REVENUE **APPENDIX 2**

The main variances against directorate revenue budgets were as follows:

Capital Financing (£447,000) (£469,000) Month 9

1. The capital financing budget supports the Council's Capital Programme and treasury management activities. This includes external interest payable, prudent provision for the repayment of any debt in line with current Council policy, as well as interest earned on temporary investments. The budget is impacted by a number of external and internal variables such as interest rates, the level of investment balances, share of interest chargeable to the Housing Revenue Account, the need and timing of external borrowing, as well as performance in achieving capital expenditure projections. Following a review of all these factors, the final position for the year was a net surplus of £447,000, which represented a slight reduction compared to Month 9. This underspend was the result of £111,000 lower external interest payable than originally assumed and an additional £466,000 in relation to interest receivable, including for temporary investment balances as well as other changes.

2. Included within the position was additional expenditure of £130,000 relating to the prudent provision for the repayment of debt chargeable. This arose due to the fact that the final capital outturn, for the previous year, was not known when setting the budget and this had a direct impact upon the level of repayment required in the following financial year. Within the same budget heading was reduced expenditure totalling £4.725 million, which was the result of Council, in February 2020, approving a change in the Minimum Revenue Provision Policy. This amount was negated within the outturn position by a transfer to the Treasury Management Reserve, for use in strengthening financial resilience and mitigating risks in respect of capital expenditure and treasury management activities.

Corporate Management (£47,000) (£70,000) Month 9

3. An underspend of £47,000 was reported in relation to Corporate Management, reflecting a reduction compared to the position reported at Month 9. The overall underspend was primarily due to savings in relation to past service pension contributions and insurance commission, partly offset by additional costs relating to bank charges, credit card commission and audit fees. All 2019/20 savings proposals were achieved in full.

Economic Development +£390,000 +£513,000 Month 9

4. The final position for the directorate reflected an overspend of £390,000, which represented an improvement on the overspend position reported at Month 9. This change related to various positive and negative changes, but particularly an improvement in Facilities Management, due to additional income within Building Services. The main variances within the overall

position included overspends within Facilities Management, Culture, Venues & Events and Youth Foods, partly offset by underspends within Business, Investment & Workshops and Parks. In terms of 2019/20 savings proposals, £2.610 million was achieved against the £3.153 million target. The shortfall of £543,000 predominantly related to the proposal to secure a private tenant for the New Theatre, where the impact of COVID 19 meant that it was not possible to conclude this before the end of the financial year. This particular saving shortfall came to £404,000, with a further £122,000 not achieved in relation to the proposal to rationalise staff and generate more income at Cardiff Castle.

5. The overspend within Facilities Management totalled £335,000. This overspend was largely due to additional expenditure in relation to FM Buildings which primarily related to utility costs, security costs, cleaning and unachieved energy savings from prior years. The tight control of expenditure in relation to repairs and maintenance partly offset these overspends. Other overspends within the division included Building Support, due to unbudgeted employee costs, additional licensing costs, income shortfalls and additional supplies and services costs. The Pest Control function also recorded an overspend, largely due to a shortfall in income generation. Partly offsetting these overspends, was an overall surplus in relation to the Building Services trading account, due to better than anticipated income levels and savings in overhead costs. In addition, there was a surplus against the Accommodation Account, which was the result of rental income within core buildings from externally funded occupiers, and additional income generated from cleaning, security and caretaking.

6. In addition to the Facilities Management overspend, there was a £263,000 deficit in relation to Culture, Venues & Events. The position changed significantly at outturn, compared to previously reported positions, for various reasons, including the impacts of COVID 19 towards the end of the financial year. This resulted in reduced income generation in relation to venues and functions, in particular. However, despite the aforementioned savings shortfall against the New Theatre, this venue, along with St David's Hall, reported an overall improvement and delivered a net surplus. This was due to an overall trading surplus on performance and activities at both venues, as well as additional income generation relating to St David's Hall bar. Although these trading activities delivered a surplus, the position for Venues reflected a loss, where income generation was below target, partly due to the enforced closure of certain venues, such as Cardiff Castle, during March. Overspends also occurred in relation to Commercial Activities and Tourism, although an element of mitigation was achieved by virtue of there being an underspend against the Events budget, due to staff vacancies and income above target. The Leisure, Play & Sport division also recorded an overspend, of £44,000, for similar reasons, where venues were closed during March and income generation decreased as a result of this.

7. Other overspends within the directorate included £68,000 against Major Projects, due to additional premises costs associated with the International Sports Village and other project-related costs, and City Centre Management, where a £74,000 overspend was recorded. This overspend was due to an income shortfall in relation to city centre infrastructure and an overspend in

relation to Christmas lights. Youth Foods, County Hall Functions & Events also reported an overspend, totalling £137,000, largely due to income shortfalls within the Youth Foods operation. Underspends within the directorate, which partly offset these overspends, included £304,000 in relation to Business, Investment & Workshops, where additional workshops rental income, vacancy savings, supplies and services savings, and additional bus shelter advertising income were achieved. An underspend of £176,000 was also achieved against the Parks budget, due to increased recharge income, reduced support service costs, in-year staffing savings and additional grounds maintenance income. The Property & Office Rationalisation division achieved an overall underspend of £35,000, due largely to a saving against the Office Rationalisation budget, in-year staffing savings and additional internal recharge income. This was partly offset by additional costs relating to certain premises and an overspend against the budget for disposal costs. Other divisions reported minor variances and Construction & Design achieved a balanced position.

Education & Lifelong Learning +£686,000 +£493,000 Month 9

8. The final position for Education & Lifelong Learning reflected an overspend of £686,000, which represented an increase of £193,000 on the figure reported at Month 9. The change between months was due to a significant deterioration in the financial performance of the traded services within the directorate, particularly School Catering. This deterioration was partly offset by reduced expenditure in relation to Out of Area Placements and the introduction of an underspend against capital financing budgets. The overall overspend was due to a projected overspend against the budget for Out of Area Placements, coupled with additional School Transport expenditure, non-achievement of savings proposals and deficit positions against the traded services within the Services to Schools division. Partly offsetting these overspends were various staffing vacancies across the directorate, in-year savings against capital financing budgets and managed underspends in relation to centrally-held school maintenance budgets. In terms of 2019/20 savings proposals, a shortfall totalling £703,000 was identified. This related to the service-wide staffing restructure, School Transport savings and the proposal to generate income through the provision of additional learning needs (ALN) training.

9. The largest overspend in the directorate totalled £880,000 and related to the Services to Schools division. This overspend was a combination of savings shortfalls and deficits against the School Catering, Music Service and Outdoor Pursuits Centre trading accounts. The School Catering deficit amounted to £432,000 and was due to reduced income generation and some significant deficits in individual school settings, as well as additional employee and system implementation costs. The total deficit for the Music Service was £199,000 and was again due to a significant income shortfall, despite the receipt of unbudgeted grant income via the WLGA. The Outdoor Pursuits Centre deficit totalled £54,000 and was also due to an income shortfall following the loss of a key client during the year. The overall overspend for this division included the cost of successful school transport appeals, although an in-year saving against ICT budgets helped to offset this.

10. The other significant overspends within the directorate related to Out of Area Placements and School Transport, where overspends of £471,000 and £209,000 were recorded, respectively. Although the overspend against the Out of Area Placement budget decreased compared to the Month 9 figure, a number of new additional placements were agreed towards the end of the year, of which the full year effect will impact upon the 2020/21 budget monitoring position. Although the overspend specifically against the School Transport budget was £209,000, there was significant additional transport expenditure across the directorate. The majority of this expenditure related to additional transport provision beyond the scope of the policy, the aforementioned costs associated with successful transport appeals, additional routes for pupils with ALN and unachieved savings proposals.

11. Partly offsetting the overspends outlined in the previous paragraphs were underspends of £575,000 against the School Organisational Plan (SOP) budget and £357,000 against the Achievement budget. The SOP underspend was the result of an in-year saving against capital financing budgets connected with the School Asset Renewal Programme and managed underspends against the revenue funded budget for school repairs. The Achievement underspend was the product of vacancy savings across the division, additional fixed penalty notice income and a reduced requirement for non-maintained nursery provision. Other variances included an overspend of £73,000 against Non-Delegated School budgets, which was due to additional transport and premises costs, partly offset by in-year savings against capital financing budgets held in connection with the repayment of invest to save schemes. The Senior Management budget recorded an underspend of £46,000, which largely related to the Assistant Director post, which was vacant for a proportion of the year. Other divisions reported smaller variances or balanced positions, including EOTAS, where additional grant funding offset the underachievement of one to one tuition income.

People & Communities

Housing & Communities (£729,000) (£469,000) Month 9

12. An underspend of £729,000 was reported for the Housing & Communities directorate, representing an improvement of £260,000 on the position reported at Month 9. This improvement was largely the result additional grant funding and staffing vacancies within the Independent Living Service. Overall, a number of divisions reported underspends, including Homelessness & Hostels and the Independent Living Service, partly offset by an overspend within Advice & Benefits. All savings proposals for 2019/20 were achieved in full. This included full achievement of two proposals each totalling £250,000, in relation to the delivery of community wellbeing hubs and a realignment of funding for homelessness service delivery.

13. The most significant variance was an underspend of £493,000 in relation to Homelessness & Hostels. This underspend was largely the result of in-year employee savings, particularly in relation to the Housing Options Centre,

where recruitment to the new structure was delayed. The overall underspend was supported by in-year grant allocations from a number of sources and utility savings. In addition, the Independent Living Service recorded an underspend of £257,000, primarily because of in-year employee savings. In previous years there were savings arising from increased capital allocations within the Joint Equipment Service, however the savings that did arise during 2019/20 were required to offset overspends within the pooled budget account. Other underspends included £80,000 against Hubs & Community Services, which was the result of additional grant income and supplies and services underspends across the division, partly offset by income shortfalls in relation to hubs. The Partnership & Delivery division recorded an underspend of £70,000, due to additional grant income, and Housing Strategy & Service Development achieved an underspend of £42,000 following in-year employee savings.

14. Overspends within the directorate included £39,000 within Business, Performance & Support, mainly due to the non-achievement of a prior year savings target, in relation to commercialisation, and records management storage charges, partly offset by employee savings. An overspend of £171,000 was reported within Advice & Benefits and was largely due to a deficit in relation to Cardiff Works, which emerged towards the end of the year. This deficit was due to a significant decrease in income in the latter part of the year and increased salary costs. Within this division, the Central Advice Hub also recorded an overspend, due to increased facilities management costs and income shortfalls. All other divisions reported minor underspends or balanced positions. Included within the overall position was a drawdown of £798,000 from the specific contingency budget set aside to meet increased costs in relation to the Council Tax Reduction Scheme. This reflected a reduction of £137,000 on the figure reported at Month 9, in line with the number of applications received and level of support required.

Performance & Partnerships (£146,000) Balanced Month 9

15. The Performance & Partnerships division recorded a final underspend of £146,000, compared with the balanced position reported at Month 9. The change in position is largely explained by improvements within Media & Communications, Policy & Partnerships and Bilingual Cardiff. The main variances included within the position were underspends in relation to Cabinet Office & Performance Management, Media & Communications and Policy & Partnerships, partly offset by an overspend in relation to Bilingual Cardiff. The main underspends, which totalled £58,000, £93,000 and £35,000, respectively, were due to in-year employee savings and additional income. The Bilingual Cardiff overspend, which totalled £35,000, was due to the cost of external translation, although expenditure on this decreased significantly between Month 9 and the end of the year. The other divisions recorded largely offsetting variances and all 2019/20 savings proposals were achieved in full.

Social Services +£4,514,000 +£4,984,000 Month 9

16. The final position for the directorate reflected an overspend of £4.514 million, which represented an improvement of £470,000 on the position reported at Month 9. This change reflected the utilisation of additional grant funding within Adult Services, some of which related to winter pressures, although this was partly offset by additional residential placement costs for children. The overall position was comprised of an overspend totalling £4.517 million in relation to Children's Services and a £3,000 underspend in relation to Adult Services. Savings proposals of £6.0 million were included in Social Services budgets for 2019/20, most of which were predicated on a reduction in activity levels. However, the pattern of activity for the year reflected the fact that numbers either stabilised or, in some cases, increased. As a consequence, an overall shortfall of £5.0 million was reported against these savings targets, contributing largely to the overall position. Also of significance was the fact that a disproportionate element of the growth in respect of Children's Services was in high cost residential placements, leading to a further increase in costs. A significant overspend was therefore recorded even after taking into account the drawdown of the £2.0 million contingency for additional placements, agreed as part of the 2019/20 budget process. Further detail on the individual positions for both services are provided in the paragraphs that follow.

Adult Services – (£3,000) +£725,000 Month 9

17. The final position for the Adult Services division reflected an underspend of £3,000, in contrast to the position reported earlier in the year. This was largely due to the utilisation of additional grant funding towards the end of the year. This grant enabled the significant overspend on Older People Commissioned Services to be partly offset. This particular service still reported an overspend of £2.333 million, mainly arising from savings shortfalls where proposals predicated on reducing numbers were not achieved. It was anticipated that savings proposals in relation to reablement, encouraging independence and cost effective commissioning would facilitate sustainable reductions in activity levels and costs. However, with activity levels increasing or remaining static, costs did not reduce by a level sufficient to meet the savings targets. As an exemplification of this challenge, the activity levels for domiciliary care increased by approximately 4.0%, rather than reduced. This, coupled with ongoing increases in unit costs in domiciliary and nursing care, meant that expenditure levels were significantly in excess of the approved budgets. The overspend within this area was partly mitigated by various underspends in other areas, notably on staffing budgets, where staff turnover and offsetting grant funding provided significant savings.

18. Aside from Older People Commissioned Services, the other commissioned services achieved underspends. In Learning Disabilities, an underspend of £162,000 was reported as a result of a reduction in the number of care home placements and a shift from domiciliary care to direct payments during 2018. An underspend, of £345,000, was also reported in relation to Mental Health Services, as a result of the continuing trend for reductions in the number of residential placements and, in line with previous years, an underspend on budgets allocated to the service for additional commitments in relation to Deprivation of Liberty Safeguards (DOLs). An underspend of £40,000 was evident in relation to budgets for Physical Disabilities, which is a reflection of

activity levels remaining relatively stable or declining in the case of residential care.

19. Internal Services reported a net underspend of £1.789 million. This is mainly due to anticipated savings of £1.140 million in Assessment & Care Management and £742,000 in Day Care & Reablement Services. In both services, there were significant staffing savings evident, as a result of high turnover, but also the utilisation of grant funding to offset staff costs in a range of areas. In addition, Internal Support & Management underspent by £26,000, again as a result of staff savings and the utilisation of grant funding. There was a partly offsetting overspend of £119,000 in relation to Internal Learning Disability Support Living & Day Care, where additional staff costs meant that historic savings targets remained unachieved.

Children's Services +£4,517,000 +£4,259,000 Month 9

20. The Children's Services division reported a final overspend of £4.517 million, after taking into account the drawdown of the £2.0 million specific contingency budget set aside to meet increased costs in relation to placements for looked after children. The ongoing pressure in relation to external placements for looked after children continued to underpin the overspend in this area, with a significantly higher proportion of expensive residential placements evident in 2019/20. This was after allowing for the significant growth, including a realignment, of £6.696 million allocated to the service as part of the 2019/20 budget.

21. The final overspend in relation to external placements totalled £3.395 million and was evidenced by the number of looked after children increasing from 886 in December 2018 to 954 at the end of March 2020, representing a 7.7% increase. Included within this was a significant, disproportionate, increase (37%) in the number of high cost residential placements, where an additional 22 placements led to a £3.6 million expenditure increase. Placement budgets were reduced as part of the 2019/20 savings proposals and this compounded the issue. External fostering budgets were also reduced to reflect savings proposals and, although numbers reduced slightly, an overspend was evident. Internal Adoption & Fostering also reported an overspend, totalling £651,000, again reflecting the growth in looked after children, with the number of internal fostering and kinship placements higher than the 2018/19 average. Adoption fees also continued to significantly increase, again placing additional pressure upon the budget.

22. The other main expenditure pressure incurred within the division was in relation to the cost of agency staff. This particularly impacted the Localities and Intake & Assessment divisions, where overspends totalling £658,000 and £911,000 were reported, respectively. The level of agency cost incurred was significantly higher than in previous years, although this has been addressed as part of the 2020/21 budgetary realignment. The most significant underspend within the directorate related to Restorative & Leaving Care, where a total underspend of £1.026 million was recorded. This was mainly due to in-year staffing savings and the impact of the utilisation of additional grant income. An in-year saving of £224,000 was also evident in relation to guardianship orders, however this was offset by an overspend of

£225,000 against the budgets for Management, Support, Safeguarding & Youth Offending, mainly due to additional agency costs.

Planning, Transport & Environment +£3,325,000 +£2,435,000 Month 9

23. The final position for the directorate reflected an overspend totalling £3.325 million, representing an increase of £890,000 compared to the position reported at Month 9. This change was caused by increased overspends within a number of divisions, most notably Recycling & Neighbourhood Services, where additional agency costs, Materials Recycling Facility (MRF) operational costs and reduced environmental enforcement income were experienced. As well as this, income reduced in Planning & Building Control, due to delays in major planning applications being received, and Bereavement & Registration, where the number of ceremonies that took place during the final quarter was lower than in comparison to previous years. The overall position was largely the result of a significant overspend in relation to Recycling & Neighbourhood Services, although other large overspends were incurred in relation to Fleet Services, Planning & Building Control, Energy Management and Bereavement & Registration. Some mitigation was achieved through underspends within Transport Planning, Policy & Strategy and Highways Infrastructure. Other divisions reported smaller variances or balanced positions. The final position in terms of savings achievement was an overall shortfall of £1.891 million, with significant shortfalls being experienced in Recycling & Neighbourhood Services and Fleet Services. These unachieved proposals were aimed at rationalisation of costs and the generation of additional income within these services.

24. The final overspend within the Recycling & Neighbourhood Services division totalled £2.117 million and reflected a number of significant pressures and the aforementioned savings shortfalls, which totalled £544,000. These pressures were partly offset by contributions from earmarked reserves and the £350,000 MRF contingency, as originally reported at Month 4. These contributions funded the increased costs of processing waste and recycling material. Significant pressures included income shortfalls and additional operating costs within Trade Waste Collections, Domestic Collections and the MRF. As well as these overspends, there were income shortfalls in relation to the Waste Transfer Stations, Environment Enforcement and landfill gas royalties. These pressures were partly mitigated by a saving against the overall treatment of waste, funding provided for planned ward changes and the bottles and jars rollout for collections, which are being reviewed.

25. Other overspends across the directorate included an adverse variance of £711,000 in relation to Fleet Services. This overspend was mainly the result of significant savings shortfalls, relating to both the current financial year and previous years, coupled with a shortfall against income targets. Some mitigations were evident and assisted with preventing the overspend from increasing further. These mitigations included the re-profiling of a loan repayment schedule and the use of earmarked reserves. The Energy Management division also reported an overspend, of £345,000, which was because of a shortfall in income generated at Radyr Weir. Contributing

factors included operational issues, partly as a result of the February storms, a shortfall in renewable energy income and an unachieved staff recharge saving. The Planning & Building Control overspend totalled £389,000 and was due to planning income shortfalls, which were exacerbated by the aforementioned delay in receiving several major applications. The Bereavement & Registration Services overspend came to £197,000, for the reasons already given, although this was partly offset by a surplus against Registration Services. The Shared Regulatory Service also recorded an overspend, of £42,000, due to a licensing income shortfall and the requirement to contribute towards increased operating costs.

26. The most significant underspend within the directorate, which totalled £317,000, related to Transport, Planning, Policy & Strategy. This was the result of increased income in the Design & Delivery service and the use of earmarked reserves to offset unachieved staff restructuring savings and income shortfalls. The underspend in Highways was £197,000 and comprised savings on street lighting energy, a range of expenditure reducing measures and lower staff costs, as well as the use of earmarked reserves. Partly offsetting these savings were reduced cost recovery from SWTRA, lower income from SUD's and vehicle clamping, unachieved savings proposals and additional salt purchases for winter maintenance. The balanced positions reported included Civil Parking Enforcement, where additional income generated was transferred to the Parking Reserve.

Resources

Governance & Legal Services +£643,000 +£273,000 Month 9

27. The outturn position for this directorate reflected a significantly increased overspend, of £643,000, compared to the position previously reported. This increase related to Legal Services and a further increase in the cost of external legal fees, a reduction in the level of income generated and revised staffing costs. The overall position was the result of a Legal Services overspend, which totalled £621,000, and was due to the aforementioned cost of external legal fees, partly offset by in-year savings against employee budgets due to vacancies. The level of fees incurred is linked to the number and complexity of safeguarding cases. Whilst there is a degree of correlation between staffing vacancies and external legal fees incurred, the in-year saving did not prove sufficient to offset the external cost. In addition to the staffing savings, additional income was achieved, although this was offset by additional supplies and services expenditure. Other variances within the directorate included an overspend of £50,000 against the Member Services budget, due to overspends against various budget headings, and underspends within Democratic Services and against the Monitoring Officer budget. These underspends totalled £22,000 and £6,000, respectively, and were due to in-year employee-related savings. The 2019/20 savings proposals, which amounted to £372,000, were achieved in full.

Resources (£7,000) (£19,000) Month 9

28. The final position for the Resources directorate reflected an underspend of £7,000. Whilst this underspend was broadly in line with the position reported at Month 9, there were offsetting changes between the two reporting periods against a number of divisions. The overall position was predominantly the result of underspends within Finance, Commissioning & Procurement and Human Resources, offset by overspends within the Digital Services division and Health & Safety. A shortfall of £44,000 was recorded against the directorate's £2.381 million savings target for 2019/20. These shortfalls related to the generation of additional income within Health & Safety and recharge income relating to the Council's trading company for procurement and commercial services.

29. The largest underspend within Resources related to Human Resources and totalled £146,000. This underspend was largely due to savings against HR systems and additional recharge income and employee savings in relation to Organisational Development, combined with reduced external training expenditure within Cardiff Academy. The Commissioning & Procurement underspend amounted to £126,000 and was predominantly due to in-year staffing savings, due to a number of vacancies, partly offset by income shortfalls and a supplies and services overspend. The Finance underspend came to £109,000 and was due to additional income within the Capital Ambition Delivery Team and in-year employee savings within a number of services, partly offset by additional supplies and services costs and income shortfalls within Revenues.

30. The final overspend within the Digital Services Division totalled £346,000 and mainly related to an overspend against Enterprise Architecture, which was the product of income shortfalls and an overspend in relation to licence costs, partly offset by in-year employee savings. Customer Services also incurred an overspend, largely due to additional employee costs incurred in order to meet income targets. Other variances within the division included an underspend for Emergency Management, due to in-year employee savings, and a minor overspend for ICT, where staffing savings and additional income offset increased costs of systems and services. In addition to the Digital Services overspend, an overspend of £25,000 was reported for Health & Safety, due primarily to additional supplies and services costs.