

CABINET MEETING: 21 NOVEMBER 2019

BUDGET MONITORING – MONTH 6 REPORT

FINANCE, MODERNISATION & PERFORMANCE (COUNCILLOR CHRIS WEAVER)

AGENDA ITEM: 6

Appendix 4 to this report is not for publication as it contains exempt information of the description in Paragraphs 14 and 21 of Schedule 12A of the Local Government Act 1972.

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 September 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. The presentation of surpluses and deficits follows the convention outlined in the Month 4 Monitoring Report, considered by Cabinet on 26 September 2019.

Issues

Revenue

3. Overall, the Month 6 revenue monitoring for the Council shows a net projected deficit for 2019/20 totalling £214,000, which represents an improvement on the £325,000 deficit reported at Month 4. The overall 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 £6.709 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. The overall change in position between reporting periods is predominantly the result of an

improved position within Social Services. A summary of the overall position is attached as Appendix 1 to this report.

4. The most significant directorate overspends include £3.834 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 £6.200 million is projected against the target of £19.157 million, with £9.022 million having been achieved to date and a further £3.935 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 6, 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.
5. As reported at Month 4, 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 and these sessions will continue throughout the year whilst overspends continue to be evident. 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.
6. 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. The Month 4 report identified that full allocations of these contingency budgets would be required and this report continues to reflect this. 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 £1.115 million 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.

7. As well as the overall directorate position, there are also some key corporate variances which continue to significantly offset the overspend at Month 6. 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.
8. 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 £170,000, reflecting additional expenditure when compared with Month 4. This variance includes 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.
9. 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 (£323,000)

10. 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 6 is a net surplus of £323,000. 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 £135,000 of lower external interest payable than originally assumed and an additional £317,000 in relation to interest receivable on temporary investment balances as well as other changes.

Corporate Management (£70,000)

11. An underspend of £70,000 is currently projected in relation to Corporate Management, reflecting a £20,000 improvement on the position reported at Month 4. The overall underspend 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)

12. 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 is partly offset by projected variances to the level of discounts and exemptions, as compared with the assumptions contained within the Council Tax Base Report, 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 +£407,000

13. The directorate is currently forecasting an overspend of £407,000, which represents a slight decrease on the overspend reported at Month 4. This minor change is comprised of an increased overspend within Facilities Management and additional costs within Major Projects, offset by various improvements across a number of other divisions. The overall position includes overspends within Facilities Management, Property & Office Rationalisation and Major Projects, partly offset by underspends within Business, Investment & Workshops, Parks and Culture, Venues & Events. City Centre Management, Corporate Landlord and Service Management are all reporting balanced positions. In terms of 2019/20 savings proposals, £3.136 million is forecast to be achieved against the £3.153 million target. The shortfall of £17,000 relates to Pest Control, and the intention to generate additional income by exploring opportunities for working with the private sector and other public bodies, and a review of security staffing costs. 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.

14. The projected overspend within Facilities Management totals £662,000. This overspend is largely due to additional expenditure in relation to FM Buildings which primarily relates to utility costs, security costs, cleaning and unachieved energy savings from prior years. There remain a number of risks and assumptions within this position, including full achievement of 2019/20 savings proposals, 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 and caretaking. Other overspends within the directorate include £91,000 against Major Projects, due to additional premises costs associated with the International Sports Village, and Property & Office Rationalisation, where a net £87,000 overspend is projected. This overspend comprises significant rental income shortfalls and additional utility costs, partly offset by additional surveyor and recharge income, staffing savings and an overall underspend against the Office Rationalisation budget, on the assumption of a reduced requirement to make a contribution to earmarked reserves.
15. Underspends within the directorate include £203,000 in relation to Business, Investment & Workshops. This is due to additional workshops rental income, vacancy savings and bus shelter advertising income, partly offset by income shortfalls elsewhere within the division. An underspend, totalling £125,000, is also projected in relation to Culture, Venues & Events. This particular 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. In terms of the New Theatre, additional income of £100,000 is anticipated following the transfer of the venue to an external operator. Other underspends relate to Parks, Construction & Design and Leisure, Play & Sport. These total £105,000 and are due to supplies and services underspends within Parks, staffing vacancies within Leisure & Play and additional income within Construction & Design.

Education & Lifelong Learning +£243,000

16. The overall position indicates an overspend of £243,000, which is in line with the figure reported at Month 4. Whilst the overall level of overspend remains unchanged, there have been offsetting changes within the position. These include additional recoupment within Out of Area Placements and the identification of additional income within Achievement, offset by additional School Transport costs connected with appeals. The overall overspend continues to be 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.

17. The largest overspend in the directorate totals £299,000 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 £100,000, 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 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 the School Transport, Services to Schools and Inclusion divisions, which are reporting overspends of £146,000, £81,000 and £107,000 respectively. The majority of this expenditure relates to additional transport provision beyond the scope of the policy, the costs associated with successful transport appeals and additional routes for pupils with ALN. This position includes additional in-year transport savings to be found, more detail of which will become visible during the autumn term. In-year underspends arising from the transfer into the Council of the school based counselling service partly offsets the Inclusion overspend. Elsewhere within the Services to Schools division is a projected deficit in relation to the Music Service, offset by in-year savings against ICT budgets and the effect of vacancy control.
18. Partly offsetting the overspends outlined in the previous paragraph is an underspend, totalling £108,000, against the Non-Delegated School Expenditure budget, which mainly 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 £99,000, 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 £133,000, mainly in relation to additional income, 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 balanced positions, including Education Grants.

People & Communities

Housing & Communities (£300,000)

19. An underspend of £300,000 continues to be projected against this directorate. A number 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 £750,000 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.
20. The most significant variance is an underspend of £264,000 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 still being undertaken. Security overspends are projected at the Housing Options Centre, however these are offset by other employee savings across the division, as well as additional staff recharge income and utility savings. In addition, the Independent Living Service is anticipated to underspend by £95,000, 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 are likely to be required to offset overspends within the pooled budget account. Hubs & Community Services is also projected to underspend, by £32,000, as a result of in-year employee savings following grant maximisation.
21. Overspends within the directorate include £47,000 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. An overspend of £30,000 is projected within Advice & Benefits and relates to income shortfalls within Central Hub. The other overspend totals £14,000 and relates to Housing Strategy & Service Development, due to additional employee costs. Included within the overall position is a projected drawdown of £1.115 million from the specific contingency budget set aside to meet increased costs in relation to the Council Tax Reduction Scheme. This reflects an increase of £139,000 on the figure reported at Month 4 and 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 (£30,000)

22. The overall position for this service is a net underspend of £30,000, reflecting a £27,000 improvement on the Month 4 position, due to additional in-year savings against employee budgets. Included within the position are projected underspends in relation to Media & Communications, Performance Management and Cohesion & Engagement, partly offset by overspends in relation to Bilingual Cardiff and Community Safety. The main underspends, which total £46,000, £36,000 and £23,000 respectively, are due to in-year

employee savings and additional external funding. Other underspends include £15,000 in relation to Cabinet Office and £14,000 in relation to Policy & Partnerships. These are both due to in-year employee savings resulting from vacancies. The Bilingual Cardiff overspend, which totals £46,000, is due to the cost of external translation and additional employee costs, with the Community Safety overspend of £57,000 due to greater than anticipated salary costs. Other budgets are projecting balanced positions and all 2019/20 savings proposals are currently projected to be achieved in full.

Social Services +£3,834,000

23. The overall position for the directorate reflects a projected overspend of £3.834 million, which reflects a net decrease of £366,000 on the position reported at Month 4. This change reflects the anticipated impact of additional grant funding within Adult Services and reductions in residential costs in Learning Disabilities, offset by increased external placement costs and growth in external adoption fees within Children's Services, plus additional costs in relation to older people nursing care. The overall position is comprised of overspends totalling £575,000 million in relation to Adult Services and £3.259 million in relation 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 continues to make no assumptions 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 +£575,000

24. The Adult Services division is currently projecting an overspend of £575,000, largely reflecting pressures in relation to Older People Commissioned Services. This particular service is projecting an overspend of £2.808 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 3.0%, 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.

25. Aside from Older People Commissioned Services, the other commissioned services are projecting underspends. In Learning Disabilities, an underspend of £408,000 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 £335,000, 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 £253,000 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.
26. Internal Services are currently projecting a net underspend of £1.522 million. This is mainly due to anticipated savings of £909,000 in Assessment and Care Management and £607,000 in Day Care & Reablement Services. In both services, there are significant staffing savings evident, as a result of high turnover but also a reflection of the utilisation of grant funding to offset staff costs in a range of areas. In addition, Internal Support & Management is projected to underspend by £137,000, again as a result of staff savings and the utilisation of grant funding. There is an offsetting overspend of £131,000 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 +£3.259 million

27. The Children's Services budget is currently projecting an overspend of £3.259 million, reflecting an increase of £525,000 on the Month 4 position. 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, with a significantly higher proportion of expensive residential placements evident in 2019/20. This is 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 6 largely reflects pressures on the budget for external placements. The overspend in this particular area totals £2.667 million and is evidenced by the number of looked

after children increasing from 886 in December 2018 to 937 at the end of September 2019, representing a 5.8% increase. Included within this is a significant, disproportionate, increase (23%) in the number of high cost residential placements, where an additional 14 placements has led to a £2.7 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 increased overspend, of £527,000, again reflecting the growth in looked after children, with the number of internal fostering and kinship placements 10% higher than the 2018/19 average. Adoption fees also continue to significantly increase, again placing additional pressure upon the budget.

28. Other significant overspends include Targeted Services, where an overspend of £603,000 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 £152,000, which is mainly the result of the ongoing high cost of supported accommodation and allowance costs for older children, plus an increase in exceptional needs costs. 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 £471,000, albeit these savings are partly offset by increased agency costs within the MASH. An in-year saving of £213,000 is also evident in relation to guardianship orders and minor variances are projected in relation to the Youth Offending, Safeguarding and Support budgets, mainly due to staffing savings and additional agency costs.

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

29. The directorate is currently projecting an overspend totalling £2.457 million, in line with the overall position reported at Month 4. Although the position has not changed in totality, the Month 6 position reflects improvements within Fleet Services and Shared Regulatory Services, offset by an increased overspend within Recycling and Neighbourhood Services. The overall position remains the result of significant overspends within Recycling and 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 other divisions projecting balanced positions. A shortfall totalling £1.630 million is projected against the 2019/20 savings target of £3.819 million, with £1.297 million 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 shortfalls relate to the delivery

of the approval body for sustainable drainage and the clamping of vehicles, with the outcome being lower than anticipated income generation.

30. The overspend within Recycling & Neighbourhood Services totals £1.717 million and reflects a number of significant overspends and the aforementioned savings shortfalls, which total £726,000 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. As reported at Month 4, the reported position reflects the full allocation of this contingency budget. In addition, the directorate have put a number of management actions in place, with the aim of limiting expenditure within this area. This position reflects the anticipated impact of these actions, however, should the full benefits not materialise, there remains a level of risk that the position could worsen during the remainder of the year.
31. Other overspends across the directorate include an adverse, albeit reduced, variance of £572,000 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 £191,000 and is due to planning fee income shortfalls, additional staffing costs and increased advertising costs, partly offset by the use of earmarked reserves. The Energy Management overspend comes to £143,000 and is because of a shortfall in renewable income sources. The Shared Regulatory Service overspend of £20,000 and Management & Support overspend of £35,000 are due to a licensing income shortfall and a delay to a planned staff restructure, respectively.
32. There are two underspends within the directorate, the first of which relates to Highways and totals £176,000. 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 £45,000 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 +£168,000

33. The directorate is currently forecasting an overspend of £168,000, which reflects a significant increase on the £11,000 overspend reported at Month 4. This increase relates to Legal Services and the increasing cost of external legal fees becoming evident as the year progresses. The overall position is largely the result of a Legal Services overspend, which totals £154,000, and is due to the aforementioned cost of external legal fees, partly offset by in-year savings against employee budgets due to vacancies. The level of fees being incurred is linked to the number and complexity of safeguarding cases. Whilst there is a degree of correlation between staffing vacancies and external legal fees incurred, there remains a risk of further external expenditure, even if the staffing establishment is filled. Other variances include overspends within Democratic Services and Member Services, partly offset by an underspend against the Monitoring Officer budget and Scrutiny Services. The Democratic Services overspend of £13,000 is due to additional transport and supplies and services expenditure and the £11,000 Member Services overspend is in relation to additional costs across a number of budget headings. Underspends included £6,000 against the Monitoring Officer budget, due to in-year employee savings, and £4,000 against Scrutiny Services. Electoral Services is currently reporting a balanced position and the 2019/20 savings proposals, which amount to £372,000, are currently anticipated to be achieved in full.

Resources - Balanced

34. The Resources directorate is currently projecting a balanced position, representing an improvement of £48,000 on the position reported at Month 4, primarily due to additional grant income within the Digital Services division. The overall position is predominantly the result of an overspend within the Digital Services division, 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, recharge income 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.
35. The projected overspend within the Digital Services Division totals £233,000 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 ICT Services as a result of additional Welsh Government grant income. The Emergency Management Unit is also projecting an underspend due to in-year employee savings.

36. The largest underspend within Resources relates to Finance and totals £130,000. This underspend is largely due to additional income within the Capital Ambition Delivery Team and in-year employee savings within a number of functions, partly offset by additional supplies and services costs and income shortfalls within Revenues. Human Resources is also projected to underspend, by £68,000, and 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 £41,000 and is primarily due to in-year savings arising from staffing vacancies, offset by supplies and services overspends and the aforementioned income shortfall.

Civil Parking Enforcement

37. 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 that this surplus will be £8.073 million, an increase of £846,000 and is broadly in line with the position reported at Month 4.
38. Increased income of £918,000 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 £72,000 above budget which includes additional support charges partly offset by reduced employee costs caused by in-year vacancies.
39. The anticipated surplus of £8.073 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 £9.563 million. The anticipated drawdown from the reserve is £7.525 million, which would leave a year-end balance of £2.038 million. The drawdown is lower than the original plan and the assumptions made at Month 4, primarily due to the slippage of the Bus Corridors scheme within Active Travel.

Housing Revenue Account

40. The Housing Revenue Account (HRA) is currently projecting a marginally revised deficit of £570,000. The major variance continues to be the potential overspend on the Housing Repairs Account, currently estimated at £522,000.

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 (£673,000) and insurance costs above budget (£164,000). The balance of the overspend (£344,000) is mainly due to building costs including utilities, repairs and maintenance requirements at the Community Hubs and CCTV monitoring costs for the Community Living Service. These variances are offset by unbudgeted Affordable Housing Grant receipts (£839,000) and by unchanged capital financing charges estimated at £176,000 below target.

41. 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.
42. 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

43. 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 two indicates an unchanged funding requirement of £5.223 million, representing a full spend against budget. The position continues to include 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.
44. 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.
45. 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

46. 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 £152.103 million to include actual slippage reported at outturn, incorporation of new grant approvals and confirmation of actual grant awards.
47. The sections below indicate a forecast position for 2019/20 for the General Fund and Public Housing.

General Fund

48. The projected outturn for the year is currently £64.982 million against a total programme of £104.718 million, a variance of £39.736 million, which is predominantly slippage. Expenditure at the end of Month 6 was £16.386 million which represents 25% of the projected outturn, half way through the financial year, however a number of large projects are expected to start in the latter part of the year.

Capital Schemes Update

49. 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.
50. The following provides an update on the significant capital schemes included in the programme in addition to the detailed list in Appendix 3.

Economic Development

51. The 2019/20 programme for the Directorate is £12.873 million, with an initial variance identified of £1.846 million predominantly in relation to developer contribution projects relating to public open space.

Business and Investment

52. The council received a further £2.810 million of town centre loan funding during the year 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. Butetown station has been redeveloped this year under this scheme and other opportunities 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

53. 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 shortlisted bidders now in a competitive dialogue phase. A full business case on the delivery of the Arena will be presented to Cabinet for final approval for a contract to be awarded to a developer/operator. No capital expenditure is anticipated on this project until the last quarter of the year.
54. Within the 'Indoor Arena – Next Steps' report approved by Cabinet in November 2018, Cabinet agreed to meet the Council's due diligence costs and underwrite the design and pre-development costs to be incurred by the Developer and Landowner in accordance with an agreed financial cap. Significant progress has been made since then, with Cabinet agreeing in July 2019 to proceed with a procurement for a developer/operator consortium for delivery of the new Indoor Arena, with further updates expected to be presented to Cabinet in December 2019, and a final decision on the appointment of a preferred bidder and approval of a final business case anticipated to be presented to Cabinet for a decision in March 2020. In order to continue with dialogue and final tender stages of the procurement process additional funding is required to be agreed. Details of the second phase of funding required to enable the project to complete the procurement of a preferred developer/operator consortium and to develop the final business case to be presented in March 2020 are set out in confidential Appendix 4.
55. 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. The 2019/20 allocation of £366,000 is being used towards the development of a new visitor attraction at the castle. Any grant approvals from Welsh Government will help support the costs of the scheme. Commitments against the overall allocation will be reviewed as part of the 2020/21 budget process.
56. The Council was informed in September of an award of £1.929 million of grant to support economic stimulus in local authorities. A suitable use in accordance with the terms and conditions is being developed and will be confirmed in the next budget monitoring report in February 2020.
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. In respect of asset renewal buildings, works to be undertaken this year include boiler plant replacement at Bute Park and changing room refurbishment. The budget includes a £117,000 contribution towards new toilet provision at Parc Cefn Onn, which subject to tender is assumed to start in the new year.

59. 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 structures including retaining walls and Waterhall bridge replacement.
60. 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.
61. 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 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.
62. 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 total 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.
63. The replacement of the boat jetty at Flat Holm Island is expected to be completed by the end of the calendar year at a cost of £385,000, funded from the Landfill Communities Fund.

Leisure

64. Property asset renewal budget of £189,000 has been allocated in 2019/20 to allow completion of car park drainage and resurfacing at Insole Court (£135,000) and £54,000 for condition and electrical works at Cardiff International Whitewater.
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 expenditure plans including 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 which 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 has been prepared for a scheme at Pontcanna riding school to resurface the outdoor arena which is necessary as it supports

income for the school. Funding sources include a grant from Sport Council Wales and a contribution from the friends of the 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 other works subject to a condition survey as part of discussions in respect to the new lease agreement. 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 includes the completion of stone balustrades on the roof at City Hall, upgrades to lifts at County Hall, replacement of the roof at Cardiff Castle visitor centre, emergency lighting and electrical remedial works at Cardiff Market, and 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 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 during the year is for completion of refurbishment works at Senlan industrial estate to bring units back into use as well as to bring road infrastructure at Lamby Way industrial estate to an adoptable standard.
72. Slippage of £331,000 in respect of Council allocated match funding 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 October as to whether funding has been awarded towards development costs of a scheme. 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.
73. 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 including 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.

74. 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

75. 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

76. The 2019/20 programme for the Directorate is £34.418 million, with a net overall variance identified of £22.660 million primarily due to the delay and the re-profiling of Band B schemes, alongside the continued slippage of asset renewal budgets including the scheme at Whitchurch High.

Schools - General

77. The Council asset renewal allocation of £12.513 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 £4.556 million on a range of roof and boiler replacements, fire precaution works, safeguarding of lobbies and kitchen upgrades. Due to limited scope for major works to be carried out on schools buildings priority jobs were completed over the summer holidays but delays in starting projects and capacity restraints have resulted in an anticipated £7.957 million slippage.
78. The Suitability and Sufficiency budget of £1.040 million 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 a range 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 in Rhiwbina Primary, Adamsdown and Ysgol Y Wern. A virement of £146,000 has been made from the asset renewal programme to cover additional works under the suitability heading in 2019/20.
79. 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 £822,000.

80. A grant of £1 million has been awarded 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. Slippage of £160,000 is anticipated against the scheme, which will continue into 2020/21.
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 planning and project costs planned for St Francis and St Fagan's. Slippage of £1.545 million is anticipated which must be spent in 2020/21 under the current grant conditions.
82. A Welsh Government funding allocation of £5.097 million has been awarded to support Cardiff schools in developing sustainable EdTech Digital Services. This award has been split with 15% (£764,616) allocated to the Authority with the balance (£4.333 million) available for use by the drawdown of equipment through an all Wales ICT Catalogue. This funding must be used by 31 March 2020 and can be used for a mixture of both capital and revenue expenditure.

Schools Organisation Plan – 21st Century Schools

83. In March 2015, the Authority submitted a re-aligned 21st Century Schools Programme for investment totalling £164.1 million to Welsh Government. The 21st 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 £2.5 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. Additional funding has been required due to the demolition costs being considerably higher than estimated, alongside an outstanding open space project in relation to the Ysgol Glan Morfa project.
84. Band B of the 21st Century Schools Programme has now commenced with an agreed in principal funding envelope of circa £284 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 timescale 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 estimated cost of this project.
86. 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

87. The total programme for 2019/20 is £11.959 million, with a variance identified of £2.101 million, the majority of which relates to slippage on regeneration schemes, youth hub projects, and acquisition of land for travellers site expansion.

Communities & Housing

Neighbourhood Regeneration

88. 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.
89. 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. 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 Council will incur additional costs in respect of significant asbestos removal, security and land transaction tax payable with such costs managed from within existing budgets of neighbourhood renewal.
90. 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, expenditure of £75,000 is currently assumed.
91. 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. The scheme to be started during this year is the Tudor Road Commercial Business improvement scheme. Slippage of £287,000 is currently shown.
92. 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. Until such confirmation is received, there remains a risk to the schemes progressing and ability to utilise funding in accordance with grants already approved.
93. The Council aims to develop an integrated city centre business academy for young people, at Grassroots in Charles Street. 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. 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.

94. 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)

95. 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.
96. 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 as these are yet to be determined.
97. 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 also includes £100,000 for enabling works as part of approved energy efficiency schemes whilst a Welsh Government led scheme is developed. Slippage of £256,000 is assumed.
98. 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. Slippage of £450,000 is shown.
99. Construction work on the Domestic Abuse One Stop Shop at the Cardiff Royal Infirmary site in partnership with the Health Board is to be complete in December 2019, with the total cost in line with the £1.2 million initially allocated. The facility will be run by RISE which is a consortium of organisations providing services to support women.

Flying Start

100. 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

101. 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.
102. 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

103. Proposals from the remaining John Kane Fund include an extension and refurbishment of the Crossland's home. The start of any scheme is dependent on ensuring the works impact on service delivery can be mitigated. Subject to this, expenditure of £30,000 is currently assumed during the year whilst options are considered.
104. 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

105. The 2019/20 programme for the Directorate is £41.263 million, with a variance identified of £10.655 million. This is primarily in relation to slippage of 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. Opportunities to switch council funding will also need to be considered as the year progresses.

Energy Projects & Sustainability

106. Subject to due diligence, a number of schemes are to be undertaken under the second phase of the REFIT programme. Total expenditure of £150,000 is forecast in 2019/20, with a further £750,000 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.
107. 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.

108. 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 in 2019/20 is estimated at £5 million albeit a payment schedule is yet to be confirmed, pending completion of pre commencement planning conditions, with costs of £2.710 million in 2020/21 to allow for completion in spring 2020.
109. 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

110. The total programme of £1.475 million reflects site and facility improvements of £725,000, which includes cemetery section expansions, works to chapels including installation of air conditioning, works on war memorials, equipment replacement, demolition of buildings 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 £420,000 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

111. 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.
112. 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. The Council is commencing work with Welsh Government, WRAP and Local Partnerships on the Recycling Service Strategy Development and to evaluate, plan and implement a cost-effective waste management system that meets current and future Welsh Government and Council targets and aspirations.
113. Until options modelling is complete in May 2020, roll out will not be continued as the service may be developed in a different way. The budget is shown as slippage and to be reviewed as part of the 2020/21 capital programme. The intention is for the existing pilot will continue due to the successful behaviour change of citizens removing glass from co-mingled recycling.

114. 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 and will be reviewed during the forthcoming budget process.
115. 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 required health and safety improvements.

Highway Maintenance

116. 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.
117. 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.
118. 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.
119. 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.
120. 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.
121. 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.

122. 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 and will be reviewed in future monitoring reports.

Traffic & Transportation

123. 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.
124. The asset renewal telematics budget of £135,000 is to be used for replacement of obsolete CCTV cameras at various locations.
125. 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.
126. 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
127. 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.
128. The Council has applied for and received a number of grants from Welsh Government for a range of objectives. These are described below, however the timescales for utilisation of grant approved is 31 March 2020. This represents a risk in respect of schemes such as for the City Centre which are the subject of a procurement exercise.
129. 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).

130. 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.
131. 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.
132. 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.
133. 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.
134. 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.
135. 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 has been determined and is subject to a procurement exercise in parallel with determining the numbers of vehicles suitable for conversion. Expenditure of £100,000 is assumed at this stage.
136. 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 and £125,000 for attended parking stationary cameras. This expenditure is on an invest to save basis, to be repaid from future parking and enforcement income.
137. 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 2020/21 to complete the schemes.
138. 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.

139. Design works and procurement are being progressed pending formal confirmation of grant from Welsh Government.

Resources

140. The 2019/20 programme for the Directorate is £4.205 million, with a variance identified of £2.474 million. This is in relation to the Council's contribution to the £120 million Cardiff Capital Regional City Deal (CCRCD) wider investment fund.

Technology

141. 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.
142. The ICT Refresh budget of £398,000 supports resilience, capacity and capability such as core network switch replacement, telephony rationalisation and update of firewalls.

Corporate

143. 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.
144. 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.
145. 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. With potential projects at business case development stage, no drawdown of contribution is expected this financial year.
146. 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

147. The 2019/20 Capital Programme included an assumption of £3.0 million non-earmarked capital receipts net of fees to pay for the Capital Programme. 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).
148. 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)

149. The 2019/20 capital programme for Public Housing is £47.385 million, with budget being brought forward from the future years programme to meet projected commitments. Positive slippage of £2.410 million is assumed.
150. Expenditure of £3.250 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.
151. An amount of £10.354 million is forecast to be spent on improvements to the existing dwellings stock including £1.5 million on roofing, £1 million on lift upgrades, £1.9 million on upgrades to High-rise buildings, £2.0 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 £2.840 is recognised primarily in relation to front door upgrades to flats to allow for further fire testing and also rewiring.
152. Expenditure on disabled adaptations for public housing is forecast to be £356,000 in excess of the budget initially allocated and will be managed within the overall programme.
153. 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 and acquisition of new housing over a number of sites during the year is estimated to cost £33 million in total this year. This includes completion of phase one living sites, preparation for future phases, Greenfarm Hostel shipping container scheme, Courtney Road, and acquisition of the Iorwerth Jones home site.
154. At September 2019 Cabinet, it was resolved to continue to purchase private properties from the open market to be used as council homes. In order to

meet targets the directorate will be significantly accelerating such acquisitions requiring a bringing forward of approved budget from future years. The directorate are confident that at least £8 million will be spent on buy backs by 31 March 2020.

155. To ensure continued affordability, viability or payback assessments should be undertaken before approval of new developments or acquisitions in line with the approved governance process set out in the HRA Business plan and new build board. This should be measured against set benchmarks to ensure value for money for rent payers and to ensure investment is repaid over a prudent period.

Section 106 schemes and Other Contributions

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

	Budget	Projection at Month 6	Variance
	£000	£000	£000
Parks & Green Spaces	1,342	632	(710)
Traffic & Transportation	802	442	(360)
Strategic Planning & Regulatory	156	101	(55)
Neighbourhood Regeneration	349	296	(53)
Economic Development	382	78	(304)
Education & Lifelong Learning	330	274	(56)
Public Housing (HRA)	520	520	0
Total	3,881	2,343	(1,538)

- 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

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

Legal Implications

158. 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

159. In summary, the Month Six revenue monitoring position for the Council reflects an overall projected deficit of £214,000, 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 £6.200 million. A range of management actions have already been implemented, the effect of which are reflected in the figures included within this report and partly explains the reduction in the overall level of deficit when compared with the position reported at Month 4. However, despite this improvement, 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 £214,000 deficit would result in a reduction to level the Council Fund Balance, from £14.255 million to £14.041 million.
160. This monitoring report provides an update on the significant due diligence being undertaken in respect to the Indoor Arena in order to provide confidence to Cardiff Council, Developers, Investors and Operators that the overall development is deliverable and represents good value for money for all parties. In order to complete the procurement and the remaining due diligence required to confirm the Full Business Case for the Red Dragon Centre Investment then further costs are required to be incurred which are detailed in confidential Appendix 4. The additional funding required has been identified from a reserve.
161. Whilst the overall directorate overspend has largely been mitigated at this stage of the financial year, there remains a significant 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.

162. In relation to the 2019/20 Capital Programme, a variance of £39.736 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 £2.410 million is currently forecast. Spend to date continues to be 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 significant when considering those externally funded schemes, as it is important to ensure that the opportunity to utilise such funding is not lost.

RECOMMENDATIONS

Cabinet is recommended to:

1. Note the potential financial outturn based on the projected position at Month 6 of the financial year.
2. Reinforce the requirement for all directorates currently reporting overspends as identified in this report to put in place action plans to reduce their projected overspends.
3. Agree to meet the Council's costs of completing the procurement of a preferred developer/operator consortium as well as preparing a full business case for the Indoor Arena to be presented to Cabinet for approval in March 2020 as set out in confidential Appendix 4

SENIOR RESPONSIBLE OFFICER	CHRISTOPHER LEE
	Corporate Director Resources
	15 November 2019

The following appendices are attached:

Appendix 1 – Revenue Position

Appendix 2 – 2019/20 Budget Savings Position

Appendix 3 – Capital Programme

Appendix 4 – Arena Budget Requirement – Phase 2 (Nov 19 – Mar 20) confidential