

Appendix 2 – Directorate Commentaries

Corporate Management Balanced

1. 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 +£827,000

2. The reported Month 6 position for the Economic Development directorate is a potential overspend of £827,000. 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 75% 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.
3. The biggest overspend at £387,000 is within Culture, Venues and Events and includes anticipated deficits in respect of the New Theatre and St David's Hall of £154,000 and further projected income losses of £316,000 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.
4. The Sport, Leisure and Development function is reporting a potential overspend of £343,000 which includes income losses of £73,000 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 £271,000 are currently forecast for the last six months of the year.
5. 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 £80,000 from CTS for additional vehicles that are now classed as above the original core fleet.
6. Facilities Management is reporting a potential under spend of £48,000 due to reduced expenditure on repairs and utilities. These are partly offset by a deficit within Pest Control.
7. Health & Safety are reporting a potential overspend £35,000 due to unachieved vacancy provision and income budgets.

8. The Project Design and Development service is currently projecting a trading deficit of £250,000. 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 £82,000 overspend is forecast for the Major Projects division. This is a combination of net expenditure above budget in respect to various projects. Potential supplier relief payments previously reported here are now included within the Leisure division.
9. Property Services are reporting a revised underspend of £89,000 and comprises of staff savings and rental income above target including one off ad hoc filming income. This is partly offset against overspends in relation to disposals and shortfalls against related income targets for the Old Library.
10. Shared Regulatory Services are indicating a balanced position but will be subject to the demands on the respective services during the year.
11. 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 +£1.045,000

12. The Month 6 position for the Education & Lifelong Learning directorate reflects an overspend of £1,045,000. The main pressures within the position include: Achievement, £498,000 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, £219,000 overspent due to the cost of tutors not being fully recouped. Traded Services, £408,000 due to loss of income due to Covid-19 which is due to a level of uncertainty in respect to take up of paid school meals and the assumption that only 75% of the income loss will be successfully recovered from Hardship Fund. Schools Transport £200,000 as a result of additional routes and ALN transport costs. Partially offsetting this overspend are savings within Out of County Placements due to a balance of additional funding and the managing of placements and an underspend in Non-delegated Schools in relation to budget held for redundancies unlikely to be utilised this financial year.
13. A balanced position is being projected for the Music Service due to covid loss of income funding, alongside additional Welsh Government grant received for this year only. Similarly, the catering department is also projecting a balanced position, including used of the loss of income funding and furlough income.
14. 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 (£277,000)

15. The Housing & Communities directorate is reporting an overall underspend of £277,000 at Month 6. This comprises overspends totalling £121,000 across Business Support (+£60,000), Housing Strategy (+£23,000), Hubs (+£23,000) and Neighbourhood Regeneration (+£15,000), offset by underspends totalling £398,000 across all other areas of the service.
16. The £60,000 Business Support overspend relates to an unachieved savings target and an income shortfall whilst the £23,000 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 £23,000 projected overspend reflects an income shortfall in Hubs in relation to room hire, partially offset by employee savings within the division and £15,000 Neighbourhood Regeneration overspend is linked to legislative changes.
17. In Advice and Benefits, a £97,000 underspend is projected overall after assuming a £645,000 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.
18. In Homelessness and Hostels, a £141,000 underspend is due to the ongoing recruitment to vacant posts at the Housing Options Centre partly offset by security costs at Shirenewton. With continued Welsh Government support, new Hostel units are now operational and it is expected that all associated costs will be fully recovered.
19. Within Independent Living Service, an underspend of £141,000 relates to employee savings across its divisions. The 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 £7,000 underspend in relation to Housing Projects is a result of employee savings within the Rehousing Solutions Division.
20. Early Help underspend of £12,000 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 (£7,000)

21. Performance & Partnerships is reporting an underspend of £7,000. 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.

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

Recycling & Neighbourhood Services Balanced

23. The Month 6 position shows a balanced position, after assumed use of the contingency provision for fluctuations in volumes and material type. It also reflects the recovery of lost income and additional expenditure from the Local Government Hardship Fund. This is an improvement of £150,000 compared to the position reported at Month 4 caused by a planned cessation of the additional collection crews and increased income from the sale of recycling material. The service is also projected to achieve the full £350,000 budget savings. The position highlights significant pressures within Collections and Waste Disposal with further overspends in Environmental Enforcement but, there is a substantial underspend in Recycling Treatment and savings in Street Cleansing, Management & Support and Waste Strategy.
24. The Collections overspend is £817,000 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 £191,000 reflecting an increase in the volume of residual waste and a shortfall in landfill gas income. The overspend in Environmental Enforcement is £132,000 caused by a short-term extension to temporary staff contracts and a reduction of financial penalty notice income.
25. The underspend of £1.093 million 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. The market is very open to price volatility and this projection is based on existing income levels and likely scenarios for the remaining six months. There is also an additional underspend of £35,000 in Street Cleansing, reflecting reduced operational costs and £12,000 in Management and Support and £1,000 in Waste Strategy due to a delay in filling vacant posts.
26. The month 6 position assumes a £314,000 use of the corporate contingency for tonnage fluctuations towards increased recycling processing costs undertaken by a third-party contractor. It does not rely on any drawdown from the Waste Reserve. It also assumes the FRM allocation of £571,000 will be fully committed.

Adult Services -£87,000

27. Adult Services is projected to underspend by £87,000 at Month 6. This is a £132,000 improvement on the Month 4 position. The £87,000 comprises a £370,000 overspend on commissioned care, which is offset by a £457,000 underspend on Internal Services.
28. The position in commissioned care assumes that the number of delivered domiciliary care hours will increase during the remainder of the year, reflecting usual trends and high numbers of people presenting for assessment. The

position reflects the expectation that some additional hours will be accommodated through grant-funded block contract arrangements. This will be kept under review as those arrangements are finalised.

29. The position on commissioned care varies by division of service. Overspends are projected in relation to Learning Disabilities (+£408,000), Physical Disabilities (+£331,000) and Substance Misuse (+£7,000). These are offset to a degree by underspends in relation to Older People (-£27,000) and Mental Health (-£349,000).
30. 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 Learning Disabilities position has improved by £177,000 since Month 4, due to additional contributions from Health towards the cost of care packages, together with an update in the estimated cost of packages transitioning from Children's Services.
31. There is a small projected underspend of £27,000 on Older People's commissioned care. The position reflects an increase in residential and nursing placement numbers during the remainder of the year. This is related to the fact that a number of self-funded placements are due for financial assessment incoming months with likelihood that financial responsibility will fall to the Local Authority. Whilst general turnover in placements may assist in accommodating some of these costs, there is likely to be a net financial impact. Estimates in this regard will be kept under review as the year progresses and assessments are completed.
32. The £349,000 underspend in Mental Health commissioned care reflects the non-recurrence of costs incurred during 2020/21, together with the full-year impact of 2020/21 savings. The projected underspend has increased by £91,000 since Month 4, which is partly attributable to a small reduction in residential placements.
33. The £457,000 net underspend on internal services is a combination of overspends totalling £273,000 in internal supported living and learning disabilities day care, offset by underspends totalling £730,000 in assessment & care management, older people's day care and reablement. Areas of underspend reflect a combination of grant funding, vacant posts and the fact that older people's day care was not fully operational for part of the year. Overspends relate to the delayed achievement of savings in the current year together with staffing costs, including non-achieved vacancy provision.
34. The directorate is currently projected to achieve £394,000 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 £160,000 of the £300,000 saving is anticipated to be unachieved, partly due to the delay in closure of one of the schemes. Other areas of under-achievement relate to use of technology (£94,000).

Children's Services +£1,414,000

35. Children's Services is currently projecting an overspend of £1,414,000. An overspend of £373,000 is anticipated in relation to redaction services and assessments undertaken due to capacity issues within the localities teams. Additional pressure on CHAD budgets as a result of increased placements has contributed to the overspend position (£560,000) in relation to domiciliary care. Projected agency expenditure above base budget includes £443,000 in Intake and Assessment and £344,000 in Child Protection and Safeguarding.
36. Falconwood Assessment Centre is reporting a small underspend of £135,000 for the year due to delayed opening and Covid hardship grants in relation to placements total £543,000 to the end of month six.
37. The number of external residential placements has fluctuated during the year stabilising in month six with a total of 93 places, a net increase of seven in the year. External fostering costs are projected to be overspent by £439,000, demonstrating the work undertaken to move away from costly residential contracts, alongside the ongoing difficulties of recruiting in house foster carers. The corporate contingency fund of £2.175 million will be utilised to manage any increase in residential placements during the remainder of the year.
38. Savings targets in relation to additional Step Down provision (£319,000) and Young Persons Gateway places (£410,000) have been assumed in the budget position. Two units have opened creating an additional eight step down places for the Gateway, with cost avoidance savings in the region of £976,000. With two further units (eight beds) are planned to open before year end.

Planning, Transport & Environment +£289,000

39. The Month 6 position for Planning, Transport & Environment forecasts an overspend of £289,000, an improvement of £82,000 compared to the position reported at Month 4. The Energy Management overspend comes to £371,000 and is primarily due to shortfalls in renewable income sources. Essential repairs at the Radyr Weir Hydro Plant have reduced the optimum capacity for some periods of the year resulting in a shortfall of £93,000. Contractual delays to the Private Wire connection at the Lamby Way Solar Farm should be resolved this year but will result in an overspend of £200,000. In addition, there is a further shortfall against other renewable income targets.
40. The Bereavement, Registration & Dogs Home are projected to be at anticipated budget levels.
41. Planning & Building Control are anticipating a balanced position, although this is dependent upon future trends remaining upwards over the next few months. Highways Infrastructure is anticipating a pressure on tunnel maintenance of £100,000 but can be largely funded using commuted sums. A specific grant allocated for highway maintenance has provided an opportunity to reprofile spend, releasing a saving of £82,000. Transport Policy is 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.

42. In terms of 2021/22 budget savings proposals, an overall shortfall of £35,000, against a total target of £932,000 is projected. This relates to a delay in progressing a voluntary severance and an income shortfall from the Solar Farm.
43. Unachieved savings of £205,000 are brought forward from 2020/21 and it is forecast that £35,000 will remain unachieved. This also relates to the Solar Farm.

Resources

Governance & Legal Services +£157,000

44. At Month 6, the projected position for Governance and Legal Services is a £157,000 overspend. This comprises a £176,000 overspend in relation to Legal Services, offset by underspends in other areas. These include Democratic Services where a £12,000 underspend is anticipated due to a vacant post.
45. 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 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 (£72,000.).

Resources (£214,000)

46. Overall, the Resources directorate is projecting a £214,000 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 Information Technology remain 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

47. 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.

48. The forecast at the end of quarter two indicates a funding requirement of £5.546 million, representing an overspend of £125,000.

Heading	Budget £'000	Projected Out-turn £'000	Variance £'000
Expenditure	5,991	5,717	(274)
Income	(1,030)	(756)	274
Fixed Costs	4,961	4,961	0
Asset Renewal	460	585	125
TOTAL	5,421	5,546	125

49. 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 and Overheads. Increased costs on Groundwater Control and Waste Management are offset by underspends on other Environmental areas. Since quarter 1 report forecasting reduced levels of car parking income, although this is matched by increased volume and costs of repairs on barrage maintenance. This forecast will be updated as more information becomes available over the coming months.
50. The Asset Renewal budget is currently indicating a £125,000 overspend. The asset register informs the budget setting process and identifies the level of capital funding required for each financial year. The register contains the best estimates possible, however recent developments in contractor shortage leading to less tender returns has resulted in less competition and higher tender prices. Tender returns received in Q2 for the materials handler and the installation of boardwalk decking in the public realm has delivered increased costs of £28,000 for the materials handler and £97,000 for boardwalk decking, as a result of a single tender received for each asset. Delaying the process by repeating the tender process to the open market poses several risks including timescales, not being able to guarantee quality of contractor, safety, reputation, availability.
51. Upon agreement with Welsh Government, the first £25,000 will be funded from the Project & Contingency Fund thus maintaining the £100,000 balance in the fund as stated in Clause 16.16 (g) of the Deed of Variation of 18 March 2021. On this basis, an additional claim for the sum of £100,000 to cover the additional costs to the asset renewal programme 2021/22 will be submitted.
52. 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 line with the amendments to the Deed of Variation as agreed in March 2021.

Civil Parking Enforcement

53. 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.

	Budget £000	Projected Outturn £000	Variance £000	M4>M6 Change £000
Income				
On street car parking fees	3,957	3,161	795	(85)
Off street car parking fees	922	699	223	(91)
Resident's parking permits	412	414	(2)	(6)
Penalty charge notices	1,422	1,800	(378)	(70)
Moving Traffic Offences (MTO's)	3,539	3,286	253	(36)
Other Income	46	39	7	(2)
Total Income	10,298	9,400	898	(290)
Expenditure				
Operational costs, parking & permits	611	667	56	20
Enforcement service including TRO	5,946	6,110	164	(33)
Total Expenditure	6,557	6,777	220	(13)
Annual Surplus / (Deficit)	3,741	2,623	1,118	(303)
Hardship Fund Reimbursement	0	1,084	1,084	205
Revised Annual Surplus / (Deficit)	3,741	3,707	34	98

54. 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.
55. The budget was reset using various assumptions and scenarios. The table below provides a summary of the budget and projected outturn position.
56. The current projection indicates an annual surplus of £2.623 million, a reduction of £1.118 million against the budget and an improvement of £303,000 compared to month 4 reflecting an increase in vehicle usage, resulting in an increase in on and off-street parking fees and penalty charge notices.
57. The restrictions that were still in place during April and May have contributed to lower car parking fees and MTO's of £898,000. The increased costs of £220,000 include additional vehicles needed to maintain social distancing, digitalisation of the traffic regulation order process and reduced recharging opportunities
58. Claims from the Local Government Hardship Fund for lost income are forecast to total £1.084 million. This will produce a revised annual surplus of £3.707 million.
59. The surplus is transferred to the Parking and Enforcement Reserve and available to support highway, transport and environmental improvements.
60. The table below illustrates the future position in the reserve:

Parking & Enforcement Reserve	£000
Balance 1st April 2021	4,536
Contribution from CPE	3,707
Total Available	8,243
Contribution to support revenue budget	(5,935)
Project support and initiatives	(581)
Balance 31st March 2022	1,727

61. The brought forward balance in the reserve is £4.536 million. The CPE position indicates a surplus of £3.707 million. 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.

Housing Revenue Account - Balanced

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

63. The major variance is an anticipated £1.7 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 £1.5 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.
64. The Housing Repairs Account is currently forecasting a balanced position. Overspends on responsive repairs are estimated at £281,000 but are offset by vacancy savings within management and administration and void repairs savings.
65. Based on week 13 statistics, standard rent and service charge income are estimated at £117,000 above target. This includes an underspend in relation to bad debt provision based on assumed year end arrears and write off levels.
66. Insurance forecasts are largely based on 2020/21 outturn and are currently forecasting an overspend of £157,000. Actual costs will depend on the number and value of claims which will not be clear until later in the financial year.
67. The balance of the variance is due to underspends on general premises costs offset by overspends on transport, supplies and services and support costs.
68. Any underspends on capital financing costs and other savings are anticipated to transfer to HRA General Balances or to earmarked reserves and provisions or to reduce borrowing in year. This will be subject to review and agreement with the Corporate Director for People and Communities. This will improve the ability to deal with future budget pressures including capital works postponed to future years and provide more flexibility for any unavoidable commitments in the new financial year.