

## **Appendix 2 – Directorate Commentaries**

### **Corporate Management**

**+£70,000**

1. The final position for Corporate Management reflected an overspend of £70,000, representing a significant change on the £1 million overspend reported at Month 9. This improvement was due to a £1 million supplier relief payment included in previous monitoring positions ultimately being recorded against the Summary Revenue Account. The overall overspend was largely due to a shortfall against the internal income target for annual leave purchases by employees. This shortfall was partly offset by minor underspends against a range of budget headings, including past service contributions, and additional insurance commission income. The 2020/21 savings target of £90,000, in relation to past service pension contributions, was achieved in full.

### **Economic Development**

#### **Economic Development**

**(£508,000)**

2. The final position for the Economic Development directorate was an underspend of £508,000, which was in line with the position reported at Month 9, although there were various offsetting changes within the position. The overall underspend included irrecoverable COVID-19 related costs totalling £83,000, in relation to items such as ICT, which were part-funded by WG, and costs associated with required adaptations to buildings and facilities. It should be noted that this directorate was 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. Throughout the year, losses experienced were recovered via a combination of WG and Arts Council for Wales funding. Divisions with underspends included Parks, Facilities Management, and Sport, Leisure & Development. Services with overspends included Major Projects, Culture, Venues & Events and Projects, Design & Development. In terms of savings agreed as part of the 2020/21 budget, a shortfall of £804,000 was recorded against the target of £1.572 million. Of this shortfall, £378,000 related to efficiency proposals, with the majority relating to the delay in the transfer of the New Theatre to a third party and the balance relating to income generation proposals, which were significantly impact by the effects of the pandemic.
3. The largest underspend within the directorate position was £670,000 in relation to the Parks service. This underspend included 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 was not utilised during this financial year. A similarly large underspend (£645,000) was recorded against the Facilities Management service. This underspend was driven by the low occupancy of Council buildings throughout the year, which resulted in reduced costs on repairs

and maintenance, energy and cleaning. Within this position was an overspend on the Building Services account, although this was largely due to a transfer to earmarked reserves, which will provide additional funding for future repairs to core buildings once occupancy rates begin to increase. The other main underspend within the division related to Sport, Leisure & Development, totalling £126,000. This was an area significantly impacted by the pandemic in terms of income losses, for venues such as Cardiff White Water, Channel View Centre and Cardiff Riding School. However, these losses were mitigated in full by reimbursements from the Hardship Fund and other mitigations such as access to the Job Retention Scheme. The underlying underspend related to staffing savings across the division and an overall underspend in relation to Play Services.

4. The most significant overspend within the directorate related to Major Projects, where a deficit of £344,000 was recorded. This overspend was mainly the result of additional costs in relation to a number of projects and schemes, as well as unbudgeted non-domestic rates costs in relation to the Toys R Us building. In addition, Projects, Design & Development overspent by £304,000, due to reduced internal recharge income following phases of reduced activity during lockdown periods throughout the year. The other main overspend totalled £331,000 and related to Culture, Venues & Events. This was due to unbudgeted network management costs in relation to the reopening of the city centre following the lifting of lockdowns. Although venues such as Cardiff Castle, New Theatre and St David's Hall experienced significant income losses, due to closure, these losses were entirely offset by a combination of Cultural Recovery Fund, WG Hardship Fund and access to the Job Retention Scheme. Other divisions reported minor variances or balanced positions, including Property & Office Rationalisation, where staffing savings due to vacancies and additional rental income were offset by unbudgeted non-domestic rates costs and a deficit in relation to the Old Library.

## **Recycling & Neighbourhood Services**

**Balanced**

5. The Recycling & Neighbourhood Services directorate reported a final balanced outturn position, in line with the position reported at Month 9. However, although the final position was unchanged compared to previous months, there were individual service improvements, which were offset by a transfer to earmarked reserves. In addition, the position included COVID-19 related costs totalling £58,000, which were not eligible from the WG Hardship Fund, as well as a specific item totalling £218,000, which was transferred to the Summary Revenue Account and, therefore, did not impact upon the final variance. An overall operational underspend was recorded, which was partly due to underspends against FRM and Policy Growth allocations, which, in turn, facilitated a transfer to earmarked reserves of £311,000. This reserve balance will be held specifically for providing resilience for the service in future years. Particular in-year pressures included an overspend in relation to Waste Treatment & Disposal and Domestic

Collections, offset by an underspend against Street Cleansing. Other divisions, including Environmental Enforcement and Strategy & Support recorded minor variances. The savings proposals for 2020/21, classified as efficiency savings, amounted to £78,000 and were achieved in full.

6. The Waste Treatment & Disposal overspend was £143,000 and reflected 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 recorded a final overspend of £145,000, primarily due to additional expenditure connected with vehicle costs, although this was slightly offset by an underspend on recycling bags. The Street Cleansing underspend totalled £613,000 and was 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 recorded an overspend of £26,000 due to reduced external funding and additional staffing costs, with Strategy & Support reporting a £12,000 underspend due to reduced operational costs.

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

**+£275,000**

7. The outturn position for the Education & Lifelong Learning directorate reflected an overspend of £275,000, representing a significant improvement of £588,000 on the overspend reported at Month 9. This change comprised a number of improvements in divisional positions, including reduced Out of County Placement and School Transport overspends, both of which were the result of the early 2021 lockdown and associated school closures. As well as these expenditure savings, additional income was received from a variety of WG grants towards year-end, including the Hardship Fund. These improvements facilitated a reduced drawdown from the SOP Reserve and no requirement for use of the underspend against the school redundancy budget, both of which had been assumed in earlier monitoring positions. The overall final position included irrecoverable COVID-19 costs amounting to £124,000, which mainly related to part-funded ICT costs. The main pressures within the position included overspends in relation to Out of County Placements, School Transport and Services to Schools, offset by underspends against Inclusion and Achievement. A savings shortfall totalling £265,000 was recorded against the target of £951,000. These shortfalls all related to income generation proposals that were unachievable, largely because of the impact of COVID-19 and the traded services not being able to operate as normal.
8. The largest overspend totalled £432,000 and related to School Transport. Despite the savings that were experienced whilst schools were closed, resulting in reduced payments to contractors, a significant underlying overspend was recorded. This was due to the cost of additional ALN (Additional Learning Needs) routes, as well as new software costs and COVID-19 specific costs. In addition, the budget for Out of County Placements overspent by £200,000, after allowing

for the use of WG ALN Grant totalling £776,000. Therefore, a significant underlying pressure was evident, with the number of placements increasing from 194 to 238 throughout the year. The other main overspend totalled £414,000 and related to Services to Schools. This position comprised overspends against various budget headings, including a deficit, after allowing for Hardship Fund reimbursements, against the Music Service, costs arising from approved transport appeals and additional ICT costs. As well as this, the International Links division overspent, due to core staffing costs not being covered by usual grant funding, due to the inability to travel beyond the UK and progress projects and schemes. Also contained within the Services to Schools position were significant income losses and additional expenditure, which were the direct consequence of trading units not being able to operate fully during the pandemic, as well as the additional cost of providing free school meals. In almost all instances, these income losses and costs were fully offset by reimbursements via the WG Hardship Fund and access to the Job Retention Scheme.

9. The final position included a range of underspends. The most significant of these was a £415,000 underspend in relation to the Inclusion Service, despite no income being achieved against the £140,000 training income target, due to the impact of the pandemic. This shortfall was more than offset by in-year savings against staffing budgets, coupled with external grant funding in relation to school counselling, which enabled base budgeted costs to be displaced. In addition, the Achievement Service recorded an underspend of £290,000. This was due to underspends against Youth Service budgets, which was the product of staffing vacancies and delays in progressing works connected to FRM allocations, as well as an underspend against the budget held for non-maintained nursery settings. The final large underspend totalled £151,000 and was in relation to the budget for Looked After Children, where the impact of the pandemic led to delays in progressing work associated with Policy Growth allocations. Other divisions reported minor variances or balanced positions.

## **People & Communities**

### **Housing & Communities**

**(£285,000)**

10. The Housing & Communities directorate reported an overall final underspend of £285,000, which represented a decrease of £692,000 on the underspend reported at Month 9. This change was largely the result of a corporate decision to not undertake certain planned drawdowns from earmarked reserves, thus enabling the funding to be carried forward for use in future years. The earmarked reserves in question were the Homelessness and Welfare Reform reserves and the decision taken will increase resilience in these areas going forward. Included within the position were irrecoverable costs relating to COVID-19, which amounted to £32,000. The main directorate variances included overspends within Advice & Benefits and Housing Strategy & Service Development and underspends within the Independent Living Service, Housing Projects and Hubs

& Community Services. In terms of savings, a shortfall of £79,000 was reported, in relation to a planned restructure and additional charging for equipment. The other proposals, of which the majority were efficiency savings, were achieved in full.

11. One of the largest underspends within the directorate related to the Independent Living Service and totalled £297,000. This underspend was 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. The largest underspend related to Housing Projects, where a £490,000 surplus was the result of staffing savings and a full underspend against the FRM allocation for estates management. In addition, an underspend of £139,000 was recorded in relation to Hubs & Community Services, due to in-year supplies and services savings and grant funding to offset staffing costs. Furthermore, Early Help underspent by £62,000 due to in-year vacancies. However, included within this position was a transfer to reserves of £335,000 for use in reducing the backlog of families requiring support during 2021/22.
12. The largest overspend within the directorate related to Advice & Benefits and totalled £363,000. This was due to the aforementioned decision to preserve the balances held within earmarked reserves, which had been assumed within earlier monitoring positions. This funding had been earmarked for funding a range of temporary posts, which were instead funded by other savings within the directorate. The other main overspends totalled £209,000 and £102,000 and related to Housing Strategy & Service Development and Senior Management & Business Support, respectively. These overspends were mainly the product of not drawing down from earmarked reserves and costs connected to providing support to individuals and families during the last year. Also contained within the directorate position was the final position in relation to the Council Tax Reduction Scheme, which reflected expenditure in excess of the budget totalling £2.968 million. However, this was fully offset by WG grant funding totalling £1.598 million and a contingency allocation of £1.370 million. The balance of the corporate contingency budget was transferred to earmarked reserves as part of closing the accounts, in order to provide resilience during 2021/22, where the level of demand remains uncertain.

## **Performance & Partnerships**

**(£179,000)**

13. The outturn position for Performance & Partnerships was an underspend of £179,000, which represented an improvement of £112,000 on the position reported at Month 9. The change in position was largely due to increased underspends within Media & Communications, Community Safety and Cohesion & Engagement. The overall position comprised underspends against Cabinet Office & Performance Management, Media & Communications, Cohesion & Engagement and Community Safety, partly offset by additional unbudgeted costs across various other budget headings. Other divisions reported minor variances

or balanced positions. The largest underspend totalled £98,000 in relation to Cabinet Office & Performance Management and was due in-year savings against employee budgets. Media & Communications and Community Safety also had an underspend, totalling £64,000 and £53,000 respectively, again due to in-year employee savings. The Cohesion & Engagement underspend was due to additional income and supplies and services underspends. The two budget savings proposals, amounting to £99,000, both of which were classified as efficiencies, were achieved in full.

## **Social Services**

**+£629,000**

14. The final position for Social Services reflected a total overspend of £629,000, representing a total improvement of £1.311 million on the position reported at Month 9. The overall position comprised an overspend of £1.053 million in relation to Children's Services, which was partly offset by an underspend of £424,000 within Adult Services. This significant improvement was largely due to the receipt of WG grant funding towards the end of the year, in relation to both services, whilst in Adult Services there was also the late receipt of contributions from the local health board towards joint care packages. The final positions for both services also included transfers to earmarked reserves that were agreed as part of closing the accounts. Within the overall position was a significant amount of expenditure in relation to COVID-19, particularly within Adult Services. However, the majority of this was fully reimbursed by WG, with only a total of £125,000, mainly in relation to Children's Services, not reclaimable. Therefore, the majority of the net overspend related to underlying issues. A total of £2.330 million in savings shortfalls were reported, which represented almost all of the savings agreed as part of the 2020/21 budget. Whilst COVID-19 was a contributory factor in this non-achievement, part of the explanation is due to the continuation of pressures experienced in previous years, meaning that new initiatives, whilst potentially helping with cost avoidance, did not result in a net decrease in expenditure. Further detail on each directorate's position is provided in the paragraphs that follow.

## Adult Services

15. Adult Services recorded an underspend of £424,000, representing a decrease of £658,000 on the position reported at Month 9. This decrease was largely due to the inclusion of additional grant funding, the aforementioned funding from the local health board for joint care packages within Learning Disabilities and a reduction in taxi costs due to cancelled routes during the final quarter of the year. In total, the service incurred £18.781 million in COVID-19 related costs, funded via a combination of the WG Hardship Fund and other specific funding streams. These costs predominantly related to financial support for the care sector, demonstrated via fee uplifts and support for voids. In addition, the Council administered a scheme on behalf of WG aimed at rewarding care workers for their work during the pandemic, which cost in excess of £4 million. Of the total

COVID-19 related costs incurred and claimed against the Hardship Fund, almost everything was reimbursed in full, with the exception of £17,000 which was absorbed within the outturn position.

16. The final position was made up of a number of largely offsetting variances, including a net overspend of £931,000 in relation to Commissioned Services, with the underlying factor being an overspend of £1.232 million in relation to Older People Services. The main drivers behind this overspend were the inability to take forward savings proposals in relation to domiciliary care and additional costs being incurred in relation to respite care. Slightly offsetting these costs was an underspend in relation to nursing and residential care placements, with both placement type having decreased in number over the course of the year. Further offsets were reported in relation to Learning Disabilities, with a £184,000 underspend, due to lower than anticipated costs in relation to domiciliary care and external supported living, partly offset by additional costs connected to residential placements. In addition, commissioned services for Substance Misuse underspent by £164,000, which was attributable to a general reduction in residential and nursing placements.
17. In terms of internal services, the most significant variance was an underspend of £1.115 million in relation to Reablement / Older People Day Care. This was primarily due to the level of vacancies within the team, as well as the level of grant funding which offset costs within that area. In addition, an underspend of £404,000 was reported in relation to Assessment & Care Management, with the level of vacancies in this area being the underlying reason, as well as additional grant funding. The final significant variance related to Internal Support & Management, with an overspend of £138,000 being largely due to an item of expenditure in relation to the £500 payment scheme for care workers, which is ultimately anticipated to be recovered externally. Whilst funding for this item is being pursued via another avenue, there was not sufficient certainty to assume recovery as part of the final outturn position. The other services within the directorate reported minor, mainly offsetting, variances.

### Children's Services

18. The final position for Children's Services reflected an overspend of £1.053 million, which was a significant improvement of £653,000 compared to Month 9 and represented the continuation of reducing overspends throughout the year. This improvement was enabled by a combination of lower than anticipated agency staffing costs and, most significantly, the receipt of grant funding at the end of the financial year, which displaced costs that were originally planned to be funded from base budget allocations. The level of grant funding received was to such an extent that it resulted in a balanced position being reported for the Substitute Family Care division and the release of the £2.175 million contingency budget for Children's placements. Within this position was £108,000 of irrecoverable COVID-19 costs, the majority of which related to WG only funding

50% of any ICT investment arising from the need to enable agile working during the pandemic. Overall, in excess of £4 million of costs were claimed from the Hardship Fund, with almost all claims being reimbursed in full.

19. Over the course of the year, the main pressure within the directorate continued to relate to Substitute Family Care and the number of placements for looked after children. In total, the number of placements increased from 941 to 995, the majority of which related to in-house fostering, with a broad stabilisation in the number of residential placements being observed. However, although the overall numbers increased, a proportion of these placements arose due to factors linked to the pandemic and, therefore, these costs were claimed against the Hardship Fund. In addition, the availability of various grant funding streams at year-end meant that it was possible to report a balanced position overall, without the need to utilise the corporate contingency budget for children's placements. Therefore, with Substitute Family Care having achieved a balanced position, the main overspend related to Strategy, Performance & Resources. This overspend totalled £1.627 million and was largely due to agency staffing costs, legal costs associated with complex childcare cases and also the reallocation of previously assumed grant funding to other budget headings. Other overspends included £392,000 against Wellbeing & Support, primarily due to agency staffing costs in relation to the Intake & Assessment and Children At Risk teams, and £212,000 in relation to Improvement & Strategy, again due to agency costs.
20. The main underspends within the directorate related to Localities and Restorative, Leaving & Edge of Care Services, with underspends of £555,000 and £503,000, respectively. In the case of Localities, the year-end underspend position was the product of a significant reduction in the level of agency expenditure, coupled with an underspend in relation to the Assessment Centre, due to delays in the opening of the new facility. These underspends were partly offset by an overspend in relation to Ty Storrie, due to an inherent budget shortfall, which has been addressed as part of the 2021/22 budget. The underspend in relation to Restorative, Leaving & Edge of Care Services was due to reduced travel and supported accommodation costs relating to Leaving Care, owing to delays in moving children through the system because of the pandemic and various lockdown periods. In addition, the receipt of additional St David's Day Fund and Unaccompanied Asylum Seeker Children grant funding added to the overall underspend. The other main underspend totalled £104,000 and related to the Youth Justice Service. This underspend was due to additional Families First grant funding and a corporate contribution towards staffing costs.

## **Planning, Transport & Environment**

**Balanced**

21. The outturn position for Planning, Transport & Environment reflected a balanced position overall, after allowing for irrecoverable COVID-19 costs and in-year pressures. This position is consistent with that reported throughout the year. Within the position were irrecoverable COVID-19 costs amounting to £148,000,

including some ICT expenditure which was funded by WG at a rate of 50%. Particular in-year pressures were evident within Energy Management, although these were fully offset by underspends against Highways Operations and Transport Strategy. All other divisions reported balanced positions, some of which were facilitated via transfers to and from earmarked reserves. In terms of 2020/21 budget savings proposals, an overall shortfall of £790,000, against a total target of £1.490 million, was recorded. This shortfall was almost entirely related to income generation proposals, with efficiency targets largely achieved in full. The main shortfall related to an additional drawdown from the Parking Reserve, which proved not to be feasible in light of significantly reduced Civil Parking Enforcement income levels throughout the year. However, this shortfall did not impact upon the directorate revenue position, as expenditure commitments were reduced as a mitigation.

22. The Energy Management overspend totalled £274,000 and was because of a shortfall in renewable income sources and recharge income shortfalls. This overspend was mainly offset by an underspend of £240,000 against the budget for Highways Operations. This underspend was predominantly the result of holding back funds allocated via the FRM. The other underspend was in relation to the Transport Strategy division, where a £34,000 underspend was the result of additional design and delivery income, offset by other income shortfalls and additional costs. Divisions that recorded balanced positions included Planning & Building Control, where previously projected income losses were ultimately recovered via the WG Hardship Fund. Bereavement, Registration & Dogs Home and Civil Parking Enforcement both reported balanced positions also, with the final positions being achieved following transfers to and from earmarked reserves.

## **Resources**

### **Governance & Legal Services +£586,000**

23. The outturn position for the Governance & Legal Services directorate was an overspend of £585,000, which represented an increase on the figure reported at Month 9, with the increase primarily relating to Legal Services. The position comprised operational pressures only, with any COVID-19 related expenditure and lost income recovered in full from the WG Hardship Fund. The underlying position was the result of an overspend of £615,000 in relation to Legal Services. This was predominantly 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 were overspends in relation to employees, due to the need to engage locums, and legal disbursements and support. This overspend was partly offset by an underspend in relation to Democratic Services, which totalled £26,000 and was due to in-year staffing savings. Other divisions reported minor variances or balanced positions.

## Resources

(£397,000)

24. The Resources directorate reported an overall underspend of £397,000, representing a significant change from the overspend position reported at Month 9. This change was largely due to Central Transport Services achieving a balanced position, after transfers to earmarked reserves, compared to the £213,000 deficit reported in previous months. This improvement was primarily the result of revised forecasts for hired vehicles, improved recovery of vehicle costs from users and lower costs of parts, licences and equipment. The overall position included £47,000 of irrecoverable costs relating to COVID-19, which, as with other directorates, mainly related to part-funded ICT costs. The final position comprised underspends relating to Human Resources and Finance, with other divisions reporting minor variances or balanced positions. In terms of savings, a shortfall of £209,000 was recorded, 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 were mitigated within the monitoring position or via reimbursement from WG.
25. The largest underspend within the position totalled £250,000 and related to Human Resources. This underspend was due to a combination of in-year employee savings, additional internal income and underspends against the budgets for systems. The other main underspend related to Finance and amounted to £189,000. This underspend was mainly because of in-year staffing savings across a number of services. Income shortfalls within the Revenues section were offset by various grants streams for WG, which were issued at year-end, resulting in a balanced position overall. The main overspends within the directorate totalled £62,000 and related to Commissioning & Procurement, Digital Services and Health & Safety. The Commissioning & Procurement overspend, totalling £21,000, was due to a decision to preserve earmarked reserve balances and not undertake a planned drawdown. Income shortfalls were the main reason for the Health & Safety overspend of £23,000, with the Digital Services overspend of £18,000 being the product of additional costs within Customer Services, which were incurred in order to be able to achieve income targets. Other divisions within the directorate reported minor variances or balanced positions.

## Ring-fenced and Grant Funded Accounts

### Housing Revenue Account

26. The Housing Revenue Account (HRA) reported a final outturn surplus of £6.519 million, representing a £1.976 million improvement on the position reported at Month 9. There were significant movements across a number of budget headings and the overall position, as set out in Appendix 5, included a number of variances.
27. An increased £1.480 million underspend on capital financing was due to lower than planned expenditure on new build development schemes, delays to planned land appropriations and the receipt of additional grant funding towards capital scheme costs. In addition, the Housing Repairs Account underspent by £3.617 million. This significant variance was mainly in relation to general responsive repairs where COVID-19 restrictions impacted on property access. Also, a reduction in void repairs, when compared to previous years, reflected a reduction in transfers, evictions and tenants moving to the private sector or other housing during the pandemic.
28. Other variances included a £1.874 million underspend in relation to the contribution to the bad debt provision, which was based on end of year arrears and write-off levels. Various factors impacted on this figure including a change in the way Universal Credit was paid, which reduced the delay in the Council receiving direct payments, the use of discretionary housing payments to reduce arrears where tenants were at risk of homelessness and, in some instances, tenants' income becoming more stable due to financial support from the Job Retention Scheme.
29. The position also included a £233,000 overspend in relation to support services, as well as a £534,000 supplies and services underspend, which included court costs, grants and tenants' removal cost savings. Other general underspends included £555,000 on employee costs, mainly due to delays to appointment to vacant posts as a result of the pandemic, and there was an £80,000 underspend on transport costs, with other premises costs reporting an offsetting £35,000 overspend.
30. A net surplus of £469,000 was reported in relation to income. Whilst rent and service charges were £378,000 below budget, and lettings income was £67,000 below budget, these deficits were offset by additional grant funding of £892,000 from the WG Hardship Fund and a further £22,000 of other additional income.
31. The overall improved position allowed for unbudgeted contributions to the Housing Repairs & Building Maintenance Services earmarked reserve of £1.422 million, the Housing Development Resilience earmarked reserve of £250,000 and the HRA Welfare Reform earmarked reserve of £150,000. The residual underspend of £6.519 million has been transferred to the HRA General Balances and will improve the ability to deal with future budget pressures and provide more flexibility for any unavoidable commitments in the 2021/22 financial year,

particularly with regards to housing repairs and the delays to planned programmes resulting from the pandemic.

### Civil Parking Enforcement

32. 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 budgeted and final outturn position.

<b>2019/20 Outturn £000</b>		<b>2020/21 Budget £000</b>	<b>2020/21 Outturn £000</b>	<b>2020/21 Variance £000</b>
5,024	On street car parking fees	5,634	1,364	4,270
1,186	Off street car parking fees	1,420	272	1,148
386	Residents parking permits	405	366	39
2,229	Penalty charge notices	2,507	1,003	1,504
5,648	Moving Traffic Offences (MTOs)	4,736	2,554	2,182
14	Other income	10	23	(13)
<b>14,487</b>	<b>Total Income</b>	<b>14,712</b>	<b>5,582</b>	<b>9,130</b>
659	Operational costs, parking & permits	774	599	(175)
6,064	Enforcement service	5,916	5,481	(435)
<b>6,723</b>	<b>Total Expenditure</b>	<b>6,690</b>	<b>6,080</b>	<b>(610)</b>
<b>7,764</b>	<b>CPE Net Surplus/(Deficit)</b>	<b>8,022</b>	<b>(498)</b>	<b>8,520</b>
0	Local Government Hardship Fund	0	8,920	8,920
0	Job Retention Scheme	0	147	147
<b>0</b>	<b>Total Reimbursements</b>	<b>0</b>	<b>9,067</b>	<b>9,067</b>
<b>7,764</b>	<b>Revised CPE Net Surplus/(Deficit)</b>	<b>8,022</b>	<b>8,569</b>	<b>547</b>

33. The CPE budget for 2020/21 assumed a trading surplus of £8.022 million, however the outturn position reported a trading loss of £498,000, a reduction of £8.520 million.
34. The pandemic 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, resulted in lower fine income from MTOs. The total income shortfall was £9.130 million. The reduced activity generated a consequential reduction of £0.610 million on expenditure. This included lower spend on overheads such as IT support, management fees, credit card commission, hybrid mail and advertising. In addition, there were savings from staff vacancies and less routine maintenance was undertaken. Claims were made to WG throughout the year for the reimbursement of lost budgeted income, funded via the Hardship Fund and for staff furloughed, funded via the Job Retention Scheme. Claims for the year totalled £9.067 million.
35. The claims submitted to and agreed by WG resulted in a revised trading surplus of £8.569 million. This was £547,000 more than budgeted, reflecting the reimbursements relating to March 2020. The trading surplus was transferred to the Parking & Enforcement Reserve, which is available to support highway, transport and environmental maintenance and improvements.
36. The use of the Parking Reserve is governed by Section 55 of the Road Traffic Regulations Act 1984. This specifies that the surplus may be used to fund operational costs, including subsidisation of the enforcement service, supporting public passenger transport services, transport planning and road safety, maintaining off-street car parks and highway and environmental maintenance and improvements. The following table illustrates the movements in the Parking Reserve and the balance carried forward.

<b>2019/20 £000</b>		<b>2020/21 £000</b>
<b>1,491</b>	<b>Parking Reserve Opening Balance</b>	<b>2,115</b>
7,764	Contributions from CPE	8,569
<b>9,255</b>		<b>10,684</b>
	<b>Contributions to revenue:</b>	
(5,385)	Budgeted contribution	(5,935)
(719)	Active travel	(161)
(246)	Highway improvements	0
(300)	Additional drawdown to support schemes	0
(444)	Clean air and environmental improvements	(51)
(46)	Provision of public transport	0
<b>(7,140)</b>	<b>Total Contributions to revenue</b>	<b>(6,147)</b>
<b>2,115</b>	<b>Parking Reserve Balance</b>	<b>4,537</b>

37. When the 2020/21 trading surplus of £8.569 million was applied to the brought forward figure of £2.115 million, the balance in the Parking Reserve increased to £10.684 million. Eligible expenditure totalling £6.147 million was drawn down from the reserve leaving a balance of £4.537 million at 31<sup>st</sup> March 2021. The drawdown included a budgeted sum of £5.935 million to support a range of Council services, including ongoing support and improvements to transport, parking, highways and environmental services. It also included regular funding of £161,000 for the promotion of Active Travel initiatives including assessment of the transportation impact on the Local Development Plan. Funding of £51,000 supported a One Planet study and supported the off-road motorcycle control activity.

### Harbour Authority

38. For the financial year 2020/21, 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. WG agreed Fixed Costs funding of £4.961 million and Asset Renewal of £262,000, giving a total budget of £5.223 million, which was the same overall total as the 2019/20 financial year. In addition, in March 2021, an additional claim for £356,000 was approved in respect of agreed works for de-shoaling of the River Taff near the city centre and a 50% contribution to Associated British Ports dock feeder maintenance. This resulted in a total approved budget of £5.579 million.
39. The final quarter claim was based on an estimated outturn of £5.688 million. However, the actual outturn at £5.625 million was £63,000 lower than forecast. WG agreed that this additional funding could be retained and transferred to the Harbour Authority Project & Contingency Fund.

Heading	Budget £000	Outturn £000	Variance £000
Expenditure	6,005	5,498	(507)
Income	(935)	(461)	474
<b>Fixed Costs</b>	<b>5,070</b>	<b>5,037</b>	<b>(33)</b>
<b>Asset Renewal</b>	<b>262</b>	<b>232</b>	<b>(30)</b>
Additional claim on works outside of schedule	356	356	0
<b>Total</b>	<b>5,688</b>	<b>5,625</b>	<b>(63)</b>

40. The introduction of government restrictions as a result of the COVID-19 pandemic had a significant impact on income generation for the Harbour Authority. The largest value shortfall was on car parking, whilst closure periods resulted in reductions at the Water Activity Centre and cancellation of the Aqua Park. Harbour dues were reduced due to notice to mariners being served, resulting in restrictions of navigation. The shortfall in income was largely mitigated by a number of managed underspends across a range of areas, including Community Liaison and Administration, Barrage Control, Facilities Management, Environmental budgets and Building / General overheads. Spending was restricted, where possible, to offset the expected shortfalls in income. The Asset Renewal budget underspend of £30,000 related largely to lower costs on the railing refurbishment scheme at Penarth Marina.
  
41. In accordance with the Agreement, any underspend against the Fixed Cost budget is usually to be shared equally between both organisations. However, as already outlined, it was agreed with WG that, for 2020/21, the £63,000 remainder of grant claimed, less the budget overspend, could be allocated to the Project & Contingency Fund. The fund 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 1<sup>st</sup> April 2020 was £62,000 and this will increase by £63,000 as detailed above. This leaves a net balance at 31<sup>st</sup> March 2021 of £125,000 and this is in line with the amendments to the Deed of Variation as agreed in April 2020.