

## **Appendix 2 – Directorate Commentaries**

### **Corporate Management**

**+£1,000,000**

1. The overall position for Corporate Management reflects an overspend of £1.000 million, reflecting a £13,000 improvement on the figure reported at Month 4. This improvement is due to a previously held item from a claim against the WG Hardship Fund now being claimed from an alternative funding source. The overall overspend is due to supplier relief that was not approved by Welsh Government (WG), as part of the Council's June claim against the Hardship Fund. As outlined in the main report, it is hoped that there will be an opportunity to recover this amount from another funding stream. However, until that is confirmed, this figure is shown as part of the overspend position. Elsewhere within the position are a number of small, offsetting, variances against the directorate's operational service delivery budget. The 2020/21 savings target of £90,000, in relation to past service pension contributions, is currently projected to be achieved in full.

### **Economic Development**

#### **Economic Development**

**(£509,000)**

2. The reported Month 9 position for the Economic Development directorate is an underspend of £509,000, which is broadly in line with the position reported at Month 9, although there have been offsetting changes within the position. The overall underspend includes irrecoverable COVID-19 related costs totalling £87,000, an underlying underspend of £227,000 and in-year savings totalling £369,000. It should be noted that this directorate has been particularly badly affected by losses of income due to the closure of various facilities and venues, such as Cardiff Castle, St David's Hall and the New Theatre. To date, the income losses experienced in Quarters 1 and 2 have been recovered via a combination of WG and Arts Council for Wales funding. For the purpose of this report, potential future income losses associated with these closures have been assumed recoverable. Divisions with underspends include Parks, Facilities Management, Property & Office Rationalisation, Sport, Leisure & Development, and Culture, Venues & Events. Overspends are being reported in relation to Major Projects, Business, Investment & Workshops and Projects, Design & Development. In terms of savings agreed as part of the 2020/21 budget, a shortfall of £784,000 is projected against the target of £1.478 million. Of this shortfall, £358,000 relates to efficiency proposals, with the majority relating to the delay in the transfer of the New Theatre to a third party, with the balance relating to income generation proposals, which have been significantly impact by the effects of the pandemic.
3. The largest underspend within the directorate position is £524,000 in relation to the Parks service. This underspend includes in-year savings against employee

budgets, due to vacancies, and operational underspends relating to grounds maintenance. As well as this, the £250,000 Financial Resilience Mechanism (FRM) allocation for ash die back works is not anticipated to be spent during this financial year. The Culture, Venues & Events division, overall, is projecting an underspend of £88,000 due to areas less impacted by the effects of the pandemic experiencing in-year savings against staffing budgets, due to vacant posts, and events budgets. In addition, Property & Office Rationalisation is projected to underspend by £48,000 because of in-year savings against staffing budgets, additional internal recharge income and savings within the Office Rationalisation budget. Facilities Management is also projecting an underspend, totalling £284,000, largely due to in-year savings against repairs, maintenance and energy budgets, reflecting the reduced occupation of Council buildings during the year. The Building Services trading account, which was previously projecting a deficit position, is now expected to balance. In relation to Sport, Leisure & Development, an underspend of £33,000 is projected, mainly due to in-year staffing savings and underspends against FRM allocations.

4. Overspends within the directorate can be seen within Major Projects, where an overspend of £196,000 is forecast, and Projects, Design & Development, where an overspend of £275,000 is projected. The Major Projects overspend is due to unbudgeted non-domestic rates costs in relation to the Toys R Us building and other costs associated with certain projects. The Projects, Design & Development deficit is the result of reduced internal recharge income following a phase of reduced activity during the lockdown periods. In addition, Business, Investment & Workshops is projecting a £50,000 overspend, due to various unbudgeted costs. Other divisions are reporting minor variances or balanced positions. Although an overall underspend is reported, there remains a risk that the position could worsen if the necessary level of financial support for lost income, in particular, is not forthcoming. The position will be kept under close review and any changes reflected in the Outturn Report.

## **Recycling & Neighbourhood Services**

**Balanced**

5. The Recycling & Neighbourhood Services directorate is current projecting a balanced position, which is in line with the position reported at Month 6, although there have been various offsetting changes between reporting periods. Within this position is a net £276,000 impact due to irrecoverable COVID-19 costs, offset by an overall £276,000 operational service underspend, which is aided, in particular, by an in-year underspend against allocations from the Financial Resilience Mechanism (FRM) and Policy Growth funding, and the proposed use of earmarked reserves to offset the majority of the irrecoverable COVID-19 costs. Particular in-year pressures include a projected overspend in relation to Waste Treatment & Disposal and Collections, offset by an underspend against Street Cleansing. Other divisions, including Environmental Enforcement and Strategy & Support are projecting minor variances. The savings proposals for 2020/21,

classified as efficiency savings, amounted to £78,000 and are projected to be achieved in full.

6. The Waste Treatment & Disposal overspend is £204,000 and reflects the overall increased cost of processing materials caused by an increase in tonnages, the mix of materials and non COVID-19 price impacts. Domestic Collections is now projecting an overspend of £143,000, primarily due to revised expenditure projections associated with vehicle costs. The position includes an anticipated underspend on recycling bags and an improved Trade Service surplus. The Street Cleansing underspend totals £393,000 and will be achieved by delaying the creation of a new city centre team and scaling back the enhanced cleansing regimes in certain wards, thereby releasing the funding from the FRM and Policy Growth allocations. Environmental Enforcement is projecting an overspend of £35,000 due to reduced external funding and additional staffing costs, with Strategy & Support projecting a £12,000 overspend due to additional operational costs.

#### **Education & Lifelong Learning**

**+£863,000**

7. The Month 9 position for the Education & Lifelong Learning directorate reflects an overspend of £863,000, representing an improvement of £76,000 on the overspend reported at Month 6. This change comprises an increased underspend within the Achievement division, due to additional external funding, offset by a significant increase in the School Transport overspend. The overall position can be broken down between irrecoverable COVID-19 costs amounting to £124,000, an underlying overspend of £1.774 million and in-year savings of £1.035 million. The main pressures within the position include trading deficits, after allowing for recovery of income losses via the WG Hardship Fund, against School Catering and the Music Service. In addition, there is a significant overspend in relation to Out of County Placements and continuing pressures in relation to School Transport. Partially offsetting these pressures are underspends in relation to Inclusion, Achievement, School Organisational Planning (SOP) and the benefit of some of the in-year savings within other divisions. A savings shortfall totalling £265,000 is projected against the target of £951,000. These shortfalls all relate to income generation proposals and are unachievable largely because of the impact of COVID-19 and the traded services not being able to operate as normal.
8. The largest overspend totals £1.262 million and relates to Services to Schools and, specifically, the traded services within that division. This position reflects the continuation of issues that existed in previous financial years, as well as irrecoverable COVID-19 costs. This position does not include any COVID-19 related income losses that may be seen during the remainder of the year. However, it does include potential costs relating to the enhanced provision of free school meals, which is currently assumed to not be recoverable in full via the Hardship Fund. These services have been particularly badly affected by the

closure of schools and there remains significant uncertainty regarding the restart of elements of these services and their financial viability over the remaining months. However, should WG financial support be greater than expected, this position could potentially improve by the end of the year.

9. In addition, there is an increased overspend of £816,000 projected in relation to Out of County Placements for pupils with additional learning needs (ALN). The underlying overspend is more significant than that reported, as a significant allocation of WG ALN grant funding has helped to mitigate the position in-year. The pressure has largely arisen due to an increase in the number of pupils requiring these placements, but also significant rises in the cost of such placements. Until capacity within Cardiff schools can be increased, it is likely that such pressures will continue to exist. The other main overspend relates to School Transport and totals £811,000. This is after allowing for an in-year saving on transport provider costs, during the period of inactivity whilst schools have been closed. Therefore, the underlying pressure, which is primarily due to increased demand for transport routes for pupils with ALN, is greater than the amount reported.
10. There are a number of underspends within the directorate, including £525,000 in relation to SOP. This is the product of an in-year saving in relation to revenue funded school repairs and capital financing savings, which have arisen due to savings against Asset Renewal budgets in previous financial years. In addition, an underspend of £849,000 is projected against the budget for the Achievement Service. This underspend, which has increased significantly since Month 6, largely relates to the Youth Service, where additional grant funding has been available to offset base funded costs, and additional funding from the Central South Consortium which has displaced base budget funding. As well as this, the Inclusion Service is projecting an underspend of £134,000, partly due to additional income generation via the service level agreement for specialist services with schools. Across the directorate, in-year savings proposals are providing mitigation against overspends. These include vacancy management and other expenditure controls, maximisation of the use of grant funding and a likely in-year underspend against the redundancy budget held for school redundancies. This latter proposal could potentially save £500,000.

## **People & Communities**

### **Housing & Communities**

**(£977,000)**

11. The Housing & Communities directorate is reporting an overall underspend of £977,000 at Month 9, which represents an increase on the underspend reported at Month 6. This improvement is primarily due to increased income in relation to Cardiff Works and revised employee and supplies and services forecasts across the directorate. The overall position comprises an operational service underspend of £509,000, in-year savings proposals totalling £491,000 and irrecoverable costs relating to COVID-19, which amount to £23,000. The main

directorates variances, after allowing for in-year savings, include an overspend within Advice & Benefits and underspends within the Independent Living Service, Homelessness & Hostels, Housing Projects, Early Help and Hubs & Community Services. In terms of savings, a shortfall of £79,000 is projected, in relation to a planned restructure and additional charging for equipment. The other proposals, of which the majority are efficiency savings, are projected to be achieved in full.

12. One of the largest underspends within the directorate relates to the Independent Living Service and totals £302,000. This underspend is the result of a review of available grant funding and the staffing establishment, which identified in-year staffing savings and the opportunity to offset base funded costs with grant funding. Homelessness & Hostels is also projecting an underspend, totalling £134,000, based on the assumption that all COVID-19 costs associated with temporary accommodation for homeless people will be reimbursed by WG. The underlying underspend is due to in-year staffing savings, which have arisen because of delays in recruiting to posts relating to Housing Options. In addition, an underspend of £67,000 is projected in relation to Hubs & Community Services, due to the in-year supplies and services savings, and Early Help is projecting a £48,000 underspend due to in-year vacancies. Housing Projects is also reporting an underspend, totalling £494,000, which is due to a vacant post and the assumption that the FRM allocation for estates management will not be utilised this year.
13. The only significant overspend within the directorate relates to Advice & Benefits and totals £67,000. This is due to a number of factors, including additional scanning, printing and postage costs, as well as additional audit fees. Partly offsetting the overspend is a surplus against the Cardiff Works account. Also contained within the directorate position is a significant increase in expenditure in relation to the Council Tax Reduction Scheme. At this stage of the year, this would require a contingency allocation of £2.918 million to cover costs, which represents a slightly reduced figure from that reported at Month 6. However, this continues to be a developing situation and, therefore, it will be kept under close review throughout the remainder of the year, both in terms of the level of expenditure likely to be incurred and the prospects for recovering this via WG.

## **Performance & Partnerships**

**(£67,000)**

14. The projected Month 9 position for Performance & Partnerships is an underspend of £67,000, which represents an improvement on the balanced position reported at Month 6. This improvement relates to Cohesion & Engagement and Bilingual Cardiff, which are both reporting reduced overspends. The overall position comprises underspends against Cabinet Office & Performance Management, Media & Communications and Community Safety, partly offset by overspends against Prevent and Cohesion & Engagement. Bilingual Cardiff is projecting a balanced position. The largest underspend totals £118,000 in relation to Cabinet Office & Performance Management and is due in-year savings against employee

budgets. Media & Communications and Community Safety are also projecting small underspends, again due to in-year employee savings. The overspends within Cohesion & Engagement and Prevent are due to income shortfalls and one-off employee costs, respectively. The two budget savings proposals, amounting to £99,000, both of which were classified as efficiencies, are projected to be achieved in full.

## **Social Services**

**+£1,940,000**

15. The position for Social Services reflects a total overspend of £1.940 million, reflecting a net improvement of £940,000 on the position reported at Month 6. The overall position comprises an overspend of £234,000 within Adult Services and an overspend of £1.706 million within Children's Services. The £1.400 million WG grant, referred to in previous reports, has now been allocated across the two services. Within the overall position is a significant amount of expenditure in relation to COVID-19, particularly within Adult Services. However, the majority of this has been fully reimbursed by WG, with only a total of £124,000 not reclaimable, with the majority of this sitting within Children's Services. Therefore, the majority of the overspend relates to underlying issues, although there is some mitigation with the fact that £753,000 of in-year savings have been identified. A total of £2.330 million in savings shortfalls are being reported, which represents almost all of the savings agreed as part of the 2020/21 budget. Whilst COVID-19 is a contributory factor in this non-achievement, the majority of the explanation is due to the continuation of pressures experienced in previous years, meaning that new initiatives, whilst potentially helping with cost avoidance, are not resulting in a net decrease in expenditure. Further detail on each directorate's position is provided in the paragraphs that follow.

### Adult Services

16. Adult Services is currently projected to overspend by £234,000 at Month 6, representing a decrease of £825,000 on the position reported at Month 6. This decrease is largely due to the inclusion of additional grant funding, including an element of winter pressures funding. It is important to note that this position is predicated on the current level of residential and nursing placements, which has reduced in comparison to previous years. The position does, however, assume an element of increase in domiciliary care hours. However, there remains the risk that the overall level of demand increases beyond these assumptions, which would increase the level of overspend. In the first eight months of the year, the service has incurred approximately £10.018 million in COVID-19 related costs. These costs have predominantly related to financial support for the care sector, demonstrated via fee uplifts and payments based on planned activity, rather than actual activity. This has almost entirely been reimbursed via the ringfenced allocation for adult social care within the WG Hardship Fund, with only £17,000 of expenditure being disallowed. Had this not been the case, the overspend would have been significantly higher than the figure being reported.

17. The largest variance within the directorate is a projected overspend of £1.482 million against the budget for Commissioned Services - Older People. This overspend is despite the reduction in numbers of residential and nursing placements and is due to the inability to take forward savings proposals, increasing costs associated with respite care, due to longer placements, and additional costs associated with the ExtraCare contract. An increase in the number of domiciliary care hours has been observed and is contributing towards a large proportion of the overspend. Whilst the nursing and residential placement numbers have reduced throughout the year (18% since February in the case of nursing placements), there have been a number of instances where former self-funders have required funding because of a fall in income. This has placed an additional financial pressure upon the authority. Overspend levels in the other commissioned services are relatively low, with Physical Disabilities reporting a £98,000 overspend due to an increase in direct payments. In the case of Learning Disabilities, increases in the number of residential and college placements has occurred, however this has been offset by additional grant funding.
18. In terms of internal services, the most significant variance is a projected underspend of £1.253 million in relation to Reablement / Older People Day Care. This is primarily due to the level of vacancies within the team, as well as the level of grant funding which has offset costs within that area. In the case of Assessment & Care Management, an underspend of £159,000 is projected, with the level of vacancies in this area being the underlying reason. The other internal services are reporting minor, partly offsetting variances, with additional grant funding helping to offset emerging pressures.

### Children's Services

19. Children's Services is currently forecasting an overspend of £1.706 million at Month 9, which is a significant improvement of £1.521 million compared to Month 6. This improvement is predominantly due to a significant reduction in the level of expenditure being incurred in relation to agency staff, coupled with additional WG grant funding. Within this position is £107,000 of irrecoverable COVID-19 costs, the majority of which relate to WG only funding 50% of any ICT investment arising from the need to enable agile working during the pandemic. In addition, the position contains £353,000 of in-year savings. Therefore, the underlying position amounts to £1.952 million. This is after allowing for the use of £2.175 million corporate contingency for additional costs in relation to external placements, as agreed as part of the Month 4 reporting process.
20. The main pressure within the directorate position relates to Substitute Family Care. The projected overspend is £2.163 million, after assuming use of the corporate contingency. Within this division, the main pressure relates to external residential placements which, at one point, had increased, net, by 10 since the

start of the financial year, albeit having stabilised recently. As a result of these increases, this particular budget is projected to overspend by £4.412 million, before use of the contingency. Elsewhere within this division, an overspend of £888,000 is projected against the In-House Fostering budget, partly due to an increase of 36 in terms of kinship placements and increased fostering allowances. Partly offsetting this position is a projected underspend of £1.102 million in relation to external fostering placements. It should be noted that this position does not allow for any further placements during the remainder of the year and, therefore, there is a risk that the overspend will increase further, although this would only represent a part-year effect. However, with fostering placements representing a lower cost than residential placements, any shift from residential placements to fostering placements would aid the monitoring position.

21. Other overspends within the directorate are being reported in relation to Wellbeing, Protection & Support (£51,000) and Improvement & Strategy (£299,000). These overspends are the result of legal disbursement costs and agency expenditure in excess of available budget, respectively. The two main underspends within the directorate relate to Localities and Restorative, Leaving & Edge of Care. The Localities underspend totals £484,000 and is due to a significant reduction in the level of agency expenditure being incurred, as well savings due to the delay in opening the Assessment Centre, although this is partly offset by an inherent budget shortfall in relation to Ty Storrie. The underspend against Restorative, Leaving & Edge of Care Services totals £225,000 and is due to an in-year underspend against the budget for the Adolescent Resource Centre, due to underspends against employee budgets, and reduced travel and supported accommodation costs relating to Leaving Care. Additional agency expenditure and grant shortfalls partly offset these underspends. Strategy, Performance & Resources is projecting a small underspend, with both the Youth Justice Service and National Adoption Service projecting balanced positions.

## **Planning, Transport & Environment**

**Balanced**

22. The Month 9 position for Planning, Transport & Environment reflects a balanced position overall, after allowing for irrecoverable COVID-19 costs and in-year pressures. This position is consistent with that reported at Month 6, although there have been offsetting changes between reporting periods. Within the position is an underlying underspend totalling £90,000 and in-year savings totalling £234,000. These are offsetting irrecoverable COVID-19 costs amounting to £144,000, including some ICT expenditure which was funded by WG at a rate of 50%. Particular in-year pressures are evident within Energy Management and Planning & Building Control, whilst Bereavement & Registration Services, Transport Planning, Policy & Strategy, and Highways are reporting underspends. Other divisions are reporting balanced positions. In terms of 2020/21 budget savings proposals, an overall shortfall of £790,000, against a total target of £1.490 million, is projected. This shortfall is almost entirely related to income

generation proposals, with efficiency targets currently projected to be largely achieved in full. The main shortfall relates to an additional drawdown from the Parking Reserve, which is unlikely to be feasible in light of significantly reduced Civil Parking Enforcement income levels this year to date. However, this shortfall should not impact upon the directorate revenue position, as expenditure commitments have been reduced as a mitigation.

23. The Energy Management overspend comes to £260,000 and is because of a shortfall in renewable income sources and recharge income shortfalls. The Planning & Building Control overspend, which totals £130,000, is due to reduced income levels, caused by delays in receipt of planning applications. Civil Parking Enforcement is reporting a balanced position although the current forecast indicates a significant reduction in the surplus. However, the shortfall in income is currently being offset by reimbursements via the Hardship Fund. The Transport Planning, Policy & Strategy underspend totals £70,000 and is due to increased income generation within Design & Delivery, which is helping to offset income shortfalls elsewhere within the division. The Bereavement, Registration & Dogs Home underspend is £58,000 and reflects the additional income from excess deaths in April and May and a planned use of reserves to fund additional burial sites. Highways are forecasting a net underspend of £262,000 reflecting the holding back of funds allocated via the FRM which is helping to offset some income shortfalls.

## **Resources**

### **Governance & Legal Services +£537,000**

24. The position at Month 9 for the Governance & Legal Services directorate is for an overspend of £537,000, which represents a slight increase on the figure reported at Month 6. This position is entirely made up of underlying issues and in-year savings. Any expenditure incurred as a direct result of COVID-19 has been recovered via WG, with any lost income currently assumed to be recoverable. The underlying position is due to a projected overspend within Legal Services, partly offset by an underspend within Democratic Services. The Legal Services overspend totals £557,000 and is primarily due to continued pressures in relation to complex children's' cases and the requirement to engage external legal services to provide support with this work. In addition, there are overspends in relation to employees, due to the need to engage locums, and supplies and services. It is assumed that income losses, relating mainly to land and property charges, will be covered via the WG Hardship Fund. The underspend in relation to Democratic Services totals £22,000 and is due to in-year staffing savings. Other divisions are reporting minor, offsetting, variances or balanced positions.

### **Resources +£74,000**

25. The Resources directorate is projecting an overall overspend of £74,000, representing a change from the underspend position reported at Month 6.

However, this change is because of Central Transport Services, which is projecting an overspend, now being reported as part of Resources. The overall position comprises £169,000 of irrecoverable costs relating to COVID-19 and an underlying underspend of £95,000. The irrecoverable costs are mainly within Health & Safety and primarily relate to additional legionella testing required within schools, however this is being mitigated via other funding sources within the overall position. The main overspends within the directorate relate to Central Transport Services, Digital Services and Health & Safety, offset by underspends within Finance and Human Resources. Other divisions are reporting minor variances or balanced positions. In terms of savings, a shortfall of £209,000 is projected, with the majority of the shortfalls relating to income proposals and plans to generate additional income within Revenues, Commissioning & Procurement, Human Resources and Health & Safety. Wherever possible, these shortfalls have been mitigated within the monitoring position or via reimbursement from WG.

26. The largest overspend within the directorate relates to Central Transport Services and totals £213,000. The main reason for this is because of an underlying issue regarding the achievement of an external income target. In addition, there have been additional staffing costs incurred in connection with the maintenance of the Council's fleet, however this has been partly mitigated by an in-year underspend against leasing budgets connected with a planned transition to use of electric vehicles, which has been delayed. In addition, an overspend of £105,000 is projected against Digital Services. This overspend is mainly because of additional costs within Customer Services, which have been incurred in order to be able to achieve income targets. The Health & Safety service is also projecting an overspend, totalling £90,000. This overspend is due to shortfalls against internal income targets, which have not been achievable due to COVID-19 and the inability to provide training. The largest underspend within the position totals £224,000 and relates to Human Resources. This underspend is due to a combination of in-year employee savings, additional internal income and underspends against the budgets for projects. Finance is projected to underspend by £111,000, which is mainly because of in-year staffing savings, although these are partially offset by income shortfalls within Revenues.

## Ring-fenced and Grant Funded Accounts

### Housing Revenue Account

27. The Housing Revenue Account (HRA) is projecting a potential surplus of £4.543 million at Month 9. This is an increase of £2.343 million compared to the position reported earlier in the year. The major variance is an increased anticipated £2.911 million underspend within the Housing Repairs Account, mainly due to delays to planned work and access issues as a result of the COVID-19 pandemic.
28. The Housing Repairs Account includes underspends on responsive repair works (£1.657 million) and void property repairs (£1.002 million) where the number of properties becoming vacant has decreased due to a reduction in transfers, evictions and tenants moving to the private rented sector. April to September 2020 statistics indicate a 34% decrease compared to the same period last year. Other variances include a £25,000 underspend against the Disabled Facilities Grant budget and a £66,000 underspend for electrical testing. The balance of the underspend for the Housing Repairs Account relates to vacancy savings within management and administration, partly due to delays in filling posts as a direct result of the pandemic.
29. Based on week 36 statistics, rent and service charge income are estimated at £860,000 above target. This is a significant improvement on earlier forecasts, largely due to the reduction in void properties and void rental loss as referred to above and including a reduced estimate for bad debt provision based on assumed year end arrears levels and current write-off levels.
30. Whilst there are some delays anticipated within the Capital Programme, other schemes are currently being brought forward such as the planned acquisition of the Cardiff Living properties. Overall, there is lower than planned spend, which is likely to reduce the in-year borrowing requirement. The net position at the end of December is an anticipated underspend of £1.349 million; an increase from earlier forecasts following confirmation of the Affordable Housing Grant award for this year. It is anticipated that this underspend will transfer to the Housing and Building Maintenance earmarked reserve to meet any additional commitments next year as a result of the impact of COVID-19 on the service. This has been assumed within the overall position resulting in a net nil variance.
31. Insurance forecasts are largely based on average costs in previous years and indicate an underspend of £170,000. Actual costs will depend on the number and value of claims which will not be clear until later in the financial year. The balance of the variance is largely due to other vacancies, savings on premises costs and supplies and services and unbudgeted income from the WG COVID-19 claim reimbursement for additional expenditure.
32. Any surplus generated within the HRA will transfer to the HRA General Balance, which will improve the ability to deal with future budget pressures and provide more flexibility for any unavoidable commitments in the new financial year.

## Civil Parking Enforcement

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

	<b>Budget £000</b>	<b>Projected Outturn £000</b>	<b>Variance £000</b>
<b>Income</b>			
On street car parking fees	5,634	1,440	4,194
Off street car parking fees	1,420	289	1,131
Residents parking permits	405	352	53
Penalty charge notices	2,507	945	1,562
Moving Traffic Offences (MTO's)	4,736	2,779	1,957
Other Income	10	2	8
<b>Total Income</b>	<b>14,712</b>	<b>5,807</b>	<b>8,905</b>
<b>Expenditure</b>			
Operational costs, parking & permits	774	543	(231)
Enforcement service including TRO	5,916	5,443	(473)
<b>Total Expenditure</b>	<b>6,690</b>	<b>5,986</b>	<b>(704)</b>
<b>Annual Surplus / (Deficit)</b>	<b>8,022</b>	<b>(179)</b>	<b>(8,201)</b>

34. The CPE budget for 2020/21 assumed a trading surplus of £8.022 million. The current projection indicates a trading loss of £179,000, a reduction of £8.201 million. This position is broadly in line with that reported at Month 6.
35. The COVID-19 pandemic has had a profound impact on all income streams with significant reductions in the use of on street and off street parking. Enforcement activity was scaled back during the height of the pandemic and lower traffic volumes, particularly in the city centre, has meant lower fine income from MTOs. The reduced activity generates a consequential reduction on expenditure. This includes lower spend on overheads such as IT support, management fees, credit

card commission, hybrid mail and advertising. In addition, there are savings from staff vacancies and less routine maintenance.

36. The WG have considered claims for the reimbursement of lost income via the Hardship Fund. Claims for quarters 1 and 2, totalling £5.080 million, have been approved by WG and a further claim for £1.742 million has been submitted in relation to quarter 3. A further claim, in relation to quarter 4 will also be submitted and, if approved, this will represent full recovery of the loss against the budgeted surplus.
37. The table below illustrates the effect of the confirmed and potential reimbursements on the overall trading position.

	<b>£000</b>
CPE Trading Forecast	(179)
Approved Reimbursement	5,080
<b>Existing Position</b>	<b>4,901</b>
Quarter 3 Claim	1,742
<b>Revised Position (Q3)</b>	<b>6,643</b>
Quarter 4 Claim	1,379
<b>Revised Position (Q4)</b>	<b>8,022</b>

38. The surplus is transferred to the Parking & Enforcement Reserve. This is available to support highway, transport and environmental maintenance and improvements. The table below illustrates the forecasted year-end position for each scenario.

<b>Parking and Enforcement Reserve</b>	<b>Current Position £000</b>	<b>Q3 Recovery £000</b>	<b>Q3 &amp; Q4 Recovery £000</b>
<b>Balance 1<sup>st</sup> April 2020</b>	<b>2,115</b>	<b>2,115</b>	<b>2,115</b>
Income recovered re: 2019/20	547	547	547
Contribution to CPE	(179)	(179)	(179)
Recovery from Hardship Fund	5,080	6,822	8,022
<b>Total Available</b>	<b>7,563</b>	<b>9,305</b>	<b>10,505</b>
Contribution to support revenue budget	(5,935)	(5,935)	(5,935)
Project support and initiatives	(368)	(368)	(368)
<b>Balance 31<sup>st</sup> March 2021</b>	<b>1,260</b>	<b>3,002</b>	<b>4,202</b>

39. The brought forward balance in the reserve is £2.115 million. Lost income of £547,000 for March 2020 was reimbursed by WG. The CPE position indicates a trading loss of £179,000, which is funded by the reserve. The actual contribution to the reserve from will depend on decisions made by the WG regarding reimbursement of lost income. Currently this is £5.080 million but may increase following consideration of future claims. The contribution to the revenue budget to fund infrastructure improvements is £5.935 million. A further £368,000 will support various initiatives such as Active Travel and LDP transport monitoring. Should full reimbursement be received from WG, then the final balance will be £4.202 million. However, there is no indication at present as to whether WG will provide financial support during 2021/22. Therefore, potential utilisation of the reserve balance during 2021/22 will need to be balanced against the need to potentially cover off further income losses.

### Harbour Authority

40. As reported previously, for the current year, the Council worked with WG to identify achievable efficiencies, service reductions and savings against the approved Fixed Costs budget and to agree on an appropriate budget arrangement for Asset Renewal. The WG agreed Fixed Costs funding of £4.961 million and Asset Renewal of £262,000, giving a budget of £5.223 million, which is the same overall total as the 2019/20 financial year.
41. The forecast at the end of quarter two indicates a funding requirement of £5.366 million, representing a variance of £143,000 over budget, as per the table below.

	<b>Budget</b>	<b>Projected</b>	<b>Variance</b>
	<b>£000</b>	<b>Outturn</b>	<b>£000</b>
		<b>£000</b>	
Expenditure	5,896	5,593	(303)
Income	(935)	(447)	488
<b>Fixed Costs</b>	<b>4,961</b>	<b>5,146</b>	<b>185</b>
Asset Renewal	262	220	(42)
<b>Total</b>	<b>5,223</b>	<b>5,366</b>	<b>143</b>

42. The introduction of government restrictions, particularly around travel, as a result of the COVID-19 pandemic, has had a significant impact on income generation for the Harbour Authority. Within the figures in the table above, income of £148,000 for car parking is projected against the target of £523,000. The balance of the shortfall in income relates to the Aqua Park, Cardiff Bay Water Activity Centre and harbour dues. The shortfall in income is partly mitigated by a number of managed underspends across a range of areas, including Community Liaison and administration, facilities management, environmental budgets and building / general overheads. Spending has been restricted, where possible, to offset expected shortfalls in income.
43. The Asset Renewal budget is currently indicating spend of £220,000 against the budget of £262,000, with a £6,000 underspend on the purchase of a barrage

crawler crane and £36,000 relating to phase one of the railing refurbishment scheme at Penarth Marina.

44. The Harbour Authority maintains a Contingency & 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<sup>st</sup> March 2020 was £63,000 and this is in line with the amendments to the Deed of Variation as agreed in April 2020.
45. In addition to the above, it is planned to submit an additional claim to WG in the coming months in respect of allowable items that are outside the Fixed Costs schedule. This is estimated at £314,000 and is made up of £172,000 for a 50% contribution to Associated British Ports dock feeder maintenance and £205,000 for de-shoaling the River Taff near the city centre. The balance will be funded using the £63,000 Project and Contingency Fund balance. It is anticipated that any further overspend will be dealt with by a further claim to WG and updates to this will be set out in the Outturn Report.