

CABINET MEETING: 20 FEBRUARY 2020

BUDGET MONITORING – MONTH 9 REPORT

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

AGENDA ITEM: 6

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 December 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 9 revenue monitoring for the Council shows a net balanced position for 2019/20, which represents a net improvement on the £214,000 deficit reported at Month 6. 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 £8.140 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 against certain corporate budgets, offset by an overall deterioration in the directorate position. A summary of the overall position is attached as Appendix 1 to this report.
4. The most significant directorate overspends include £4.984 million in Social Services and £2.435 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 £6.443 million is projected against the target of £19.157 million, with £10.411 million having been achieved to date and a further £2.303 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 9, 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 originally 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 during the remainder of the year. Directors have initiated actions to reduce financial pressures in-year and identified in-year savings and mitigations to offset those pressures. In addition, Senior Management Team have agreed a number of measures that all directorates have been 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 £935,000 to meet costs in the current financial year and this amount is reflected in the position for the Housing & Communities directorate. The budget pressures in all these areas will continue to be monitored until the year end and any variations to this position will be reflected in the outturn report.

7. As well as the overall directorate position, there are also some key corporate variances which continue to significantly offset the overspend at Month 9. 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 by the end 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 £1.583 million. This variance has increased since the Month 6 position was reported and is underpinned by the receipt of a VAT refund, arising as a result of a successful appeal for a cultural exemption in relation to Cardiff Castle. Other items within the Summary Revenue Account include expenditure that cannot be attributed to individual directorates or expenditure that relates to previous financial years and would distort directorate positions if included within their respective figures. In addition, since Month 6, it has been possible to incorporate the release of specific earmarked reserves to assist the overall position, as well as an in-year underspend in relation to insurance budgets.
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 (£469,000)

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 9 is a net surplus of £469,000. 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 £158,000 of lower external interest payable than originally assumed and an additional £440,000 in relation to interest receivable on temporary investment balances as well as other changes. Council, in February 2020, will consider a change in the Council's Minimum Revenue Provision Policy, resulting in an additional £4.725 million underspend against this budget heading. Subject to approval, this will be applied from 2019/20 and would be considered as part of the Council's outturn position.

Corporate Management (£70,000)

11. An underspend of £70,000 is currently projected in relation to Corporate Management, reflecting a continuation of the position reported at Month 6. 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 (£121,000)

12. A review of the Council Tax position indicates a potential net surplus of £121,000, which reflects an overall improvement of £86,000 in comparison with the Month 6 position. 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 continued monitoring until the end of the financial year.

Economic Development +£513,000

13. The directorate is currently forecasting an overspend of £513,000, which represents an increase of £106,000 on the overspend reported at Month 6. This change relates to income projections worsening in a number of divisions, partly offset by an overall improvement in the level of expected rental income within Property. The overall position includes overspends within Facilities Management, Construction & Design, City Centre Management and Major Projects, partly offset by underspends within Business, Investment & Workshops, Parks and Culture, Venues & Events. Corporate Landlord and Service Management are both reporting balanced positions. In terms of 2019/20 savings proposals, £3.135 million is forecast to be achieved against the £3.153 million target. The shortfall of £18,000 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, where it is assumed that delivery will be achieved prior to the end of the financial year.
14. The projected overspend within Facilities Management totals £727,000. 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 continue to 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 from capital schemes is not anticipated to be 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.

15. Other overspends within the directorate include £60,000 against Major Projects, due to additional premises costs associated with the International Sports Village, and City Centre Management, where a £68,000 overspend is projected. This overspend is due to a reduction in income for city centre infrastructure and banners. The other overspend within the directorate relates to Construction & Design, where a £50,000 deficit is now being projected. This is the result of reduced income projections, where a shortfall in recharges to capital schemes has emerged. Partly offsetting these overspends is a net underspend against the Property & Office Rationalisation budget, totalling £44,000, which is the result of an improved outlook for rental income. The position continues to include additional utility costs and other income shortfalls, although in-year staffing savings and staff recharge income, as well as an overall underspend against the Office Rationalisation budget, are offsetting these.
16. Other underspends within the directorate include a net £180,000 underspend 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 £88,000, 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 the Castle, and an overall deficit within Tourism. St David's Hall is forecasting a balanced position, but this will continue to be closely monitored during the remainder of the year, as this venue can be 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 and Leisure, Play & Sport. These total £80,000 and are due to supplies and services, grounds maintenance and employee underspends within Parks, and staffing vacancies within Leisure, Play & Sport.

Education & Lifelong Learning +£493,000

17. The overall position indicates an overspend of £493,000, which represents an increase of £250,000 on the figure reported at Month 6. The change between months is due to increased expenditure in relation to Out of Area Placements, the emergence of a School Catering deficit and additional expenditure against the School Transport budget. The overall overspend continues to be due to a projected overspend against the budget for 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 £369,000 is projected. This relates to the service-wide staffing restructure, School Transport savings and the proposal to generate income through the provision of additional learning needs (ALN) services to other local authorities and via additional training. In most cases, partial achievement of the proposals is anticipated.

18. The largest overspend in the directorate totals £599,000 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. There remains a risk of the overspend increasing further, should additional placements be required before the end 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 £213,000, £95,000 and £173,000 respectively. The majority of this expenditure relates to additional transport provision beyond the scope of the policy, the costs associated with successful transport appeals, additional routes for pupils with ALN and unachieved savings proposals. 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. In addition, a School Catering overspend has emerged, with the income generated at certain sites not being sufficient to offset the cost of meal provision.
19. Partly offsetting the overspends outlined in the previous paragraph is an underspend, totalling £75,000, 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 £90,000, 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 £272,000, 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 and EOTAS, with the latter reporting an improved position following the use of external funding to offset costs.

People & Communities

Housing & Communities (£469,000)

20. An underspend of £469,000 is being projected at Month 9, representing an improvement of £169,000 on the position reported at Month 6. This improvement is largely the result of in-year staffing vacancies arising and additional grant funding providing opportunities to offset existing staffing costs. Overall, 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 £827,000 having already been achieved to date against the target of £868,000. This includes full achievement of two proposals each totalling £250,000, in relation to the delivery of community wellbeing hubs and a realignment of funding for homelessness service delivery.
21. The most significant variance is an underspend of £342,000 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 and delays to filling some posts have been experienced. 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 £157,000, 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 £37,000, with supplies and services underspends across the division partly offset by income shortfalls in relation to hubs.
22. 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 £22,000 is projected within Advice & Benefits and relates to income shortfalls within Central Hub, partly offset by employee savings. All other divisions are reporting minor underspends and balanced positions. Included within the overall position is a projected drawdown of £935,000 from the specific contingency budget set aside to meet increased costs in relation to the Council Tax Reduction Scheme. This reflects a reduction of £180,000 on the figure reported at Month 6 and further adjustments to this figure may be required before the end of the financial year, depending upon fluctuations in the number of applications and the level of support required.

Performance & Partnerships - Balanced

23. The overall position for this service is balanced, compared with the net underspend of £30,000 reported at Month 6. The change in position reflects increased overspends against a number of divisions, partly offset by reduced staffing costs within Community Safety. Included within the position are

projected underspends in relation to Cabinet Office & Performance Management, Media & Communications and Cohesion & Engagement, partly offset by overspends in relation to Bilingual Cardiff, Community Safety, Prevent and Policy & Partnerships. The main underspends, which total £50,000, £41,000 and £13,000 respectively, are due to in-year employee savings and additional external funding. The Bilingual Cardiff overspend, which totals £65,000, is due to the cost of external translation and an income shortfall, with the Community Safety overspend of £57,000 due to greater than anticipated salary costs. The other overspends, amounting to £15,000 in total, are due to additional employee and supplies and services costs, and all 2019/20 savings proposals are currently projected to be achieved in full.

Social Services +£4,984,000

24. The overall position for the directorate reflects a projected overspend of £4.984 million, which reflects an increase of £1.150 million on the position reported at Month 6. This change reflects additional external placement costs for children, a significant increase in the level of expenditure on agency staffing within Children Services and an increase in the cost of commissioned services within Adult Services. The overall position is comprised of overspends totalling £725,000 in relation to Adult Services and £4.259 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. At Month 9, assumptions have been made around further growth for the last three months of the year. despite the inherent difficulty in forecasting a service which is needs-led Therefore, whilst the inherent risk that the position could deteriorate has been reflected in the position there will be an adjustment either upwards or downwards at the final outturn position.. The position will continue to be closely monitored. The directorate will continue to enforce the management actions introduced earlier in the year to minimise the overspend as much as possible. Further detail on the individual positions for both services are provided in the paragraphs that follow.

Adult Services +£725,000

25. The Adult Services division is currently projecting an overspend of £725,000, largely reflecting pressures in relation to Older People Commissioned Services. This particular area of the service is projecting an overspend of £3.143 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 3.5%, rather than reduced. This, coupled with ongoing increases in unit costs in domiciliary and nursing care, has meant that expenditure levels are significantly in excess of the approved budgets. The overspend within this area is, however, partly mitigated by various underspends in other areas, notably on staffing budgets where staff turnover and offsetting grant funding are providing significant savings.

26. Aside from Older People Commissioned Services, the other commissioned services are projecting underspends. In Learning Disabilities, an underspend of £313,000 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 £288,000, 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 £256,000 is evident in relation to budgets for Physical Disabilities, which is a reflection of activity levels remaining relatively stable or declining in the case of residential care.
27. Internal Services are currently projecting a net underspend of £1.561 million. This is mainly due to anticipated savings of £921,000 in Assessment and Care Management and £637,000 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 £126,000, again as a result of staff savings and the utilisation of grant funding. There is an offsetting overspend of £123,000 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 +£4.259 million

28. The Children's Services budget is currently projecting an overspend of £4.259 million, reflecting an increase of £1 million on the Month 6 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 9 largely reflects pressures on the budget for external placements. The overspend in this particular area totals £3.054 million and is evidenced by the number of looked after children increasing from 886 in December 2018 to 961 at the end of December 2019, representing a 8.5% increase. Included within this is a significant, disproportionate, increase (26%) in the number of high cost residential placements, where an additional 16 placements has led to

a £3.3 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 £609,000, again reflecting the growth in looked after children, with the number of internal fostering and kinship placements 12% higher than the 2018/19 average. Adoption fees also continue to significantly increase, again placing additional pressure upon the budget.

29. Other significant overspends include Targeted Services, where an overspend of £961,000 is projected, mainly as a result of increased agency costs, which are approximately £1m greater than the previous financial year. Specialist Services, including support for care leavers, is reflecting an overspend of £190,000, which is mainly the result increased agency staff expenditure 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 £438,000, albeit these savings are partly offset by increased agency costs within the MASH. An in-year saving of £200,000 is also evident in relation to guardianship orders and a net £83,000 overspend is projected in relation to the Youth Offending, Safeguarding and Support budgets, mainly due to staffing savings and additional agency costs.

Planning, Transport & Environment +£2,435,000

30. The directorate is currently projecting an overspend totalling £2.435 million, representing a net improvement of £22,000 on the position reported at Month 6. The main changes relate to reduced expenditure projections across a number of budget headings within Highways Infrastructure & Operations, additional staff recharge income within Planning & Building Control and increased fee income within Transport Planning, Policy & Strategy, partly offset by reduced renewable energy income projections connected to Radyr Weir. The overall position remains the result of significant overspends within Recycling and Neighbourhood Services and Fleet Services. In addition, substantial overspends are projected against Planning & Building Control and Energy Management and minor overspends against Shared Regulatory Service and Management & Support. Underspends are anticipated within Highways & Infrastructure Operations and Transport Planning, Policy & Strategy, with other divisions projecting balanced positions. A shortfall totalling £1.649 million is projected against the 2019/20 savings target of £3.819 million, with £1.676 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.

31. The overspend within Recycling & Neighbourhood Services has remained consistent with Month 6, totalling £1.717 million. This position reflects a number of significant overspends and in-year 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, Household Waste Recycling Centres 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 originally 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 by the end of the year.
32. Other overspends across the directorate include an adverse 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 maintaining the overspend at the level quoted. These mitigations include re-profiling of a loan repayment schedule and use of earmarked reserves. The Energy Management overspend comes to £317,000 and is because of a shortfall in income generated at Radyr Weir, a shortfall in renewable energy income and an unachieved staffing saving. The Planning & Building Control overspend totals £163,000 and is due to planning fee income shortfalls, additional staffing costs and increased advertising costs, partly offset by the use of earmarked reserves. The Shared Regulatory Service overspend of £17,000 and Management & Support overspend of £31,000 are due to a licensing income shortfall and a delay to a planned staff restructure, respectively.
33. There are two underspends within the directorate, the first of which relates to Highways & Infrastructure Operations and totals £283,000. This underspend comprises savings on street lighting energy, a range of expenditure reducing measures and lower staff costs, as well as use of earmarked reserves. Partly offsetting these savings are reduced cost recovery from SWTRA, unachieved savings proposals and additional salt purchases for winter maintenance. Transport Planning, Policy & Strategy is projecting an underspend of £99,000 due to increased staff recharges and use of earmarked reserves offsetting unachieved staff restructuring savings and income shortfalls. The balanced positions reported comprise Bereavement, & Registration Services and the Cardiff Dogs Home, 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 +£273,000

34. The directorate is currently forecasting an overspend of £273,000, which reflects an increase of £105,000 on the overspend reported at Month 6. This increase relates to Legal Services and the increasing cost of external legal fees becoming evident as the year progresses, as well as an increase in legal disbursement costs. The overall position is the result of a Legal Services overspend, which totals £293,000, 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 underspends within Democratic Services and against the Monitoring Officer budget. These underspends total £8,000 and £12,000, respectively, and are due to in-year employee savings, with the latter partly offset by additional transport and supplies and services expenditure. All other divisions are projecting balanced positions and the 2019/20 savings proposals, which amount to £372,000, are currently anticipated to be achieved in full.

Resources (£19,000)

35. The Resources directorate is currently projecting an underspend of £19,000, representing an improvement of £19,000 on the balanced position reported at Month 6, primarily due to improvements within Commissioning & Procurement and Human Resources, partly offset by an increased overspend against 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 £44,000 is currently projected against the directorate's £2.381 million savings target for 2019/20. These shortfalls relate to the generation of additional income within Health & Safety and recharge income relating to the Council's trading company for procurement and commercial services.
36. The projected overspend within the Digital Services Division totals £247,000 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 incurred in order to meet income targets. 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. In addition to the Digital Services overspend, a small overspend is also projected in relation to Health & Safety, where a range of factors are contributing to a net overspend of £7,000.
37. 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 £86,000, and this is mainly because of savings against HR systems and additional recharge income and employee savings in relation to Organisational Development. The Commissioning & Procurement underspend totals £57,000 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

38. Civil Parking Enforcement (CPE) manages parking, parking enforcement and moving traffic offences throughout the city. The income from these activities is used to support the operational costs with the surplus being transferred to the Parking & Enforcement Reserve. The Civil Parking Enforcement budget for 2019/20 assumed a trading surplus of £7.227 million. The current projection indicates that this surplus will be £8.028 million, an increase of £801,000 and is broadly in line with the position reported at Month 6.
39. Increased income of £900,000 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. 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 £99,000 above budget which includes additional support charges partly offset by reduced employee costs caused by in-year vacancies.
40. The anticipated surplus of £8.028 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 £9.518 million. The anticipated drawdown from the reserve is £7.386 million, which would leave a year-end balance of £2.132 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. The use of the uncommitted balance in the reserve will be considered as part of the 2020/21 budget process.

Housing Revenue Account

41. The Housing Revenue Account (HRA) is forecasting a potential deficit of £510,000 at the end of December; a £60,000 improvement on the position reported at quarter 2. This position continues to include significant overspends within the Housing Repairs account (£522,000) reflecting an increased number of void properties and a requirement for additional unbudgeted compliance work. Other overspends include rent and service charge income below target (£688,000) and insurance costs above budget (£163,000). The balance of the overspend (£152,000) is mainly due to building costs including utilities and employee costs above budget due to unachievable vacancy provisions within

several divisions. These variances are offset by unbudgeted Affordable Housing Grant receipts (£839,000) and by capital financing charges below target (£176,000).

42. The overspend on the Housing Repairs Account is based on current statistics around tenant demand, average volume and cost of works and void property levels. Service management continue to review the position with the aim of managing this overspend against a background of contractor issues and with a new standard for repairs agreed, which will result in reduced costs. Following the withdrawal of one contractor from the framework, related staff have successfully transferred into the Council under TUPE regulations with the expanded voids team now carrying out 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 final number and value of claims which will not be clear until later in the financial year.
43. It should be noted that any deficit will be met by a transfer in from HRA general balances with no impact on the Council General Fund. However, this transfer was not planned for within the 30 year HRA Business Plan and will reduce the ability to deal with budget pressures and funding requirements within the HRA in future years.

Cardiff Harbour Authority

44. Welsh Government support for Cardiff Harbour Authority has been subject to three-year funding agreements. The current budget represents a reduction of £177,000 or 3.3% on 2018/19. The forecast at the end of quarter three indicates an unchanged funding requirement of £5.223 million, representing a full spend against budget. The position continues to include reduced environment and facilities management costs and lower income generation, offset by some additional essential maintenance costs at the barrage. The projected income of £949,000 includes £546,000 from car parking fees, £242,000 from harbour dues and £94,000 from water activities.
45. The Harbour Asset Renewal budget is set to be fully spent during 2019/20 and detail of capital expenditure is set out in the Capital section of this report.
46. The CHA maintains a Contingency and Project Fund, which is used to support projects and provides a contingency if the approved budget is exceeded. The Fund receives contributions from a combination of receipts from the sale and disposal of land and a share of past year underspends on the Fixed Cost budget. The balance at 31 March 2019 was £42,000 and this is line with the amendments to the Deed of Variation as agreed in April 2018.

Capital

47. The Council in February 2019 approved a new Capital Programme of £146.556 million for 2019/20 and an indicative programme to 2023/24. The programme for the General Fund and Public Housing has since been adjusted to £213.399

million to include actual slippage reported at outturn, incorporation of new grant approvals and confirmation of actual grant awards.

48. The sections below indicate a forecast position for 2019/20 for the General Fund and Public Housing.

General Fund

49. The projected outturn for the year is £117.847 million against a total programme of £166.014 million, a variance of £48.167 million, which is predominantly slippage. Committed expenditure at the end of Month 9 was £85.376 million, which represents 72% of the projected outturn, three quarters of the way through the financial year.

Capital Schemes Update

50. Delivery of capital projects is complex, may span a number of years and is influenced by a number of external and internal factors such as weather, statutory and non-statutory approval processes. 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 £70.626 million, with a variance identified of £3.373 million predominantly in relation to parks projects, developer contributions and property asset renewal schemes.

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. Subject to Cabinet approval and agreement of terms, a loan of £2 million will be provided to allow the completion of the Coal Exchange building and support the wider regeneration of the area, with some expenditure potentially during 2019/20. Other proposals will be considered as applications are received and the loan funding recycled.

City Development & Major Projects

53. 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 Black Tower Tales visitor attraction at the castle. Commitments against the overall allocation will be reviewed as part of the 2020/21 budget process.
54. The Council was informed in September of an award of £1.929 million of Welsh Government grant to support economic stimulus in local authorities. Options for use are being determined to ensure the funding can be utilised by 31 March 2020.

55. 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 carried forward to complete works arising following future phases of the development in line with various other public realm works planned around the site.
56. Cabinet approved the acquisition of the Red Dragon Centre site in December 2019, which triggered the approval of the affordability envelope in respect of delivery of a new indoor arena as part of the 2019/20 budget proposals. Completion of the site took place in January 2020. 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.

Parks & Green Spaces

57. 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.
58. The Asset Renewal Infrastructure budget of £140,000 along with slippage will be used for footpaths reconstruction at Rhyd-y-penau Park, Whitchurch common, Parc Cefn Onn and Hailey Park, fencing replacement at Greenway allotment and Waterhall bridge replacement. Works starting on a retaining wall at Fairwater Park are delayed until March. Slippage of £60,000 is currently forecast.
59. In 2019/20, the service requested and was provided with an enhanced play equipment capital allocation making the budget for 2019/20 £278,000. Slippage of £168,000 is currently shown, for sites including Lascelles Park, Parc Caedelyn, and Glenmount Way. This is as a result of continued capacity issues.
60. The contract for the landscaping work at Parc Cefn Onn is complete and the upper park reopened in August. Works included a timber walkway, footpath and seating improvements as well as pond works. The refurbishment of the toilet block will commence in February with a completion date in mid-June. Additional funding required to complete this and all other elements will be met from the Council's building asset renewal budget and Park's infrastructure asset renewal budget.
61. Refurbishment works at Roath Park House to protect it from further deterioration and make it wind and watertight commenced in September and are anticipated to be completed in March 2020. The estimated total cost is £570,000, with options for a commercial use generating income being considered in parallel to ensure the site does not remain vacant. The project utilises funding from capital receipts from the disposal of the former youth hostel at Wedal Road agreed by Cabinet to be re-invested in the Roath Park district area.

62. The replacement of the boat jetty at Flat Holm Island was successfully completed in December at a cost of £385,000, funded from the Landfill Communities Fund.

Leisure

63. Property asset renewal budget of £160,000 has been allocated in 2019/20 to allow completion of car park drainage and resurfacing at Insole Court (£135,000) and £25,000 for condition and electrical works at Cardiff International Whitewater.
64. 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. Slippage of £500,000 is shown as a result of review by GLL of works required and consideration of whether the full amount can be utilised.
65. 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.
66. A tender package has been prepared for a scheme at Pontcanna riding school to resurface the outdoor arena but has not been progressed. Works are unlikely to be undertaken this financial year. Funding sources include a grant from Sport Council Wales and a contribution from the friends of the school.

Venues and Cultural Facilities

67. 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 have been replaced this year, with other works subject to a condition survey as part of discussions in respect to the new lease agreement. The balance will be used towards upgrading the Building Management System, emergency lighting and roller shutter doors at St David's Hall.

Property & Asset Management

68. 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, installation of fencing around the Castle Moat, emergency lighting and electrical remedial works at Cardiff Market, and replacement guttering at Cardiff Heliport. Slippage of £558,000 is currently anticipated pending prioritisation of future works in line with condition surveys.
69. 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. Expenditure will be repaid over a five year period from reduced operational costs.

70. 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.
71. Following the completion of immediate health and safety works at the Former Virgin Active Tennis Centre site, expenditure of £1.260 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.
72. The full cost of the scheme was originally intended to be met from disposal proceeds of land on the site however this is now to be met from disposals arising from the investment property strategy.
73. In respect of Central Market, the council's phase one application for a scheme to provide interpretation, restore and prevent further deterioration to the building has been approved by National Heritage Lottery Fund. The development and design stage is expected to run to December 2020 and subject to this a final funding announcement in April 2021. The Council has allocated £450,000 capital funding over the next four years as well as an earmarked revenue reserve.

Harbour Authority

74. 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

75. The 2019/20 programme for the Directorate is £38.995 million, with a net overall variance identified of £25.872 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

76. The Council asset renewal allocation of £17.090 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. Welsh Government have agreed a similar provision this year, with Cardiff's share at £4.577 million. Expenditure in the year is anticipated to be £6.395 million on a range of roof and boiler replacements, fire precaution works, safeguarding of lobbies and kitchen upgrades. The majority of the estimated £10.695 million slippage is the result of two years of unbudgeted additional Welsh Government schools capital grants alongside delays in projects and capacity restraints. The grant funding has been prioritised for use and additional asset funding approved will be re-profiled across future years.

77. The Suitability and Sufficiency budget of £1.040 million 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, Willowbrook and Ysgol Y Wern.
78. 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 £1.022 million.
79. 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 teacher's 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.
80. As part of an ongoing programme to reduce infant class sizes, Welsh Government has agreed a £3 million grant funding package until 2020/21 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 due to delays at design stage with schemes now progressing to tender. The grant funding needs to be spent in 2020/21 under the current grant conditions.
81. 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, spend to date totals £3.136 million with funding expected to be fully utilised by 31 March 2020.

Schools Organisation Plan – 21st Century Schools

82. 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

£2.2 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.

83. 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.
84. 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 £63.5 million estimated cost of this project.
85. 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 design stage.

People & Communities

86. The total programme for 2019/20 is £12.389 million, with a variance identified of £2.569 million, the majority of which relates to slippage on regeneration schemes, schemes related to Intermediate care fund grant and hub projects.

Communities & Housing

Neighbourhood Regeneration

87. The Neighbourhood Renewal Schemes programme of £310,000, includes street scene environmental improvements in Cathays and Riverside as well as implementation of a 3G sports pitch at Splott Park.
88. The demolition of the remainder of the Maelfa shopping centre 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.
89. Including slippage from the prior year of £54,000 the alley gating budget is £104,000 for priority schemes throughout the city. Subject to completion of consultation and legal procedures, expenditure of £54,000 is currently assumed.
90. In March 2018, Cabinet agreed priorities for submission under the Welsh Government Targeted Regeneration Investment (TRI) Programme. In accordance with the terms and conditions of the funding, the Council has allocated its own resources to supplement other public and private funding. Council funding of £337,000 is available in 2019/20 with a further £900,000 in

future years. The Tudor Road Commercial Business improvement scheme is proposed to commence this year, with slippage of £300,000 currently shown.

91. Schemes to create hubs at Rhydypennau and Whitchurch have started and are both fully funded by Welsh Government MALD and Intermediate Care Fund grant. Expenditure forecast over two years is estimated to be £1.3 million, with completion of both schemes in July 2020.
92. 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. An intermediate care fund grant bid has been approved at £400,000 and the outcome of further external grant bids is awaited as part of a wider regeneration scheme. Slippage of Council funding allocated in support of the scheme is shown for a consecutive year with £800,000 carried forward to 2020/21.
93. A contract to develop a creative hub at Butetown youth pavilion has been let, with total expenditure to be £793,000 including all fit out. 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 funding to be retained for the development of other hubs.

Housing (General Fund)

94. The Disabled Facilities Service budget for mandatory and discretionary grants to housing owner-occupiers as well as for administration costs for the grants is £4.400 million and is expected to be fully utilised. This expenditure allows housing owner-occupiers to continue living in their own home. In addition Enable grant totalling £436,000 has been received in the year from Welsh Government to deliver additional adaptations.
95. An Intermediate Care Fund (ICF) grant of £660,000 was received at the end of March 2019 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. This funding is shown as slippage, pending confirmation from the health board.
96. To facilitate comprehensive regeneration schemes, the estate environmental improvement allocation supports the costs of works to owner-occupier properties as part of the estate regeneration programme. Schemes include Anderson Place, Taff Embankment, Roundwood Estate, Arnold Avenue and Bronte Crescent. The budget also includes £100,000 for enabling works as part of any approved Welsh Government led scheme for energy wall insulation in Llandaff North and Rumney. Slippage of £256,000 is assumed.
97. Acquisition of a site to expand the number of pitches at Shirenewton traveller's site will take place this year, in advance of securing grant from Welsh Government for the construction of additional pitches, viability and planning consent.

98. Construction work on the Domestic Abuse One Stop Shop at the Cardiff Royal Infirmary site in partnership with the Health Board is complete 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

99. The budget for Flying Start Capital schemes for the year totals £18,000. This comprises £8,000 allocation for Shirenewton Playgroup and £10,000 for First Steps, Trelai Primary. It is anticipated that all works will be completed by year-end. Additional Childcare grant totalling £1.117 million has been awarded to support sufficient childcare places to meet demand generated by the Childcare offer. Detailed plans are now in place for St Mary the Virgin and St Pauls Primary School, with expenditure of £50,000 expected this financial year, prior to contracts being awarded for the beginning of 2020/21.

Social Services

Adult Services

100. The Day Centre Opportunities Strategy aimed to reconfigure day services for older people at three existing sites; Minehead Road, Grand Avenue and Fairwater day centres. The final scheme at Fairwater was completed in June 2019.

Children's Services

101. 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.
102. An Intermediate Care Fund grant of £300,000 over two years has been approved 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.

Planning, Transport & Environment

103. The 2019/20 programme for the Directorate is £39.849 million, with a variance identified of £13.879 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

104. Subject to due diligence, a number of schemes totalling c £750,000 are now to be undertaken during 2020/21 under the second phase of the REFIT programme. A Salix repayable loan funding application will be made for the works.
105. In May 2019, Cabinet approved the final business case to deliver a higher capacity 9 megawatt solar farm at Lamby Way. The Solar Farm is a long term invest to save project which approved on the basis of being self-financing over its operational life in excess of 30 years, as well as delivering long term financial benefits to the Council. The works cost in 2019/20 is estimated at £5.6 million with costs of £1.9 million in 2020/21 to allow for completion of the site and installation of a private wire connection, subject to a review of the costs of construction.
106. 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

107. The total programme of £1.5 million reflects site and facility improvements of £750,000, 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 £370,000 is currently anticipated due to delays in accessing the site until later in the year in order to undertake site investigations.

Recycling Waste Management Services

108. The five-year capital programme includes £3.325 million to explore options for a new household waste recycling / reuse centre. No expenditure is likely to be incurred until a suitable site is identified, resulting in slippage of £200,000.
109. 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 included 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.
110. 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 to continue due to the successful behaviour change of citizens removing glass from co-mingled recycling.

111. In return for Welsh Government grant of £515,000 for the acquisition of vehicles and equipment, the Council will as part of its collection process, expand the collection of Absorbent Hygiene Product (AHP) waste. This is to support a regional approach to the recycling of these materials.
112. The programme continues to include a £500,000 allocation towards a package of acceptable fire safety measures in relation to the Materials Recycling Facility (MRF) equipment and building. Following discussions with the Council's insurers, the implementation of a fire trace and detection suppression system at a cost of £55,000, is likely to mean further enhancements are not required. Pending confirmation of works, slippage of £445,000 is shown into 2020/21 and will be reviewed during the forthcoming budget process.
113. As part of health and safety requirements, the property asset renewal budget includes provision of shower and changing facilities. In addition expenditure of £375,000 is proposed to be undertaken on a number of enhancements to Waste management infrastructure including site crossings for users, security barriers, vehicle wash and other required health and safety improvements.

Highway Maintenance

114. Expenditure on the reconstruction of structurally deteriorated roads which were deemed to be a priority, is forecast to be £40,000. Whilst site investigations have been undertaken to identify the most appropriate treatments on Greenway Road, Nant Fawr Crescent and New Road, procurement has not been started with slippage of £360,000 shown.
115. 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 but resource issues to assist with contract delivery has resulted in a delay in letting works contracts. Slippage of £3.475 million is currently forecast by the Directorate for resurfacing that will be also support a number of capital schemes within the City Centre.
116. The five year capital programme includes a sum of £2.250 million to replace the timber surface of the Millennium Walkway which is coming to the end of its expected lifespan. The 2019/20 allocation is to support design with potentially a small area of new sustainable material being trialled before wider roll out. Slippage of £225,000 is currently assumed.
117. The Bridges and Structures budget is £1.564 million and includes £251,000 Welsh Government grant to address flooding issues at a number of sites. Works include replacement of Butetown tunnel emergency doors and two main drainage pumps; culverts at Capel Llaniltern, St Fagans Road and Llandennis Road and parapet works at Caerau Place and Radyr Place. Assessment reports are awaited for North Road flyover and Station Road to inform the level of works required. Slippage of £364,000 is currently forecast.
118. The street lighting renewal budget is to be used for replacement lighting in subways and low level solar powered bollards, with the first phase in Pentwyn, and Gabalfa complete. Design has been undertaken for a programme of cable

and column replacement works at Eastern Avenue to be phased over a number of years. Slippage of £695,000 is currently assumed.

119. Following a successful trial of LED lighting in the Radyr Ward, an invest to save business case was approved by Cabinet in May 2019, for all remaining residential columns to be converted to LED at a potential cost in excess of £6 million. The contract for works is unlikely to be tendered by the Directorate until next financial year, so slippage of £2 million is assumed.
120. As part of a coastal defence scheme to implement improvements from Rover Way to Lamby Way, a Welsh Government grant of £639,000 has been awarded to progress design, habitat assessments and complete a full business case. Slippage of £348,000 is currently assumed and will be reviewed in future monitoring reports.

Traffic & Transportation

121. The Council Road Safety Schemes budget of £335,000 will be used to match fund schemes being delivered under Local Transport Fund, Safe Routes in Communities Grant (Fairwater - Plasmawr), Active Travel Fund (Lakeside Primary) and Road Safety Fund grants. Full spend is currently anticipated.
122. The asset renewal telematics budget of £135,000 is to be used for replacement of obsolete CCTV cameras at various locations.
123. The total budget for cycling development in 2019/20 is £2.5 million, which will be used to match fund WG grant funded schemes. Slippage of £2 million is forecast, in line with the delivery programme of Cycle Superhighway schemes.
124. A sum of £375,000 Council match funding is included in the Capital Programme to help secure a range of Welsh Government grants where match funding is required. Together with slippage from 2018/19 this is to complete a range of schemes for Local Transport, Safe Routes in Communities and Road Safety. Welsh Government terms and conditions require all grants to be utilised by 31 March 2020. Slippage of £200,000 is currently projected from the £616,000 match funding budget, in order to maximise grant expenditure on schemes which will carry over into 20/21.
125. City Centre and Key Links Transport Improvement budget of £1.769 million including slippage is to be utilised towards air quality and active travel schemes in the City Centre. Slippage of £1.259 million is anticipated, in line with the delivery programme. £510,000 will be used in year towards the design of City Centre Eastside. Following the approval by Welsh Government of the business case to meet the Air Quality Direction via a range of measures, Cabinet approved in January 2020, the commencement of works at Central Square – City Centre West Phase 1. Enabling accommodation works will start in March 2020, with the principal contractor entering site in July 2020 and aiming to complete by November 2021.
126. 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 and will need to be managed closely in the last quarter to mitigate against the loss of resources.

127. Welsh Government allocation to Cardiff for the Local Transport Fund is revised to £4.833 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 (£78,000), City Centre Transport Development to support sustainable travel infrastructure in the city centre (£1,006,000), to extend the on-street cycle hire scheme (£775,000), active travel to schools (£952,000), expansion of the 20mph limit area (£1,540,000) and to deliver a package of strategic cycle routes and on-street parking (£482,000).
128. 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.
129. A Welsh Government Road Safety grant of £286,000 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 Avenue. Design for a safety scheme will be undertaken on Crwys Road for construction in 2020/21 subject to a successful grant bid.
130. Safe Routes in Communities Grant of £267,000 aims to improve 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.
131. The revised Active Travel Fund allocation is £2.549 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 (£1.284 million), design and implementation of local walking and cycling schemes (£493,000) and an allocation of £772,000 to implement a number of other improvements to the Integrated Network Plan.
132. 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.
133. 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.
134. 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.

135. 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.

Resouces

136. The 2019/20 programme for the Directorate is £4.005 million, with a variance identified of £2.474 million in relation to the Council's commitment to the Cardiff Capital Regional City Deal (CCRCD) wider investment fund.

Technology

137. 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 such as development of a Virtual Assistant (ChatBot). The £1.133 million budget for the year is forecast to be fully committed, with options to be considered to bring expenditure forward to support agile working.
138. 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

139. The £200,000 contingency and £500,000 invest to save budget for small schemes are assumed to not be required during the year but will be adjusted in future monitoring reports if schemes are approved during the year.
140. Whilst the programme for 2019/20 allowed 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, no request for funds are to be made in 2019/20. Drawdown will be subject to expenditure on approved projects by the CCRCD Joint Cabinet.
141. 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. No budget has been brought forward at this stage pending consideration of the form and timing of support.

Capital Receipts

142. 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. The in year target includes disposal of land as well as a number of retail parades as identified in the Annual Property Plan. To date the main proceeds received relate to the disposal of 8 Library Street in Canton (£289,000). The timing and

value of receipts will need to be closely managed by strategic estates in the last quarter to ensure the target for 2019/20 as well as future years is met.

143. In addition to the above, a number of sites will be or have already been sold as part of the investment property strategy, for reinvestment in the estate. This includes Boston buildings, premises in Wharton Street and the Heliport site. A number of land appropriations to the Housing Revenue Account will take place in the last quarter, for the development of affordable housing. 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)

144. The 2019/20 capital programme for Public Housing is £47.385 million, with net slippage of £3.078 million assumed.
145. Expenditure of £3.650 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.
146. An amount of £9.150 million is forecast to be spent on improvements to the existing dwellings stock including £0.5 million on roofing, £0.75 million on lift upgrades, £1.7 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. Where slippage is recognised, this will be reviewed as part of the 2020/21 programme and allows for rewiring and front door upgrades to flats following further fire testing.
147. Expenditure on disabled adaptations for public housing is forecast to be £350,000 in excess of the budget initially allocated and will be managed within the overall programme.
148. 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 £28 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.
149. 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 £7.5 million will be spent on buy backs by 31 March 2020.

150. 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

151. The following table 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 9:

	Budget	Projection at Month 9	Variance
	£000	£000	£000
Parks & Green Spaces	1,342	363	(979)
Traffic & Transportation	802	404	(398)
Strategic Planning & Regulatory	156	26	(130)
Neighbourhood Regeneration	349	122	(227)
Economic Development	382	10	(372)
Education & Lifelong Learning	330	0	(330)
Public Housing (HRA)	520	520	0
Total	3,881	1,445	(2,436)

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, Jubilee Park, Creigiau Open Space, Parc Coed y Nant, Caerleon and Fisher Way play areas. 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, Old St Mellons Village Hall and Maes y Coed Community Centre and Llwynfedw Gardens.
- Economic Development – Support for small to medium enterprises in Adamsdown.
- Public Housing – Development of new affordable housing.

Reasons for Recommendations

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

Legal Implications

153. 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

154. In summary, the Month 9 revenue monitoring position for the Council reflects an overall balanced position, with significant directorate overspends offset by the use of contingency allocations, a Capital Financing surplus, a Council Tax surplus and an overall underspend on the Summary Revenue Account, underpinned by one-off funding in relation to Teachers' Pensions. The position reflects various in-year pressures and 2019/20 savings shortfalls amounting to £6.443 million. A range of management actions have already been implemented, the effect of which are reflected in the figures included within this report. However, despite these actions, the overall increase in the directorate position means that a continuation of tight management control is required, in order to significantly reduce overspends by the end of this financial year. Should a balanced position be achieved by the end of the financial year, the level of Council Fund Balance held will remain unchanged at £14.255 million.

155. Whilst the overall directorate overspend has largely been mitigated at this stage of the financial year, there remains a risk that directorate positions could worsen by the end 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 essential that directorates continue to focus on addressing challenges within their budgets and managing financial pressures as much as possible. In addition, it is vital that delivery of savings proposals is a priority and that shortfalls in this financial year are not carried forward into future years.

156. In relation to the 2019/20 Capital Programme, a variance of £48.167 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 £3.078 million is currently forecast. 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

The Cabinet is recommended to:

1. Note the potential financial outturn based on the projected position at Month 9 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.

SENIOR RESPONSIBLE OFFICER	CHRISTOPHER LEE Corporate Director Resources
	14 February 2020

The following appendices are attached:

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