

Appendix 2 – Directorate Commentaries

Corporate Management Balanced

The overall position for Corporate Management is balanced and the 2021/22 savings target of £63,000, in relation to past service pension contributions, is currently projected to be achieved in full.

Economic Development +£1,863,000

The reported Month 4 position for the Economic Development directorate is a potential overspend of £1,863,000. This position has incorporated assumptions in relation to income loss reimbursements for October through to March across the divisions. Although the level and detail of potential reimbursement is still to be clarified, indications are that there will be a continuation of the claims process to financial year end. Accordingly, forecasts are prudently based on a 50% recovery of forecast losses for this period. Any change in the level of recovery will impact on the position both adversely or positively as will related assumptions for service take up and customer demand.

The biggest overspend at £1,086,000 is within Culture, Venues and Events and includes anticipated deficits in respect of the New Theatre and St David's Hall of £550,000 and further projected income losses of £550,000 anticipated for quarters three and four in respect of Cardiff Castle, Catering, Functions and the Caravan Park. These overspends are partially offset by savings on staff across the divisions in areas such as Cardiff Museum and Culture, Venues and Events Management.

The Sport, Leisure and Development function is reporting a potential overspend of £338,000 which includes income losses of £130,000 anticipated for quarters three and four in respect of Cardiff White Water, Cardiff Riding School and the Outdoor Sport division. In addition, unfunded supplier relief payments of circa £200,000 are currently forecast for the last six months of the year.

A £24,000 underspend for Service Management and Support relates to savings on supplies and services and an unbudgeted recharge for staff support to the Cardiff Harbour Authority. In addition, the Parks division is reporting a potential £51,000 surplus made up of staff vacancies, pending new appointments in respect of apprentices, park rangers and land management officers. These savings are offset by increased vehicle charges of £91,000 from CTS for additional vehicles that are now classed as above the original core fleet.

The Project Design and Development service is currently projecting a trading deficit of £287,000. This is in line with a detailed review of existing schemes and projects to financial year end and an analysis of projects on hold and at risk. The position is still subject to review and change. In addition, a £230,000 overspend is forecast for the Major Projects division. This is a combination of a net £25,000 spend above budget in respect to various projects, and further potential supplier relief of £180,000, subject to open book accounting and review.

Other areas of the Directorate such as Shared Regulatory Services, Property Services, Facilities Management and Buildings are indicating balanced positions but will be subject to the demands on the respective services during the year.

The 2021-22 savings target for Economic Development is £916,000. Savings of £776,000 have been identified as achievable, leaving a balance of £140,000 considered unachievable by financial year end. This potential shortfall relates to savings in respect to St David's Hall and cost reductions across all expenditure headings – £120,000

Education & Lifelong Learning +£595,000

The Month 4 position for the Education & Lifelong Learning directorate reflects an overspend of £595,000. The main pressures within the position include: Achievement, £504,000 overspent due to income targets yet to be achieved in Client Services and an overspend on Youth Services due to employee costs no longer covered by grant funding. Education Other than At School, £232,000 overspent due to the cost of tutors not being fully recouped. Schools Transport £114,000 as a result of additional routes and ALN transport costs and Traded Services, £86,000 due to loss of income due to Covid-19 and asbestos works. Partially offsetting this overspend are savings within Out of County Placements, due to a balance of additional funding and the managing of placements.

A balanced position is being projected for the Music Service due to additional funding received but this is for one year only.

The 2021-22 savings target for Education is £288,000. Savings of £226,000 have been identified as achievable, leaving a balance of £60,000 considered unachievable by financial year-end. This potential shortfall relates to a saving proposal on business support changes with other mitigations being explored.

Housing & Communities (£163,000)

The Housing & Communities directorate is reporting an overall underspend of £163,000 at Month 4. This comprises overspends totalling £157,000 across Business Support (+£65,000), Housing Strategy (+£30,000), Hubs (+£50,000) and Neighbourhood Regeneration (+£12,000), offset by underspends totalling £320,000 across all other areas of the service.

The £30,000 Housing Strategy and Service Development overspend is due to ongoing delays in a planned restructure, with a partial offset from vacancy savings. In Hubs & Communities the £50,000 projected overspend reflects an income shortfall in Hubs, including in relation to room hire, partially offset by employee savings within the division.

In Advice and Benefits, the £23,000 under spend is projected overall after assuming a £716,000 draw down from earmarked reserves. Within Advice and Benefits, a balanced outturn is anticipated in relation to the Housing Benefit (HB) Systems and Subsidy budgets. Many factors can change the level of Housing Benefit payments and subsidies receivable by the financial year-end. Any surplus

or deficit will be managed through the Welfare Reform earmarked reserve set aside for this purpose.

In Homelessness and Hostels, the £141,000 underspend is due to the ongoing recruitment to vacant posts in respect to the Housing Options Centre. whilst recruitment is ongoing. With continued Welsh Government support, new Hostel units are now operational and it is expected that all associated costs will be fully recovered.

In the Independent Living Service, the underspend of £59,000 relates to employee savings across its divisions. The £61,000 underspend expected in relation to Housing Projects is a result of vacancies whilst recruitment is underway in the Estates Management Division. A projected shortfall in Disabled Facility grant fee income of £110,000 to 30th of September, is assumed to be recovered in full from the Welsh Government.

The Early Help underspend of £36,000 is due to in year vacancies. The division incorporates the Family Gateway service funded by a combination of base budget and grant income. Parenting, Flying Start and Childcare are also within this division and are all currently projecting balanced positions.

Performance & Partnerships Balanced

Performance & Partnerships is reporting a balanced position overall. There are pressures within the service in respect to resources required to assist in Cohesion & Engagement. These pressures are currently being found from within that budget and the holding of vacant posts in other areas such as Performance

The two budget savings proposals in this directorate for 2021/22 totalling £142,000, are projected to be fully achieved.

Recycling & Neighbourhood Services +£150,000

The Recycling & Neighbourhood Services directorate is currently projecting an overspend estimated at £150,000 but this assumes some recourse to the Waste Reserve or the use of the contingency provision for fluctuations in volumes and material type. It also presumes the FRM allocation to fund various waste and cleansing initiatives will be fully incurred. This Service is also projected to achieve the full £350,000 budget savings for 2021/22. The position highlights significant pressures within Collections and Waste Disposal with further overspends in Environment Enforcement and Street Cleansing but there is a substantial underspend in Recycling Treatment and savings in Management & Support and Waste Strategy.

The Collections overspend is £915,000 and reflects the decision to employ an additional five crews to address operational staff resource issues, the uptake of the extra annual leave carried forward from the previous year and higher than budgeted sickness rates. Waste Disposal costs are forecast to exceed the budget by £247,000 reflecting an increase in the volume of residual waste and a shortfall in landfill gas income. The overspend in Environmental Enforcement is £94,000 caused by the short-term extension to temporary staff contracts and a reduction of

financial penalty notice income. Street Cleansing is showing a £61,000 overspend reflecting increased supervisor's costs.

The underspend of £920,000 in Recycling Treatment reflects an increase in the price received from the sale of recyclable material following operational improvements made at the HWRC's and market prices. This market is very open to price volatility and this projection is based on existing income levels and likely scenarios for the next eight months. There is also an additional underspend of £29,000 in Management and Support and £51,000 in Waste Strategy reflect a delay in filling vacant posts.

Adult Services +£45,000

Adult Services is projected to overspend by £45,000 at Month 4. This comprises a £430,000 overspend on commissioned care, which is partially offset by a £385,000 underspend on Internal Services.

The position on commissioned care assumes that the number of delivered domiciliary care hours will increase during the remainder of the year, as there are currently high numbers presenting for assessment. Assumptions regarding future increases, together with any potential grant-funding opportunities, will be closely monitored as the year progresses.

The position on commissioned care varies by division of service. Overspends are projected in relation to Learning Disabilities (+£585,000), Physical Disabilities (+£299,000) and Substance Misuse (+£45,000). These are offset to a degree by underspends in relation to Older People (-£141,000) and Mental Health (-£258,000).

Overspends in Learning and Physical Disabilities mainly relate to an increase in placements (both residential and supported living) at the very end of the 2020/21 financial year and in early 2021/22. A small number of additional placements can have a large financial impact, particularly in relation to Learning Disability packages of care. The position allows for anticipated transitions from Children's Services during the course of the year.

The underspend on Older People's commissioned care reflects a reduction in placement numbers at the very end of 2020/21, although these are expected to increase during the year. Mental Health commissioned care is also projected to underspend. Whilst there has not been a reduction in placement numbers in this area, it is of note that 2020/21 included some one-off costs. The non-recurrence of these, together with the full-year impact of 2020/21 savings is contributing to the 2021/22 position.

The £385,000 net underspend on internal services is a combination of overspends totalling £392,000 in internal supported living, learning disabilities day care and support, offset by underspends totalling £777,000 in assessment & care management, older people's day care and reablement. Areas of underspend reflect a combination of grant funding, a number of vacant posts and the fact that older people's day care was not fully operational for part of the year. The monitoring position assumes that a number of vacant posts will be recruited to

during the remainder to the year. Overspends relates to the under-achievement of savings in the current year together with staffing costs.

The directorate is currently projected to achieve £324,000 of the £667,000 savings proposed in 2021/22. The main saving that is not anticipated to be fully achieved in 2021/22 relates to the Internal Support Living Service, where £230,000 of the £300,000 saving is anticipated to be unachieved, partly due to the delay in closure of one of the schemes. Other area of under-achievement relate to use of technology (£94,000). Plans are in place that would enable the latter to be achieved in future years.

Children's Services +£1,215,000

Children's Services is currently projecting an overspend of £1,215,000. Significant overspends (£630,000) are anticipated in legal costs and court fees as cases resume and bottlenecks caused by lockdown restrictions are cleared. Additional pressure on CHAD budgets as a result of increased placements has contributed to the overspend position (£250,000). Projected agency expenditure above base budget includes £420,000 in localities teams, £483,000 in Intake and Assessment and £330,000 in Child Protection and Safeguarding. A £950,000 reserve set aside for agency staff in 2020/21 is anticipated to be fully utilised as a result.

Falconwood Assessment Centre is reporting a small underspend of £226,000 for the year due to delayed opening and Covid hardship grants in relation to placements total £306,000 to the end of month four.

The number of external residential placements has increased by 14 since the start of the year to a total of 100 places, with a difficult external fostering market providing minimal opportunities to avoid high cost placements. Full use of the corporate contingency fund of £2,175 million is anticipated to cover placement related costs.

Planning, Transport & Environment +£371,000

The Month 4 position for Planning, Transport & Environment reflects an overspend of £371,000. The Energy Management overspend comes to £371,000 and is primarily due to shortfall in general renewable income sources £72,000 and specific projects. The loss of income of £93,000 at Radyr Weir following the repair work required and leaving the Plant sub optimal for some periods of the year. It is anticipated that the delays in Lamby Way Solar Farm will be solved by 1 September and that the overspend this year will be capped at £200,000. Whilst there are seven months left in the year from September the high earning months are the period April – August which have been missed this year.

The Bereavement, Registration & Dogs Home are projected to be at anticipated budget levels. Highways Infrastructure is anticipating a pressure on tunnel maintenance of £100,000 but can be funded through the use of commuted sums to retain a balanced position. Transport Policy is also projecting a balanced position reflecting reduced income from Street Works offset by increased recharges for temporary road closures. Civil Parking Enforcement is forecasting a reduction of income which will reduce the contribution to the Parking Reserve and

impact on future initiatives. Planning & Building Control are anticipating a balanced position, although this is dependent upon future trends remaining upwards over the next few months.

Resources

Governance & Legal Services +£166,000

At Month 4, the projected position for Governance and Legal Services is a £166,000 overspend. This comprises a £201,000 overspend in relation to Legal Services, offset by underspends in other areas. These include Democratic Services where a £27,000 underspend is anticipated due to a vacant post.

The Legal Services position is a combination of a number of factors. There are pressures on external legal fees (largely attributable to Children's Services cases), and on employee costs associated with locum cover for vacant posts. Other areas of overspend include postage, printing, telephony and IT hardware (£55,000), as well as costs associated with the law library and case management system (£49,000.)

Resources (£200,000)

Overall, the Resources directorate is projecting a £200,000 underspend. The underlying underspend primarily relates to vacant posts throughout the directorate. There are overspend pressures within Finance, Telephony and Commissioning & Procurement but 24/7 Services is the area where an overspend is very likely due to the under achieving of income. Both Central Transport Services and Human Resources anticipate an increase in costs over the remaining financial year but still within an overall balanced position. Work on all other areas of resources will continue in order to identify mitigating actions to address any financial pressures arising throughout this financial year.

Cardiff Harbour Authority

Financial Monitoring Report 2021/22 – Quarter 1

For the current year, the Council worked with the Welsh Government to identify achievable efficiencies, service reductions and savings against the approved Fixed Costs budget to the same level as 2020/21 of £4.961 million. The Asset Renewal funding requirement for non-critical assets in 2021/22 is £460,000 with no requirement identified within the ten-year asset management programme to replace any critical assets. This gives an overall budget for the Cardiff Harbour Authority (CHA) of £5.421 million, which is an increase of 3.8% on the total for the 2020/21 financial year.

The forecast at the end of quarter one indicates a funding requirement of £5.421 million, representing a full spend of budget.

Heading	Budget £'000	Projected Out-turn £'000	Variance £'000
Expenditure	5,991	5,755	(236)
Income	(1,030)	(819)	211
Fixed Costs	4,961	4,936	(25)
Asset Renewal	460	485	25
TOTAL	5,421	5,421	0

Income shortfalls against target are forecast in all areas, including car parking, the Water Activity Centre and Harbour dues. The shortfall in income is anticipated to be mitigated by a number of managed underspends across a range of areas, including Facilities Management, Barrage Maintenance and Overheads. Increased costs on Groundwater Control and Waste Management are offset by underspends on other Environmental areas. This forecast will be updated as more information becomes available over the coming months.

The Asset Renewal budget is currently indicating a £25,000 overspend which relates to an increase in component costs for the wheeled materials handler to be used for waste material collection on the quay.

The CHA maintains a Project and Contingency Fund, which is used to support projects and provides a contingency for situations where 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 2021 was £125,000 and this is in line with the amendments to the Deed of Variation as agreed in March 2021.

Civil Parking Enforcement

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 and Enforcement Reserve.

The pandemic has had a profound impact on all parking income streams with significant reductions in the use of on street and off-street parking and subsequent penalty charges notices. In addition, lower traffic volumes, particularly in the city centre, has meant lower penalties from MTO's.

Predicting future income levels is challenging, as this is dependent on numerous factors. These include the continued period of the pandemic, potential future lockdowns, the recovery of the city centre and organisations view on staff returning to the workplace.

The budget has been modelled using various assumptions and scenarios. The table below provides a summary of the budget and projected outturn position.

	Budget £000	Projected Outturn £000	Variance £000
Income			
On street car parking fees	3,957	3,076	881
Off street car parking fees	922	608	314
Residents parking permits	412	408	4
Penalty charge notices	1,422	1,730	(308)
Moving Traffic Offences (MTO's)	3,539	3,250	289
Other Income	46	38	8
Total Income	10,298	9,110	1,188
Expenditure			
Operational costs, parking & permits	611	647	36
Enforcement service including TRO	5,946	6,143	197
Total Expenditure	6,557	6,790	233
Annual Surplus / (Deficit)	3,741	2,320	1,421

The Civil Parking Enforcement budget for 2021/22 assumed a trading surplus of £3.741 million. The current projection indicates a trading surplus of £2.320 million, a reduction of £1.421 million. The restrictions that were still in place during April and May have contributed to lower car parking fees and MTOs although a gradual improvement is anticipated for the remainder of the year following the transition into Level 0. The increased costs include additional vehicles needed to maintain social distancing, digitalisation of the traffic regulation order process and reduced recharging opportunities.

The quarterly position is illustrated in the table below and demonstrates the continued impact of the restrictions in Q1 with a gradual improvement anticipated as the year progresses.

	Q1	Q2	Q3	Q4	Total

Budgeted Surplus	1,038	936	1,140	627	3,741
Forecast	236	581	892	611	2,320
Variance	802	355	248	16	1,421

The WG have committed to considering claims for reimbursement of lost budgeted income, funded via the Local Government Hardship Fund, for Q1 and Q2. A claim for £802,000 has been submitted for Q1 and a further claim for £355,000 is anticipated for Q2.

The WG have recently indicated extending the claims for lost income to the whole of the year. This would result in further claims of £248,000 for Q3 and £16,000 for Q4 although these will depend on actual traffic activity.

The table below illustrates the effect on the trading position using various reimbursement scenarios.

	Current Position £000	Q1/Q2 100% Recovery £000	Q3/Q4 50% Recovery £000	Q3/Q4 100% Recovery £000
Current Forecast	2,320	2,320	2,320	2,320
Future Reimbursement	0	1,157	1,289	1,421
Surplus	2,320	3,477	3,609	3,741

The current position reflects the existing forecast with no reimbursement from the LG Hardship Fund. Scenarios, ranging from the recovery for Q1 and Q2 only, to full reimbursement, illustrate the impact on the trading surplus.

The surplus is transferred to the Parking and Enforcement Reserve. This is available to support highway, transport and environmental improvements. The table below illustrates the future position in the reserve for each potential level of reimbursement of lost income.

Parking & Enforcement Reserve	Current £000	Q1/Q2 100% Recovery £000	Q3/Q4 50% Recovery £000	Q3/Q4 100% Recovery £000
Balance 1st April 2021	4,536	4,536	4,536	4,536
Contribution from CPE	2,320	2,320	2,320	2,320
LG Hardship Fund	0	1,157	1,289	1,421
Total Available	6,856	8,013	8,145	8,277
Contribution to support revenue budget	(5,935)	(5,935)	(5,935)	(5,935)
Project support and initiatives	(581)	(581)	(581)	(581)
Balance 31st March 2022	340	1,497	1,629	1,761

The brought forward balance in the reserve is £4.536 million. The CPE position indicates a trading surplus of £2.320 million. The reimbursement from the LG Hardship Fund ranges from nil to £1.421 million and will depend on decisions made by the WG. The contribution to the revenue budget to fund infrastructure maintenance and improvements is £5.935 million. A further £581,000 will support various initiatives such as Active Travel and LDP transport monitoring,

The forecast position shows the future balance ranging from £340,000 to £1.761 million.

Housing Revenue Account - Balanced

The Housing Revenue Account (HRA) is projecting an overall balanced position.

The major variance is an anticipated £1.6 million underspend on capital financing costs due to delays to the programme. Other variances include vacancy and other employee savings across the functions and estimated at £1.1 million. Difficulties are being experienced in the recruitment to vacant posts with limited applications, compounded by unavoidable recruitment delays as a result of the ongoing restrictions due the pandemic.

