

BRIDGEND COUNTY BOROUGH COUNCIL

REPORT TO CABINET

17 JULY 2018

REPORT OF THE INTERIM HEAD OF FINANCE

BUDGET MONITORING 2018-19 – QUARTER 1 FORECAST

1.0 Purpose of this report

1.1 The purpose of this report is to provide Cabinet with an update on the Council's financial position as at 30th June 2018.

2.0 Connections to Corporate Improvement Objectives / Other Corporate Priorities

2.1 This report assists in the achievement of the following corporate priorities:-

1. **Supporting a successful economy** – taking steps to make the county a good place to do business, for people to live, work, study and visit, and to ensure that our schools are focused on raising the skills, qualifications and ambitions of all people in the county.
2. **Helping people to be more self-reliant** – taking early steps to reduce or prevent people from becoming vulnerable or dependent on the Council and its services.
3. **Smarter use of resources** – ensuring that all its resources (financial, physical, human and technological) are used as effectively and efficiently as possible and support the development of resources throughout the community that can help deliver the Council's priorities.

2.2 The allocation of budget determines the extent to which the Council's corporate improvement priorities can be delivered.

3.0 Background

3.1 On 28th February 2018, Council approved a net revenue budget of £265.984 million for 2018-19, along with a capital programme for the year of £33.693 million, which has since been updated to £45.167 million taking into account new approvals. As part of the Performance Management Framework, budget projections are reviewed regularly and reported to Cabinet on a quarterly basis. The delivery of agreed budget reductions is also kept under review and reported to Cabinet as part of this process.

4.0 Current Situation / Proposal

4.1 Summary financial position at 30th June 2018.

4.1.1 The Council's net revenue budget and projected outturn for 2018-19 is shown in Table 1 below.

Table 1- Comparison of budget against projected outturn at 30th June 2018

Directorate/Budget Area	Original Budget 2018-19	Revised Budget 2018-19	Projected Outturn Q1 2018-19	Projected Over / (Under) Spend 2018-19	Projected Over / (Under) Spend Qtr 1 2017-18
	£'000	£'000	£'000	£'000	£'000
Directorate					
Education and Family Support	108,315	109,827	109,783	(44)	(168)
Social Services and Wellbeing	67,730	69,211	71,071	1,860	2,006
Communities	26,729	27,418	27,957	539	75
Operational and Partnership Services	14,658	14,939	13,946	(993)	(1,314)
Chief Executives and Finance	3,803	3,836	3,666	(170)	(307)
Total Directorate Budgets	221,235	225,231	226,423	1,192	292
Council Wide Budgets					
Capital Financing	9,514	9,351	9,333	(18)	0
Levies	7,046	7,046	7,046	0	16
Apprenticeship Levy	700	700	665	(35)	(98)
Council Tax Reduction Scheme	14,354	14,354	14,373	19	(486)
Insurance Premiums	1,588	1,588	1,346	(242)	0
Building Maintenance	900	870	870	0	0
Pension Related Costs	430	430	430	0	(826)
Other Council Wide Budgets	10,217	6,414	4,200	(2,214)	(107)
Total Council Wide Budgets	44,749	40,753	38,263	(2,490)	(1,501)
Total	265,984	265,984	264,686	(1,298)	(1,209)

4.1.2 The overall projected position at 30th June 2018 is a net under spend of £1.298 million, comprising £1.192 million net over spend on directorates and £2.490 million net under spend on corporate budgets. A detailed analysis of the more significant projected under and over spends is set out in section 4.3.

4.1.3 There have been a number of budget virements and technical adjustments between budgets since the Medium Term Financial Strategy (MTFS) was approved by Council in February 2018. These include:

Budget Virements

Service vired from / to	Amount
Transfer of funding from additional council tax raised (£213,000) as outlined in the MTFs towards subsidised bus services, following public consultation, in line with Cabinet report of 15th May 2018.	£51,500

Technical Adjustments

Service vired from / to	Amount
Allocation of £3.007 million funding to directorates to meet the costs of the nationally agreed pay award for the majority of non-teaching staff, following agreement between the National Employers and the NJC Trade Union Side in April 2018.	£3.007m
Transfer of corporately held funding for Sleep-ins to the Social Services and Wellbeing directorate.	£55,624
Transfer of funding from central budget for capital financing costs to Education and Family Support directorate, to fund the repayment costs of prudential borrowing (under the Local Government Borrowing Initiative) for the 21 st Century Schools Band A Programme. The funding was provided in the settlement by Welsh Government and has been held centrally until required.	£163,000
Price inflation funding held centrally for the re-tendering of Independent Domiciliary Care, which has now been allocated to the Social Services and Wellbeing Directorate following the outcome of the tender, and knowledge of actual price increases. Also, price inflation for the Kier waste contract has been allocated to the Communities Directorate following publication of actual price indices.	£567,000
Transfer of funding outlined in the Final Settlement for targeted business rates relief for local businesses, from Chief Executive's budget to Council Wide budgets in line with other discretionary relief for business rates.	£58,000

- 4.1.4 There have been other technical adjustments for agreed inflationary increases, and recurrent funding for meeting Welsh Language Standards, as well as transfers of budgets between the Corporate Landlord budget and service budgets following agreement on the most appropriate management arrangements for some service premises related budgets (including car parking, CCTV and Porthcawl Marina).
- 4.1.5 When the budget for 2018-19 was set, directorates were provided with funding for known pay and price inflation. The remaining provision was retained centrally within Council wide budgets, to be allocated as further information was known about specific contractual price increases e.g. for energy. A number of energy providers have already announced price increases for 2018, blaming rising wholesale gas and electricity prices. There were slight increases in most buildings in overall spend on gas and electricity in 2017-18 compared to 2016-

17. We are currently in the process of gathering information about increased energy prices for 2018-19, and will amend budgets accordingly during the year.

- 4.1.6 Given the large scale reductions on Council wide budgets in 2018-19 (42.6% of overall Council budget reductions) there is a risk that there may not be sufficient funding available within these budgets for any major price inflation increases, particularly as inflation rates remain relatively higher than previous years (CPI was 2.4% in May 2018 compared to 0.5% in March 2016 and 2.3% in March 2017), so the budget will need to be monitored closely during the remainder of the year.
- 4.1.7 The net budget for the financial year has been set assuming full implementation of the current year budget reduction requirements across the Council's budget, which amount to £6.123 million. Where proposals to meet this requirement have been delayed or are not achievable directorates have been tasked with identifying alternative proposals to meet their requirements such as vacancy management, or bringing forward alternative budget reduction proposals.
- 4.1.8 In February 2018 Council approved the Medium Term Financial Strategy for 2018-19 to 2021-22. This identified the need to develop recurrent budget reduction proposals, based on the most likely scenario, amounting to around £32.6 million over the next four years. Against that background it is essential that expenditure is kept within the overall approved budget and that longer term proposals continue to be developed so that the Council has as much flexibility as possible to meet the challenges which lie ahead.
- 4.1.9 At year end consideration will be given to requests from directors to carry forward any planned directorate under spends for specific purposes into the following year, in line with the Council's Reserves and Balances Protocol, as long as these can be met from within the Council's cash limited budget for 2018-19. This is in line with the reports to Cabinet and Council on the MTFs, and the Council's Financial Procedure Rules. Similarly, consideration will be given to any budget over spends to determine whether these should be carried forward as a first call on the directorate budget for the following year. Finally, outstanding prudential borrowing will be repaid, where possible, to reduce future capital financing charges. However, a decision will not be made until towards the end of the financial year when the overall outturn position is more definite.

4.2 Monitoring of Budget Reduction Proposals

Prior Year Budget Reductions

- 4.2.1 A report was presented to Cabinet on 19th June 2018 on Financial Performance 2017-18. In the report it was highlighted that, for 2016-17 and 2017-18, there were £2.982 million of budget reduction proposals that were not met in full, with a total outstanding balance to be met of £2.523 million. Directors have been asked to identify if any of these proposals are still not likely to be achieved in full during the 2018-19 financial year, and to identify mitigating action that will be undertaken to achieve them. A summary of the latest position is attached as Appendix 1 with a summary per directorate provided in Table 2. Of the total proposals not achieved in full at year end, the Social Services and Wellbeing Directorate had already partly realised £378,000. Consequently there are still £2.604 million of prior year budget proposals outstanding, £1.917 million of which relates to the shortfall on Social

Services and Wellbeing, which will need to be met in full during 2018-19 or from alternative savings proposals.

4.2.2 The Social Services and Wellbeing Directorate has developed a Future Service Delivery Plan, which was presented to Corporate Overview and Scrutiny Committee in March 2018, and which outlines the Directorate's response to the financial challenge facing them, not least setting out the planned actions to be undertaken in order to meet the shortfall. This will be monitored continuously throughout 2018-19 but a number of the proposals are not likely to be achieved in full in this financial year.

Table 2 – Outstanding Prior Year Budget Reductions

	Total Budget Reductions Required	Total Budget Reductions Likely to be Achieved	Shortfall
DIRECTORATE /BUDGET REDUCTION AREA	£'000	£'000	£'000
Education and Family Support	166	106	60
Social Services and Wellbeing	1,917	840	1,077
Communities	371	96	275
Chief Executive & Finance	150	150	0
TOTAL	2,604	1,192	1,412

4.2.3 The table shows that of the £2.604 million outstanding reductions, £1.192 million is likely to be achieved in 2018-19 leaving a shortfall of £1.412 million. Proposals still not likely to be achieved include:

- Learner Transport (£60,000) due to delays in assessments of safe routes;
- Review of Car Parking Charges (£25,000) due to delay in reporting options and therefore achieving full year savings;
- Permitting Scheme for Road Works (£50,000) due to delays in approval process with Welsh Government.
- Reductions to the Materials Recovery and Energy Centre (MREC) (£200,000).

The balance mainly relates to proposals set out in the Social Services and Wellbeing Service Delivery Plan.

4.2.4 As outlined in the MTFS reports to Cabinet and Council, MTFS Principle 12 states that *“Resources are allocated to deliver the Bridgend Change Programme based on clear strategic plans that are kept under review by Corporate Directors to maintain alignment with the MTFS and a MTFS Budget Reduction Contingency will be maintained”*. A Budget Reduction Contingency was established in 2016-17 and used to partly mitigate shortfalls on a number of budget reduction proposals. This reserve has been used to meet specific budget reduction proposals in 2016-17 and 2017-18 on a one-off basis pending alternative measures.

Budget Reductions 2018-19

4.2.5 The budget approved for 2018-19 included budget reduction proposals totalling £6.123 million, which is broken down in Appendix 2 and summarised in Table 3 below. The current position is a projected shortfall on the savings target of £320,000, or 5% of the overall reduction target.

Table 3 – Monitoring of Budget Reductions 2018-19

	Total Budget Reductions Required	Total Reductions Likely to be Achieved	Shortfall
DIRECTORATE /BUDGET AREA	£'000	£'000	£'000
Education and Family Support	630	498	132
Schools	0	0	0
Social Services and Wellbeing	350	350	0
Communities	1,454	1,266	188
Operational and Partnership Services	848	848	0
Chief Executive	231	231	0
Council Wide Budgets	2,610	2,610	0
TOTAL	6,123	5,803	320

A comparison of the RAG position against quarter 1 in 2017-18 is provided below:

	2018-19 Q1		2017-18 Q1	
	£0	%	£000	%
Green	4,116	67%	2,388	41%
Amber	1,907	31%	1,973	34%
Red	100	2%	1,491	25%
Total	6,123	100%	5,852	100%

The overall value and percentage of reductions classed as RED is significantly lower in 2018-19 than at the same time in 2017-18. This correlates with the lower likely shortfall on savings reductions in this financial year. Any non-achievement will have a significant impact on the outturn position.

4.2.6 The most significant budget reduction proposals unlikely to be achieved include:

- EFS1 Phased Implementation of Learner Transport Policy (£67,000);
- COM11 Reductions to the budget for Public Conveniences (£100,000);
- COM27 Removal of Subsidised Bus Services (£188,000)

As part of the MTFs discussions it was agreed that the progression of the latter two proposals would be dependent on the outcome of public consultations, following which decisions would be made on how to proceed with these proposals. The final council tax increase agreed for 2018-19 was 4.5%, higher than the original

proposed 4.2%, to provide flexibility to enable members to mitigate some of the proposed budget reductions. A report was presented to Cabinet on 15th May on the outcome of the public consultation exercise in respect of the rationalisation of supported bus services (COM27). Cabinet resolved to retain the subsidy for three routes for a period of one year to allow additional time in dialogue with bus operators and with other potential partners to try and find ways of keeping existing routes running. Consequently, £51,500 of this funding has been transferred to the Communities directorate for one year only to offset this shortfall. With regard to Public Conveniences, a report was presented to Cabinet in June 2018. A number of proposals were made, but given time to implement some, it is anticipated that the full budget saving will not be made during 2018-19, and the directorates will mitigate this shortfall with other measures.

4.2.7 Appendix 2 identifies the projected amount of saving against these proposals and action to be taken by the directorate to mitigate the shortfall. Directors continue to work with their staff to deliver their proposals or alternatives and this is reflected in the forecast outturn for the year. During the financial year the Head of Finance will also consider applications from directorates to the MTFS Budget Reduction Contingency Reserve to mitigate some of the shortfalls.

4.2.8 In the longer term, these proposals must be realised or must be met through alternative budget reduction proposals in order to deliver a balanced budget position. These will continue to be closely monitored and draw down from the MTFS Budget Reduction Contingency will be made as part of the overall review of earmarked reserves during quarter 2.

4.3 Commentary on the financial position as at 30th June 2018

A summary of the financial position for each main service area is attached as Appendix 3 to this report and comments on the most significant variances are provided below. A further review will be undertaken of the projected outturn at quarter 2 and any draw down from earmarked reserves will be undertaken at that time. The Chief Executive is currently making a number of changes to the senior management of the Council which will result in changes to budget responsibility. These will be reflected in the quarter 2 monitoring report.

4.3.1 Education and Family Support Directorate

The net budget for the Directorate for 2018-19 is £109.827 million. Current projections indicate an under spend of £44,000 at year end. The main variances are:

EDUCATION & FAMILY SUPPORT DIRECTORATE	Net Budget	Projected Outturn	Projected Variance Over/(under) budget	% Variance
	£'000	£'000	£'000	
Health and Safety	228	181	(47)	-20.6%
Home to School Transport	4,779	5,229	450	9.4%
Pupil Support	381	283	(98)	-25.7%
Catering Services	810	703	(107)	-13.2%
Integrated Working	1,400	1,281	(119)	-8.5%
Youth Justice	384	306	(78)	-20.3%

Schools' Delegated Budgets

The schools' delegated budget is reported as balanced as any under or over spend is automatically carried forward into the new financial year before being considered by the Director of Education and Family Support in line with the 'Guidance on Managing School Surplus Balances'. Total school balances reduced by £506,000 during 2017-18, down to £306,000 at year end. Had the Welsh Government not provided a last minute grant of £630,000 towards repairs and maintenance costs, the overall schools' balance would have been a negative figure, -£270,000. For 2018-19 currently there are 21 primary schools, 5 secondary schools and 1 special school (46% of all schools) that are projecting a deficit balance at year end. In total the quarter 1 projections indicate an overall deficit balance for school delegated budgets of £1.399 million at year end.

Central Education and Family Support Budgets

Health and Safety

- The under spend of £47,000 relates to staff vacancies within the service.

Home to School Transport

- There is an over spend of £450,000 on Home to School Transport. There have been significant increases in eligible pupils for both Home to College and Primary School transport of 16.5% and 18.1% respectively from 2016-2017 continuing into 2018-19. There are also significant additional pressures caused by increased numbers of eligible pupils with Additional Learning Needs, in particular those pupils with autism spectrum disorders. Although a learner travel policy was approved by Cabinet in September 2015 with subsequent budget reductions of £1.6 million the savings generated have not been as high as anticipated due to the need to undertake safe route assessments and deal with legal challenges. Additional pressures in 2018-19 have arisen due to transport being provided to support the Council's vulnerable groups agenda, and the handing back of contracts from providers which, when retendered, have proven to be more costly.

Pupil Support

- The under spend of £98,000 relates to Volunteer Driver Support whose service was ceased in February 2017 whilst a review was undertaken. The outcome of the review will be considered in due course.

Catering Services

- The under spend of £107,000 has arisen as a result of a projected increase over and above the anticipated demand for school meals compared with when the budgets were set at the start of the financial year. Take up of school meals will require close in-year monitoring.

Integrated Working

- The under spend of £119,000 relates to staff vacancies within the service.

Youth Justice

- The under spend of £78,000 is a combination of savings on the premises budget following vacation of the offices at Tremains Road, along with staff vacancy management. The premises budget saving will be considered as part of future years' MTFS savings.

4.3.2 Social Services and Wellbeing Directorate

The Directorate's net budget for 2018-19 is £69.212 million. Current projections indicate an over spend of £1.860 million at year end prior to any draw down from earmarked reserves. The main variances are:

SOCIAL SERVICES AND WELLBEING DIRECTORATE	Net Budget	Projected Outturn	Projected Variance Over/(under) budget	% Variance
	£'000	£'000	£'000	
Older People Residential Care	8,817	8,640	(177)	-2.0%
Equipment and Adaptations	859	1,018	159	18.5%
Assessment and Care Management	4,892	4,551	(341)	-7.0%
Care at Home for Learning Disabilities	8,955	9,740	785	8.8%
Mental Health Residential Care	1,213	1,064	(149)	-12.3%
Care at Home for Mental Health	607	759	152	25.0%
Looked After Children	10,979	12,331	1,352	12.3%

Older People Residential Care

- There is a projected under spend of £177,000 as client contributions for independent residential care is currently over and above anticipated levels. This also includes additional income on our internal residential home.

Equipment and Adaptations

- There is a projected over spend of £159,000 as a result of increased usage of aids and equipment, along with servicing costs.

Assessment and Care Management (ACMT)

- There is a projected under spend of £341,000 on all assessment and care management budgets, including £149,000 on assessment and care management for older people and £113,000 under spend on ACMT for people with mental health, arising mainly from staff vacancies, although the directorate is hoping to fill some of these posts during the year.

Care at Home for People with Learning Disabilities

- There is a projected over spend of £785,000 as a result of an increase in the number and the complexity of needs of service users receiving direct payments or receiving domiciliary care within a home setting or supported accommodation.

Mental Health Residential Care

- A projected under spend of £149,000 is likely based on current placements. Forecasted health contributions to these placements is contributing to this projection.

Care at Home for People with Mental Health Issues

- There is a projected over spend of £152,000 as a result of the complexity of needs of service users receiving direct payments or receiving domiciliary care within a home setting or supported accommodation.

Looked After Children (LAC)

- There is a projected over spend of £1.352 million on LAC. MTFs budget reductions have resulted in the budget being reduced by around £1 million over the last three years.
- The over spend is partly as a result of the implementation of a new model for residential services which has taken some time to establish due to the need for significant research, consultation and options appraisals, and the slower than anticipated safe reduction of looked after children. Project plans for both of these areas are now in place and the required work has gathered momentum, with significant capital work taking place in 2018-19. The plan to place more children into in-house foster placements is now in place but due to the time taken to put arrangements into place, the full saving is not likely to be realised in 2018-19.
- The average number of LAC this financial year is 373 compared with an average of 387 in 2017-18, with 15 children currently in out of county residential placements. Some individual placements can cost around £220,000 per annum. The cost of out of county placements is a considerable pressure on the budget and greatly contributing to the current forecast over spend.
- The average number of independent fostering placements (IFAs) this financial year is 66 compared to 82 in 2017-18.
- The budget is closely monitored to ensure that the current over spend is reduced and that the budget for 2018-19 is effectively managed.

4.3.3 Communities Directorate

The net budget for the Directorate for 2018-19 is £27.418 million and the current projection is an anticipated over spend of £539,000. The main variances are:

COMMUNITIES DIRECTORATE	Net Budget	Projected Outturn	Projected Variance Over/(under) budget	% Variance
	£'000	£'000	£'000	
Development Control	(187)	(107)	80	-42.8%
Public Conveniences	93	193	100	107.5%
Waste Disposal	4,629	4,929	300	6.5%
Waste Collection	4,925	5,025	100	2.0%
Highways Services	2,384	2,484	100	4.2%
Fleet Services	(8)	142	150	-1875.0%
Engineering Services	18	(132)	(150)	-833.3%
Corporate Landlord	3,400	3,270	(130)	-3.8%

Development Control

- The projected over spend in Development Control of £80,000 is primarily due to a projected downturn in planning application income based on income to date and comparison with the 2017-18 outturn. Fee income is subject to considerable fluctuations between years, depending on number and type of applications and will require close monitoring in-year.

Public Conveniences

- A report was presented to Cabinet on the 19th June 2018 outlining the findings of the public consultation and recommending actions against each of the town centre public toilets. Implementing these recommendations will take some time to complete as discussions with the Town and Community Councils will need to take place prior to formal consultation with affected staff, therefore the £100,000 MTFS saving for 2018-19 is unlikely to be made in full this year. An application will be made to the MTFS Budget Reduction Contingency reserve, however the directorate will not know whether it will receive any funding towards this until later in the financial year.

Waste Disposal

- There was a budget reduction target of £200,000 for 2017-18 in respect of the MREC. The procurement exercise with Neath Port Talbot Council to secure a new operator for the facility is still ongoing, therefore the full MTFS saving is currently projected as an over spend. The directorate will not know whether it will receive any funding from the MTFS Budget Reduction Contingency Reserve towards this until later in the financial year. The balance of the projected over spend is primarily due to increased costs for disposing of street waste.

Waste Collection

- The projected over spend of £100,000 on waste collection services is due to a combination of factors. The disposal contract with Neath Port Talbot CBC is based on a fixed price, minimum tonnage. Consequently a drop in commercial waste tonnage for disposal and subsequent reduction in income has not generated a corresponding reduction in cost. The Council is currently working closely with Neath Port Talbot CBC to renegotiate the terms of this arrangement.

Highways Services

- There is a projected over spend of £100,000 mainly as a result of an in-year

notification received regarding the cessation of the contract with the South East Wales Trunk road Agency (SWTRA) which is responsible for managing, maintaining and improving the motorways, trunk roads and associated assets throughout the South Wales region on behalf of the Welsh Government.

Fleet Services

- There is a projected over spend of £150,000 across the service, similar to the 2017-18 outturn, due to a downturn in income arising from reduced spend by Directorates. The Directorate will seek to mitigate this during the financial year and is due to undertake a review of the fleet service.

Engineering Services

- There is a projected under spend across the service of £150,000 due to a projected increase in the level of fee earning jobs (balance of EU/non EU funded projects and the differing chargeable rates allowed) based on income earned to date compared with 2017-18 outturn.

Corporate Landlord

- There is a projected under spend of £130,000 mainly as a result of vacancies whilst the new structure is being populated.

4.3.4 Operational and Partnership Services Directorate

The net budget for the Directorate for 2018-19 is £14.939 million and current projections anticipate an under spend against this budget of £993,000. The main variances are:

OPERATIONAL AND PARTNERSHIP SERVICES DIRECTORATE	Net Budget	Projected Outturn	Projected Variance Over/(under) budget	% Variance
	£'000	£'000	£'000	
Housing and Homelessness	1,683	1,578	(105)	-6.2%
Member and Mayoral Services	1,823	1,542	(281)	-15.4%
HR and Organisational Development	3,276	2,999	(277)	-8.5%
Performance and Partnerships	486	376	(110)	-22.6%

Housing Options and Homelessness

- The under spend on Housing and Homelessness has mainly arising from staffing vacancies. Some of the services are currently being restructured.

Member and Mayoral Services

- This under spend is mainly as a result of the delay in spending the 2018-19 allocation for the Members' Community Action Fund. A decision will be made on the future of this Fund following a review of the 2017-18 allocations, as previously agreed.

HR and Organisational Development

- The under spend of £277,000 is mainly due to staffing vacancies, not least the removal of the Head of HR and Organisational Development post, as part of the Chief Executive's restructuring of Senior Management. Some of these savings may be considered for future years' MTFS savings.

Performance and Partnerships

- The under spend of £110,000 is mainly due to staffing vacancies, not least the removal of the Corporate Performance and Transformation Manager post.

4.3.5 **Chief Executives and Finance**

The net budget for the Directorate for 2018-19 is £3.836 million and current projections anticipate an under spend against this budget of £170,000. The main variances are:

CHIEF EXECUTIVES AND FINANCE	Net Budget	Projected Outturn	Projected Variance Over/(under) budget	% Variance
	£'000	£'000	£'000	
Internal Audit	313	250	(63)	-20.1%
Housing Benefits Administration	712	577	(135)	-19.0%
Taxation and Sundry Debtors	42	144	102	242.9%

Internal Audit

- The under spend mainly relates to a rebate in respect of a reduced number of audit days received in the 2017-18 financial year as a result of staff vacancies within the service. At the meeting on 18th June, Cabinet agreed to incorporate the Shared Internal Audit Service into a larger service hosted by the Vale of Glamorgan Council to include Rhondda Cynon Taff and Merthyr Councils.

Housing Benefits Administration

- There is an under spend in respect of the administration of housing benefit arising mainly from staffing vacancies, but also changes in staffing hours and additional annual leave purchases.

Taxation and Sundry Debtors

- There is a projected shortfall of £90,000 on income from court costs, as well as shortfalls on the 2017-18 MTFs proposal to implement fines for non-return of Single Person Discounts.

4.3.6 **Council Wide budgets**

This section includes budgets, provisions and services which are council wide, and not managed by an individual directorate. The budget is £40.753 million and the projected outturn is £38.263 million, resulting in a projected under spend of £2.490 million. The main variances are detailed below:

COUNCIL WIDE BUDGETS	Net Budget	Projected Outturn	Projected Variance Over/(under) budget	% Variance
	£'000	£'000	£'000	
Insurance Premiums	1,588	1,346	(242)	-15.2%
Other Council Wide Budgets	6,414	4,200	(2,214)	-34.5%

Insurance Premiums

- The projected under spend of £242,000 is mainly as a result of the reduction in the premium for property insurance in 2018-19 following a retendering exercise.

Other Council Wide Budgets

- The under spend of £2.214 million is a combination of reduced requirements for funding of budget pressures and estimated spend on remaining pay and price commitments. Whilst the pay award for most staff has now been agreed, there is still uncertainty around the teachers' pay award from September 2018, which could reduce the projected under spend.

It should be noted that this projection could change significantly during the financial year, depending on inflationary increases, the extent of inclement weather during the winter period and further demands on the Council Tax Reduction Scheme. At this point in the financial year it is prudent to assume that all other budgets will be fully spent by year end.

4.4 Capital programme monitoring

4.4.1 This section of the report provides Members with an update on the Council's capital programme for 2018-19. The original budget approved by Council on 28th February 2018 has been further revised and approved by Council during the year to incorporate budgets brought forward from 2017-18 and any new schemes and grant approvals. The revised programme for 2018-19 currently totals £45.167 million, of which £39.308 million is met from BCBC resources, including capital receipts and revenue contributions from earmarked reserves, with the remaining £5.859 million coming from external resources.

4.4.2 Appendix 4 provides details of the individual schemes within the capital programme, showing the budget available in 2018-19 compared to the projected spend. Commentary is provided detailing any issues associated with these projects. £9.195 million of funding was slipped forward into 2018-19 for schemes not completed in 2017-18, as outlined in the report to Cabinet on Financial Performance 2017-18 in June 2018. In addition, there are a number of schemes where budgets need to slip into 2019-20, including:

- £664,000 slippage of Special Regeneration Funding into 2019-20 in line with the re-profiling of spend against schemes.
- £2.4 million slippage for Llynfi Valley Development Programme into 2019-20 due to delay in progressing schemes.
- These are offset by £2.094 million funding brought forward for City Deal Programme into 2018-19 following re-profiling of spend at end of 2017-18.

4.4.3 There are also a number of new schemes included in the capital programme since the programme was approved by Council, some of which were included in the Financial Performance report to Cabinet, but which now include:

- Cwmfelin Primary School (£165,000 total). This was approved by Council on 19th June 2018 in respect of a new classroom at the school.

- Eastern Promenade Porthcawl (£400,000 total), coastal risk management scheme.
- Safe Routes to Schools (£950,000) for Croesty, Pencoed and Newton Primary Schools.
- Road Safety Improvements (£290,000) for the A48 Waterton to Laleston.
- Porthcawl Resort Investment Focus (PRIF) (£2.55 million total), including Watersports Centre and Harbour improvements.

4.4.4 At this point in the financial year, and following discussions with directorates, it is assumed that all other projects will be in line with the budget as set out in Appendix 4. However, this will depend upon scheme progress during the financial year and any inclement weather experienced, which may place additional pressure on project timescales.

5.0 Effect upon Policy Framework & Procedure Rules

5.1 As required by section 3 (budgetary control) of the Financial Procedure Rules; Chief Officers in consultation with the appropriate Cabinet Member are expected to manage their services within the approved cash limited budget and to provide the Chief Finance Officer with such information as is required to facilitate and monitor budgetary control.

6.0 Equalities Impact Assessment

6.1 There are no implications in this report.

7.0 Well-being of Future Generations (Wales) Act 2015 Implications

7.1 The well-being goals identified in the Act were considered in the preparation of this report. As the report is for information it is considered that there will be no significant or unacceptable impacts upon the achievement of wellbeing goals/objectives as a result of this report.

8.0 Financial implications

8.1 These are reflected in the body of the report.

9.0 Recommendations

9.1 Cabinet is requested to note the projected revenue and capital outturn position for 2018-19.

Gill Lewis
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July 2018

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Background documents: Individual Directorate Monitoring Reports
MTFS Report to Council – 28 February 2018