

Appendix 2 – Directorate Commentaries

Corporate Management

+£1,013,000

1. The overall position for Corporate Management reflects an overspend of £1.013 million, largely due to supplier relief that was not approved by Welsh Government (WG), as part of the Council's June claim against the Hardship Fund. As outlined in the main report, it is hoped that there will be an opportunity to recover this amount from another funding stream. However, until that is confirmed, this figure is shown as part of the overspend position. The balance of the overspend reflects other items held by WG as part of the monthly claims process, partly offset by a number of small underspends against the directorate's operational service delivery budget. The 2020/21 savings target of £90,000, in relation to past service pension contributions, is currently projected to be achieved in full.

Economic Development

(£504,000)

2. The reported Month 4 position for the Economic Development directorate is an underspend of £504,000. This is comprised of irrecoverable COVID-19 related costs totalling £45,000, an underlying underspend of £150,000 and in-year savings totalling £399,000. It should be noted that this directorate has been particularly badly affected by losses of income due to the closure of various facilities and venues, such as Cardiff Castle, St David's Hall and the New Theatre. For the purpose of this report, income losses associated with these closures, to date, have been assumed recoverable. Potential future income losses have been subject to the scenario analysis outlined in the main report and are not included within this position. Divisions with underspends include Parks, Facilities Management, Property & Office Rationalisation, Sport, Leisure & Development and Culture, Venues & Events. Overspends are being reported in relation to Major Projects and Projects, Design & Development. In terms of savings agreed as part of the 2020/21 budget, a shortfall of £746,000 is projected against the target of £1.478 million. Of this shortfall, £320,000 relates to efficiency proposals, with the majority relating to the delay in the transfer of the New Theatre to a third party, with the balance relating to income generation proposals, which have been significantly impact by the effects of the pandemic.
3. The largest underspend within the directorate position is £373,000 in relation to the Parks service. This underspend includes in-year savings against employee budgets, due to vacancies, and supplies and services budgets. As well as this, the £250,000 Financial Resilience Mechanism (FRM) allocation for ash die back works is not anticipated to be spent during this financial year. The Culture, Venues & Events division, overall, is projecting an underspend of £89,000 due to areas less impacted by the effects of the pandemic experiencing in-year savings against staffing budgets due to vacant posts. Sport, Leisure & Development is also projecting a net underspend, totalling £74,000, part of which is the result of anticipated underspends against FRM allocations. As well as this,

Property & Office Rationalisation is projected to underspend by £187,000 because of in-year savings against staffing budgets, additional internal recharge income and savings within the Office Rationalisation budget. Facilities Management is also projecting an underspend, totalling £91,000, largely due to in-year savings against repairs, maintenance and energy budgets, reflecting the reduced occupation of Council buildings during the lockdown period. Partly offsetting these savings within FM buildings is a deficit in relation to the Building Services trading account, reflecting reduced activity during the early part of the year.

4. Overspends within the directorate can be seen within Major Projects, where an overspend of £192,000 is forecast, and Projects, Design & Development, where an overspend of £100,000 is projected. The Major Projects overspend is due to unbudgeted non-domestic rates costs in relation to the Toys R Us building with the Projects, Design & Development deficit the result of reduced internal recharge income following a phase of reduced activity during the lockdown period. Other divisions are reporting minor, offsetting, variances or balanced positions. Although an overall underspend is reported, there is a significant risk that the position will worsen if the necessary level of financial support for lost income, in particular, is not forthcoming. The position will be kept under close review and any changes reflected in future reports.

Education & Lifelong Learning

+£1,521,000

5. The Month 4 position for the Education & Lifelong Learning directorate reflects an overspend of £1.521 million. This can be broken down between irrecoverable COVID-19 costs amounting to £155,000, an underlying overspend of £2.401 million and in-year savings of £1.035 million. The main pressures within the position include inherent trading deficits within Services to Schools, which relate to School Catering, Music Service and the Storey Arms Outdoor Pursuits Centre. In addition, there is a significant overspend in relation to Out of County Placements and continuing pressures in relation to School Transport. Partially offsetting these pressures are underspends in relation to Achievement, School Organisational Planning (SOP) and the benefit of some of the in-year savings within other divisions. A savings shortfall totalling £265,000 is projected against the target of £951,000. These shortfalls all relate to income generation proposals and are unachievable largely because of the impact of COVID-19 and the traded services not being able to operate as normal.
6. The largest overspend totals £2.118 million and relates to Services to Schools and, specifically, the traded services within that division. This position reflects the continuation of issues that existed in previous financial years, as well as £134,000 of irrecoverable COVID-19 costs. This position does not include any COVID-19 related income losses that may be seen during the remainder of the year. The underlying position is due to income shortfalls against targets and, in effect, non-achievement of savings proposed in previous years. These services

have been particularly badly affected by the closure of schools and there remains significant uncertainty regarding the restart of these services and their financial viability over the forthcoming months. As well as this overspend, the Non-Delegated School Budget is projected to overspend by £173,000, due to a combination of additional transport costs and additional funding provided to schools.

7. In addition, there is an overspend of £615,000 projected in relation to Out of County Placements for pupils with additional learning needs (ALN). The underlying overspend is more significant than that reported, as a significant allocation of WG ALN grant funding has helped to mitigate the position in-year. The pressure has largely arisen due to an increase in the number of pupils requiring these placements, but also significant rises in the cost of such placements. Until capacity within Cardiff schools can be increased, it is likely that such pressures will continue to exist. The other main overspend relates to School Transport and totals £210,000. This is after allowing for an in-year saving on transport provider costs, during the period of inactivity whilst schools were closed. Therefore, the underlying pressure, which is primarily due to increased demand for transport routes for pupils with ALN, is greater than the amount reported.
8. There are a number of underspends within the directorate, the most notable of which is £525,000 in relation to SOP. This is the product of an in-year saving in relation to revenue funded school repairs and capital financing savings, which have arisen due to savings against Asset Renewal budgets in previous financial years. In addition, an underspend of £433,000 is projected against the budget for the Achievement Service. This underspend largely relates to the Youth Service, where additional grant funding has been available to offset base funded costs. As well as this, a number of sections within this division are reporting in-year savings in relation to vacancy management and other expenditure controls. The other mitigating factors within the overall position relate to the in-year savings proposals put forward by the directorate. One is to maximise the use of grant funding, saving £100,000, and the other is to capitalise upon a likely in-year underspend against the redundancy budget held for school redundancies. This proposal could potentially save £500,000.

People & Communities

Housing & Communities

(£949,000)

9. The Housing & Communities directorate is reporting an overall underspend of £949,000 at Month 4. This position comprises an underspend of £432,000, after assuming an in-year underspend against Financial Resilience Mechanism allocations, in-year savings proposals totalling £536,000 and irrecoverable costs relating to COVID-19 amounting to £19,000. The main directorate variances, after allowing for in-year savings, include overspends within Advice & Benefits and Housing Strategy & Service Development, and underspends within the

Independent Living Service, Homelessness & Hostels and Hubs & Community Services. In terms of savings, a shortfall of £129,000 is projected, in relation to a planned restructure and additional income generation within Cardiff Works and charging for equipment. The other proposals, of which the majority are efficiency savings, are projected to be achieved in full.

10. The largest underspend within the directorate relates to the Independent Living Service and totals £264,000. This underspend is the result of a review of available grant funding and the staffing establishment, which identified in-year staffing savings and the opportunity to offset base funded costs with grant funding. Homelessness & Hostels is also projecting an underspend, totalling £128,000, based on the assumption that all COVID-19 costs associated with temporary accommodation for homeless people will be reimbursed by WG. The underlying underspend is due to in-year staffing savings, which have arisen because of delays in recruiting to posts relating to Housing Options. Should there be further delays, this underspend will increase. In addition, an underspend of £115,000 is projected in relation to Hubs & Community Services, due to the in-year supplies and services savings, and Early Help is projecting a £91,000 underspend due to in-year vacancies. In addition to these divisional underspends is the assumption that the FRM allocation for estates management will not be utilised this year, saving a further £454,000.
11. Overspends within the directorate include £94,000 in relation to Advice & Benefits. This is due to an unachievable income target in relation to Into Work Services and a reduction in internal income against the Cardiff Works budget. Although Adult & Community Learning has experienced income losses, it is currently assumed that these will be reimbursed by WG. The other overspend relates to Housing Strategy & Service Development, where the aforementioned restructure has not been possible to progress. This overspend is almost entirely offset by an underspend within Business, Performance & Support, due to in-year staffing savings. Also contained within the directorate position is a significant increase in expenditure in relation to the Council Tax Reduction Scheme. At this stage of the year, this would require the full contingency allocation of £3.042 million to cover costs and, therefore, this report recommends that the contingency budget is transferred in full. However, this is a developing situation and, therefore, it will be kept under close review throughout the year, both in terms of the level of expenditure likely to be incurred and the prospects for recovering this via WG.

Performance & Partnerships

Balanced

12. Performance & Partnerships is reporting a balanced position overall, with overspends against Policy & Partnerships, Prevent, Cohesion & Engagement and Bilingual Cardiff offset by projected underspends against Cabinet Office & Performance Management and Media & Communications. The largest overspend totals £29,000 and relates to Bilingual Cardiff. This is due to shortfalls

in both internal and external income, although this is partly offset by in-year staffing savings and reduced expenditure on supplies and services. Cohesion & Engagement's overspend is projected at £26,000 and is largely due to income shortfalls, with the other overspends due to additional employee costs. The underspends within Cabinet Office & Performance Management and Media & Communications are projected to be £69,000 and £14,000, respectively, and are both due to in-year staffing savings. The two budget savings proposals, amounting to £99,000, and both of which were classified as efficiencies, are projected to be achieved in full.

Recycling & Neighbourhood Services

Balanced

13. The Recycling & Neighbourhood Services directorate is current projecting a balanced position. Within this position is a net £6,000 impact due to irrecoverable COVID-19 costs, offset by an overall £6,000 underspend, which is aided, in particular, by an in-year underspend against allocations from the Financial Resilience Mechanism (FRM). Particular in-year pressures include a projected overspend in relation to Waste Treatment & Disposal, offset by an underspend against Street Cleansing. Other divisions, including Domestic Collections, Trade Service Environment Enforcement and Strategy & Support are projecting minor variances or balanced positions. The savings proposals for 2020/21, classified as efficiency savings, amounted to £78,000 and are projected to be achieved in full.
14. The Waste Treatment & Disposal overspend is £141,000 and reflects the overall increased cost of processing materials caused by an increase in the volume of mixed recycling. The increased number of residents at home during the period of lockdown is assumed to be the cause. In addition, the new digital booking arrangements introduced at the recycling centres to ensure social distancing have required additional staff resources, although these are more than offset by the saving on processing costs through improved control measures and quality of material collected and processed. The Street Cleansing underspend totals £138,000 and will be achieved by delaying the creation of a new city centre team, thereby releasing the funding from the FRM. Environmental Enforcement is projecting a small overspend, due to additional staffing costs, with Strategy & Support projecting a small underspend due to in-year staffing savings.

Social Services

+£3,238,000

15. The overall position for Social Services reflects a total overspend of £3.238 million. This comprises an overspend of £897,000 within Adult Services, an overspend of £3.741 million within Children's Services and additional, unallocated, grant totalling £1.400 million, to be split across both directorates. Within that overall position is a significant amount of expenditure in relation to COVID-19, particularly within Adult Services. However, the majority of this has been fully reimbursed by WG, with only a total of £117,000 not reclaimable, with

the majority of this sitting within Children's Services. Therefore, the majority of the overspend relates to underlying issues, although there is some mitigation with the fact that £753,000 of in-year savings have been identified. A total of £2.280 million in savings shortfalls are being reported, which represents almost all of the savings agreed as part of the 2020/21 budget. Whilst COVID-19 is a contributory factor in this non-achievement, the majority of the explanation is due to the continuation of pressures experienced in previous years, meaning that new initiatives, whilst potentially helping with cost avoidance, are not resulting in a net decrease in expenditure. Further detail on each directorate's position is provided in the paragraphs that follow.

Adult Services

16. Adult Services is currently projected to overspend by £897,000 at Month 4. It is important to note that this is predicated on the current level of residential and nursing placements, which has reduced in comparison to previous years. The position does not assume that the number of placements will increase later in the year, however, should an increase materialise, it has the potential to substantially increase the level of overspend. In the first quarter of the year, the service has incurred approximately £5.1 million in COVID-19 related costs. These costs have predominantly related to financial support for the care sector, demonstrated via fee uplifts and payments based on planned activity, rather than actual activity. This has almost entirely been reimbursed via the ringfenced allocation for adult social care within the WG Hardship Fund. Had this not been the case, the overspend would have been significantly higher than the figure being reported.
17. The largest variance within the directorate is a projected overspend of £700,000 against the budget for Commissioned Services - Older People. This overspend is despite the reduction in numbers of residential and nursing placements and is due to the inability to take forward savings proposals, previous reliance upon grant funding, increasing costs associated with respite care, due to longer placements, and additional costs associated with the ExtraCare contract. Whilst the nursing and residential placements numbers have reduced over the last few months (17% in the case of nursing placements), there have been a number of instances where former self-funders have required funding because of a fall in income. This has placed an additional financial pressure upon the authority. In terms of other commissioned services, Mental Health is showing an overspend of £313,000, due to the inability to progress savings proposals and additional costs in relation to direct payments and supported living. Learning Disabilities is projecting an overspend, partly due to not being able to progress savings proposals, although this is largely offset by an underspend against the Physical Disabilities budget.
18. In terms of internal services, an overspend of £345,000 is projected against the budget for Learning Disabilities Supported Living and Day Care, which is mainly due to additional employee costs associated with agency workers and overtime.

For similar reasons, the Management & Support budget is projected to overspend by £171,000. Regarding underspends, the Reablement / Older People Day Care service is projecting a total underspend of £529,000. This is primarily due to the level of vacancies within the team, which is also the reason for an underspend of £137,000 in relation to Assessment & Care Management.

Children's Services

19. Children's Services is currently forecasting an overspend of £3.741 million at Month 4. Within this position is £112,000 of irrecoverable COVID-19 costs, the majority of which relate to WG only funding 50% of any ICT investment arising from the need to enable agile working during the pandemic. In addition, the position contains £353,000 of in-year savings. Therefore, the underlying position amounts to £3.982 million. This is after allowing for the use of £2.175 million corporate contingency for additional costs in relation to external placements, which forms part of the recommendations to this report.
20. The main pressure within the directorate position relates to Substitute Family Care. The projected overspend is £2.870 million, after assuming use of the corporate contingency. Within this division, the main pressure relates to external residential placements which have increased, net, by 16 since the start of the financial year, reflecting a 20% increase. As a result of these increases, this particular budget is projected to overspend by £4.650 million, before use of the contingency. Elsewhere within this division, an overspend of £902,000 is projected against the In-House Fostering budget, partly due to an increase of 28 in terms of kinship placements and increased fostering allowances. Partly offsetting this position is a projected underspend of £436,000 in relation to external fostering placements. It should be noted that this position does not allow for any further placements during the remainder of the year and, therefore, there is a risk that the overspend will increase further. However, with fostering placements representing a lower cost than residential placements, any shift from residential placements to fostering placements would significantly aid the monitoring position.
21. Other overspends within the directorate are being reported in relation to Strategy, Performance & Resources (£620,000), Wellbeing, Protection & Support (£338,000), Localities (£303,000) and Improvement & Strategy (£216,000). In the case of each division, expenditure on agency staff to cover vacancies is the primary reason for the overspend. However, in terms of Localities, additional costs are being experienced across multiple budget headings in relation to Ty Storrie, with the facility having been transferred back into the Council during the last financial year. There have also been additional costs in relation to direct payments, however these have partly been mitigated by reduced costs in terms of service level agreements with external partners. Partly offsetting the overall directorate overspend is an underspend of £606,000 within Restorative, Leaving & Edge of Care Services. Although additional agency costs have been incurred,

these are more than offset by an in-year underspend against the budget for the Assessment Centre, due to a delay in commencing that service, and additional grant funding enabling base budget funded costs to be funded by external sources. Both the Youth Justice Service and National Adoption Service are projecting balanced positions.

Planning, Transport & Environment

Balanced

22. The Month 4 position for Planning, Transport & Environment reflects a balanced position overall, after allowing for irrecoverable COVID-19 costs and in-year pressures. Within the position is an underlying underspend totalling £43,000 and in-year savings totalling £91,000. These are offsetting irrecoverable COVID-19 costs amounting to £134,000, including some ICT expenditure which was funded by WG at a rate of 50%. Particular in-year pressures are evident within Energy Management and Transport Planning, Policy & Strategy, whilst Bereavement & Registration Services and Highways are reporting underspends. Other divisions are reporting minor variances or balanced positions. In terms of 2020/21 budget savings proposals, an overall shortfall of £647,000, against a total target of £1.490 million, is projected. This shortfall is entirely related to income generation proposals, with efficiency targets currently projected to be achieved in full. The main shortfall relates to an additional drawdown from the Parking Reserve, which is unlikely to be feasible in light of significantly reduced Civil Parking Enforcement income levels this year to date. However, this shortfall should not impact upon the directorate revenue position, as expenditure commitments have been reduced as a mitigation.
23. The Energy Management overspend comes to £192,000 and is because of a shortfall in renewable income sources and recharge income shortfalls. It also includes repair costs incurred at Radyr Weir following the February storms, which may ultimately be funded externally, but are assumed as a cost to the Council at present. The Transport Planning, Policy & Strategy net overspend is £51,000, caused by existing income shortfalls across several activities. Previously, the use of grant funding would have offset these shortfalls, but it is currently assumed that this opportunity is unlikely to present itself this year. The position has been partly mitigated by an anticipated surplus in Design & Delivery reflecting the additional workload on transport schemes.
24. The Bereavement, Registration & Dogs Home underspend is £126,000 and reflects the additional income from excess deaths in April and May and a planned use of reserves to fund additional burial sites. Highways are forecasting a net underspend of £117,000 reflecting the holding back of funds allocated via the Finance Resilience Mechanism (FRM) which offset the cost of repairs caused by the February floods and various pressures against certain activities. Civil Parking Enforcement is reporting a balanced position although the current forecast indicates a significant reduction in the surplus. Any surplus that is generated will be transferred to the Parking Reserve. Planning & Building Control are also

anticipating a balanced position, although this is dependent upon several significant planning applications being submitted. If these are delayed then it will have an adverse impact on the position.

Resources

Central Transport Services +£327,000

25. At Month 4, the projected position for Central Transport Services (CTS) is for an overspend totalling £327,000. This overspend position is primarily due to a significant reduction in internal income, but also some additional staffing costs. The loss of income relates to Council vehicles not being in operation and, therefore, the requirement for the service to undertake work on vehicles and recharge for that work has been significantly reduced. As well as this, there is an underlying external income target that has not proved achievable. In addition to the lost income, there have been additional staff costs incurred due to the requirement to change working patterns in response to services amending their mode of operation in response to COVID-19, such as Waste Services.

Governance & Legal Services +£501,000

26. The position at Month 4 for the Governance & Legal Services directorate is for an overspend of £501,000. This position is entirely due to underlying issues and in-year savings. Any expenditure incurred as a direct result of COVID-19 has been recovered via WG, with any lost income currently assumed to be recoverable. The underlying position is due to a projected overspend within Legal Services, partly offset by an underspend within Democratic Services. The Legal Services overspend totals £531,000 and is primarily due to continued pressures in relation to complex children's' cases and the requirement to engage external legal services to provide support with this work. In addition, there are overspends in relation to employees, due to the need to engage locums, and supplies and services. The underspend in relation to Democratic Services totals £28,000 and is due to in-year staffing savings. Other divisions are reporting minor, offsetting, variances or balanced positions.

Resources (£65,000)

27. The Resources directorate is projecting an overall underspend of £65,000, comprising £167,000 of irrecoverable costs relating to COVID-19, an underlying overspend of £73,000 and in-year savings of £305,000. The irrecoverable costs are mainly within Health & Safety and primarily relate to additional legionella testing required within schools. The underlying overspend is the combination of overspends within Digital Services and Health & Safety, offset by underspends within Finance and Human Resources. In terms of savings, a shortfall of £169,000 is projected, with the majority of the shortfalls relating to income proposals and plans to generate additional income within Revenues, Commissioning & Procurement, Human Resources and Health & Safety.

Wherever possible, these shortfalls have been mitigated within the monitoring position or via reimbursement from WG.

28. The largest underspend within the position totals £185,000 and relates to Human Resources. This underspend is due to a combination of in-year employee savings, additional internal income and underspends against the budgets for projects. In addition, Finance is projecting a £150,000 underspend, including the assumption that income shortfalls will be recoverable via WG. The reason for the underspend is because of in-year staffing savings across a number of teams, with these proposals forming part of the directorate's in-year savings total of £305,000. The largest overspend within the position totals £189,000 and relates to Health & Safety, although a large part of this is in connection with irrecoverable COVID-19 expenditure. The balance is predominantly due to shortfalls against internal income targets. The other main overspend is within Digital Services and totals £72,000. This overspend is mainly because of additional costs within Customer Services, which have been incurred in order to be able to achieve income targets.

Ring-fenced and Grant Funded Accounts

Housing Revenue Account

29. The Housing Revenue Account (HRA) is projecting a potential surplus of £2.2 million. The major variance is an anticipated £1.418 million underspend within the Housing Repairs Account, partly due to delays to planned work and access issues as a result of COVID-19. Other variances include vacancy savings across the functions, estimated at £246,000. This reflects delays to filling of vacant posts, again impacted by COVID-19 restrictions.
30. The Housing Repairs Account includes underspends on responsive repair works and electrical testing, partly offset by additional planned spend on void property repairs. A balanced position against the Disabled Facilities Grant budget is still assumed on the assumption that there will be no shortfall against planned staff recharges to capital schemes. Based on week 12 statistics, rent and service charge income are estimated at £75,000 below target, offset by void rental allowances estimated at £186,000 below budget. Insurance forecasts are largely based on average costs in previous years and indicate an underspend of £196,000. Actual costs will depend on the number and value of claims which will not be clear until later in the financial year.
31. These variances are partly offset by security costs (£170,000) and bad debt provision above budget (£35,000) for the hostels and other accommodation. Additional security arrangements have been put in place at several HRA sites as a direct result of COVID-19 requirements with related costs for April to June assumed to be met by the claim to WG. There is currently no certainty around funding post June and the estimated overspend here reflects the assumption that these arrangements will continue to the end of the financial year. The balance of the variance is largely due to savings on premises costs and supplies and services and unbudgeted income from the WG COVID-19 claim reimbursement for additional spend, largely staffing and IT.
32. Any surplus generated within the HRA will transfer to the HRA General Balance, which will improve the ability to deal with future budget pressures and provide more flexibility for any unavoidable commitments in the new financial year.

Civil Parking Enforcement

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

	Budget	Projected	Variance
	£000	Outturn	£000
	£000	£000	£000
Income			
On street car parking fees	5,634	1,313	4,321
Off street car parking fees	1,420	264	1,156
Residents parking permits	405	307	98
Penalty charge notices	2,507	833	1,674
Moving Traffic Offences (MTOs)	4,746	2,445	2,301
Total Income	14,712	5,162	9,550
Expenditure			
Operational costs, parking & permits	774	483	(291)
Enforcement service including TRO	5,916	4,985	(933)
Total Expenditure	6,690	5,468	(1,222)
Annual Surplus / (Deficit)	8,022	(306)	(8,328)
Re-imburement from WG	0	3,517	3,517
Revised Surplus / (Deficit)	8,022	3,211	(4,811)

34. The CPE budget for 2020/21 assumed a trading surplus of £8.022 million. The current projection indicates a trading loss of £306,000, a reduction of £8.328 million.
35. The COVID-19 pandemic has had a profound effect on CPE income. Since lockdown was introduced on 23rd March 2020, almost all enforcement activities stopped and very few parking spaces were utilised. All income streams have been affected 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, will mean lower fine income from Moving Traffic Offences (MTOs).
36. The reduced activity generates a consequential reduction on expenditure. This includes lower spend on overheads such as IT support, management fees, credit card commission, hybrid mail and advertising. In addition, there are savings from staff vacancies and less routine maintenance.
37. A claim for re-imburement of lost income was made to the WG covering the first quarter. This was for £3.517 million, was approved in full, and improves the position to a trading surplus of £3.211 million. There is currently no certainty

regarding future income losses beyond quarter one although the Council continue to have dialogue with the WG.

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

	Current Position £000	25% Recovery £000	50% Recovery £000	75% Recovery £000	100% Recovery £000
Current Forecast	3,211	3,211	3,211	3,211	3,211
Future Reimbursement	0	1,203	2,406	3,608	4,811
Surplus	3,211	4,414	5,617	6,819	8,022

39. The existing forecast reflects the approved reimbursement for quarter one. Scenarios ranging between a further 25% and 100% reimbursement illustrates the impact on the surplus.

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

Parking & Enforcement Reserve	Current Position £000	25% Recovery £000	50% Recovery £000	75% Recovery £000	100% Recovery £000
Balance 1 st April 2020	2,115	2,115	2,115	2,115	2,115
Contribution from CPE	3,211	4,414	5,617	6,819	8,022
Total Available	5,326	6,629	7,732	8,934	10,137
Contribution Agreed in Budget Proposals	5,935	5,935	5,935	5,935	5,935
Balance	(609)	594	1,797	2,999	4,202

41. The brought forward balance in the reserve is £2.115 million. The actual contribution to the reserve from CPE activities will depend on decisions made by the WG regarding reimbursement of lost income. The current position reflects the recovery of income for quarter 1 only. Scenarios ranging between a further 25% and 100% recovery illustrate the significant impact on the surplus and consequential effect on the sum available. The contribution agreed in the budget is £5.935 million. The current position shows there is an insufficient sum available in the reserve to fund the revenue commitments. If this scenario remained then

there would be a financial pressure within the Planning, Transport & Environment directorate. This position is however unlikely and the table illustrates the balance in the reserve under the various recovery scenarios.

Harbour Authority

42. For the current year, the Council worked with WG to identify achievable efficiencies, service reductions and savings against the approved Fixed Costs budget and to agree on an appropriate budget arrangement for Asset Renewal. The WG have agreed Fixed Costs funding of £4.961 million and Asset Renewal of £262,000, giving a budget of £5.223 million, which is the same overall total as the 2019/20 financial year.
43. The forecast at the end of quarter one indicates a funding requirement of £5.474 million, representing a variance of £251,000 over budget.

	Budget (£000)	Projected Outturn (£000)	Variance (£000)
Expenditure	5,896	5,632	(264)
Income	(935)	(420)	515
Fixed Costs	4,961	5,212	251
Asset Renewal	262	262	0
Total	5,223	5,474	251

44. The introduction of government restrictions, particularly around travel, as a result of the COVID-19 pandemic, has had a significant impact on income generation for the Harbour Authority. Car parks were closed until mid-June and, whilst now reopened, it remains to be seen how usage increases over the coming months, with limitations on social activities and shopping within the Bay area. Within the figures in the table above, income of £110,000 for car parking is projected against the target of £523,000. The balance of the shortfall in income relates to the Aqua Park and harbour dues and rentals. This forecast will be updated as more information becomes available over the coming months.
45. The shortfall in income is partly mitigated by a number of managed underspends across a range of areas, including Community Liaison and administration, Harbour Master operations and building / general overheads. Spending has been restricted, where possible, to offset expected shortfalls in income. The Asset Renewal budget is currently indicating a full spend in line with the approved schedule of work, including the purchase of a barrage crawler crane and phase one of the proposed railing refurbishment scheme at Penarth Marina.
46. The Harbour Authority maintains a Contingency & Project Fund, which is used to support projects and provides a contingency if the approved budget is exceeded. The fund receives contributions from a combination of receipts from the sale and disposal of land and a share of past year underspends on the Fixed Cost budget.

The balance at 31 March 2020 was £63,000 and this is line with the amendments to the Deed of Variation as agreed in April 2020.

47. It is anticipated that any overspend will be dealt with initially through the Contingency & Project Fund, with the remainder to be funded by WG as part of an additional claim for unforeseen costs.