parties for the 2018/19 budget to be set at £5.4 million, representing a reduction of £491,000 or 8.33% on 2017/18.
52. The forecast at the end of the first quarter indicates a funding requirement of £5.4 million, representing a full spend of budget.

Heading	Budget £000	Projected Out-turn £000	Variance £000
Expenditure	6,124	6,063	(61)
Income	(920)	(859)	61
Fixed Costs	5,204	5,204	0
Asset Renewal	196	196	0
TOTAL	5,400	5,400	0

53. The position includes reduced groundwater, environment and facilities management costs offset by some additional essential maintenance costs at the barrage and by decreased income generation. The projected income of £859,000 includes £493,000 from car parking fees, £266,000 from harbour dues and £84,000 from water activities.
54. The Asset Renewal budget is currently indicating a full spend in line with the approved schedule of work including testing welds and painting of the bascule bridges on the barrage and replacement and works on lock electric panels
55. The balance in the Project and Contingency Fund at 1st April 2018 was £382,000. This balance will increase following receipt of the additional capital receipt for £320,000 from the 'Bay-scape' development. There are planned commitments of £214,000 in relation to the final instalment of the Volvo Ocean Race hosting fee and £438,000 as part of the redevelopment work at Alexandra Head. This will leave a balance of £50,000 for further improvement work and as a contingency against future spending.

Capital

56. The Council in February 2018 approved a Capital Programme of £141.764 million for 2018/19 and an indicative programme to 2022/23. The budget for the General Fund and Public Housing has since been adjusted to £157.853 million to include actual slippage reported at outturn, incorporation of new grant approvals and confirmation of actual grant awards.
57. The sections below indicate a forecast position for 2018/19 for the General Fund and Public Housing.

General Fund

58. The projected outturn for the year is currently £106.314 million against a total programme of £109.014 million, a variance of £2.7 million, which is predominantly slippage. Expenditure at the end of Month 4 was £30.359 million, which represents 29% of the projected outturn, a third of the way through the financial year.

Capital Schemes Update

59. Delivery of capital projects is complex, may span a number of years and is influenced by a number of external and internal factors such as weather,

statutory and non-statutory approval processes. Directorates continue to be reminded of the need to set achievable profiles of expenditure and to identify slippage at an early stage.

60. Given the significant capital pressures and reductions in funding seen over the last few years and highlighted in the Budget Strategy Report to Council in July, slippage not identified at Month 4, for annual sums, will not automatically be carried forward.
61. The following provides an update on the significant capital schemes included in the programme in addition to the detailed list in Appendix 3. Future monitoring reports will focus on key variances.

Economic Development

62. The 2018/19 programme for the Directorate is £17.743 million, with an initial variance identified of £1.412 million predominantly in relation to Parc Cefn Onn, venues and Central Market.

Economic Development, Tourism and Heritage

63. Having already supported the Tramshed development, Welsh Government repayable loan funding totalling £2 million is available to bring buildings back into use as part of its Vibrant and Viable Places Programme. Subject to due diligence, loans to be made in 2018/19 are for the regeneration of the unused listed train station in Bute Street, the restoration of Cory's buildings in Butetown for residential units and investment in industrial buildings at Lamby Way.
64. Funding of £10,000 remains for the Social Innovation Fund which aims to award capital grants of up to £5,000 towards start-up costs for new or expanding social enterprises. The scheme will cease in 2018/19.

City Development & Major Projects

65. Budgets previously allocated for Economic development initiatives, included the balance of £2.901m invest to save funding and a further £1.6m for additional land purchase at Dumballs Road. Further expenditure on this scheme is on hold whilst future options for the site are considered.
66. As part of the revitalisation of the strategy for the International Sports Village, Cabinet approved the acquisition of the leasehold interest in the Toys 'R' Us site in March 2018 which completed in July at a total cost of £6.282 million, and is funded in the short term from capital receipts received from Central Square.
67. Initial budget £1.226 million for a temporary car park planned to meet parking obligations to the International Pool has been removed from the programme pending confirmation of the ISV strategy.

Parks & Green Spaces

68. Property Asset Renewal of £20,000 is budgeted to purchase porta cabins to provide welfare facilities as a result of the condition of existing facilities on the Wedal Road Parks Depot site. This is a temporary measure pending a wider strategic review of depots across the city and ultimate disposal of the site.
69. The Asset Renewal infrastructure budget of £140,000 will be used towards footpath reconstruction, fencing replacement and retaining structure works.
70. The annual play equipment capital allocation of £90,000 along with slippage from the previous year of £56,000 is used towards resurfacing of playgrounds and replacement of playground equipment and infrastructure. Sites include Matthew Walk, Chapelwood, Windsor Esplanade, Parc Rhydypennau, Lydstep Park, Drovers Way, Crawford Drive, Celtic Park, Heath Park, Splott Park BMX track and various skate parks.
71. A phased programme of flood prevention works to address issues at various locations still remains in progress. 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 to be prioritised from within the remaining budget includes Thompson's Park, Hillsnook Park and Pontcanna Allotments.
72. Projected expenditure this year at Parc Cefn Onn as part of the lottery funded project is currently profiled at £326,000 and continues to experience delays due to capacity issues. Planned improvements in 2018/19 include restoration of historic park features, upgraded toilet and operational facilities, as well as footpath and seating improvements. Slippage of grant is currently £239,000, however this could increase significantly subject to progress in securing acceptable tender prices and progress on site.
73. Until options are fully explored for the future use of Roath Park House, an allocation of £200,000 from an earmarked capital receipt from the sale of the youth hostel at Wedal Road has been removed from the programme. This is to be considered along with other emerging priorities for investment in the park.
74. The directorate submitted a £150,000 invest to save proposal as part of the 2018/19 programme for events infrastructure at Pontcanna Fields. Proposals are not deemed viable so has been removed from the programme.
75. Funding of £265,000 as part of the financial resilience mechanism has been carried forward from 2017/18 to complete the refurbishment of various sports facilities in the city. Schemes include refurbishment of Rumney and Trelai changing facilities, resurfacing the tennis courts at Hailey Park and the demolition of Llandaff Fields changing rooms.

Venues and Cultural Facilities

76. Capital budgets were initially allocated in 2015/16 for priority works identified to St Davids Hall (£350,000) and New Theatre (£295,000) subject to the consideration of alternative options for service delivery from of those sites. Works have been undertaken since on the roof at new theatre, however the remaining budget continues to be retained to meet essential works to keep the facilities operational. No works are currently identified so full slippage of £358,000 into future years is assumed at this stage.

Property & Asset Management

77. The property asset renewal budget of £60,000 is to refurbish the lift at the old library in the Hayes.
78. The remaining budget allocated for Office Accommodation Rationalisation is £30,000, which is to be removed from the programme as schemes outlined in the original business case for this project have been completed.
79. The Community Asset Transfer budget can provide up to £25,000 for improvement works to buildings being taken on by third party organisations. There are no known commitments expected to be paid in 2018/19, so full slippage of £73,000 is shown.
80. In order to seek match funding towards wider more comprehensive improvements to Central Market, the Council has submitted a stage 1 Heritage Lottery Fund bid. As its own match funding the Council has allocated £450,000 capital funding over the next four years and retains an earmarked revenue reserve holding £298,000, the balance of the Financial Resilience Mechanism allocated proposed for works to the roof in 2017/18. Whether the Council will be asked to submit a stage two application will not be known until October 2018. Accordingly works proposed to the roof as well as detailed design of an overall scheme are more likely to proceed from 2019/20 onwards. Accordingly slippage of £298,000 is currently assumed.
81. In order to allow disposal of land at Howard Gardens, the flying start provision located at Adamsdown play centre is required to be relocated to the Adamsdown Family Centre. This is a Council owned property leased to "The Family Contact Centre". The costs of adaptation and improvements that help meet required registration standards are forecast to be £403,000, of which design costs of £43,000 were incurred in 2017/18 and these costs will be paid for from the disposal proceeds from the site.
82. Property Asset Renewal works for administration buildings will be developed over the year but currently includes works at County Hall for a lift upgrade, to replace access doors to the underground car park and other measures to improve fire safety. City Hall works includes replacement of stone balustrades on the roof.

83. Kitchen facilities at County Hall are being upgraded in order to meet safety requirements and to support a new initiative for apprenticeships at an estimated cost of £340,000. This is funded by the Office Accommodation rationalisation budget (£100,000), an Invest to Save allocation (£140,000), and the property asset renewal budget (£100,000), and is to open for September 2018.

Harbour Authority

84. The Harbour Asset Renewal budget approved for 2018/19 is £196,000, to be spent on various works to the barrage bridges and locks. Full spend is projected for this Welsh Government grant.
85. A grant bid has been submitted to the Landfill Communities Fund towards the replacement of the boat jetty at Flat Holm Island. Subject to the outcome of this, there may be some initial design costs in 2018/19, for which there will be an update in future monitoring reports.

Education and Lifelong Learning

86. The 2018/19 programme for the Directorate is £44.093 million, with an initial positive variance of £3.819 million at Month 4, due primarily to initial expenditure to progress the development of priority Band B schemes, and the purchase of land at the Dutch Garden Centre.

Schools - General

Asset Renewal - Buildings

87. The Asset Renewal allocation of £6.288 million includes £4 million allocated in 2018/19 as part of an additional £25 million over 5 years to fund schemes to address Condition, Health and Safety and Additional Learning Needs. No variances are currently reported, however, given the significant budget and the number of schemes involved, there is a risk of slippage in future periods.

Asset Renewal – Suitability and Sufficiency

88. The Suitability and Sufficiency budget of £971,000 has been fully allocated, primarily for the increase of capacity at Ty Gwyn, Meadowbank Primary and Bryn y Deryn pupil referral unit, and to fund priority Disability Discrimination Act (DDA) adaptations across the Schools estate.

Whitchurch High DDA

89. A separate allocation for DDA and suitability works at Whitchurch High includes a new allocation of £1 million, together with slippage of £300,000 from 2017/18. This will fund the purchase of replacement demountable units at the Upper School site, as the existing demountables approach the end of their useful life.

Flying Start Grant

90. The budget for Flying Start capital schemes for the year totals £59,000 for schemes at Herbert Thompson Primary and Western Leisure Centre.

Other Schemes

91. The Kitchen Improvements budget of £258,000 will be used to fund construction of a new kitchen at Ysgol y Wern Primary, the total costs of which is circa £500,000 with the remaining costs funded from the asset renewal budget. The Safeguarding Lobbies budget of £200,000 will be used for a range of measures to improve security throughout the schools estate.

Schools Organisation Plan – 21st Century Schools

92. In March 2015 the Authority submitted a re-aligned 21st Century Schools Programme for investment totalling £164.1 million which was subsequently approved by WG and now forms the basis for the Authority's Schools Organisation Programme going forwards until 2019.
93. Expenditure of £33.574 million is anticipated on 21st Century Schools Band A schemes, as the programme draws to a close. Schemes planned for completion in 2018/19 include Cardiff West Community High School; Ninian Park Primary; Ysgol Glan Ceubal/Gabalfa Primary; Howardian Primary; Ysgol Hamadryad and Ysgol Glan Morfa. The variance of £1.617 million includes additional costs of circa £700,000 for the demolition of Rumney High, £150,000 for a traffic-calming scheme at Eastern High, and other costs across the Band A programme, of which 2018/19 is the final year. Additional costs will be managed within the Band A financial model.
94. The largest anticipated spend in 2018/19 relates to the Cardiff West Community High School. This project is currently on target for a February 2019 completion date, with projected expenditure in 2018/19 of £20.3 million.
95. Projected expenditure during the year of £5.171 million relates to the initial development of priority Band B schemes. Expenditure of £1 million is anticipated for condition works at Fitzalan High and £1 million on preparatory works for St Mary the Virgin Primary school. In order to secure the acquisition of a parcel of land at a strategic site, expenditure of £3.171 million has been incurred for the purchase of land at the Dutch Garden Centre. Whilst the future use of the site is not yet determined, subject to an option appraisal exercise and approval of business case, it could form a strategic location for a new school. Overall, budget of £2.202 has been brought forward from future years to meet these commitments.

People & Communities

96. The total programme for 2018/19 is £12.428 million, with an initial variance identified of £2.290 million, the majority of which relates to slippage on refurbishment works for the Domestic Abuse Centre and Youth Hub projects.

97. Full spend is expected on Social Care projects for 2018/19. Details of projects are shown below.

Communities & Housing

Neighbourhood Regeneration

98. The Neighbourhood Renewal schemes budget for 2018/19 totals £78,000 allowing final payments on remaining schemes in the current programme including Safer Splott and Hendre Park access improvements.
99. The local shopping centre improvements budget of £557,000 includes owners' contributions estimated at £10,000 and slippage from 2017/18 of £197,000 for commercial property improvement. A budget of £440,000 is deemed sufficient to complete works on phase 3 and phase 4 of the Clare Road / Penarth Road scheme by spring 2019 with slippage of £40,000 identified. The balance of £117,000 is to be utilised towards completion of the shopping centre regeneration scheme in Maelfa.
100. The Maelfa regeneration scheme budget will allow completion of the retail parade of nine new shop units this financial year. The cost of the units, which will revert to the Council to manage on a commercial basis, is £2 million to be paid for on an invest to save basis. Planned expenditure also includes fit out, demolition work and compensation payments.
101. The alleygating budget of £100,000 will allow further gates to be installed in prioritised lanes in Penylan, Plasnewydd, Riverside, Grangetown and Ely, subject to resident consultation and legal procedures. £50,000 of this relates to slippage from last year due to delays in schemes starting.
102. The Targeted Regeneration Investment Programme budget is part of the match funding allocated by the Council to meet the requirements for accessing this Welsh Government regeneration funding. In March 2018, Cabinet considered priorities for submission under the programme. Some preliminary expenditure is being incurred to identify and develop priority schemes in the South Riverside business corridor. This is to ensure any successful grant bids can be spent in line with the likely timescales set by Welsh Government. Slippage of £30,000 is anticipated.
103. The majority of Community Hubs schemes are now complete with the Phase 2 extension of St Mellons Hub operational from August 2018 at a total cost of £4 million.
104. The Directorate submitted requests for Council capital funding to improve two multi-disciplinary youth hubs, one at Grassroots, Charles Street in the city centre and the other at Butetown Youth Pavilion. The City Centre hub is at design stage and with forecast costs of £1.7m, £900,000 in excess of the current budget available, a Targeted Regeneration Investment grant bid is to be made to support costs, the outcome of which is expected to be known this autumn. Expenditure forecast in this year is £100,000.

105. This is a similar position to the Butetown scheme, where the estimated cost is currently £400,000 in excess of the budget available. A Targeted Regeneration Investment grant bid is to be made to support costs and expenditure is forecast to be £100,000 in 2018/19 on design and development costs.

Housing (General Fund)

106. The Disabled Facilities Service budget includes mandatory and discretionary grants to housing owner-occupiers to enable a person to continue living in their own home as well as administration costs for the grants. The total budget of £4.365 million includes £565,000 slippage from 2017/18. An additional Enable grant totalling £436,400 has been awarded from Welsh Government to deliver additional adaptations in support of Independent Living.
107. To facilitate comprehensive regeneration schemes, the estate environmental improvements capital allocation supports the costs of works to owner-occupier properties on housing and estate improvement schemes. At present several schemes are under consideration with slippage of £350,000 reported
108. Plans to expand the number of pitches on traveller's sites are subject to acquisition of land and securing grant from Welsh Government for the construction of additional pitches in parallel. Council funding of £450,000 has been allocated towards the scheme and subject to a successful application, construction would be in 2019/20 at the earliest.
109. Slippage of £73,000 from 2017/18 is to complete improvement works and provide additional spaces in several emergency accommodation sites including the Wallich Nightshelter, Huggard and Ty Tresilian. This expenditure is to be fully funded from the Welsh Government homelessness grant.
110. Refurbishment work to create a Domestic Abuse One Stop Shop at the Cardiff Royal Infirmary site has been delayed whilst options for suitable accommodation were reviewed. The Council and Health Board are now progressing with designs and work is forecast to start in March 2019, with completion in November 2019. Of the total £1.2 million allocated for this scheme, £200,000 is forecast to be spent in the current financial year.

Social Services

Adult Services

111. A sum of £345,000, which includes £245,000 of slippage from 2017/18, is to be used for the refurbishment of Tremorfa Day Services centre with works including accessibility, security and functionality improvements for respite services.
112. The Day Centre Opportunities Strategy aims to reconfigure day services for older people at three existing sites - Minehead Road, Grand Avenue and

Fairwater day centres. The second of these sites, Grand Avenue opened September 2018, with costs of £400,000 expected to be incurred during 2018/19. The Fairwater scheme is at design stage and an Integrated Care Fund Grant application has been made towards costs. Subject to procurement and success of the grant application, the scheme is expected to be complete in spring 2019.

Children's Services

113. The ongoing Gabalfa House refurbishment to facilitate the relocation of Youth Offending Service from Penhill is complete, including a new activity area and an IT breakout zone for the direct benefit of the young people. £137,000 is budgeted to complete the works after £32,000 was utilised early in 2017/18.
114. The Trelai Youth Centre building is being developed as a shared resource for the Western Learning Federation, as part of measures to improve additional learning needs sufficiency, within the 21st Century Schools Band B programme. This initiative will provide opportunities for joint working between schools and social services, and improve the transition process for young people leaving school. Full spend is anticipated this year.

Planning, Transport & Environment

115. The 2018/19 programme for the Directorate is £27.032 million, with an initial variance identified of £2.527 million. This is primarily in relation to slippage of energy and waste management projects, which is detailed further below.

Energy Projects & Sustainability

116. The Council secured £2.126 million of repayable loan funding from the Welsh Government Green Growth Wales Fund in 2016/17 for implementation of a mixture of energy saving technologies under the REFIT framework. Phase 1 expenditure was circa £1.02 million with a further £1.228 million available for a further phase with proposed works, lessons learnt and sites to be finalised in Autumn 2018, with works expecting to start shortly after. Given these timings, slippage of £1.20 million slippage is expected this year.
117. Salix Energy Efficiency Loan Schemes (SEELS) are repayable loans that aim to achieve energy efficiency and carbon reduction savings in schools. Schemes to date approved in 2018/19 include: Thornhill Primary, Coed Glas Primary, St Marys RC Primary and Holy Family RC Primary. Confirmed projects total £188,000, with the balance of £312,000 shown as slippage into 2019/20.
118. In June 2018, Cabinet approved the Business Case and Invest to Save allocation for a new solar farm situated at Lamby Way and agreed to commence a delivery plan for implementation. This is to include submitting a planning application, finalise negotiations on private wire, procure a contractor and to finalise costs. Initial expenditure of £195,000 is assumed this year in relation to planning, consultation and ecology survey costs, with

an update on final costings and timescales to be set out in a future Cabinet report before entering into contract for delivery.

119. It should be noted that the costs of all projects identified above and ongoing maintenance will need to be paid back from savings or future income generation, representing risks to the directorate revenue budget.

Leisure

120. The property asset renewal budget for 2018/19 includes sums primarily to meet obligations to properties where the Council has retained liability for maintenance. This includes £520,000 towards roof replacement at Pentwyn Leisure Centre and £150,000 to resolve drainage issues at Insole Court car park and allow completion of the restoration scheme. Priority one works which included lighting, pool and fire alarm works at Pentwyn Leisure Centre and pool lighting at Llanishen Leisure Centre have been completed.
121. The contract for the transfer of leisure sites to Greenwich Leisure Limited (GLL) included the Council making available a sum of £3.5 million invest to save funding for investment in the transferred leisure sites. This is to enable GLL to improve facilities, generate income and reach a zero subsidy position. £1.288 million was spent in 2017/18, with a further £1.981 million currently assumed to be utilised by GLL in this year for schemes including the refurbishment of health and fitness suites at Pentwyn, Llanishen, and Fairwater Leisure Centres. Expenditure proposals are agreed between the Council and GLL as part of a joint project board.
122. As a result of deteriorating condition of the track, the Council's obligation to pay £500,000 to the operators of the Cardiff International Stadium for the first replacement is being brought forward into 2018/19.

Bereavement & Registration services

123. Cabinet in March 2018 approved the development of existing Council owned land near the existing Thornhill site for new cemetery space. Initial expenditure during 2018/19 is likely to be design and development costs only. The estimated total cost of the scheme is £3 million with any expenditure incurred to be repaid over a 20-year period through the generation of additional income through increased fees and charges.
124. The programme included a planned £325,000 use of the bereavement revenue reserve towards various improvements including vehicle replacement, site infrastructure, completion of Thornhill chapel roof replacement, refurbishments of office space and toilets at Western Cemetery and at the Briwnant Chapel and waiting room at Thornhill. Slippage of £60,000 is currently anticipated across these projects.

Recycling, Waste Management Services

125. The programme includes £3.325 million to explore options for a new household waste recycling / reuse centre to meet predicted growth in the North of the city. £200,000 was profiled for expenditure in 2018/19, however

until a suitable site is identified, expenditure is unlikely. Slippage of £150,000 is shown at this stage.

126. A new scheme to provide separate glass collection for residents is due to be trialled in October 2018 at a cost of £300,000, with the aim to reduce processing and treatment costs and mitigate the risk of Cardiff failing to meet its statutory recycling targets.
127. Enhancements to the Waste Materials Recycling Facility (MRF) equipment to allow auto sorting of materials commenced in 2017/18 and after a period of testing was completed in July 2018. The overall cost of the scheme is estimated to be circa £650,000 funded on an invest to save basis, with repayments being made by the Directorate from reduction in disposal costs, manual handling and from increases in quality of materials sorted.
128. The programme includes a £500,000 allocation towards fire safety measures in relation to the MRF and building. A specification is being determined to determine the scope of works required and to inform a procurement exercise to identify detailed cost estimates. Subject to the above, whilst works may start during 2018/19, slippage of £250,000 is assumed at this stage.
129. Expenditure of £265,000 is also planned on other enhancements to Waste management infrastructure including replacement of key components of the MRF, CCTV, weighbridge improvements and skip replacement.

Highway Maintenance

130. Expenditure on the reconstruction of structurally deteriorated roads which are deemed to be a priority is forecast to be £670,000. Investigations are being carried out to determine the most appropriate treatment to address conditions and will form the basis of any tender exercise.
131. The balance of Council funded allocations for carriageway and footway resurfacing is £6.041 million and it includes slippage primarily arising from Welsh Government grant received in 2017/18. Prior to a procurement exercise, a detailed schedule of locations and appropriate treatments is currently being determined using survey data and also ensuring City wide alignment with other infrastructure projects. Full expenditure is currently forecast by the Directorate, however to avoid risk of slippage, these activities and procurements should be completed promptly to avoid works having to be undertaken in the winter period.
132. The Bridges and Structures budget of £1.572 million includes a number of schemes including Retaining walls and parapets in Radyr, North Road flyover, and Capel Llaniltern culvert and a contribution towards the costs of constructing and installing hostile vehicle measures in the City Centre. Whilst a final account is awaited, known additional costs payable to Network Rail towards the cost of the Windsor Road Bridge scheme agreed by itself and its contractor are £446,000. Further details are awaited from Network rail on any further costs payable by the Council.

133. Following a series of inspections, it is deemed structural strengthening works are required at Llandaff Weir in order to mitigate against further deterioration. The estimated cost of the recommended scheme is £300,000, with forecast completion in October.
134. Funding of £292,000 from the street lighting renewal budget of £542,000 is to be used for replacement lighting in subways and low level solar powered bollards, with the balance of £250,000 towards a phased programme of electrical works at Eastern Avenue. Slippage of £200,000 is currently identified at Month 4 re the latter, due to a delay in securing electrical designs for a scheme.
135. An invest to save pilot scheme in Radyr, to trial LED lighting in residential areas has been completed at a cost of £337,000 with the conversion of 1,250 columns. This will help support a technical and financial business case considering options for conversion of all other residential columns, using similar technology as that used for the control and monitoring of lighting recently installed for principal roads.
136. The remaining invest to save budget for LED lighting on Principal Roads is £452,000 with works to be completed by August 2018 and focussing primarily on replacing non-standard lighting columns in different parts of the city.
137. The Greener Grangetown scheme has been completed with funding partners Dwr Cymru and Landfill Community fund. The scheme has retrofitted sustainable drainage systems and improved the public realm such as road and footpath resurfacing. As reported previously, the total cost of the scheme was initially estimated to be £2.5 million but is now expected to cost a minimum of £3.3 million, whilst further discussions take place with the contractor. Given the cycling improvements the scheme has also implemented, the transport cycling budget has been used towards additional costs in both 2017/18 and 2018/19.
138. The Council has been working with Welsh Government as part of its coastal defence scheme to implement a scheme from Rover Way to Lamby Way. Initial estimates of the project cost are £10.9 million, with 75% of this potentially funded by Welsh Government. Grant of £638,000 has been awarded to progress to the next stage of design, habitat assessment and completion of a full business case, to be completed by August 2019. Subject to completion of procurement, £100,000 is initially forecast to be spent this financial year, with Council match funding of £100,000 being slipped into next year.

Traffic & Transportation

139. The Council Road Safety Schemes budget of £335,000 will implement a table zebra crossing on Whitchurch Road and improve pedestrian signalling on various junctions in Whitchurch Village. In addition, £489,000 of funding allocated from the Financial Resilience Mechanism and Parking Reserve is to be used for implementation of 20 MPH zones and safety measures outside schools.

140. The asset renewal telematics budget of £294,000 is to be used to complete analogue to digital fibre upgrades, complete the first phase of converting traffic signals to LED and for the replacement of the uninterrupted power supply, critical to the safe operation of the Butetown tunnel.
141. The total budget for cycling development in 2018/19 totalled £1.155 million including £305,000 of slippage from 2017/18. This is to be utilised on schemes including design of strategic cycle routes, construction of the Senghennydd Road route, upgrades to areas of the Taff Trail and the first phase of upgrades from North Road to Western Avenue business park and university campuses. The above budget is the total after a virement of £450,000 to the Greener Grangetown scheme.
142. A sum of £713,000 is expected to be fully utilised to secure a range of Welsh Government grants where match funding is required. An additional £350,000 in has been budgeted for 2018/19 to undertake initial concept design works for a range of city centre link schemes including the east side of the city centre, Adamsdown and Cardiff Bay.
143. The Welsh Government allocation of Local Transport Fund approved to date is £470,000 for Active Travel. This is being used to support detailed design for the cycle super highways including the following locations, Senghennydd Road, Cathays Terrace and Whitchurch Road, Newport Road (Station Terrace–Piercefield Place) and Lloyd George Avenue to Tyndall Street.
144. The Welsh Government Road Safety grant of £562,000 will support safety improvements at the junction of Western Avenue / Excelsior Road, and replacement of safety cameras at various locations.
145. Safe Routes in Communities Grant of £294,000 aims to improve the accessibility and safety, encouraging walking and cycling in communities. There is particular emphasis on improving routes to and from schools with works proposed for Ysgol Gyfun Gymraeg Plasmawr in Fairwater.
146. The Council has been successful in a securing an additional £1.058 million Welsh Government grant for the construction of the Cycle Superhighways. Expected spend will be St Andrew's Crescent to Senghennydd Road (£880,000) and Active Travel to support an access study for the Roath Park Corridor (£178,000) including segregated secondary cycle routes, and detailed design for Lakeside, Ty Gwyn Road and Cyncoed Road walking and cycling improvements.
147. The Council will also receive a grant of £134,000 from the Department for Transport of towards the costs of implementing on street residential charge points for electric vehicles. Matchfunding of £45,000 will be utilised from the Parking Reserve. Subject to procurement of a provider for the service who operate the scheme, these will be implemented by 31 March 2019 at selected sites initially determined as suitable across the city.
148. In addition to the approved grants above, a number of additional grant bids have been submitted to Welsh Government and Central Government to

meet sustainable travel objectives of the City. The capital programme will be updated when the outcomes are known, but bids for funding in 2018/19 and for future years include acquisition of electric buses and installation of supporting charging infrastructure and expansion of the on street cycle hire scheme. Previous experience shows grants awards are often notified late in the year, requiring re-profiling of existing schemes to meet the terms and conditions of grant.

149. In relation to moving traffic offences, expenditure of £266,000 is to be incurred on the phase 4 expansion and £190,000 for the replacement of aged pay and display machines. This expenditure is on an invest to save basis, to be repaid from future parking and enforcement income.
150. The Bus corridor improvement budget of £505,000 will implement bus priority measures on the A4119 phase 2d Penhill Road and Rumney Hill on Newport Road.
151. As highlighted in previous monitoring reports, it was deemed more effective to undertake the works to create a transport interchange in the west of the city at the same time as proposed housing development on the site. Site clearance works are expected to be undertaken by the Council in 2018/19, and subject to agreement of contracts, works on the interchange to begin in 2019/20.
152. The completion of the control room system upgrade is expected to cost £592,000 including £380,000 to replace obsolete equipment and software used by the variable message signs matrix and lane closure systems.
153. The costs of constructing and installing hostile vehicle measures in the City Centre has been impacted by a number of unforeseen issues including the need to upgrade telematics equipment, utilities and ensuring measures can be controlled remotely from command sites. The scheme was completed in August, with costs £200,000 in excess of the initial £1 million budget, the additional costs will be initially managed from within existing budgets.

Resources

154. The 2018/19 programme for the Directorate is £7.718 million, with expenditure of £7.428 million forecast due to slippage on ICT projects. Details of schemes within the Directorate are shown below.

Technology

155. The main priority for the Modernising IT to Improve Business Processes budget in 2018/19 is to support key ongoing projects in the Cardiff Capital Ambition programme and the digitisation of business services utilising modern technology. The budget including slippage from 2017/18 totals £815,000 with expenditure on rolling out Electronic Document Management Systems and the Cardiff App. Slippage of £250,000 is anticipated into next year.

156. Slippage of £40,000 is shown against the £507,000 budget for ICT refresh which will be utilised to support a range of projects to support resilience, capacity and capability. This includes the purchase of additional flash storage appliances, proxy appliances and replacement of unsupported hardware and software.

Corporate

157. In respect of the contingency budget of £200,000, given that it is early in the financial year this is shown projected to be fully required, although as the year progresses, any under spend will be used to reduce the level of borrowing assumed in the Capital Programme.
158. The £500,000 invest to save budget has not been requested to be drawn down for approved schemes to date. The programme will be adjusted when schemes are approved during the year.
159. Expenditure of £4.196 million has been budgeted for this year as part of the Council's £28.4 million approved contribution to the £120 million Cardiff Capital Region City Deal wider investment fund and commitment to fund capital expenditure in advance of receipt of HM Treasury Grant where relevant. Expenditure in 2018/19 will primarily be towards the semiconductor project, however the profile of expenditure may change subject to confirmation and timing of further projects approved by the Joint Committee.
160. The programme includes a request for a loan to Cardiff City Transport Services of £2 million. This is to be the subject of a review and due diligence.

Capital Receipts

161. The 2018/19 Capital Programme included an assumption of £4.0 million non-earmarked capital receipts net of fees to pay for the Capital Programme. The main disposal to date is the sale of the former Household Waste Recycling centre at Wedal Road (£400,000). Further disposals in the year include Howard Gardens Pavillion & Green, overage from land at Church road, and land at Hadfield Close, which are deemed achievable.
162. A number of land appropriations to the Housing Revenue Account and other earmarked receipts are also required to have been completed by 31 March 2019 including former Rumney High, Llanrumney High and Howardian Primary schools and St Mellons Youth and Enterprise centres.

Public Housing (Housing Revenue Account)

163. The Capital Programme of £42.025 million set in the February 2018 Budget, with the amended programme of £48.839 with slippage of £6.272 million estimated at month four which is detailed further below.
164. The Housing Development budget will be used on several schemes including the final works to the independent living accommodation for older

persons on Thornhill Road and planning cost for Edinburgh Court balcony improvements.

165. Estate regeneration schemes have projected costs of £3.66 million for 2018/19 on a range of schemes including citywide gully and environmental improvements (£150,000) and regeneration of Belmont Walk (£800,000), Anderson Place (£900,000) and Taff embankment (£200,000). Garage and courtyard improvement schemes are anticipating spend of £1.66 million, including a virement of £1.16 million from other HRA projects, as additional schemes are brought forward into 2018/19.
166. The external and internal improvements budget of £16.236 million will be utilised to provide boiler and lift replacement, heating, roofing, rewiring, underpinning of properties where subsidence issues have been found, front door upgrades to flats, kitchen and bathroom upgrades when properties become vacant prior to re-letting. Some of the larger schemes include; £3.8 million for high-rise upgrades, £2 million for front door upgrades in flats and £1.8 million for removal of cladding on high-rise residential buildings following fire risk assessments. Slippage of £3.083 million is projected on the following schemes; Lift upgrades (£750,000), Doors and Windows (£950,000), Door Entry Systems (£383,000) and BISF schemes (£1 million) due to the timings of work starting and contractor capacity.
167. The allocation of £2.3 million to provide adaptations and associated improvements to the homes of disabled people in HRA properties is forecast to be fully spent.
168. The phase 1 Cardiff Living Programme is underway at several sites across the city including Willowbrook West, Llanrumney Depot, Ty To Maen and Braunton and Clevedon Crescent. The remaining phase one sites; Ty Newydd, Highfields and Snowdon and Wilson Road, are scheduled to commence in the final quarter of 2018/19, subject to viability. Phase one sites will deliver a total of 486 properties of which 291 will be for open market sale and 195 will be affordable council homes. A number of private sector properties are also being purchased to help address affordable housing need. Subject to ensuring completion, expenditure of £4 million is projected, of which £1.719 million is an earmarked reserve set up for this purpose in 2016/17. Slippage across the programme is anticipated to be £3.189 million given current forecasts of commencement on sites.

Section 106 schemes and Other Contributions

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

	Budget	Projection at Month 4	Variance
	£000	£000	£000
Parks & Green Spaces	1,356	924	(432)
Traffic & Transportation	862	788	(74)
Strategic Planning	33	8	(25)
Neighbourhood Regeneration	581	238	(343)
Economic Development	236	224	(12)
Education & Lifelong Learning	325	325	0
Public Housing (HRA)	1,484	1,484	0
Total	4,877	3,991	(886)

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

- Parks and Green Spaces – Schemes are proposed in a number of areas including; Wilkinson Close, Despenser Gardens, Craiglee Drive, Trelai and Jubilee Park play areas, public realm and footpath improvements in Penylan, Hendre Lake and Gabalfa. A number of other schemes originally planned are deferred to future years.
- Traffic & Transportation – public transport improvements, junction improvements, bus stops and bus borders; installation of CCTV and real time information, telematics and transportation schemes including the provision of bus routes in the City and strategic transport initiatives.
- Neighbourhood Regeneration - Improvement of community facilities at Lisvane Memorial Hall, Riverside Warehouse, The Bangladesh Centre, building improvement works at St Andrew and St Teilo's Church and Installation of lights to improve access to community buildings within Trelai Park.
- Economic Development – Support for small to medium enterprises in Adamsdown and the Council's contribution towards the development of Llanrumney Hall as a community facility.
- Education & Lifelong Learning – Towards the new Howardian Primary School and Cardiff West Community High School as well as condition works at Creigiau, Springwood & Llanedeyrn Primary School.
- Public Housing – development of new Council housing.

Reasons for Recommendations

171. To consider the report and the actions therein that forms part of the financial monitoring process for 2018/19.

Legal Implications

172. 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

173. The month four revenue monitoring for the Council shows a balanced position with financial pressures and shortfalls against budget savings targets in directorate budgets offset by projected savings on capital financing, an anticipated surplus on Council Tax collection and NDR refunds on Council properties. The position also takes into account the release of the £1.1 million set aside for transitional grant relief via the Financial Resilience Mechanism as it has now been confirmed that this budget is no longer required for its original purpose in the current financial year. Directorate budgets are currently projected to be overspent by £5.0 million however it is anticipated that management actions will enable this to be reduced by the year end. The directorate overspends are partially offset by the £3.0 million general contingency budget which was provided as part of the 2018/19 budget in order to reflect the quantum, risk and planning status of the proposed savings for 2018/19.
174. The projected overspends in directorate budgets include £2.815 million in Social Services, £1.424 million in Planning, Transport & Environment, £851,000 in Education & Lifelong Learning, £230,000 in Economic Development and £15,000 in Governance & Legal Services. An overspend of £124,000 is also currently projected in relation to Corporate Management. The directorate positions reflect a range of factors including increased demographic pressures in Social Services, particularly in relation to looked after children, shortfalls in income and the anticipated failure to fully achieve the savings targets set as part of the 2018/19 Budget together with on-going shortfalls carried forward from the previous financial year.
175. The potential overspend includes a projected shortfall against the savings identified for each directorate as part of the 2018/19 budget together with any shortfalls against savings targets carried forward from the previous year. An overall shortfall of £2.827 million is currently anticipated against the £14.296 million directorate savings target with £4.953 million having been achieved to date and a further £6.516 million anticipated to be achieved by the year end. A projected shortfall of £846,000 has also been identified in relation to savings targets carried forward from 2017/18. 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 2019/20 and identified the significant financial challenges that the Council faces in the medium term. The projected under-achievement of identified savings in 2018/19 together with those carried forward from the previous year continues to underline the difficulties of achieving year on year savings across the Council.
176. The projected overspend in directorate budgets and in particular the shortfalls against savings targets represent a continuing cause for concern. Actions are being taken by those directorates currently reporting a projected overspend in order to try to resolve the issues that led to the current position or alternatively to identify offsetting savings in other areas of the service. This will be reviewed throughout the year as part of the overall

challenge process to review the performance of directorates including the budget monitoring position.

177. The 2018/19 Capital Programme is £157.853 million of which £109.014 million is in respect of General Fund schemes and £48.839 million is in relation to the Council's Public Housing schemes. Against this, the projected outturn for 2017/18 is £148.881 million resulting in a total variance of £8.972 million. The variance is largely in relation to public housing schemes with slippage of £6.272 million currently anticipated.
178. Where there is a risk of slippage, directorates, need to address any obstacles promptly to ensure budgets allocated are spent in a timely manner. Where this is not possible, early reporting of issues should take place and robust profiles of expenditure should be developed for future years.
179. The Capital Programme update includes a number of schemes planned to be funded by external grants that have strict deadlines for expenditure having to be incurred. It is essential that directorates ensure that opportunities for utilisation of such funding are not lost to the Council by ensuring appropriate resources are directed to these schemes and that consideration has been given to all steps required to ensure contracts are in place and to meet the terms and conditions of such funding.

RECOMMENDATIONS

The Cabinet is recommended to:

1. Note the potential outturn position based on the first four months of the financial year.
2. Note the allocations from the Specific Contingency Budgets to the People & Communities - Communities & Housing and Social Services Directorates and to the Planning, Transport & Environment Directorate as set out in this report.
3. Reinforce the requirement for all directorates currently reporting overspends as identified in this report to put in place action plans to reduce their projected overspends.

SENIOR RESPONSIBLE OFFICER	Christine Salter Corporate Director Resources
	14 September 2018

The following appendices are attached:

- Appendix 1 – Revenue position
- Appendix 2 (a) – Budget Savings position – 2018/19 Savings
- Appendix 2 (b) – Budget Savings position – 2017/18 Savings
- Appendix 3 – Capital Programme