

**BUDGET MONITORING – MONTH 4 REPORT**

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

**AGENDA ITEM: 5**

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**Reason for this Report**

1. To provide the Cabinet with an update of the financial monitoring position for the authority as projected at the end of July 2019, adjusted for any significant movements since that date.

**Background**

2. This monitoring report provides details of the projected outturn for 2019/20 compared with the budget approved by Council on 28 February 2019.
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 4 revenue monitoring for the Council shows a net projected deficit for 2019/20 totalling £325,000. This position comprises 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 an overall surplus against the Summary Revenue Account. Directorate budgets are currently projected to be overspent by £7.018 million, with the most significant overspends being in respect of Social Services and Planning, Transport & Environment, with the latter in relation predominantly to Recycling & Neighbourhood Services and Fleet Services. These are partly offset by projected underspends in other directorates and by the £3.0 million general contingency budget that was provided as part of the 2019/20 budget in order to reflect the quantum, risk and planning status of the proposed savings for the year. A summary of the overall position is attached as Appendix 1 to this report.

5. The most significant directorate overspends include £4.200 million in Social Services and £2.457 million in Planning, Transport & Environment. In addition to savings shortfalls, financial pressures being experienced include demographic pressures in Social Services, particularly in relation to looked after children, shortfalls in income and increased operational costs across a number of directorates. In terms of savings proposed for 2019/20, an overall shortfall of £6.290 million is projected against the target of £19.157 million, with £7.670 million having been achieved to date and a further £5.197 million anticipated to be achieved before the end of the financial year. The 2019/20 Budget Report reflected the fact that, of the £19.157 million total, proposals amounting to £8.101 million were identified as having an achievability risk of either red or red/amber and £3.524 million were at the general planning stage at the time of setting the budget. These risks are evident in the figures reported at Month 4, details of which are set out in Appendix 2. Although some mitigations are evident, this overall shortfall remains a cause for concern, particularly with the ongoing challenging financial context within which the Council operates.
6. In response to the overall directorate overspend, actions and measures have been implemented by the Chief Executive and Corporate Director Resources. These actions have included ongoing budgetary challenge sessions with individual directorates, particularly those with significant overspends. The challenge to directors has been to reduce overspends as much as possible without any detrimental impacts on service provision. Directors have initiated actions to reduce financial pressures in year and identify in-year savings and mitigations to offset those pressures. In addition, Senior Management Team have agreed a number of measures that all directorates are expected to implement. These include director sign-off for purchases of goods and services, review and restrictions on agency and temporary staffing arrangements, robust staff vacancy management and a review of income generation. Whilst the focus of these measures are on those areas that form part of the General Fund, attention is also required on ring-fenced and grant-funded accounts to ensure that value for money is maximised across the entire Council. It should be noted that the impact of a number of these actions is already reflected in the figures contained within this report.
7. The 2019/20 Budget included specific contingencies to be held in respect of particular financial pressures and be distributed should these pressures emerge during the year. The main contingencies included £2 million to reflect the potential for increased costs in placements for looked after children 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 recycle materials. Having reviewed these areas as part of the monitoring process, this report reflects a full allocation of these contingency budgets to the Social Services and Planning, Transport & Environment directorates, respectively. In addition, a contingency budget of £2.586 million is maintained corporately to reflect the potential for future growth in the number and value of claims as part of the Council Tax Reduction Scheme (CTRS). This figure includes an annual uplift to reflect the potential impact of Council Tax increases on this budget. Current projections indicate a requirement of £976,000 to meet costs in the current financial year and this amount is reflected in the position for the Housing & Communities directorate. The budget pressures in all these areas

will continue to be monitored as the year progresses and any variations to this position will be identified in future reports.

8. As well as the overall directorate position, there are also some key corporate variances which have significantly offset the overspend at Month 4. These include a projected Council Tax surplus and in-year savings against the Capital Financing budget, both of which are detailed in the paragraphs that follow. In addition, there is an overall underspend position against the Summary Revenue Account. The main variance within this account is in relation to the recently confirmed grant funding in connection with the September 2019 increase in the Teachers' Pension rates to be paid by employers. At the time of setting the 2019/20 revenue budget, there was no certainty around specific grant funding for this particular pressure and, therefore, the Council made resources available to schools in their individual budgets. However, now that full grant funding has been provided, it is possible to adjust school budgets and clawback the funding that was originally provided. This position is favourable to schools, as the budget originally provided by the Council was estimated to cover only 70% of the financial pressure, whereas the new grant funding is anticipated to cover 100%. The overall result of this adjustment is that £2.967 million is available to offset the directorate overspend in 2019/20. Should the directorate position improve during the remainder of the year, the availability of this amount would provide an opportunity to replenish earmarked reserves or offset other corporate financial pressures.
9. The residual position in relation to the Summary Revenue Account, excluding the Teacher's Pension funding referred to above, amounts to a net underspend totalling £476,000. This variance is underpinned by the receipt of a VAT refund arising as a result of a successful appeal for a cultural exemption in relation to Cardiff Castle. Other items within the Summary Revenue Account include expenditure that cannot be attributed to individual directorates or expenditure that relates to previous financial years and would distort directorate positions if included within their respective figures.
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 (£215,000)**

11. The capital financing budget supports the Council's Capital Programme and treasury management activities. This includes external interest payable, prudent provision for the repayment of any debt in line with current Council policy as well as interest earned on temporary investments. The budget is impacted by a number of external and internal variables such as interest rates, the level of investment balances, share of interest chargeable to the Housing Revenue Account, the need and timing of external borrowing, as well as performance in achieving capital expenditure projections. Following a review of all these factors, the current projection for the year as at Month 4 is a net surplus of £215,000. Included within this figure is additional expenditure of £129,000 relating to the prudent provision for the repayment of debt chargeable. This has arisen given that the final capital outturn is not known

when setting the budget for 2019/20 and this has a direct impact upon the level of repayment required in the following financial year. This is more than offset by £116,000 of lower external interest payable than originally assumed and an additional £185,000 in relation to interest receivable on temporary investment balances.

### **Corporate Management (£50,000)**

12. An underspend of £50,000 is currently projected in relation to Corporate Management. This is primarily due to savings in relation to past service pension contributions and insurance commission. All 2019/20 savings proposals are currently projected to be achieved in full.

### **Council Tax Collection (£35,000)**

13. A review of the Council Tax position indicates a potential net surplus of £35,000. This surplus is underpinned by a reduced requirement to contribute to the Council Tax Bad Debt Provision, largely due to the continuation of a high collection rate. This underspend is partly offset by projected variances to the level of discounts and exemptions, with current projections for single person discounts in particular higher than was anticipated when the Council Tax Base Report was approved in December 2018. The surplus represents a variance of 0.1% of the estimated gross debit and will be subject to further monitoring as the year progresses.

### **Economic Development +£412,000**

14. The directorate is currently forecasting an overspend of £412,000, with a significant overspend within Facilities Management being the main element within the position. This overspend is partly offset by underspends within Business, Investment & Workshops and Parks and some smaller underspends within other divisions. Major Projects, City Centre Management, Corporate Landlord and Service Management are all reporting balanced positions. In terms of 2019/20 savings proposals, £3.138 million is forecast to be achieved against the £3.153 million target. The shortfall of £15,000 relates to Pest Control and the intention to generate additional income by exploring opportunities for working with the private sector and other public bodies. Included within the projected savings achievement is the proposal in relation to securing a tenant for the New Theatre. Should this proposal be delayed, there is a risk that a shortfall will arise and the overall overspend position increase.
15. The projected overspend within Facilities Management totals £567,000. This overspend is largely due to additional costs in relation to FM Buildings which primarily relates to utilities and security costs. There remain a number of assumptions, including full achievement of savings proposals, within this position and tight control of expenditure will be required to ensure that the overspend does not increase further. Other overspends within the division include Building Support, due to unbudgeted employee costs, income shortfalls and additional supplies and services costs, and Building Services, where projected income is not sufficient to meet the income target. Partly offsetting these overspends is an underspend against the Accommodation

Account, which is the result of rental income within core buildings from externally funded occupiers, and additional income generated from cleaning.

16. Underspend within the directorate include £45,000 in relation to Business, Investment & Workshops. This is due to additional workshops rental income, partly offset by income shortfalls across the rest of the section. An underspend of £10,000 is projected within Property & Office Rationalisation, despite rental income shortfalls and additional utility costs. However, these shortfalls are more than offset by additional surveyor fee income, additional recharge income and in-year staffing savings due to vacancies. Also contributing to the underspend is a net underspend in relation to Office Rationalisation on the assumption of a reduced requirement to make a contribution to earmarked reserves. Other underspends relate to Parks, Leisure, Play & Sport, Construction & Design and Culture, Venues & Events. These total £100,000 and are due to supplies and services underspends within Parks, staffing vacancies within Leisure & Play and additional income within Construction & Design. Whilst Culture, Venues & Events is projecting an overall underspend, this position comprises various overspends and underspends, including additional income in relation to City Hall Functions, additional lettings within Cardiff Caravan Park, additional staff costs in relation to Commercial Activities and an overall deficit within Tourism. Both Cardiff Castle and St David's Hall are forecasting balanced positions, but the position will be closely monitored during the remainder of the year, as these venues are susceptible to market conditions.

### **Education & Lifelong Learning +£243,000**

17. The overall position indicates an overspend of £243,000, largely due to projected overspends against the budgets for Education Other Than at School (EOTAS) and Out of Area Placements, coupled with additional School Transport expenditure and non-achievement of savings proposals. Partly offsetting these overspends are various staffing vacancies across the directorate, in-year savings against capital financing budgets and managed underspends in relation to centrally-held school maintenance budgets. In terms of 2019/20 savings proposals, a shortfall totalling £197,000 is projected. This relates to the service-wide staffing restructure and the proposal to generate income through the provision of additional learning needs (ALN) services to other local authorities and via additional training. In both cases, partial achievement of the proposals is anticipated.
18. The largest overspend in the directorate totals £328,000 and relates to Out of Area Placements. This projection is based on the position at a point in time and reflects known placements and recoupment from other local authorities compared with the available net budget. EOTAS is also overspent, by £85,000, after allowing for a contribution from the delegated school budget towards the cost of one to one tuition. This position represents a significant improvement on the overspend incurred in 2018/19, partly as a result of the allocation of an additional £500,000 budget as part of the 2019/20 budget process. However, the demand for provision remains and there are still challenges in relation to the tuition service, which is projecting a significant deficit due to income shortfalls. Both Out of Area Placements and EOTAS present a risk to the directorate overspend increasing, should further

placements be required during the remainder of the financial year. In relation to School Transport, there is significant additional expenditure across the directorate, but particularly within both the School Transport and Inclusion divisions, which are reporting overspends of £168,000 and £139,000 respectively. The majority of this expenditure relates to additional transport provision beyond the scope of the policy and additional routes for pupils with ALN. This position includes additional in-year transport savings to be found, more detail of which will be visible once the autumn term commences. In-year underspends arising from the transfer into the Council of the school based counselling service partly offsets the Inclusion overspend.

19. There is an underspend, totalling £154,000, within the directorate relates to in-year savings against capital financing budgets for school ICT schemes. This one-off saving is due to one scheme ending during 2018/19 and the repayments for the follow up scheme not taking effect in full until 2020/21. The budget for Senior Management is also projecting an underspend, which totals £113,000, due to the vacant Assistant Director post, for the period between April and September, and additional income, including grant income. As well as these underspends, the Achievement division is forecasting in-year savings of £64,000, mainly in relation to vacant posts and delays in recruiting to the new Admissions structure. The other main underspend is shown against the School Organisational Planning budget and relates to the budget held for revenue funded school repairs and totals £150,000. Other divisions are projecting minor variances or balanced positions, including Services to Schools, where a projected deficit against the Music Service and savings shortfalls are offset by in-year savings against ICT budgets, vacancy control and other managed underspends.

## **People & Communities**

### **Housing & Communities (£300,000)**

20. An underspend of £300,000 is currently projected against this directorate. The majority of divisions are forecasting balanced positions or minor variances, with the most significant variances in relation to Homelessness & Hostels, Independent Living and Business, Performance & Support. All savings proposals for 2019/20 are projected to be achieved in full, with £746,000 having already been achieved to date against the target of £868,000. This includes full achievement of two proposals each totalling £250,000, in relation to the delivery of community wellbeing hubs and a realignment of funding for homelessness service delivery.
21. The most significant variance is an underspend of £260,000 in relation to Homelessness & Hostels. This underspend is largely the result of in-year employee savings, particularly in relation to the Housing Options Centre, where recruitment to the new structure is not expected to be complete until the end of September 2019. Security overspends are projected at the Housing Options Centre, however these are offset by other employee savings across the division. In addition, the Independent Living Service is anticipated to underspend by £94,000, primarily because of in-year employee savings. In previous years there have been savings arising from increased capital allocations within the Joint Equipment Service, however any savings

that do arise will be required to offset overspends within the pooled budget account.

22. Overspends within the directorate include £44,000 within Business, Performance & Support, mainly due to the non-achievement of a prior year savings target, in relation to commercialisation, and records management storage charges. The other overspend totals £10,000 and relates to Housing Strategy & Service Development due to a minor overspend against employee budgets. All other divisions are projecting balanced positions. Included within the overall position is a projected drawdown of £976,000 from the specific contingency budget set aside to meet increased costs in relation to the Council Tax Reduction Scheme. Further adjustments to this figure may be required as the year progresses, depending upon fluctuations in the number of applications and the level of support required.

### **Performance & Partnerships (£3,000)**

23. The overall position for this service is a net underspend of £3,000. Contained within the position are projected underspends in relation to Media & Communications, Performance Management and Cohesion & Engagement, almost entirely offset by overspends in relation to Bilingual Cardiff and Community Safety. The underspends, which total £47,000, £25,000 and £28,000 respectively, are due to in-year employee savings and additional external funding. The Bilingual Cardiff overspend, which totals £50,000, is predominantly due to the cost of external translation, with the Community Safety overspend of £53,000 due to greater than anticipated salary costs. All 2019/20 savings proposals are currently projected to be achieved in full.

### **Social Services +£4,200,000**

24. The overall position for the directorate reflects a projected overspend of £4.200 million, of which £1.466 million relates to Adult Services and £2.734 million to Children's Services. In both cases, the position reflects overspends on the commissioning budgets for external services. Savings proposals of £6.0 million were included in Social Services budgets for 2019/20, most of which were predicated on a reduction in activity levels. However, the pattern of activity to date suggests that numbers are either stabilising or, in some cases, increasing. Also of significance is the fact that a disproportionate element of the growth in respect of Children's Services has been in high cost residential placements, leading to a further increase in costs. A significant overspend is therefore reported even after taking into account the drawdown of the £2 million contingency for additional placements, agreed as part of the 2019/20 budget process. The position makes no assumptions at this stage around further growth arising from demographic pressures during the remainder of this year, due to the volatile nature of these demand-led services. Therefore, there is an inherent risk that the position could worsen, particularly if any further high-cost placements are made, and close monitoring will be required as a result. The directorate has, however, identified a range of actions to address the overall overspend and restrict further increases. These actions include maximisation of grant income, increased regularity of performance tracking, the continued emphasis on a new structure aligned to a new operating model, various reviews within the

commissioning and service provision aspect of the directorate's activity and strength-based practice and decision making throughout the directorate. Further detail on the individual positions for both services are provided in the paragraphs that follow.

#### Adult Services +£1,466,000

25. The Adult Services division is currently projecting an overspend of £1.466 million, largely reflecting pressures in relation to Older People Commissioned Services. This particular service is projecting an overspend of £3.850 million, mainly arising from savings shortfalls where proposals predicated on reducing numbers have, so far, not been achieved. It was anticipated that savings proposals in relation to reablement, encouraging independence and cost effective commissioning would facilitate sustainable reductions in activity levels and costs. However, with activity levels increasing or remaining static, costs have not reduced by a level sufficient to meet the savings targets. As an exemplification of this challenge, the activity levels for domiciliary care have increased by approximately 2.5%, rather than reduced. This, coupled with ongoing increases in unit costs in domiciliary and nursing care, has meant that expenditure levels are significantly in excess of the approved budgets. The overspend within this area is partly mitigated by various underspends in other areas, notably on staffing budgets where staff turnover and offsetting grant funding are providing significant savings.
26. Aside from Older People Commissioned Services, the other commissioned services are projecting underspends. In Learning Disabilities, an underspend of £265,000 is reported as a result of a reduction in the number of care home placements and a shift from domiciliary care to direct payments during 2018. An underspend, of £227,000, is also anticipated in relation to Mental Health Services, as a result of the continuing trend for reductions in the number of residential placements and, in line with previous years, an underspend on budgets allocated to the service for additional commitments in relation to Deprivation of Liberty Safeguards (DOLs). An underspend of £187,000 is evident in relation to budgets for Physical Disabilities, which is a reflection of activity levels remaining relatively stable or declining in the case of residential care.
27. Internal Services are currently projecting a net underspend of £1.703 million. This is mainly due to anticipated savings of £923,000 in Assessment and Care Management and £645,000 in Day Care & Reablement Services. In both services, there are significant staffing savings evident, as a result of high turnover but also the utilisation of grant funding to offset staff costs in a range of areas. In addition, Internal Support & Management is projected to underspend by £192,000, again as a result of staff savings and the utilisation of grant funding. There is an offsetting overspend of £57,000 in relation to Internal Learning Disability Support Living & Day Care, where additional staff costs have meant that historic savings targets remain unachieved.

#### Children's Services +£2.734 million

28. The Children's Services budget is currently projecting an overspend of £2.734 million. This is after taking into account the drawdown of the £2 million



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. The ongoing pressures in relation to external placements for looked after children continue to underpin the overspend in this area, after allowing for both the use of the contingency budget and the significant growth, including a realignment, of £6.696 million allocated to the service as part of the 2019/20 budget. The overspend position at Month 4 largely reflects pressures on the budget for external placements. The overspend in this particular area totals £2.338 million and is evidenced by the number of looked after children increasing from 886 in December 2018 to 930 at the end of July 2019, representing a 5.0% increase. Included within this is a significant, disproportionate, increase (18%) in the number of high cost residential placements, where an additional 11 placements has led to a £2.5 million expenditure increase. Placement budgets were also reduced as part of the 2019/20 savings proposals and this has compounded the issue. External fostering budgets were also reduced to reflect savings proposals and, although numbers have remained relatively stable, an overspend is evident. Internal Adoption & Fostering is also forecasting an overspend, of £350,000, again reflecting the growth in looked after children, with the number of internal fostering and kinship placements 6% higher than the 2018/19 average. Adoption fees also continue to increase, again placing additional pressure upon the budget.

29. Other significant overspends include Targeted Services, where an overspend of £561,000 is projected, mainly as a result of increased agency costs, which are approximately £500,000 greater than the previous financial year. Specialist Services, including support for care leavers, is reflecting an overspend of £275,000, which is mainly the result of the ongoing high cost of supported accommodation and the overall increase in the number of looked after children. Increased agency expenditure is also a pressure in this area. The most significant underspend within the division relates to Early Intervention, where additional grant funding and staff savings are contributing to an underspend of £560,000, albeit these savings are partly offset by increased agency costs within the MASH. An in-year saving of £217,000 is also evident in relation to guardianship orders, with no increase in the rate for residential order allowances anticipated to be paid out in this financial year. However, the total available saving is partly offset by an increase in the number of allowances. Small underspends are also projected in relation to Safeguarding and Support budgets, mainly due to staffing savings and extra grant funding.

### **Planning, Transport & Environment +£2,457,000**

30. The directorate is currently projecting an overspend totalling £2.457 million, predominantly due to significant overspends within Recycling & Neighbourhood Services and Fleet Services. In addition, overspends are projected against Planning & Building Control, Energy Management, Shared Regulatory Service and Management & Support. Underspends are anticipated within Highways and Transport Planning, Policy & Strategy, with over divisions projecting balanced positions. A shortfall totalling £1.722 million is projected against the 2019/20 savings target of £3.819 million, with £961,000 achieved to date. This shortfall primarily relates to Fleet Services

and a review of vehicle utilisation and rationalisation across the Council's fleet, as well as the intention to commercialise the service and generate additional income. Other significant shortfalls relate to Recycling & Neighbourhood Services, where proposals to review business processes in relation to waste services, review the staffing resource across the service and increase income by growing the commercial waste and recycling centres are not delivering the targeted savings. The other main shortfall relates to the delivery of the approval body for sustainable drainage, with the outcome being lower than anticipated income generation.

31. The overspend within Recycling & Neighbourhood Services totals £1.528 million and reflects a number of significant overspends and the aforementioned savings shortfalls, which total £899,000 when including unachieved savings from the previous financial year. Significant pressures include income shortfalls and additional operating costs within Trade Waste Collections, Domestic Collections and the Materials Recycling Facility (MRF). As well as these overspends, there are income shortfalls in relation to the Waste Transfer Stations, Environment Enforcement and landfill gas royalties. These pressures are partly mitigated by a saving against the overall treatment of waste, funding provided for planned ward changes and the bottles and jars rollout for collections, which are being reviewed, and reduced operational costs in Street Cleansing. The Council's 2019/20 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 recycle materials. Having reviewed this area, as part of the monitoring process, the reported position reflects the full allocation of this contingency budget.
32. Other overspends across the directorate include an adverse variance of £644,000 in relation to Fleet Services. This overspend is mainly the result of significant savings shortfalls, relating to both the current financial year and previous years, coupled with a shortfall against income targets. Some mitigations are evident and have assisted with bringing the overspend down to the figure quoted. These mitigations include re-profiling of a loan repayment schedule and use of earmarked reserves. The Planning & Building Control overspend totals £193,000 and is due to planning fee income shortfalls, increased staffing and advertising costs, partly offset by the use of earmarked reserves. The Energy Management overspend comes to £115,000 and is because of a shortfall in renewable income sources and recharge income shortfalls, partly offset by in-year staffing vacancies. The Shared Regulatory Service overspend of £96,000 and Management & Support overspend of £53,000 are due to a licensing income shortfall and prior year cross-directorate savings shortfalls, respectively.
33. There are two underspends within the directorate, the first of which relates to Highways and totals £146,000. This underspend comprises savings on street lighting energy, additional income, utilisation of grant income and lower staff costs, as well as use of earmarked reserves. Partly offsetting these savings are overspends on the highways maintenance workforce, unachieved savings proposals and additional salt purchases for winter maintenance. Transport Planning, Policy & Strategy is projecting an underspend of £26,000 due to increased staff recharges and use of earmarked reserves offsetting unachieved staff restructuring savings and income shortfalls. The balanced

positions reported include Bereavement & Registration Services, where various financial pressures are set to be offset by the use of earmarked reserves, and Civil Parking Enforcement, where additional income generated will be transferred to the Parking Reserve.

## **Resources**

### **Governance & Legal Services +£11,000**

34. The directorate is currently forecasting an overspend of £11,000, comprising an overspend within Democratic Services, partly offset by an underspend against the Monitoring Officer budget. The Democratic Services overspend of £17,000 is due to additional transport and supplies and services expenditure and the £6,000 Monitoring Officer underspend relates to in-year employee savings. All other divisions are reporting balanced positions and the 2019/20 savings proposals, which amount to £372,000, are currently anticipated to be achieved in full. These balanced positions include Legal Services, where a significant overspend in relation to external legal fees is offset by an equivalent in-year saving against employee budgets. There is a degree of correlation between staffing vacancies and external legal fees incurred and it is anticipated that as vacancies are filled, the level of external legal expenditure could reduce. However, the number and complexity of safeguarding cases means that the risk of further external expenditure remains, even if the staffing establishment is filled.

### **Resources +£48,000**

35. The Resources directorate is currently projecting an overspend of £48,000, which is predominantly as a result of an overspend within the Digital Services division, partly offset by underspends within Finance, Commissioning & Procurement and Human Resources. All other divisions are reporting minor variances or balanced positions. A shortfall of £56,000 is currently projected against the directorate's £1.517 million savings target for 2019/20. These shortfalls relate to the generation of additional income within Health & Safety, income generation relating to the Council's trading company for procurement and commercial services and the delay in relocating the Council's in-house Occupational Health Service.
36. The projected overspend within the Digital Services Division totals £256,000 and mainly relates to an overspend against Enterprise Architecture due to income shortfalls and an overspend in relation to licence costs, partly offset by in-year employee savings. Customer Services is also projecting an overspend, largely due to additional employee costs and the loss of some grant income this year. Partly offsetting the figure is an underspend within the Capital Ambition Delivery Team as a result of additional income partly offset by additional employee costs. The Emergency Management Unit is also projecting an underspend due to in-year employee savings.
37. The largest underspend within Resources relates to Human Resources and totals £93,000. This is mainly because of savings against HR systems and additional recharge income. In addition, there are employee savings in

relation to Organisational Development, partly offset by an overspend against Service Delivery, which is due, in part, to the savings shortfall in connection with the Occupational Health Service. The Commissioning & Procurement underspend totals £65,000 and is primarily due to in-year savings arising from staffing vacancies, offset by supplies and services overspends and the aforementioned income shortfall. The Finance underspend of £55,000 is largely due to additional income, reduced employee costs and supplies and services savings within the Accountancy function.

### **Civil Parking Enforcement**

38. 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 Civil Parking Enforcement budget for 2019/20 assumed a trading surplus of £7.227 million. The current projection indicates this surplus will be £8.019 million, an increase of £792,000.
39. Increased income of £779,000 is anticipated, mainly from MTO's following the over achievement of existing phases against original expectations. There is also an over achievement in on-street car parking fees through a combination of increased charges and higher volumes linked to the digital payment process. In addition, penalty charge notices are higher following the successful recovery of unpaid fines by the Traffic Enforcement Centre. The off-street car parking fees are forecast to be lower than the target due a delay in introducing the proposed revised tariffs and stay limits in the district car parks. Expenditure is projected to be £13,000 below budget. This includes reduced employee costs caused by in year vacancies offset by additional support charges and higher operating costs at the car parks.
40. The anticipated surplus of £8.019 million will be transferred to the Parking and Enforcement Reserve. This is available to support highway, transport and environmental maintenance and improvements. The brought forward balance in the reserve is £1.490 million, which together with the forecasted surplus from CPE activities in 2019/20 results in a total sum available of £9.509 million. The anticipated drawdown from the reserve is £7.835 million, which would leave a year-end balance of £1.674 million.

### **Housing Revenue Account**

41. The Housing Revenue Account (HRA) is currently projecting a deficit of £547,000. The major variance is a potential £551,000 overspend on the Housing Repairs Account. This reflects an increased number of void properties and a requirement for additional compliance work. Other overspends include rent and service charge income below target (£730,000) and insurance costs above budget (£164,000). The balance of the overspend (£117,000) is mainly due to building costs including utilities. These variances are offset by unbudgeted Affordable Housing Grant receipts (£839,000) and by capital financing charges below target (£176,000).

42. The overspend on the Housing Repairs Account is based on current statistics around tenant demand, average volume and cost of works and void property levels. Service management continue to review the position with the aim of managing this overspend against a background of contractor issues and plans to bring more work in house. Rent and service charge income below target reflects the restricted rent uplift for 2019/20 and the ongoing impact of Welfare Reform, which results in an increased bad debt requirement. Insurance forecasts are largely based on average costs in previous years but will depend on the number and value of claims which will not be clear until later in the financial year.
43. It should be noted that any deficit will be met by a transfer in from HRA general balances with no impact on the Council General Fund. However, should this transfer be required, it is not planned for within the 30 year HRA Business Plan and will, therefore, reduce the ability to deal with budget pressures and funding requirements within the HRA in future years.

### **Cardiff Harbour Authority**

44. Welsh Government support for Cardiff Harbour Authority has been subject to three-year funding agreements. The current budget represents a reduction of £177,000 or 3.3% on 2018/19. The forecast at the end of quarter one indicates a funding requirement of £5.223 million, representing a full spend against budget. The position includes reduced groundwater, environment and facilities management costs and lower income generation, offset by some additional essential maintenance costs at the barrage. The projected income of £958,000 includes £549,000 from car parking fees, £263,000 from harbour dues and £98,000 from water activities.
45. The Harbour Asset Renewal budget is set to be fully spent during 2019/20 and detail of capital expenditure is set out in the Capital section of this report on paragraph 7.
46. The CHA maintains a Contingency and Project Fund, which is used to support projects and provides a contingency if the approved budget is exceeded. The Fund receives contributions from a combination of receipts from the sale and disposal of land and a share of past year underspends on the Fixed Cost budget. The balance at 31 March 2019 was £42,000 and this is in line with the amendments to the Deed of Variation as agreed in April 2018.

### **Capital**

47. The Council in February 2019 approved a new Capital Programme of £146.556 million for 2019/20 and an indicative programme to 2023/24. The budget for the General Fund and Public Housing has since been adjusted to £151.686 million to include actual slippage reported at outturn, incorporation of new grant approvals and confirmation of actual grant awards.
48. The sections below indicate a forecast position for 2019/20 for the General Fund and Public Housing.

## **General Fund**

49. The projected outturn for the year is currently £71.922 million against a total programme of £104.301 million, a variance of £32.379 million, which is predominantly due to slippage. Expenditure at the end of Month 4 was £9.339 million which represents 13% of the projected outturn, but several large projects are expected to start in the latter part of the year.

## **Capital Schemes Update**

50. 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.
51. 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.
52. 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**

53. The 2019/20 programme for the Directorate is £10.889 million, with an initial variance identified of £1.635 million predominantly in relation to city development and major projects.

## **Business and Investment**

54. The Council received a further £2.810 million of town centre loan funding for Butetown and Grangetown, which is repayable by 2032. This makes the total available to the Council of £4.810 million towards loans to third parties in order to bring back vacant, underutilised or redundant buildings into beneficial use. Subject to the Council's usual governance processes, proposals are being developed to include properties in Bute Street. These will need to be the subject of due diligence and ensuring appropriate security arrangements for any loans, accordingly the timing of expenditure is uncertain at this stage. No expenditure is currently assumed this year but will continue to be reviewed.

## **City Development & Major Projects**

55. Council approved the Affordability Envelope in respect of delivery of a new indoor arena as part of the 2019/20 budget proposals in February 2019. Procurement of a developer/operator for the new Indoor Arena is currently under way, with the tender opportunity now live and available to prospective providers. The procurement process is expected to conclude around the end of March 2020, at which point a full business case on the delivery of the Arena

will be presented to Cabinet for final approval, and a contract will be awarded to the developer/operator. No capital expenditure is anticipated on this project until later in the financial year.

56. In the Council's five year programme, a sum of £2.366 million was allocated to economic development initiatives, primarily in relation to heritage buildings. A number of developments are being taken forward, with the allocation of £366,000 assumed to be slippage. Any commitments against the overall allocation will be reviewed as part of the 2020/21 budget process.
57. The primary phase of Central Square Public Realm was completed in November 2018 with costs of £8.7 million in 2018/19 and prior. Slippage of £342,000 is projected to be carried forward to complete works arising following future phases of the development.

### **Parks & Green Spaces**

58. The Asset Renewal Infrastructure budget of £140,000 along with slippage will be used for footpaths reconstruction at Rhyd-y-penau Park, Parc Cefn Onn and Hailey Park, fencing replacement at Greenway allotment and retaining structural works, including Waterhall bridge replacement.
59. The enhanced play equipment capital allocation of £278,000 will be used at the following sites towards resurfacing and replacement of playground equipment. Sites include Lascelles, Parc Caedelyn, Glenmount Way, Grange Gardens, Drovers Way, and various BMX and skate parks.
60. The contract for the landscaping work at Parc Cefn Onn is complete and the upper park reopened in August. Works included a timber walkway, footpath and seating improvements as well as pond works. The refurbishment of the toilet block will be subject to a further tender exercise, but is still assumed to be completed this financial year with additional funding required to complete this and all other elements to be met from the Council's building asset renewal budget and Park's infrastructure asset renewal budget.
61. Refurbishment works at Roath Park house to protect it from further deterioration and make it wind and watertight commenced in September and are anticipated to be completed in February 2020. The estimated cost is £570,000, with options for a commercial use generating income to be considered in parallel to ensure the site does not remain vacant. The project utilises funding from capital receipts from the disposal of the former youth hostel at Wedal Road agreed by Cabinet to be re-invested in the Roath Park District Area.
62. The replacement of the boat jetty at Flat Holm Island is expected to be completed this year at a cost of £385,000, funded from the Landfill Communities Fund.
63. The Heritage Lottery Fund has awarded £152,000 of development phase funding towards Flat Holm Island. This is for the Walk through Time project, in partnership with RSPB Cymru and the Flat Holm Society, and seeks to breathe new life into the Bristol Channel to preserve its heritage, protect its

rich wildlife and attract more visitors to the Site. Detailed expenditure profiles are yet to be determined and will be updated in future monitoring reports.

## **Leisure**

64. A property asset renewal budget of £135,000 has been allocated in 2019/20 to allow completion of car park drainage and resurfacing at Insole Court. This will allow recovery of final grant balances due from Heritage Lottery Fund and BIG Lottery.
65. As part of the contract for the transfer of leisure sites to GLL, the balance remaining of the £3.5 million for investment in the transferred leisure sites is £1.047 million. This is repayable on an investment to save basis, with detailed expenditure plans currently being developed by GLL, which include changing room refurbishment, pool play features, boiler replacement and lighting schemes.
66. Due to the deteriorating condition of the track at Cardiff International Stadium, replacement works that started in 2018/19 have now been completed at a total cost of £500,000 in line with the original agreement for transfer of the site to Cardiff and Vale College.
67. A tender package is currently being prepared for a scheme at Pontcanna riding school to resurface the outdoor arena which is necessary as it generates income for the school. Funding sources include a grant from Sport Council Wales and a contribution from the friends of Pontcanna riding school.

## **Venues and Cultural Facilities**

68. Capital budgets were initially allocated in 2015/16 for priority works identified at St David's Hall (£350,000) and New Theatre (£295,000), pending consideration of alternative options for service delivery from those sites. Dormer windows at New Theatre will be replaced this year, with the balance carried forward as slippage in to 2020/21 to develop a works package at St David's Hall.

## **Property & Asset Management**

69. Property Asset Renewal works for administration buildings will be developed over the year but currently includes the completion of stone balustrades on the roof at City Hall, replacement of emergency lighting and electrical remedial works at Cardiff Market works and a boiler plant replacement at Bute Park.
70. A scheme to introduce security measures at Brindley and Coleridge road depot site has been completed, replacing the manned security with technology to both improve the effectiveness of security at the site. The scheme was undertaken on an invest to save basis with repayment of expenditure over a five year period from reduced operational costs.
71. The Community Asset Transfer budget provides up to £25,000 for improvement works to buildings being taken on by third party organisations.



Payments are subject to progress on schemes and full slippage is shown at this stage into 2020/21.

72. The investment property estate is managed on a commercial basis with capital receipts generated from the sale of investment estate assets reinvested to improve existing properties within the estate or to purchase better quality assets. Expenditure currently expected during the year is for completion of refurbishment works at Senlan Industrial estate to bring units back into use.
73. Slippage of £331,000 is shown as the Council aims to secure National Heritage Lottery Funding towards wider more comprehensive improvements to Central Market. An expression of interest was submitted and approved in March 2019 with a phase 1 application submitted in May 2019. The outcome is expected in September and the Council has allocated £450,000 capital funding over the next four years as match funding and retains an earmarked revenue reserve of £281,000.
74. Following the completion of immediate health and safety works at the Former Virgin Active Tennis Centre site expenditure of £1.175 million is being undertaken to reconfigure the centre into separate, self-contained units comprising units, replacing mechanical and electrical services at the building. The costs are greater than initially expected due to incorporating new mechanical and electrical equipment within existing infrastructure whilst working around current occupiers of the property, however this will allow the securing of longer term lease arrangements for the beneficial use of the site as a local sports and club facility.
75. The full cost of the scheme must be met from disposal proceeds of land on the site as originally intended, with preparatory works on the disposal to be progressed in parallel with the works, which are expected to be complete in March 2020.

### **Harbour Authority**

76. The Harbour Asset Renewal budget approved for 2019/20 is £232,000, to be spent on various barrage structural works including completion of Bascule Bridge refurbishment and to replace and raise lock electrical panels.

### **Education and Lifelong Learning**

77. The 2019/20 programme for the Directorate is £33.718 million, with a net overall variance identified of £18.102 million primarily due to the delay and the re-profiling of Band B schemes, alongside the continued slippage of asset renewal including a scheme at Whitchurch High.

### **Schools - General**

#### *Asset Renewal - Buildings*

78. The Council asset renewal allocation of £12.659 million in 2019/20 includes £6.5 million of an additional £25 million approved over 5 years to address

condition, health and safety and additional learning needs within the schools estate. In 2018/19 the Welsh Government provided the Council with £4.262 million maintenance grant in March 2019. This was used to displace Council funding resulting in slippage of £4.130 million, which was carried forward to 2019/20. Expenditure in the year is anticipated to be £7.260 million on a range of roof and boiler replacements, fire precaution works, safeguarding of lobbies and kitchen upgrades. Due to limited scope for works to be carried out on schools buildings priority jobs are completed over the summer holidays but £5.399 million of slippage is expected due to delays in starting projects and capacity restraints.

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

79. The Suitability and Sufficiency budget of £894,000 is the net total after monies were brought forward in 2018/19 (£146,000) to pay for schemes completed a year earlier than planned. This budget is expected to be fully utilised in 2019/20 on arrange of works including; increased capacity for pupils with additional learning needs at Meadowbank, The Court, Marlborough and Bryn y Deryn as well as priority Disability Discrimination Act (DDA) adaptations across the Schools estate.

#### *Whitchurch High*

80. A £1.322 million separate allocation exists for works at Whitchurch High with future works subject to a full options appraisal. Opportunities for virements from existing education budgets will be considered subject to the impact of such an approach. As these options are currently under review it is assumed that there will be slippage of £472,000.

#### *Reducing Infant Class Sizes Grant*

81. As part of an ongoing programme to reduce infant class sizes, Welsh Government has agreed a £3 million grant funding package until 2021 for St Fagan's Primary, St Francis Primary and Oakfield Primary. Works at Oakfield are expected to be completed this year with the St Fagan's project scheduled to begin shortly. Slippage of £1.561 million is anticipated which must be spent in 2020/21 under the current grant conditions.

#### *Welsh Medium Grant*

82. A further grant of £1 million has been awarded in principle from Welsh Government to improve Ysgol Y Wern under the Welsh Medium programme. The project will increase the school to three forms of entry by providing two new permanent classrooms via extension of the existing building, along with the development of a welsh medium teachers training room in partnership with Cardiff Metropolitan, Welsh Government and the Central South Consortium.

## **Schools Organisation Plan – 21<sup>st</sup> Century Schools**

83. In March 2015, the Authority submitted a re-aligned 21<sup>st</sup> Century Schools Programme for investment totalling £164.1 million to Welsh Government. The 21<sup>st</sup> Century Schools Band A programme has fully utilised Welsh Government grant funding of circa £66 million with final spend in 2019/20 expected to be £1.8 million. These final schemes include final payments for the Eastern High School contract and demolition in relation to the Cardiff High School in the West project.
84. Band B of the 21<sup>st</sup> Century Schools Programme has now commenced with an overall estimated funding envelope of circa £240 million. This is to be funded by Welsh Government grant award with match funding from Cardiff Council at a rate determined by the type of school. The timescales of the programme has been reviewed since the initial submission to Welsh Government and will continue to evolve as detailed business cases are developed. At present three schemes are progressing; Fitzalan High, St Mary the Virgin and Doyle Avenue.
85. The stage one Fitzalan contract was recently awarded and preparatory and design work has commenced. Total spend anticipated in 2019/20 is £1.608 million out of the total £61.908 million allocated budget. The Doyle Avenue scheme is a complex scheme aiming to house three schools (Cantonian, Riverbank and Woodlands) on one shared campus. This is currently at the initial design stage.

## **People & Communities**

86. The total programme for 2019/20 is £11.809 million, with a variance identified of £1.695 million, the majority of which relates to slippage on regeneration schemes, youth hub projects, and expansion of the travellers site.

## **Communities & Housing**

### **Neighbourhood Regeneration**

87. The Neighbourhood Renewal Schemes programme of £310,000, includes street scene environmental improvements in Cathays and Riverside as well as implementation of a 3G sports pitch at Splott Park.
88. Shop front improvements at Clare Road and Penarth Road have been completed. The Maelfa regeneration scheme is progressing well, 9 new commercial units have been completed, including the fit out of 5 units. The demolition of the remainder of the shopping is complete and foundation work has started for the new Cardiff Community Housing Association residential units. The latter includes additional costs in respect of significant asbestos removal, security and land transaction tax and will be managed from within existing budgets within neighbourhood renewal.
89. Including slippage from the prior year of £54,000 the alley gating budget is £104,000 for priority schemes throughout the city. Subject to completion of consultation and legal procedures, full expenditure is currently forecast.

90. In March 2018, Cabinet agreed priorities for submission under the Welsh Government Targeted Regeneration Investment (TRI) Programme. In accordance with the terms and conditions of the funding, the Council has allocated its own resources to supplement other public and private funding sources. Council funding of £337,000 is available in 2019/20 with a further £900,000 in the following year. Pending confirmation of approval of initial schemes in the South Riverside business corridor, slippage of £150,000 is currently shown.
91. The Council has received confirmation of Welsh Government MALD funding totalling £225,000 for the refurbishment of Whitchurch and Rhydypennau libraries to create community wellbeing hubs. The cost of both schemes individually are in excess of £500,000 and are reliant on confirmation of Intermediate Care Fund (ICF) grant bids to support the creation of a number of hubs to be able to proceed. Until such confirmation is received, there remains a risk to the schemes progressing.
92. The Council aims to develop an integrated city centre business academy for young people, at Grassroots in Charles Street. This would offer young people advice and support on a wide angle of health, wellbeing and housing needs alongside employability skills, entrepreneurial advice and co-working spaces. The project is at design stage and with forecast costs of over £2 million, Intermediate Care Fund and other grant bids have been submitted in relation to the scheme, but have not been approved to date. Pending confirmation, it is unlikely that there will be significant expenditure on the scheme in this year and slippage is shown for a consecutive year with £800,000 carried forward to 2020/21.
93. A contract to develop a creative hub at Butetown youth pavilion has been let, with total expenditure to be £793,000 including all fit out. An additional Targeted Regeneration Investment grant from Welsh Government has been confirmed of £429,000 to supplement the Council's own funding, with any balance of council to be retained for the development of other youth.

### **Housing (General Fund)**

94. The Disabled Facilities Service budget for mandatory and discretionary grants to housing owner-occupiers as well as for administration costs for the grants is £4.400 million and is expected to be fully utilised. This expenditure allows housing owner-occupiers to continue living in their own home. In addition Enable grant totalling £436,000 has been received in the year from Welsh Government to deliver additional adaptations.
95. An Intermediate Care Fund (ICF) grant of £660,000 was received at the end of March and used for adaptations. In accordance with the terms in accepting the grant, the Council has carried forward its own displaced resources into 2019/20 as slippage, to be spent on agreed ICF priorities with the health board.
96. To facilitate comprehensive regeneration schemes, the estate environmental improvement allocation supports the costs of works to owner-occupier

properties as part of the Public Housing programme. Schemes during the year include Anderson place, Taff embankment, Roundwood Estate, Arnold Avenue and Bronte Crescent. The budget will also contribute towards any requirement for enabling works as part of approved energy efficiency schemes, for which £100,000 is assumed whilst a WG led scheme is developed.

97. Plans to expand the number of pitches on traveller's sites are subject to acquisition of land, securing grant from Welsh Government for the construction of additional pitches, viability and planning consent. At this stage slippage of £450,000 is shown, however is currently dependent on the factors outlined above.
98. Construction work on the Domestic Abuse One Stop Shop at the Cardiff Royal Infirmary site in partnership with the Health Board is forecast to complete in December 2019, with the total cost being in line with the £1.2 million initially allocated. The facility will be run by RISE which is a consortium of organisations who provide services to support women.

### **Flying Start**

99. The budget for Flying Start Capital schemes for the year totals £18,000. This comprises £8,000 allocation for Shirenewton Playgroup and £10,000 for First Steps, Trelai Primary. It is anticipated that all works will be completed by year-end. Additional Childcare grant totalling £1.117 million has been awarded to support sufficient childcare places to meet demand generated by the Childcare offer. Whilst detailed schemes and a grant process is being developed, it is assumed that £400,000 will initially be spent in 2019/20.

### **Social Services**

#### **Adult Services**

100. The Day Centre Opportunities Strategy aimed to reconfigure day services for older people at three existing sites; Minehead Road, Grand Avenue and Fairwater day centres. The final scheme at Fairwater was completed in June 2019.
101. A number of bids have been submitted for Intermediate Care Fund grant funding and are pending formal approval from Welsh Government. These include technology to support assisted living; a scoping exercise to consider an expansion of day provision and the opportunity to develop a hub on the Tremorfa day service site and older person housing care-ready schemes to promote independent living for older residents. Updates will be provided in the next monitoring report.

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

102. Proposals from the remaining John Kane Fund include an extension and refurbishment of the Crossland's home. Designs have been completed and are to be the subject of a tender exercise, however the start of any scheme is dependent on ensuring the works impact on service delivery can be

mitigated. Subject to this, expenditure of £75,000 is currently assumed during the year whilst options are considered.

103. An Intermediate Care Fund grant application has been submitted to improve and increase capacity of Trelai Youth Centre on the Ty Gwyn Special School campus, making it available to children and young adults with learning disabilities and complex needs in Cardiff for out of school activities. Updates will be provided in the next monitoring report.

## **Planning, Transport & Environment**

104. The 2019/20 programme for the Directorate is £43.680 million, with a variance identified of £10.947 million. This is primarily in relation to slippage of energy, waste, highway infrastructure and transport projects. A range of grants have been approved by Welsh Government, in most cases, with a requirement to undertake expenditure by 31 March 2020. Schemes and associated preparatory works will need to progress promptly in order to maximise utilisation.

## **Energy Projects & Sustainability**

105. Subject to due diligence, a number of schemes are to be undertaken under the second phase of the REFIT programme. Total expenditure of £300,000 is forecast in 2019/20, with a further £600,000 in the following year on lighting enhancements and solar panels, primarily on school sites. A Salix repayable loan funding application will be made for the works.
106. Salix Energy Efficiency Loan Schemes (SEELS) are repayable loans that aim to achieve energy efficiency and carbon reduction savings on public sector buildings. There is likely to be a delay in future schemes, whilst the approach to procuring further projects is reviewed.
107. In May 2019, Cabinet approved the final business case to deliver a solar farm at Lamby Way and planning consent was also received. The Solar Farm is a long term invest to save project which is projected to be self-financing over its operational life which is in excess of 30 years, as well as delivering long term financial benefits to the Council in addition to the significant carbon reduction benefits highlighted in the case. Cabinet also approved increasing the size of the facility from 7.5 megawatts to c 9.0 megawatts. The works cost is estimated at £7.710 million. With completion expected in spring 2020, slippage of £1.680 million is shown at this stage.
108. It should be noted that the costs of all projects identified above together with ongoing maintenance must be paid back from savings or future income generation.

## **Bereavement & Registration services**

109. The total programme of £1.195m reflects site and facility improvements of £425,000, which includes cemetery section expansions, works to chapels including installation of air conditioning, works on war memorials, equipment replacement and £750,000 towards the new Cardiff cemetery site. In relation

to the latter, any expenditure must be repaid from future income receivable as part of the bereavement reserve. Slippage of £370,000 is currently anticipated due to delays in accessing the site until later in the year in order to undertake site investigations.

### **Recycling Waste Management Services**

110. The five-year capital programme includes £3.325 million to explore options for a new household waste recycling / reuse centre. No expenditure is forecast to be incurred during the year until a suitable site is identified, resulting in slippage of £200,000.
111. As part of a separate glass collection trial in 2018/19, recycling containers and associated equipment costing £285,000 were acquired during that year. The Capital programme for 2019/20 includes an allocation of £815,000 to roll out the scheme, which is subject to confirmation of the way forward by Cabinet in autumn 2019. At this stage full expenditure is assumed.
112. The programme continues to include a £500,000 allocation towards a package of acceptable fire safety measures in relation to the Materials Recycling Facility (MRF) equipment and building. Further work is required in order to determine whether mitigations already put in place are just as effective as works to the facility which could cost more than the funding currently available. Pending a review, slippage of £500,000 is shown into 2020/21 as expenditure during the year is unlikely to take place. The need for this allocation will need to be reviewed during the budget process for 2020/21.
113. Expenditure of £375,000 is proposed to be undertaken on a number of enhancements to Waste management infrastructure including site crossings for users, security barriers, vehicle wash and other health and safety actions.

### **Highway Maintenance**

114. Expenditure on the reconstruction of structurally deteriorated roads which are deemed to be a priority is forecast to be £400,000. Site investigations will determine the most appropriate treatment to address condition and form the basis of any tender exercise. Prioritised roads are Greenway Rd, Nant Fawr Crescent and New Road.
115. The budgets for carriageway and footpath works total £8.191 million including slippage from 2018-19 which has been used to complete 2018/19 carriageway preventative, resurfacing and patching contracts. Assessment works for the 2019/20 programme are complete and the programme is being finalised before a procurement exercise is undertaken. Slippage of £1.7 million is currently forecast by the Directorate for resurfacing that will be done in conjunction with a number of capital schemes within the City Centre, programmed for 2020/21.
116. The five year capital programme includes a sum of £2.250 million to replace the timber surface of the Millennium Walkway which is coming to the end of its expected lifespan. The 2019/20 allocation is to support design with

potentially a small area of new sustainable material being trialled before wider roll out. Slippage of £150,000 is currently assumed.

117. The Bridges and Structures budget of £1.350 million will support replacement of Butetown tunnel emergency doors, Capel Llaniltern Culvert works and strengthening and refurbishment of the half joints at A48 Rhymney River Bridge. Assessment reports are awaited for North Rd Flyover and Station Rd to inform the level of works required, therefore slippage of £500,000 is currently forecast.
118. The street lighting renewal budget is to be used for replacement lighting in subways and low level solar powered bollards, with the first phase in Pentwyn, followed by Gabalfa. Design has been undertaken for a programme of cable and column replacement works at Eastern Ave to be phased over a number of years, however this is unlikely to start until January 2020. Slippage of £530,000 is currently assumed.
119. Following a successful trial of LED lighting in the Radyr Ward, with the conversion of 1,250 columns, an invest to save business case has been approved for all remaining residential columns to be converted to LED at a potential cost in excess of £6 million. Subject to the start and completion of tender process during the year, £1 million slippage currently assumed.
120. As part of a coastal defence scheme to implement improvements from Rover Way to Lamby Way, WG grant of £639,000 has been awarded to progress design, habitat assessments and complete a full business case. Slippage of £248,000 is currently assumed.

### **Traffic & Transportation**

121. The Council Road Safety Schemes budget of £335,000 and £190,000 budget for 20mph zones will be used to match fund schemes being delivered under Local Transport Fund, Active Travel Fund (Lakeside Primary) and Road Safety Fund grants. Full spend is currently anticipated.
122. The asset renewal telematics budget of £135,000 is to be used for replacement of obsolete CCTV cameras at various locations.
123. The total budget for cycling development in 2019/20 is £2.5 million, which will be used to match fund WG grant funded schemes. Slippage of £2 million is forecast, in line with the delivery programme of Cycle Superhighway schemes.
124. A sum of £375,000 Council match funding is included in the Capital Programme to help secure a range of Welsh Government grants where match funding is required. Together with slippage from 2018/19 this is to complete a range of schemes for Local Transport, Safe Routes in Communities and Road Safety. Welsh Government terms and conditions require all grant to be utilised by 31 March 2020
125. City Centre and Key Links Transport Improvement budget of £1.684million including slippage is to be utilised towards schemes in the City Centre.



Slippage of £1.259 million is anticipated, in line with the delivery programme. £425,000 will be used in year towards the design of City Centre Eastside.

126. The Welsh Government allocation to Cardiff for the Local Transport Fund is £5.558 million. The fund supports development of integrated, effective, accessible, affordable and sustainable transport systems. Schemes bid for and approved this year include bus improvements on the A4119 and the A470 (£876,000), City Centre Transport Development to support sustainable travel infrastructure in the city centre (£2.750 million), to extend the on-street cycle hire scheme (£500,000), active travel to schools (£500,000), expansion of the 20mph limit area (£500,000 and to deliver a package of strategic cycle routes and on-street parking (432,000).
127. The Local Transport Network Fund allocation of £150,000 is to improve bus performance on strategic routes, through removal of priority narrowing's at key locations.
128. A Welsh Government Road Safety grant of £522,000 will support capital projects that reduce road casualties. Schemes include traffic calming and pedestrian improvements on Rhydypennau Road near Dan-y-Coed Road and the A48 Western Ave. Design for a safety scheme will be undertaken on Crwys Rd for construction in 2020/21 subject to a successful grant bid.
129. Safe Routes in Communities Grant of £267,000 aims to improve the accessibility and safety and encourage walking and cycling in communities. There is particular emphasis on improving routes to and from schools with works proposed for Ninian Park Primary.
130. The Active Travel Fund allocation is £3.958 million. The purpose of the fund is to increase levels of active travel, improve health and well-being, improve air quality, reduce carbon emissions and connect communities. Funding will support Cardiff Cycle Superhighways stage 1 (£2,507 million), design and implementation of walking and cycling schemes (£679,000) and an allocation of £772,000 to implement a number other improvements to the Integrated Network Plan.
131. A grant of £134,000 was approved from the Department for Transport towards the costs of implementing on street residential charge points for electric vehicles. Match funding of £45,000 was allocated from the Parking Reserve. Implementation is now complete at 10 locations across the city.
132. An allocation of £310,000 from the Parking reserve has been approved to install Electric Vehicle charging points for Cardiff Council vehicles at numerous locations, to support a move towards an electric vehicle fleet. The number and locations of points as well as numbers of vehicles suitable for conversion are currently being determined.
133. In relation to moving traffic offences, expenditure of £460,000 is to be incurred on purchasing motion cameras and a camera car for mobile enforcement, £125,000 for attended parking stationary cameras and £160,000 for additional pay and display machines. This expenditure is on an

invest to save basis, to be repaid from future parking and enforcement income.

134. Full slippage of the Parking Reserve funded bus corridor improvements budget £335,000 is proposed in order to prioritise grant expenditure, due to programme delays on match funded schemes (A4119 Ph2d & A470 Caedelyn to Tyn-y-Parc). This slippage will be required in 20/21 to complete the schemes.
135. In order to comply with the requirement of the environment act 1995 – air quality direction 2019 - the Council has submitted a business case and options for delivering compliance in the shortest possible time. Welsh Government has committed to supporting the costs associated with implementing the agreed measures including city centre schemes to enable their implementation.
136. Design works are being progressed pending formal confirmation of grant from Welsh Government.

### **Resources**

137. The 2019/20 programme for the Directorate is £4.205 million, with this currently forecast to be fully committed by the end of the year.

### **Technology**

138. The Modernising ICT budget aims to support projects in the Cardiff Capital Ambition programme and the digitisation of business services utilising modern technology. Expenditure planned during the year includes continued roll out of SharePoint (Electronic Document Management System), teams developing the Cardiff App and other Digitalisation projects and development of a Virtual Assistant (ChatBot). The £1.1 million budget for the year is forecast to be fully committed.
139. The ICT Refresh budget of £398,000 will support a range of projects to support resilience, capacity and capability such as core network switch replacement, telephony rationalisation and update of firewalls.

### **Corporate**

140. 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.
141. The £500,000 invest to save budget for small schemes has not been requested to be drawn down for approved schemes to date. It is assumed that this will not be required during the year but will be adjusted in future monitoring reports if schemes are approved during the year.
142. Whilst the programme for 2019/20 includes for a payment of £2.474 million as part of the Council's £28.4 million approved contribution to the £120 million

Cardiff Capital Region City Deal (CCRCD) wider investment fund, the timing and value of approved and proposed projects being considered by CCRCD joint committee is uncertain. Any payment by the Council will also be dependent on the different funding streams available to CCRCD to meet obligations under the project.

143. The Council's five year capital programme includes a loan application from Cardiff City Transport Services of £2 million towards the replacement of diesel vehicles with electric buses. In accordance with the Cabinet report in June 2019, a loan would be considered subject to relevant due diligence and security as part of a number of clean air measures. No budget has been brought forward at this stage.

### **Capital Receipts**

144. The 2019/20 Capital Programme included an assumption of £3.0 million non-earmarked capital receipts net of fees. This includes targets to dispose of land as well as a number of retail parades as identified in the Annual Property Plan. To date the main disposal relates to the sale of 8 library street Canton (£289,000).
145. In addition to the above, a number of sites will be sold as part of the investment property strategy, for reinvestment in the estate and a number of land appropriations to the Housing Revenue Account will take place for the development of affordable housing. Subject to agreement of values, this includes sites of the former Michaelston and Llanrumney High schools as well as land identified as part of the Maelfa and St Mellons Hub redevelopments.

### **Public Housing (Housing Revenue Account)**

146. The 2019/20 capital programme for Public Housing is £47.385 million, with net overall slippage assumed of £2.111 million currently forecast.
147. Expenditure of £4.844 million is forecast on a range of estate regeneration schemes to tackle issues of community safety, defensible space, waste storage and courtyard improvements to blocks of flats. Major schemes within the programme include Anderson Place / Galston Street in Adamsdown, Taff Embankment, the Roundwood estate Arnold Avenue and Bronte Crescent. Progress in delivering schemes on site is positive, allowing a number of schemes to be brought forward from future years.
148. An amount of £10.288 million is forecast to be spent on improvements to the existing dwellings stock including £2.3 million on roofing, £1 million on lift upgrades, £1.2 million on upgrades to Highrise, £1.6 million on sheltered accommodation schemes including Clos Y Nant and Brentwood. A range of other investment will be undertaken including boiler replacement, rewiring, underpinning of properties where subsidence issues were found, front door upgrades to flats and kitchen and bathroom upgrades when properties become vacant prior to re-letting. Slippage of £3.262 is recognised primarily

in relation to front door upgrades to flats to allow for further fire testing and also rewiring.

149. Expenditure on disabled adaptations for public housing is forecast to be £2.9 million with additional pressures to be managed within the overall budget allocated.
150. A report outlining the Councils strategy for delivering 1,000 new council homes by May 2022 and at least 2,000 in the longer term was considered by Cabinet in May. Expenditure on the development of new housing over a number of sites during the year is estimated to cost £27 million in total. This includes completion of phase one living sites, preparation for future phases as well as specific developments such as Caldicot Road, Greenfarm Hostel shipping container scheme, Courtney Road, and acquisition of the Iorwerth Jones home site. Opportunities will also be considered to bring forward the acquisition of individual property acquisitions subject to viability and suitability of the properties.

### Section 106 Schemes and Other Contributions

151. 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:

	<b>Budget</b>	<b>Projection at Month 4</b>	<b>Variance</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
Parks & Green Spaces	1,342	992	(350)
Traffic & Transportation	802	432	(370)
Strategic Planning & Regulatory	156	101	(55)
Neighbourhood Regeneration	349	335	(14)
Economic Development	382	78	(304)
Education & Lifelong Learning	330	274	(56)
Public Housing (HRA)	520	520	0
<b>Total</b>	<b>3,881</b>	<b>2,732</b>	<b>(1,149)</b>

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

- Parks and Green Spaces – Schemes are proposed to be undertaken in a number of areas including Adamsdown Open Space, Craiglee Drive, Trelai and Jubilee Park, Gelligaer Street, and Grange Gardens play areas, and cycle improvements along the Roath Park Corridor. Capacity to deliver schemes continues to be reviewed.
- Traffic & Transportation – public transport improvements, junction improvements, bus stops and bus borders; installation of CCTV and real time information, telematics and transportation schemes including the provision of bus routes in the City and strategic transport initiatives.

- Strategic Planning – Detailed Design of City Road Public Realm Enhancement Scheme.
- Neighborhood Regeneration - Improvement of community facilities at Penylan Library and Community Centre, Butetown Pavilion, St Peters Community Hall, Old St Mellons Village Hall and Maes y Coed Community Centre and Llwynfedw Gardens.
- Economic Development – Support for small to medium enterprises in Adamsdown, Butetown and Llanishen.
- Education & Lifelong Learning – Condition works at Llanishen High School.
- Public Housing – development of new Council housing.

### **Reasons for Recommendations**

153. To consider the report and the actions therein that form part of the financial monitoring process for 2019/20.

### **Legal Implications**

154. 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**

155. In summary, the Month Four revenue monitoring position for the Council reflects an overall projected deficit of £325,000, with significant directorate overspends offset by the use of contingency allocations, a Capital Financing surplus and one off funding in relation to Teachers' Pensions. The position reflects various in-year pressures and 2019/20 savings shortfalls amounting to £6.290 million. A range of management actions have already been implemented, the effect of which are reflected in the figures included within this report. However, the intention is to continue to maintain tight management control, specifically in relation to directorate positions to significantly reduce overspends by the end of this financial year. In the event that an overall deficit position cannot be avoided, the result will be a reduction in the level of Council Fund Balance held by the Council. As currently stated, the projected £325,000 deficit would result in a reduction to level the Council Fund Balance, from £14.255 million to £13.930 million.
156. Whilst the overall directorate overspend has largely been mitigated at this stage of the financial year, there remains a risk that directorate positions could worsen during the remainder of the year. This is particularly relevant when considering the nature of the financial pressures being experienced within certain directorates, especially those linked to demand-led services and the ever increasing demand for those services. It is also important to recognise the fact that one of the most significant mitigations in 2019/20 is the use of funding in relation to Teachers' Pensions. There is no guarantee that opportunities such as this will be available in future years and that it would be possible to balance the budget, should a similar level of overspend

occur in future years. On that basis, it is imperative that directorates continue to focus on addressing challenges within their budgets and managing financial pressures within their budgets as much as possible. In addition, it is essential that delivery of savings proposals is a priority and that shortfalls in this financial year are not carried forward into future years.

157. In relation to the 2019/20 Capital Programme, a variance of £32.379 million is currently projected against the General Fund element, predominantly in relation to slippage against various schemes. In terms of the Public Housing element of the programme, overall slippage of £2.111 million is currently forecast. Spend to date is also relatively low for this stage of the year and, therefore, there is a risk that the overall level of slippage could increase further. On that basis, it is critical that directorates take steps to minimise the risk of slippage and implement measures to ensure that budgets are utilised in a timely and appropriate manner. Where this is not possible, early reporting of emerging issues should take place and robust reprofiling of expenditure should be undertaken to inform the development of the overall programme for future years. This requirement is of even greater significance when considering those externally funded schemes, as it is important to ensure that the opportunity to utilise such funding is not lost.

## RECOMMENDATIONS

The Cabinet is recommended to:

1. Note the potential financial outturn based on the projected position at Month 4 of the financial year.
2. Note the allocations from specific contingency budgets to the People & Communities - Housing & Communities, People & Communities - Social Services and Planning, Transport & Environment directorates 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.

<b>SENIOR RESPONSIBLE OFFICER</b>	<b>CHRISTOPHER LEE</b>
	Corporate Director Resources
	<b>20 September 2019</b>

*The following appendices are attached:*

- Appendix 1 – Revenue Position
- Appendix 2 – 2019/20 Budget Savings Position
- Appendix 3 – Capital Programme