

BRIDGEND COUNTY BOROUGH COUNCIL

REPORT TO CABINET

21 JULY 2020

REPORT OF THE INTERIM CHIEF OFFICER – FINANCE, PERFORMANCE AND CHANGE

BUDGET MONITORING 2020-21 – QUARTER 1 REVENUE 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 revenue financial position as at 30th June 2020, and to seek approval for budget virements between £100,000 and £500,000 as required by the Council's Financial Procedure Rules.

2.0 Connections to corporate wellbeing objectives / other corporate priorities

2.1 This report assists in the achievement of the following corporate well-being objectives under the **Well-being of Future Generations (Wales) Act 2015**:-

1. **Supporting a successful economy** – taking steps to make the county borough a great 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 borough.
2. **Helping people and communities to be more healthy and resilient** – taking steps to reduce or prevent people from becoming vulnerable or dependent on the Council and its services. Supporting individuals and communities to build resilience, and enable them to develop solutions to have active, healthy and independent lives.
3. **Smarter use of resources** – ensuring that all resources (financial, physical, ecological, human and technological) are used as effectively and efficiently as possible and support the creation of resources throughout the community that can help deliver the Council's well-being objectives.

2.2 The allocation of budget determines the extent to which the Council's well-being objectives can be delivered.

3.0 Background

3.1 On 26th February 2020, Council approved a net revenue budget of £286.885 million for 2020-21. 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 2020

4.1.1 The Council's net revenue budget and projected outturn for 2020-21 is shown in Table 1 below.

Table 1- Comparison of budget against projected outturn at 30th June 2020

Directorate/Budget Area	Original Budget 2020-21 £'000	Revised Budget 2020-21 £'000	Projected Outturn Q1 2020-21 £'000	Projected Over / (Under) Spend 2020-21 £'000	Projected Over / (Under) Spend Qtr 1 2019-20 £'000
Directorate					
Education and Family Support	120,931	120,833	122,825	1,992	548
Social Services and Wellbeing	70,894	70,989	72,171	1,182	274
Communities	27,790	28,161	27,113	(1,048)	559
Chief Executive's	18,228	18,228	18,905	677	(618)
Total Directorate Budgets	237,843	238,211	241,014	2,803	763
Council Wide Budgets					
Capital Financing	7,329	7,329	7,329	0	0
Levies	7,459	7,460	7,471	11	0
Apprenticeship Levy	650	650	636	(14)	(80)
Council Tax Reduction Scheme	15,254	15,254	15,571	317	(162)
Insurance Premiums	1,438	1,438	1,372	(66)	(257)
Repairs & Maintenance	870	870	870	0	0
Pension Related Costs	430	430	430	0	0
Other Corporate Budgets	15,612	15,243	15,243	0	0
Total Council Wide Budgets	49,042	48,674	48,922	248	(499)
Total	286,885	286,885	289,936	3,051	264

4.1.2 The overall projected position at 30th June 2020 is a net over spend of £3.051 million, comprising £2.803 million net over spend on directorates and £248,000 net over spend on corporate budgets. The projected position is based on:-

- Inclusion of reimbursed expenditure to date on COVID-19 spend from Welsh Government (WG).
- Exclusion of COVID-19 spend that is currently on hold with WG at the time of writing this report.
- Exclusion of COVID-19 spend that has not yet been claimed as will be incurred in quarters 2 to 4.
- Exclusion of support from WG for loss of income as the level of support has not been confirmed at the time of writing this report.

A detailed analysis of the more significant projected under and over spends is set out in section 4.3.

COVID-19

4.1.3 The UK was put into lockdown on 23rd March 2020 in an unprecedented step to attempt to limit the spread of coronavirus. The impact of the COVID-19 pandemic will have an inevitable impact on the Council's financial position in a number of ways:

Additional cost pressures	Some will be one-off and some recurrent. The majority of one-off cost pressures will be submitted for funding to the WG Hardship Fund, e.g. PPE, ICT, voids etc. It is not known how much will be funded. Recurrent pressures are not likely to be met in the medium term.
Lost income	Again, some will be one-off losses, others will be deferred losses (e.g. potentially planning income), and others could be permanent recurrent losses. WG has announced £78m towards lost income, but it is expected that an emphasis must be on 'change' to secure some of the funding. Main areas affected at this stage are car parking, school meals and planning fees.
2020-21 MTFS savings not met	Total MTFS savings for the year of £2.413m which may not be achieved (e.g. staffing restructures, remodelling of services, income generation) or which may be achieved fortuitously due to circumstances, but will require decisions going forward on whether or not to proceed or revisit.
Unanticipated savings	For areas where service provision has reduced or stopped and subsequent savings have been made e.g. home to school transport, premises and fuel.
Council Tax	There is likely to be a shortfall in council tax collection, especially given the delay in starting recovery, and an increase in council tax benefits.

4.1.4 The Council will need to review its priorities and budgets in light of the impact of the pandemic in the County Borough, and re-focus these to enable them to move towards a more stable recovery phase as we move out of lockdown.

4.1.5 The Welsh Government has been proactive in providing financial support in many service areas to try to mitigate some of the effects of the pandemic. Key headlines include:-

	All-Wales	
Business Rates Grants	£1.4bn	£10K for all on SBBR, £25K retail, leisure & hospitality RV £12,001 - £51,000. Also rates holiday for all under RV £500K
Small Charities Business Rates	£26m	Charity run shops, sports premises and community centres
Local Authorities Covid-19 Hardship Fund	£188.5m	Including £40m Adult Social Care, £40m FSM, £10m homelessness, £78m loss of income
Bus Operators	£29m	Equivalent of Bus Services Support Grant, Mandatory Concessionary Fare reimbursement and payments under MyTravelPass scheme
Digitally Excluded School Pupils	£3m	Repurposed school devices for pupils plus 4G MiFi connectivity
Local Authority Cyber Security	£248K	£9K for each LA plus bids into additional £50K
Children's Mental Health	£1.25m	School Counselling Services

Estimated costs of the Council's response to the COVID-19 pandemic

4.1.6 In response to the pandemic, the Council, alongside other organisations, is providing direct support to its community / residents in a number of ways. Welsh Government has provided specific eligibility criteria for each of its funding streams, and all directorates have been made aware of them, and are capturing costs accordingly. Any COVID-19 costs which are not identified and claimed will need to be funded from the normal service budgets. Claims submitted to date to Welsh Government, and the outcome of these claims are shown in Table 2.

Table 2 – COVID-19 expenditure claims for Quarter 1 2020-21

Specific Hardship Fund	April Claim (March costs)	May Claim (April costs)	June Claim (May Costs)	TOTAL	Paid	On hold	Disallowed
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
General	263	406	694	1,363	771	0	591
Homelessness	0	232	169	401	232	169	0
Free School Meals	0	0	273	273	137	137	0
Adult Social Services	9	368	499	875	875	0	0
Total	271	1,006	1,635	2,912	2,015	306	591

4.1.7 The majority of the disallowed expenditure (£420,381) relates to ICT costs incurred by the Council primarily to establish home working arrangements. The WG hardship panel agreed that these costs may be additional and not within the council's financial plans, however they also felt that having such assets in place provides longer term benefits to local authorities. A contribution of 50% has therefore been agreed across Wales toward these costs. The other significant element of disallowed expenditure (£153,630) related to support provided for the

running costs of our leisure services during lockdown. £305,727 has been placed on hold with more detailed information requested by WG to substantiate the claim. As there is no certainty at the time of writing this report in relation to the outcome of the items placed on hold, the reimbursement of costs has not been assumed in the quarter 1 projections.

- 4.1.8 The Council has also submitted a claim for loss of income to the Welsh Government for the first quarter of 2020-21. Welsh Government has committed funding of £78 million to mitigate against loss of income, but no agreement has been reached at this time on how this will be distributed, or which areas will be prioritised. Bridgend's estimate for the first quarter is shown in Table 3 - £2.518 million. At the time of writing this report, feedback has not been received on Bridgend's claim, therefore the projections have excluded any support for loss of income, although reference is made to value of claims where it significantly affects individual budget headings.

Table 3 – COVID-19 loss of income for Quarter 1 2020-21

Service Category	£'000	Main service area
Education & Family Support	1,378	£910K – school meal income, £302K – recoupment income
Social Services & Wellbeing	306	£154K – contribution to Council's leisure service provider, Residential (£107K) and non-residential (£45K) client contribution income
Communities	634	£217K – corporate landlord, £51K – garden and trade waste, £230K – car park income, £53K – civil enforcement income
Chief Executive's	200	£153K – legal, democratic and regulatory, £47K deposit, hire and rental income
TOTAL	2,518	

- 4.1.9 In addition to lost income from service provision, the Council is also likely to see a reduction in council tax income over the 2020-21 financial year as more people have suffered financial hardship through the pandemic. A number of measures were put in place to support those facing difficulty in paying their council tax, but it is estimated that there is still likely to be a lower collection rate than normal. A 1% reduction in the council tax income collection rate could result in an additional pressure to the Council of around £1 million. Given the range of measures put in place to support council tax payers, it is too early to provide a realistic indication of projected council tax for this financial year, but it will be monitored continuously throughout the year and reported accordingly.
- 4.1.10 Alongside this, the impact of a significant increase in claims for universal credit is manifesting itself in an increase in eligibility for council tax reduction support, and the additional cost of this could be between £500,000 to £1 million over the 2020-21 financial year. No additional funding has yet been identified by Welsh Government for either reduced council tax income or increased council tax support.

Budget virements/technical adjustments

4.1.11 There have been a number of budget virements and technical adjustments between budgets since the MTFs was approved by Council in February 2020. The budget position is reported on the assumption that these virements will be approved. The main virements and technical adjustments are outlined below:

Budget Virements

Service vired from / to	Amount
Increase in Coroner's contribution as a result of increased Pathologist fees, Forensic/Toxicology fees, undertaker fees, salaries and rent.	£17,658
One-off contribution from Corporate Contingency to fund the shortfall on the MREC savings within the waste collection budget (see paragraph 4.1.16).	£300,000

Technical Adjustments

Service vired from / to	Amount
Transfer of funding out of the Fire Service budget due to late notification of the budget requirement for 2020-21. This funding has been returned to corporate budgets.	-£16,674
Transfer of funding from corporate landlord to Social Services & Wellbeing directorate – service charge from external provider now covers building running costs.	£26,730
Transfer of staff from Employability & Enterprise (Education and Family Support) to the Communities Directorate due to restructure of service and change of line management.	£97,900

Pay/Price Inflation

4.1.12 When the budget for 2020-21 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. We are currently in the process of gathering information about increased energy prices for 2020-21, and will amend budgets accordingly during the year.

4.1.13 Inflationary pressures include those arising from specific contractual commitments and significant increases in staffing costs arising not only from the above inflation increases in the national living wage, and the recent implementation of the real living wage by the Council, but also the ongoing discussions regarding the pay claim for National Joint Council (NJC) workers. There is a risk that there may not be sufficient funding available within these budgets for any unexpected major price inflation increases. Inflation rates have also fluctuated since the budget was set (CPI was 1.7% in February 2020 and had reduced to 0.7% by May 2020). With the uncertainty around Brexit and COVID-19, and the possible economic fallout arising from these, the budget will need to be monitored closely during the remainder of the year.

Budget Reduction Proposals

- 4.1.14 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 £2.413 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.
- 4.1.15 In February 2020 Council approved the Medium Term Financial Strategy for 2020-21 to 2023-24. This identified the need to develop recurrent budget reduction proposals, based on the most likely scenario, amounting to £29.293 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.
- 4.1.16 In the Revenue Budget Outturn report 2019-20, reported to Cabinet on 30th June 2020, an ongoing shortfall against the MREC saving was noted with consideration to be given at quarter 1 2020-21 for the funding of this shortfall through a permanent budget pressure. For 2020-21 the shortfall will be funded from the Council's contingency budget, and for future years the Communities Directorate will be required to submit a budget pressure request as part of the 2021-22 MTFS process.
- 4.1.17 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 2020-21. 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 30th June 2020 on Revenue Budget Outturn 2019-20. In the report it was highlighted that, for 2017-18 to 2018-19, there were £2.342 million of budget reduction proposals that were not met in full, with a total outstanding balance to be met of £459,000. In addition, of the 2019-20 budget reduction proposals of £7.621 million, it was reported that there was a total outstanding balance to be met of £806,000. Directors have been asked to identify if any of these proposals are still not likely to be achieved in full during the 2020-21 financial year, and to identify mitigating actions 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 4.

Table 4 – 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	269	0	269
Social Services and Wellbeing	452	452	0
Communities	1,750	1,310	440
Chief Executive's	30	30	0
TOTAL	2,501	1,792	709

4.2.2 Table 2 shows that of the £2.501 million outstanding reductions, £1.792 million is likely to be achieved in 2020-21 leaving a shortfall of £709,000. Proposals still not likely to be achieved include:

- Learner Transport Policy and Transport Route efficiencies (£194,000) and Review of Special Schools Home to School Transport (£75,000). A public consultation and external review of BCBC's transport arrangements has been undertaken and the results are due to be reported to Cabinet on the 21st July 2020.
- Permitting Scheme for Road Works (£100,000) due to delays in approval process with Welsh Government.
- Reductions to the budget for the MREC (£1.3 million). As noted in paragraph 4.1.16, the shortfall will be funded from the Council's contingency budget in 2020-21, and for future years the Communities Directorate will be required to submit a budget pressure request as part of the 2021-22 MTFS process

4.2.3 As outlined in the MTFS reports to Cabinet and Council, MTFS Principle 7 states that *"Savings proposals are fully developed and include realistic delivery timescales prior to inclusion in the annual budget. An MTFS Budget Reduction Contingency Reserve will be maintained to mitigate against unforeseen delays"*. An MTFS Budget Reduction Contingency reserve was established in 2016-17. This reserve has been used to meet specific budget reduction proposals in previous years on a one-off basis pending alternative measures. During the financial year, the Section 151 Officer will consider applications from Directorates to the MTFS Budget Reduction Contingency reserve to mitigate some of the shortfalls.

Budget Reductions 2020-21

4.2.4 The budget approved for 2020-21 included budget reduction proposals totalling £2.413 million, which is broken down in Appendix 2 and summarised in Table 5 below. The current position is a projected shortfall on the savings target of £510,000, or 21% of the overall reduction target.

Table 5 – Monitoring of Budget Reductions 2020-21

	Total Budget Reductions Required	Total Budget Reductions Likely to be Achieved	Shortfall
DIRECTORATE /BUDGET REDUCTION AREA	£'000	£'000	£'000
Education and Family Support	239	139	100
Schools	0	0	0
Social Services and Wellbeing	820	537	283
Communities	646	578	68
Chief Executive's	508	508	0
Council Wide Budgets	200	200	0
TOTAL	2,413	1,962	451

4.2.5 The most significant budget reduction proposals unlikely to be achieved in full include:

- EFS1 - Phased Implementation of Learner Transport Policy (£75,000)
- SSW20 – Further savings from leisure centres and swimming pools (£70,000)
- SSW27 – Increase income generation from mobile response and telecare charging (£75,000)
- SSW29 – Further review of staffing structures across Adults’ and Children’s Services (£175,000)

4.2.6 Appendix 2 identifies the projected amount of saving against these proposals in detail 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 Section 151 Officer will also consider applications from directorates to the MTFS Budget Reduction Contingency reserve to mitigate some of the shortfalls.

4.2.7 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 reserve will be made as part of the overall review of earmarked reserves during quarter 2.

4.3 Commentary on the financial position at 30th June 2020

Financial position at 30th June 2020

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. The main impact of COVID-19, if funding is not forthcoming for additional expenditure (paragraph 4.1.6) and loss of income (paragraph 4.1.8), is summarised in Table 6 below:-

Table 6 – Net impact of COVID-19 on the financial position at 30th June 2020

Directorate	Covid Related Over spends £'000	Covid Related Under spends £'000	Net Over spend £'000	Comments
Education and Family Support	1,349	-337	1,012	Net loss on the provision of school meals and shortfall in special school recoupment income, offset by reduced payments to bus contractors.
Social Services and Wellbeing	1,221	0	1,221	Contribution towards Council's leisure provider for gross net loss of running the leisure services along with reduction in personal contributions
Communities	597	-121	476	Reduced income from car parks and civil parking enforcement, and costs of providing rent free holidays, offset by net reduction in seasonal staff costs for parks and playing fields.
Chief Executive's	1,133	0	1,133	Additional costs of facilities for homeless plus lower income from registrars, licensing and public health.
Total	4,300	-458	3,842	

4.3.5 Education and Family Support Directorate

The net budget for the Directorate for 2020-21 is £120.833 million. Current projections indicate an over spend of £1.992 million at year end. Expenditure and loss of income claims included in this projection amount to £1.515 million - if these were to be successful, the projection would improve to an over spend of £477,000. The main variances are:

EDUCATION & FAMILY SUPPORT DIRECTORATE	Net Budget £'000	Projected Outturn £'000	Projected Variance Over/ (under) budget £'000	% Variance	Over/ (under) specifically COVID-19 related £'000
Inclusion	2,314	3,010	696	30.1%	302
Home to School Transport	5,509	5,904	395	7.2%	(337)
Catering Services	896	2173	1,277	142.5%	1,047
Integrated Working	1,472	1,400	(72)	-4.9%	-
Youth Justice	444	281	(163)	-36.7%	-

Schools' Delegated Budgets

Total funding delegated to schools in 2020-21 is £99.552 million.

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 Corporate Director - Education and Family Support in line with the 'Guidance and Procedures on Managing Surplus School Balances'.

Total school balances decreased by £506,000 during 2019-20, down to £108,000 at year end. However, without last minute additional funding from Welsh Government and the Central South Consortium, the overall schools balance would have been a negative figure, a deficit of £254,000. At the start of 2020-21, projections indicated an overall deficit balance for school delegated budgets of £1.146 million at year end. There are 26 primary schools, 3 secondary schools and 1 special school (51% of all schools) projecting a deficit balance at year end.

Central Education and Family Support Budgets

Inclusion

- There is a projected over spend of £696,000 for Inclusion which primarily relates to the shortfall in recoupment income for other LA placements at Heronsbridge School and Ysgol Bryn Castell. £302,000 has been included in our claim to WG for 'loss of income' for the first quarter of 2020-21 with the balance as a result of a reduction in the number of other LA pupils in Bridgend schools from 23 in the summer term 2019 compared to 20 currently.

Home to School Transport

- As reported to Cabinet on the 30th June, there was an over spend of £774,000 on Home to School Transport in 2019-20. Whilst the schools were closed for the majority of the first quarter of 2020-21 due to COVID-19, the Minister for Economy, Transport and North Wales recommended that local authorities continue to pay a minimum of 75% of the contract value for school and other contracted local passenger services in order for them to remain viable while longer-term measures were developed. It is estimated that £337,000 was saved during this period. However, at quarter 1 the projections indicate a projected over spend position of £395,000 illustrating the significant ongoing pressure on the home to school transport budget.
- A report is also being considered by Cabinet on the 21st July on Learner Travel which will present the outcome of a 12 week public consultation that took place from September 2019 on a number of policy proposals to effect additional savings.

Catering Services

- The projected over spend of £1.277 million has primarily arisen as a result of the COVID-19 pandemic. The first quarter of 2020-21 has seen catering services arranging the provision of sandwiches, food parcels and catering at the HUB schools. The main shortfall in the catering budget is the reduction in forecast levels of school meal income as the schools have been closed for the majority of the first quarter of 2020-21 - £910,000 has been included in our claim to WG for 'loss of income' for the first quarter of 2020-21. In addition, as noted in Table 4, £136,515 of the net costs incurred in the provision of free

school meals is currently on hold by WG until further supporting evidence is received, and therefore not included in our projections.

- The projections have assumed that normal service will return to schools in September.

Integrated Working

- The projected under spend of £72,000 relates to current staff vacancies within the service. The vacant posts are expected to be filled during the year.

Youth Service

- There is a projected under spend of £163,000 within Youth Services. This is primarily due to current staff vacancies within the service. The service are actively recruiting to fill posts but there have been delays due to COVID-19. Grant income has also been maximised where possible.

4.3.6 Social Services and Wellbeing Directorate

The Directorate's net budget for 2020-21 is £70.989 million. Current projections indicate an over spend of £1.182 million at year end. Loss of income claims included in this projection amount to £306,000 – if these were to be successful, the projection would improve to an over spend of £876,000. The main variances are:

SOCIAL SERVICES AND WELLBEING DIRECTORATE	Net Budget	Projected Outturn	Projected Variance Over/(under) budget	% Variance	Over/ (under) specifically COVID-19 related
	£'000	£'000	£'000		£'000
Adult Social Care	46,936	47,416	480	1.0%	152
Prevention and Wellbeing	5,105	6,087	982	19.2%	917
Childrens Social Care	18,948	18,668	(280)	-1.5%	

Adult Social Care

- There is a projected over spend of £480,000 on the Adult Social Care budget. This is primarily because in the residential care budget (£541,000) due to increased placement costs and reduction in personal contributions. £152,000 has been included in the claim to WG for 'loss of income' for the first quarter of 2020-21.

Prevention and Wellbeing

- The projected overspend is primarily due to the £917,000 projected contribution to the Council's leisure provider for the gross net loss of running the leisure services in 2020-21 due to COVID-19. Unless further funding is received from WG towards this contribution, Council will need to consider re-purposing some of the public realm fund (see section 4.3.7). An update will be provided in the quarter 2 revenue forecast report to Cabinet.

Childrens Social Care

- There is a projected under spend of £280,000 on Children's Social Care. This primarily relates to an under spend on the Looked After Children Budget (LAC) of £269,000.
- There are currently 8 children in out of authority placements and out of these, 3 placements are due to cease in 2020.

- It should be noted that this budget area can be volatile and small changes in demand can result in relatively high costs being incurred. For example one case in 2019-20 cost £318,000. The budget is being closely monitored to ensure that the current projected under spend is effectively managed.

4.3.7 **Communities Directorate**

The net budget for the Directorate for 2020-21 is £28.161 million. The current projection is an anticipated under spend of £1.048 million. Loss of income claims included in this projection amount to £634,000 - if these were to be successful, the projection would improve to an under spend of £1.682 million. The main variances are:

COMMUNITIES DIRECTORATE	Net Budget	Projected Outturn	Projected Variance Over/(under) budget	% Variance	Over/ (under) specifically COVID-19 related
	£'000	£'000	£'000		£'000
Parks & Open Spaces	2,182	2,061	(121)	-5.5%	(121)
Public Realm Infrastructure	1,771	55	(1,716)	-96.9%	-
Parking Services	-297	58	355	-119.5%	377
Corporate Landlord	2,708	3,043	335	12.4%	220

Parks and Open Spaces

- There is a projected under spend of £121,000 for the parks and open spaces budget. This is a combination of reduced income from pitch and pavilion hire offset by a reduction in the use of seasonal staff, both circumstances attributable to the pandemic. £36,000 has been included in our claim to WG for 'loss of income' for the first quarter of 2020-21.

Public Realm Infrastructure

- Council approved a £2 million public realm budget pressure for 2020-21 as part of the MTFs budget setting process in February 2020. There is a projected underspend of £1.716 million and whilst there are potential areas of spend identified against this budget, the impact of COVID-19 and the results of income and expenditure claims to WG will need to be considered, before any of these projects are committed. As noted in section 4.3.6 unless further funding is received from WG towards the contribution towards the net loss of running the leisure services due to COVID-19, Council will need to consider re-purposing some of the public realm fund. An update will be provided in the quarter 2 revenue forecast report to Cabinet.

Parking Services

- There is a projected over spend on the parking services budget of £355,000. This is primarily due to reduced levels of income received in car parks as town centre car parks are free to the end of July to support the shops and businesses in re-opening. There are also reduced levels of civil enforcement income. £283,000 has been included in our claim to WG for 'loss of income' for the first quarter of 2020-21 for these two areas.

Corporate Landlord

- There is a projected over spend on the corporate landlord budget of £335,000. This is primarily due to lower levels of rental income than forecast from properties due to the agreed 4 month rent holiday. £160,000 has been included in our claim to WG for 'loss of income' for the first quarter of 2020-21.

4.3.8 Chief Executive's

The net budget for the Directorate for 2020-21 is £18.228 million. Current projections anticipate an over spend against this budget of £677,000. Expenditure and loss of income claims included in this projection amount to £1.320 million - if these were to be successful, the projection would improve to an under spend of £643,000. The main variances are:

CHIEF EXECUTIVE'S	Net Budget £'000	Projected Outturn £'000	Projected Variance Over/ (under) budget £'000	% Variance	Over/ (under) specifically COVID -19 related £'000
Housing & Homelessness	1,127	2,040	913	81.0%	980
HR and Organisational Development	1,790	1,500	(290)	-16.2%	-
Legal, Democratic & Regulatory	4,867	4,998	131	2.7%	153
Communication & Engagement	1,585	1,485	(100)	-6.3%	-

Housing & Homelessness

- The projected over spend of £913,000 on Housing & Homelessness is primarily due to the additional costs due to COVID-19 – e.g. provision of facilities to isolate homeless individuals (B&B, hotels etc) and provision of essential supplies. As shown in Table 4, £401,091 has been claimed for COVID-19 homelessness costs incurred to May 2020, of which £231,879 has been paid by WG. The current projection does not include the amount currently on hold, or the value of future claims to WG to cover COVID-19 costs for the remainder of 2020-21. The final claim is estimated to be £980,000 and if the claims are successful, the projections would improve by this amount.

HR and Organisational Development

- There is a projected under spend of £290,000. This primarily relates to the fact that whilst Council approved a £200,000 Council Wide Apprenticeship Programme budget pressure for 2020-21 as part of the MTFs in February 2020, the pandemic has impacted on the ability to appoint to the apprenticeship posts. There have been other staffing vacancies and HR are actively recruiting to fill, or have already filled them.

Legal, Democratic & Regulatory

- There is a projected over spend of £131,000. This is primarily due to lower than forecast levels of income received for registrars, land charges, licencing fees and public health fees. £153,000 has been included in our claim to WG for 'loss of income' for the first quarter of 2020-21.

Communication & Engagement

- The projected under spend of £100,000 is primarily due to staff vacancies. Various recruitment activities have been actioned in order to fill vacant posts but appointments have been affected by COVID-19.

4.3.9 Council Wide budgets

This section includes budgets, provisions and services which are council wide, and not managed by an individual directorate. The budget for 2020-21 is £48.674 million. The projected outturn is £48.922 million, resulting in a projected over spend of £248,000. The main variance is detailed below:

COUNCIL WIDE BUDGETS	Net Budget	Projected Outturn	Projected Variance Over/(under) budget	% Variance	Over/ (under) specifically COVID -19 related
	£'000	£'000	£'000		£'000
Council Tax Reduction Scheme	15,254	15,571	317	2.04%	-

Council Tax Reduction Scheme

- There is a projected over spend of £317,000 on the Council Tax Reduction Scheme based on spend to date and comparison against 2019-20 outturn. This is a demand led budget and take-up is difficult to predict. As noted in paragraph 4.1.10, the Covid pandemic has resulted in a significant increase in claims for universal credit, with a subsequent increase in eligibility for the council tax reduction scheme. The final additional cost of this could be even greater – estimated between £500,000 to £1 million over the 2020-21 financial year. No additional funding has been identified for increased council tax support hence the projected overspend as at quarter 1. This budget will require close monitoring during 2020-21.

As referred to in paragraph 4.1.13, the recent implementation of the real living wage, the ongoing discussions regarding the pay claim for local government workers, risk of unexpected major price inflation increases along with the uncertainty of Brexit and Covid-19 at this point in the financial year, it is prudent to assume that all other Council wide budgets will be fully spent by the year end.

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 equality implications arising from 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 Recommendation

9.1 Cabinet is requested to:

- note the projected revenue position for 2020-21
- recommend that Council approve the virements between £100,000 and £500,000 as outlined in paragraph 4.1.11.

Gill Lewis
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July 2020

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Background documents: Individual Directorate Monitoring Reports
MTFS Report to Council – 26 February 2020