

# BRIDGEND COUNTY BOROUGH COUNCIL

## REPORT TO THE CORPORATE OVERVIEW AND SCRUTINY COMMITTEE

3 MARCH 2021

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

#### BUDGET MONITORING 2020-21 – QUARTER 3 REVENUE FORECAST

##### 1.0 Purpose of report

1.1 The purpose of this report is to provide the Committee with an update on the Council's revenue financial position as at 31st December 2020, and virements between £100,000 and £500,000 as required by the Council's Financial Procedure Rules.

##### 2.0 Connection to corporate well-being 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 sustainable 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 31st December 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 31st December 2020**

Directorate/Budget Area	Original Budget 2020-21 £'000	Revised Budget 2020-21 £'000	Projected Outturn Q3 2020-21 £'000	Projected Over / (Under) Spend 2020-21 £'000	Projected Over / (Under) Spend Qtr 2 2020-21 £'000
<b>Directorate</b>					
Education and Family Support	120,931	123,512	124,839	1,327	1,494
Social Services and Wellbeing	70,894	73,240	74,052	812	420
Communities	27,790	28,379	27,627	(752)	456
Chief Executive's	18,228	18,773	18,573	(200)	1,118
<b>Total Directorate Budgets</b>	<b>237,843</b>	<b>243,904</b>	<b>245,091</b>	<b>1,187</b>	<b>3,488</b>
<b>Council Wide Budgets</b>					
Capital Financing	7,329	7,329	7,129	(200)	(200)
Levies	7,459	7,460	7,472	12	11
Apprenticeship Levy	650	650	655	5	(14)
Council Tax Reduction Scheme	15,254	15,254	15,254	0	1
Insurance Premiums	1,438	1,438	1,376	(62)	(51)
Repairs & Maintenance	870	753	753	0	0
Pension Related Costs	430	430	435	5	0
Other Council Wide Budgets	15,612	9,167	2,230	(6,937)	(3,266)
<b>Total Council Wide Budgets</b>	<b>49,042</b>	<b>42,481</b>	<b>35,304</b>	<b>(7,177)</b>	<b>(3,519)</b>
<b>Appropriation to Earmarked Reserves</b>	<b>0</b>	<b>500</b>	<b>5,799</b>	<b>5,299</b>	<b>0</b>
<b>Total</b>	<b>286,885</b>	<b>286,885</b>	<b>286,194</b>	<b>(691)</b>	<b>(31)</b>

4.1.2 The overall projected position at 31st December 2020 is a net under spend of £691,000, comprising £1.187 million net over spend on directorates and a £7.177 million net under spend on corporate budgets, offset by net appropriation to earmarked reserves of £5.299 million. The projected position is based on:-

- Inclusion of reimbursed expenditure/loss of income to date on areas impacted by COVID-19 received from Welsh Government (WG).
- Exclusion of COVID-19 expenditure/loss of income claims that are currently being reviewed by WG at the time of writing this report.
- Exclusion of COVID-19 expenditure/loss of income claims that have not yet been submitted as they relate to quarter 4 of 2020-21.

- 4.1.3 The projected under spend on 'other council wide' budgets of £6.937 million is primarily a result of the unprecedented year that the Council has faced during 2020-21, and its attempts to address the financial impact of the COVID-19 pandemic. A combination of the uncertainty over the available funding along with the length of time and coverage of the support that has been made available by Welsh Government has meant that other council wide budgets have supported potential shortfalls. Successful claims to the WG COVID-19 fund since quarter 2, that otherwise would have to have been met from other council wide budgets, amounted to £3.430 million. Other reasons for the projected under spend include the movement on inflation rates since budget setting (CPI was 1.7% in February 2020 and had reduced to 0.3% by November 2020) and therefore the reduced requirement to allocate budget to service areas in-year (£1.5 million), and additional grant funding being made available from WG to contribute to the increased costs of teachers' pay (£291,980).
- 4.1.4 As a consequence of the projected one off underspends we have been able to create in-year earmarked reserves to support economic stimulus and investment in our communities at this unprecedented time. Detailed movements in earmarked reserves can be found in section 4.4, however new additions in quarter 3 include a £2.5 million addition to the unallocated capital reserve to be utilised against projected capital pressures, and a £500,000 increase to the revenue maintenance reserve to be utilised against projected maintenance pressures.
- 4.1.5 In addition, given the significant funding required to meet pay and price costs in 2021-22, and potential pressures on Council Tax collection (see 4.1.17) and increase in eligibility for council tax support through the Council Tax Reduction Scheme (see 4.1.18), any uncommitted funding from other council wide budgets in 2020-21 will be carried forward to meet those pressures in the new financial year.
- 4.1.6 The Council received its provisional local government settlement for 2021-22 from Welsh Government on 22nd December 2020. A report is being presented to Cabinet on 19th January 2021 on the draft Medium Term Financial Strategy 2021-22 to 2024-25 which sets out the spending priorities of the Council, key investment objectives and budget areas targeted for necessary savings. The strategy includes a financial forecast for 2021-25 and a detailed draft revenue budget for 2021-22. It is clear from the report that there will be difficult choices to make and pressures to meet going forward. In addition, there is still one quarter of the financial year remaining and there are a number of volatile budgets which could impact upon this position as well as the ongoing COVID-19 pandemic, particularly during the winter months.
- 4.1.7 A detailed analysis of the more significant projected under and over spends is set out in section 4.3. The position on directorate budgets has improved since quarter 2, with the projected over spend reducing by £2.3 million. This is primarily due to successful claims to WG for COVID-19 related additional expenditure and loss of income since quarter 2 that have been built into the quarter 3 projections. The position has not improved by the full movement in WG claims of £3.430 million since quarter 2 as referenced in 4.1.3 as some budgets are seeing continuing pressure as lockdown continues, for example Catering services, due to provision of Free School Meals during school holidays and periods where pupils are in self-isolation. Claims will continue to be made to

WG for the remainder of the 2020-21 financial year and if successful, will further improve the financial position by the year end.

## **COVID-19**

4.1.8 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 has had an inevitable impact on the Council's financial position in a number of ways:

Additional cost pressures	Some have been one-off and some recurrent. The majority of one-off cost pressures have been submitted for funding to the WG Hardship Fund, e.g. PPE, ICT, voids etc. It is unlikely that recurrent pressures will be met in the medium term.
Lost income	Again, some have been one-off losses, others will be deferred losses (e.g. potentially planning income), and others could be permanent recurrent losses. Claims have been submitted to WG covering loss of income for quarter 1 and 2. Main areas claimed were car parking, school meals and a contribution to the Council's leisure service provider.
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.

4.1.9 As reported to Cabinet on 30th June 2020, a COVID Earmarked Reserve of £3 million was created at the end of 2019-20. Also on 30th June Cabinet agreed a proposed approach to respond to the COVID-19 pandemic to allow the Council to re-start, recover and renew its service provision. A Recovery Panel to help shape, inform and advise Cabinet on the Council's recovery planning has been established. Phase 1 findings were reported to Cabinet on 15th September 2020.

4.1.10 Cabinet and Corporate Management Board (CCMB) agreed to establish a COVID-19 Recovery Fund for 2020-21 on a 'one off' basis to provide funding for conscious and proactive decisions aimed at boosting recovery that were unlikely to be paid for by WG, with £500,000 being utilised from the 2020-21 Public Realm fund (see section 4.3.3) and a further £500,000 being ring-fenced from the COVID-19 Earmarked Reserve to create a fund of £1 million.

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

4.1.11 In response to the pandemic, the Council, alongside other organisations, has provided 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 WG covering expenditure to November 2020, and the outcome of these claims are shown in Table 2.

**Table 2 – COVID-19 expenditure claims up to November 2020**

<b>Specific Hardship Fund</b>	<b>Claimed</b>	<b>Paid</b>	<b>On hold</b>	<b>Disallowed</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
General	1,793	1,040	207	546
Homelessness	1,629	1,565	64	0
Free School Meals	1,642	1,044	492	106
Schools (including HUB costs)	1,233	945	257	30
Adult Social Services	3,348	2,947	382	18
<b>Total</b>	<b>9,644</b>	<b>7,541</b>	<b>1,403</b>	<b>700</b>

4.1.12 The majority of the disallowed expenditure (£476,000) 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% was therefore agreed with the majority of the balance being funded from the annual corporate capital budget along with a one-off contribution of £114,180 from corporate contingency (see 4.1.19). The majority of the £106,000 disallowed expenditure under the Free School Meals category relates to the delivery costs of the food parcels which took the cost of the provision over the funding threshold set by Welsh Government.

4.1.13 The majority of the £1.403 million claims that have been placed on hold relates to the claim of £1.018 million for additional expenditure incurred in November. The outcome of this claim is not known at the time of writing this report, therefore the reimbursement of these costs has not been assumed in the quarter 3 projections.

4.1.14 The Council has also submitted claims for loss of income to the Welsh Government for quarter 1 and quarter 2 of 2020-21 totalling £4.155 million as shown in Table 3.

**Table 3 – COVID-19 loss of income to Quarter 2 2020-21**

Directorate	Claimed (covers to end of Qtr 2)	Paid	On hold	Disallowed	Main areas funded
	£'000	£'000	£'000	£'000	
Education and Family Support Directorate	1,704	1,544	160	0	£1.496m - School meal income, £45K – Child and Adolescent Mental Health Services (CAMHS)
Schools	297	297	0	0	£107K - school meal income, £190K - loss of income from hire of school premises
Social Services & Wellbeing Directorate	695	695	0	0	£501K – contribution to Council’s leisure service provider, £130K - Residential and non-residential client contribution income, £64K – dual use sites where facilities are managed for community use outside of school hours
Communities Directorate	1,064	959	1	104	£393K - Car Park Income, £160K - rental income from properties due to 3 month rent holiday, £52K – reduced occupancy of properties, £103K – civil enforcement income, £116K Green/Bulky/Trade waste income, Pitch and Pavilion hire - £45K, Fleet Services - £46K, Bus station - £20K
Chief Executive's Directorate	395	64	258	74	£34K – legal, democratic and regulatory services, £15K - registration fees, £9K housing, £6K finance
<b>Total</b>	<b>4,155</b>	<b>3,558</b>	<b>418</b>	<b>178</b>	

4.1.15 £3.558 million has been approved and paid to date. £418,000 is currently on hold whilst we provide further evidence to WG (mostly £160,000 special school recoupment income and £258,000 for income streams within the Chief Executive’s directorate where the WG panel will seek updates at quarter 4 to see if the overall position has improved). The quarter 3 projections have excluded the ‘on hold’ loss of income categories as there is no certainty at this time in relation to the outcome of these claims. £178,000 has been disallowed – this mainly relates to loss of rental income from properties in quarter 2 due to the continuing rental holiday agreed in quarter 1 (£104,000). WG has disallowed this claim on the basis that this was a local authority decision. This has subsequently been agreed by Cabinet to be funded from the COVID-19 Recovery Fund. (See 4.1.16).

4.1.16 Cabinet has also committed £629,000 from the COVID Recovery Fund to support the free car parking offer for Town Centres, a phased rental income increase for its own premises, waived sports fees, wider economic resilience schemes and COVID-19 awareness training for Town Centre businesses. These have been built into the quarter 3 projections.

4.1.17 In addition to lost income from service provision, the Council is also likely to see a reduction in council tax income collection 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. Whilst no funding has been identified by WG for reduced council tax income, WG are monitoring this across all Welsh Local Authorities.

4.1.18 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 compared with 2019-20 could be between £500,000 to £1 million over the 2020-21 financial year. Funding has been received from WG for the first quarter of 2020-21 (£133,000) and a commitment has also been given from WG to provide funding for quarter 2. However, it is difficult to predict the full year impact as we continue to see the impact of the ongoing furlough scheme/newly unemployed and a likely increase in the number of benefits claimants, but the cost will at least be partly mitigated.

### **Budget virements/technical adjustments**

4.1.19 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**

<b>Service vired from / to</b>	<b>Amount</b>
One-off contribution from Corporate Contingency to fund part of the shortfall on the COVID-19 ICT costs that were only funded 50% by WG from the Hardship Fund (see paragraph 4.1.12)	£114,180

## Technical Adjustments

<b>Service vired from / to</b>	<b>Amount</b>
Transfer of inflationary uplifts to Directorate budgets not confirmed when the MTFs is agreed that are held centrally until evidence of the uplift is provided by the service areas	£354,454
Transfer of inflationary uplifts to the Schools Delegated Budget not confirmed when the MTFs is agreed that are held centrally until evidence of the uplift is provided by the service areas	£18,148
Allocation of funding retained centrally in respect of teachers' pay award 2020-21, net of grant received	£998,200
Allocation of funding retained centrally in respect of the 2.75% pay award for National Joint Council (NJC) workers – school based staff	£711,720
Allocation of funding retained centrally in respect of the 2.75% pay award for National Joint Council (NJC) workers – directorate staff	£2,171,309
Transfer of Real Living Wage uplifts to Directorate Budgets that were held centrally until evidence of the uplift was provided.	£75,360

- 4.1.20 Welsh Government made additional grant funding available in quarter 3 to contribute towards the additional cost of teachers' pay increases which were originally funded in full through the MTFs. The release of the funding through the MTFs is shown in the technical adjustments table above.
- 4.1.21 Inflation rates have fluctuated since the budget for 2020-21 was set (CPI was 1.7% in February 2020 and had reduced to 0.3% by November 2020). This has resulted in a reduction to transfers of inflationary uplifts to Directorate budgets compared with original estimates which has contributed to the projected under spend on corporate budgets (see 4.3.5). However, with the uncertainty around Brexit and COVID-19, and the possible economic fallout arising from these, it is likely that the provision set aside in the MTFs for 2021-22 will need to be supplemented by any funding not committed from the Council wide budgets this financial year.

### **Budget Reduction Proposals**

- 4.1.22 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.
- 4.1.23 The draft Medium Term Financial Strategy for 2021-22 to 2024-25 which is being presented to Cabinet on 19th January 2021 includes a number of pressures facing Bridgend County Borough Council over the life of the MTFs. The report reiterates the need to develop recurrent budget reduction proposals, based on the most likely scenario, amounting to £22.095 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.

4.1.24 At year end consideration will be given to requests from directors to carry forward any planned directorate under spends for specific purposes, as earmarked reserves, 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. If over spends are due to budget reduction proposals not being achieved, Directors will be asked to identify if any of these proposals are still not likely to be achieved in full during the 2021-22 financial year, and to identify mitigating actions that will be undertaken to achieve them. 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**

	<b>Total Budget Reductions Required</b>	<b>Total Budget Reductions Likely to be Achieved</b>	<b>Shortfall</b>
<b>DIRECTORATE /BUDGET REDUCTION AREA</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
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
<b>TOTAL</b>	<b>2,501</b>	<b>1,792</b>	<b>709</b>

4.2.2 Table 4 shows that of the £2.501 million outstanding prior year 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). As reported to Cabinet on 21st July 2020 the shortfall has been funded from the Council's contingency budget in 2020-21 and for future years the Education and Family Support Directorate have submitted a budget pressure request as part of the 2021-22 MTFS process.
- Permitting Scheme for Road Works (£100,000). The Streetworks review is reaching completion and will then be submitted to Welsh Government for consideration.
- Reductions to the budget for the MREC (£1.3 million). As reported to Cabinet on 21st July 2020 the shortfall will be funded from the Council's contingency budget in 2020-21, and for future years the Communities Directorate has submitted 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 remainder of 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 £490,000, or 20.3% of the overall reduction target.

**Table 5 – Monitoring of Budget Reductions 2020-21**

	<b>Total Budget Reductions Required</b>	<b>Total Budget Reductions Likely to be Achieved</b>	<b>Shortfall</b>
<b>DIRECTORATE /BUDGET REDUCTION AREA</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Education and Family Support	239	114	125
Schools	0	0	0
Social Services and Wellbeing	820	537	283
Communities	646	564	82
Chief Executive's	508	508	0
Council Wide Budgets	200	200	0
<b>TOTAL</b>	<b>2,413</b>	<b>1,923</b>	<b>490</b>

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). As reported to Cabinet on 21st July 2020 the shortfall is being funded from the Council's contingency budget in 2020-21.
- 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 identify alternatives and this is reflected in the forecast outturn for the year. In the longer term, these proposals must be realised or met through alternative budget reduction proposals in order to deliver a balanced budget position.

### 4.3 Commentary on the Financial Position at 31st December 2020

#### Financial Position at 31st December 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 on the budget, if we assumed that no further funding was forthcoming from WG, is summarised in Table 6 below. This outlines the areas where there would be over spends as a result of the pandemic, alongside areas where we would make savings from reduced provision of services. If funding was received for all our additional cost pressures and loss of income, the net position could improve by £2.269 million:-

**Table 6 – Net impact of COVID-19 on the financial position at 31st December 2020**

Directorate	COVID Related Over spends £'000	COVID Related Under spends £'000	Net Over/ (under) spend £'000	Comments
Education and Family Support	937	-437	500	Net loss on the provision of school meals and shortfall in special school recoupment income, offset by reduced payments to bus contractors and early years provision.
Social Services and Wellbeing	373	0	373	Mainly relates to level of voids in Local Authority Residential Care Settings.
Communities	104	-378	(274)	Loss of income claim for loss of rental of potential occupants (vacant stalls/buildings) and delays in signing leases, offset by net reduction in seasonal staff costs for parks and playing fields and one-off grant income.
Chief Executive's	855	0	855	Additional costs of facilities for homeless plus lower income from registrars, licensing and public health.
<b>Total</b>	<b>2,269</b>	<b>-815</b>	<b>1,454</b>	

#### 4.3.1 Education and Family Support Directorate

The net budget for the Directorate for 2020-21 is £123.512 million. Current projections indicate an over spend of £1.327 million at year end. COVID-19 expenditure and loss of income included in this projection amount to £937,000 - if these were to be successfully claimed from WG, the projection would improve to an over spend of £390,000. The main variances are:

<b>EDUCATION &amp; FAMILY SUPPORT DIRECTORATE</b>	<b>Net Budget</b>	<b>Projected Outturn</b>	<b>Projected Variance Over/(under) budget</b>	<b>% Variance</b>	<b>Over/ (under) specifically COVID-19 related</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>		<b>£'000</b>
Inclusion	1,983	2,576	593	29.9%	160
Home to School Transport	5,856	6,404	548	9.4%	(337)
Catering Services	1,033	1,810	777	75.2%	777
Integrated Working and Family Support	1,528	1,371	(157)	-10.3%	-
Adult Education	136	58	(78)	-57.4%	
Early Years	539	439	(100)	-18.6%	(100)
Pupil Support/Education Welfare	492	418	(74)	-15.0%	
Health & Safety	388	306	(82)	-21.1%	-
Youth Justice Service	369	334	(35)	-9.5%	-

#### **Schools' Delegated Budgets**

Total funding delegated to schools in 2020-21 is £101.414 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'.

At the start of 2020-21, projections indicated an overall deficit balance for school delegated budgets of £1.146 million at year end. At quarter 3 this has improved to a projected deficit of £82,945. There has been a slight reduction in spending across schools since the original projections, e.g. energy savings during original lockdown, however this will require close monitoring for the remaining quarter of 2020-21 as the schools may experience an increase in costs in certain areas that would mitigate these one-off savings. There are currently 22 primary schools, 3 secondary schools and no special schools (42% of all schools) projecting a deficit balance at year end.

#### **Central Education and Family Support Budgets**

##### Inclusion

- There is a projected over spend of £593,000 for Inclusion which primarily relates to the shortfall in recoupment income for other Local Authority (LA) placements at Heronsbridge School and Ysgol Bryn Castell. £160,000 has been included in our claim to WG for 'loss of income' for the first quarter of 2020-21 which is currently on hold, hence the income has not been included in the above projection. If the claim is successful the projected over spend will reduce accordingly. The balance of the projected over spend is due to a

reduction in the number of other LA pupils in Bridgend schools from 20 in the summer term 2020 compared with 14 for the autumn term 2020. It should be noted that some places can result in income in excess of £100,000.

#### Home to School Transport (HTST)

- There is a projected over spend on Home to School Transport of £548,000 in 2020-21.
- The projected over spend takes into account the estimated savings of £337,000 that were made during the first quarter due to local authorities being recommended 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.
- In September 2015, Cabinet agreed changes to the local authority's Home to School/College Transport Policy in order to meet MTFS savings identified from 2016-17 to 2019-20. The policy change was implemented in September 2016 and Cabinet resolved to protect the entitlement of all pupils currently benefitting from home to school transport at the former distances until they moved schools or moved from one phase of education to another. Furthermore protection was provided for siblings of children already in receipt at the former distances, where they too would benefit from free transport at the same distance. Parents who were aggrieved that their child was at detriment in comparison with their peers challenged the safety of walked routes to schools. Therefore, the local authority agreed in August 2017 to progress the formal assessments of walking routes to schools. It was then proposed to seek the views of the public on a number of policy proposals, not least the implementation of available walked route assessments. In July 2019, Cabinet agreed to undertake a full 12-week public consultation on a new set of proposals that would provide sufficient savings to support the MTFS.
- On 15 September 2020 Cabinet were updated on the outcomes of the consultation exercise and resolved to defer the decision to amend the Local Authority's Learner Travel Policy until after the review of the current statutory distances by Welsh Government in March 2021. It is unlikely that any change to the statutory distances by Welsh Government will follow until 2022 at the earliest and therefore even if the statutory distances reduce as a result of this review, the RSG would unlikely reflect this until 2022-23 at the earliest. In the meantime there are ongoing historic pressures associated with budget reductions that have not been supported by a policy change of £269,000 and an in year MTFS savings target of £75,000 which remains undeliverable. For 2020-21 the overall shortfall of £344,000 on the HTST savings has been funded from the Council's contingency budget.
- Significant additional spend is associated with the delivery of packed lunches at the outset of the pandemic and the delivery of food parcels utilising school transport providers. As noted in 4.1.12, these costs have been disallowed in our claims to the Hardship Fund. There is also ongoing additional daily spend for the delivery of food parcels for pupils self-isolating and for those parcels that are undelivered by the local authority's approved provider for eligible pupils over the school holiday periods e.g. October half-term.
- Some additional transport has also been required to maintain social distancing in contact groups. These additional costs have been submitted to WG for funding but are currently on hold as noted in 4.1.13.
- There is significant additional cost associated with the provision of some specialist transport, for example, for looked-after children. The individual needs of these children, particularly those who are placed out-of-county, means that

dedicated school transport is increasingly costly as options for their transport are limited.

- By combining the £337,000 in-year saving, the £344,000 funding from the Council's contingency budget and the projected over spend of £548,000, the underlying budget pressure on the HTST budget amounts to £1.229 million.
- A decision by Cabinet was made in October 2020 to authorise the tendering of 272 home-to-school transport contract of all types with an annual value of £4.9m. It is hoped this will result in future savings year-on-year. The outcome of this procurement exercise will be known during quarter 4 of 2020-2021.

#### Catering Services

- The projected over spend of £777,000 has primarily arisen as a result of the COVID-19 pandemic. The projection includes the claim for provision of free school meals (FSM) food parcels of £492,000 that is currently on-hold by WG until further supporting evidence is received and therefore not included in our projections (see Table 2), and also reflects anticipated additional costs to March 2021. The remaining over spend relates to a projected reduction in forecast levels of school meal income due to reduced take up of schools meals since the return to school in September. It is anticipated that claims for shortfalls in school meal income will be included in our future claims to WG, however the income is not assumed in our current projections.

#### Integrated Working and Family Support

- The projected under spend of £157,000 relates primarily to staff vacancies within the service and maximisation of grant income. The vacant posts are expected to be filled and this is built into the current projection.

#### Adult Education

- The projected under spend of £78,000 relates to staff vacancies within the service. The vacant posts are expected to be filled and this is built into the current projection.

#### Early Years

- The projected under spend of £100,000 relates primarily to reduced costs during the period where non-LA nurseries were closed during the first COVID-19 lockdown period.

#### Pupil Support/Education Welfare Service

- The projected under spend of £74,000 relates to staff vacancies across these services. The vacant posts are expected to be filled and this is built into the current projection.

#### Health & Safety

- The projected under spend of £82,000 relates to staff vacancies within the service. The vacant posts are expected to be filled and this is built into the current projection.

#### Youth Justice Service

- There is a projected under spend of £35,000 within the Youth Offending Service. This is primarily due to current staff vacancies within the service. A planned re-structure this calendar year will result in the full budget being committed moving forward.

#### 4.3.2 Social Services and Wellbeing Directorate

The Directorate's net budget for 2020-21 is £73.240 million. Current projections indicate an over spend of £812,000 at year end. Loss of income included in this projection amounts to £373,000 – if these were successfully claimed from WG, the projection would improve to an over spend of £439,000. The main variances are:

<b>SOCIAL SERVICES AND WELLBEING DIRECTORATE</b>	<b>Net Budget</b>	<b>Projected Outturn</b>	<b>Projected Variance Over/(under) budget</b>	<b>% Variance</b>	<b>Over/ (under) specifically COVID-19 related</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>		<b>£'000</b>
Adult Social Care	48,815	49,521	706	1.4%	373
Prevention and Wellbeing	5,200	5,139	(61)	-1.2%	-
Childrens Social Care	19,225	19,392	167	0.9%	-

##### Adult Social Care

There is a projected net over spend of £706,000 on the Adult Social Care budget. The main areas contributing to this over spend are:-

- Older People Residential Care – there is projected over spend of £870,000 due to increased placement costs and reduction in personal contributions. Anticipated future loss of income claims to WG of £248,000, if agreed, would improve the position to an over spend of £622,000.
- Care at Home for Older People – this includes domiciliary care services, local authority homecare services and the provision of direct payments. The projected under spend of £562,000 is a combination of an over spend on the Direct Payments budget (£196,000) due to an increase in the number of cases, offset by an under spend on the homecare budget primarily due to staffing vacancies and delays implementing a restructure due to COVID-19. Anticipated future claims to the WG Hardship fund of £63,000, if agreed, would improve the position to an under spend of £625,000.
- Assessment and Care Management – there is a projected under spend of £132,000 due to a challenging recruitment environment and maximisation of grant income to offset staffing costs.
- Additional staffing costs – there is a projected over spend of £30,000 in relation to anticipated extra staffing resources required in quarter 4 due to numbers of staff self-isolating. It is anticipated that this will be included in the future claims to the WG Hardship fund and, if agreed, would improve the position by £30,000.
- Physical Disability/Sensory Impairment - there is a projected over spend of £21,000. This is due primarily to a combination of an under spend on the Residential Care budget due to increases in client contributions (£121,000), an under spend on Assessment & Care Management due to staff vacancy management (£51,000), offsetting an over spend on Care at Home mainly due to an increase in Direct Payment costs (£83,000) and an over spend on equipment and adaptations based on forecasted level of usage (£120,000).

- Adult Learning Disabilities – there is a projected over spend of £253,000. This is mainly due to increased external homecare costs and set up costs for a new supported living scheme that commenced in October 2020. Anticipated future claims to the WG Hardship fund of £24,000, if agreed, would reduce the over spend to £229,000.
- Mental Health – there is a projected over spend of £327,000. This is mainly due to increased homecare costs due to additional placements relating to independent domiciliary care and high cost supported living placements. Anticipated future claims to the WG Hardship fund of £8,000, if agreed, would reduce the over spend to £319,000.
- Management and Central Services – there is a projected under spend of £81,000 primarily due to staff vacancy management and under spends on training costs. However, at the time of writing the report, there are issues as a result of COVID-19 throughout the directorate in terms of staffing levels. This under spend may be needed to fund agency staff cover, direct payments or innovative recruitment to enable the directorate to provide sufficient levels of care. The cost implication is currently difficult to estimate, therefore this projection might worsen in the final quarter of 2020-21. Wherever possible, any additional costs due to COVID-19 will be reclaimed via the WG Hardship fund.

#### Prevention and Wellbeing

- The Council has received WG funding to compensate for the quarter 1 and 2 loss of income (£501,000) to contribute to the net loss of running the leisure services due to COVID-19. If no further funding is received from WG for the remainder of 2020-21, a contribution will be made from the Public Realm budget within the Communities Directorate towards this (see section 4.3.3). The impact of the latest lockdown restrictions on the leisure services will have to be closely monitored in the final quarter of 2020-21 and into 2021-22.

#### Childrens Social Care

There is a projected net over spend of £167,000 on Children's Social Care. The main areas contributing to this over spend are:-

- The Looked After Children (LAC) budget is projected to over spend by £385,000. Average LAC numbers were 376 in 2018-19, 384 in 2019-20 and are currently 394. Numbers can fluctuate month to month and three additional Out of County placements initiated since quarter 2 have contributed to the increase in over spend on this budget.
- Family Support Services is projected to over spend by £91,000 primarily due to the increased demand for Direct Payments. There are currently 110 Direct Payment clients compared with 114 at the end of 2019-20 however the projected over spend is primarily because of increased costs due to complexity of cases.
- The above over spends have been offset by a projected under spend of £308,000 on staffing vacancies within Commissioning and Social work due to a challenging recruitment environment and maximisation of grant income to offset staffing costs.

### 4.3.3 Communities Directorate

The net budget for the Directorate for 2020-21 is £28.379 million. The current projection is an anticipated under spend of £752,000. This is an improvement on the projected over spend of £456,000 reported at quarter 2, which is due to a combination of loss of income claims to WG being approved since the quarter 2 projection (£360,000), an upturn in planning application income (£113,000), one-off grant funding from WG (£86,000), an increase in income in Bereavement Services (£95,000), and improved projections within Corporate Landlord (£228,000). Loss of income included in this projection amounts to £104,000 - if this were successfully claimed from WG, the projection would improve to an under spend of £856,000. The main variances are:

<b>COMMUNITIES DIRECTORATE</b>	<b>Net Budget</b>	<b>Projected Outturn</b>	<b>Projected Variance Over/(under) budget</b>	<b>% Variance</b>	<b>Over/ (under) specifically COVID-19 related</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>		<b>£'000</b>
Grounds Maintenance	1,683	1,390	(293)	-17.4%	(293)
Planning and Development	552	459	(93)	-16.8%	-
Economic Resilience & Growth	562	444	(118)	-21.0%	(85)
Highways Services (DSO)	2,786	2,675	(111)	-4.0%	-
Engineering Services	85	(19)	(104)	-122.4%	-
Street Lighting	1,691	1,519	(172)	-10.2%	-
Bereavement Services	83	(37)	(120)	-144.6%	-
Corporate Landlord	2,962	3,179	217	7.3%	104

#### Grounds Maintenance

- There is a projected under spend of £293,000 on the grounds maintenance budget. This is primarily due to a reduction in the use of seasonal staff due directly to COVID-19.

#### Planning and Development

- There is a projected under spend in planning and development of £93,000 which has improved since the quarter 2 projections. This is primarily due to an upturn in planning application income. Fee income is subject to considerable fluctuations between years, depending on the number and type of applications.

#### Economic Resilience & Growth

- The projected under spend of £118,000 is primarily due to maximisation of one-off grant funding of £83,000 received from WG in quarter 3.

#### Highways Services (DSO)

- The projected under spend of £111,000 within the Highways Services (DSO) is primarily due to members of staff working on, and hence charging their time to, the ongoing SALIX capital scheme to enable the replacement of street lighting with new energy efficient LED units. This is not a recurring saving as it is limited to the timeframe of the capital programme.

### Engineering Services

- The projected under spend of £104,000 within Engineering Services is primarily due to an increase in the level of fee earning jobs (balance of EU/non EU funded projects) and the differing chargeable rates allowed.

### Street Lighting

- The LED replacement programme has generated a projected under spend on energy consumption of £172,000 in 2020-21. £48,000 of this is a one-off projected under spend due to the financial profiling of the annual loan repayments. The remaining projected under spend is being considered as part of future MTFS savings for the Communities Directorate.

### Bereavement Services

- The projected under spend of £120,000 within Bereavement Services is based on a comparison of income levels at quarter 3 in 2020-21 compared with quarter 3 in 2019-20.

### Corporate Landlord

- The projected over spend on the corporate landlord budget has reduced from £489,000 at quarter 2 to £217,000 at quarter 3. This is as a result of a combination of £52,000 being successfully claimed from the WG COVID loss of income fund for loss of rental of potential occupants (vacant stalls/buildings) and delays in signing leases due to COVID-19, £128,000 on staff vacancy management due to a challenging recruitment environment, and £100,000 reduction in energy cost projections for the Council's core buildings.
- It is anticipated that a further £104,000 will be claimed from WG as part of the quarter 3 and 4 loss of income claim, but this has not been built into the projections.
- The balance of the shortfall in Corporate Landlord is primarily due to a reduction in productivity levels in the Facilities Management team in the first quarter of 2020-21, due to social distancing requirements in the workplace, and staff being re-deployed to support COVID-19 related activities – e.g. supporting FSM deliveries.

### Public Realm Infrastructure

- Council approved a £2 million public realm budget as part of the MTFS in February 2020. At quarter 1 there was a projected under spend of £1.716 million against this budget heading. As reported in para 4.1.10 CCMB agreed to establish a COVID-19 Recovery Panel with £500,000 being utilised as a one-off from the Public Realm fund. In addition, unless further funding is received from WG towards the net loss of running the leisure services due to COVID-19, the Public Realm budget will be used to contribute towards this. CCMB have also approved a list of schemes to be funded from this budget in 2020-21, hence a break even position is projected at quarter 3.

#### 4.3.4 Chief Executive's

The net budget for the Directorate for 2020-21 is £18.773 million. Current projections anticipate an under spend against this budget of £200,000. This is a significant improvement on the position reported at quarter 2 of a projected over spend of £1.118 million, and is mainly due to successful claims to WG since quarter 2 of £822,000 for the provision of facilities to support homeless individuals. Further COVID-19 expenditure and loss of income included in this projection amount to £855,000 - if these were to be successfully claimed from WG then the projection would improve to an under spend of £1.055 million. 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	1,162	1,398	236	20.3%	409
Finance	3,700	3,611	(89)	-2.4%	290
HR and Organisational Development	1,836	1,667	(169)	-9.2%	-
ICT	3,472	3,611	139	4.0%	-
Legal, Democratic & Regulatory	4,929	4,836	(93)	-1.9%	156
Customer Services & Engagement	1,625	1,467	(158)	-9.7%	-

##### Housing & Homelessness

- The projected over spend of £236,000 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 2, £1.565 million has been successfully claimed for COVID-19 homelessness costs incurred to November 2020. The current projection does not include 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 £375,000. There is also a loss of income claim of £32,000 for quarter2 currently on hold. If both these claims are successful, the projection would improve to an under spend of £171,000.

##### Finance

- Whilst there is a projected under spend of £89,000 on Finance, included in this projection is a shortfall of £290,000 relating to court cost income. WG has indicated they will consider loss of income from court cost income at the year end. The shortfall in income has been offset by staffing vacancies across Finance and Housing Benefits.

##### HR and Organisational Development

- There is a projected under spend across HR and Organisational Development of £169,000. This primarily relates to staffing vacancies (£120,000) which HR are actively recruiting to fill, or have already filled. In particular, 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 delayed the recruitment to the apprenticeship posts resulting in a projected

£88,000 under spend in this area. All apprenticeship posts are anticipated to be filled shortly.

#### ICT

- There is a projected over spend of £139,000 in ICT. Due to reduced printing activity ICT have been unable to cover the fixed costs of printers and photocopiers through the recharge to service departments, resulting in an over spend against the ICT print budget. Consequently, reduced spend will have been incurred on printing budgets across the service departments and included in individual service area projections.

#### Legal, Democratic & Regulatory

- There is a projected under spend of £93,000. This is primarily due to staff vacancy management across legal, member services and procurement, offset by lower than forecast levels of income received for registrars, land charges, licencing fees. £148,000 has been included in the claim to WG for 'loss of income' for the first and second quarter of 2020-21 and is currently on hold so has not been included in the quarter 3 projections. It is anticipated that the loss of income for the remaining quarters of 2020-21 will be £7,500. If both these claims are successful, the projection would improve to an under spend of £248,500.

#### Customer Services & Engagement

- The projected under spend of £158,000 is predominantly in customer services and is due to staff vacancies, changes in staffing hours, staff opting out of pension and annual leave purchases. Various recruitment activities have been actioned in order to fill vacant posts but appointments have been affected by COVID-19.

### 4.3.5 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 £42.481 million. The projected outturn is £35.304 million, resulting in a projected under spend of £7.177 million. The main variances are detailed below:

<b>COUNCIL WIDE BUDGETS</b>	<b>Net Budget</b>	<b>Projected Outturn</b>	<b>Projected Variance Over/(under) budget</b>	<b>% Variance</b>	<b>Over/ (under) specifically COVID -19 related</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>		<b>£'000</b>
Capital Financing	7,329	7,129	(200)	-2.7%	-
Other Council Wide Budgets	9,167	2,230	(6,937)	-75.7%	-

#### Capital Financing

- There is a projected under spend of £200,000 on interest paid/received due to a combination of lower borrowing than anticipated as the Council uses its own internal resources to finance schemes, and additional interest from current investments.

### Other Council Wide Budgets

- Other Council Wide budgets includes funding for pay, price and pension increases along with funding to deal with unexpected costs unforeseen when the budget was set. There is a projected net under spend of £6.937 million on other corporate budgets. The main areas contributing to this under spend are:-
- When the MTFS was approved in February 2020, the pay increases for NJC employees and teachers had not been finalised, but a claim for NJC staff had been submitted for an increase of 10% and whilst provision was made in the budget based on previous years' increases, an element of contingency was built in given that. Even a variance of 1% on the pay settlement for NJC staff alone can result in a swing of required funding of over £1 million per annum.
- Inflation rates have fluctuated since the budget was set (CPI was 1.7% in February 2020 and had reduced to 0.3% by November 2020). The majority of the budget estimated for price inflation is retained centrally within Council wide budgets and allocated to directorates/schools as further information is known about specific contractual price increases e.g. for energy. Therefore, a significant part of the projected under spend (£1.5 million) relates to the movement on inflation rates since budget setting, and the reduced requirement to allocate budget to service areas in-year.
- Welsh Government advised local authorities during quarter 3 of additional grant funding being made available during 2020-21 to contribute towards the increased cost of teachers' pay increases which were originally funded in full through the MTFS (£291,980).
- As reported in Table 2, Bridgend has to date successfully claimed £7.541 million from the WG Hardship fund to contribute towards additional expenditure incurred directly due to the COVID-19 pandemic. The difference in value claimed between quarter 2 and quarter 3 that otherwise would have had to have been met from other corporate budgets is £1.877 million.
- As reported in Table 3, Bridgend has to date successfully claimed £3.558 million from WG due to loss of income directly as a result of the COVID-19 pandemic. The difference in value claimed between quarter 2 and quarter 3 that otherwise would have had to have been met from other corporate budgets is £1.553 million.
- The COVID-19 pandemic has also impacted on projected spend on other Council wide budgets, for example, there has been reduced spend on feasibility as projects have been delayed and reduced corporate support required to enable restructures to be undertaken as these have also been delayed by the pandemic.
- As noted in the quarter 2 revenue report to Cabinet on 20th October 2020 a detailed review of earmarked reserves was undertaken during quarter 3. Subsequently £665,000 of this under spend has been utilised to establish an earmarked reserve to meet the one-off pressures that have been identified for the 2021-22 financial year. In addition, based on the latest information available and the level of increase in recently agreed pay awards and the national living wage, it is likely that the provision currently set aside in the MTFS for 2021-22

will need to be supplemented by any funding not committed from the Council wide budgets this financial year.

- Given 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.

#### Council Tax Reduction Scheme

- There is currently a projected break even position on the Council Tax Reduction Scheme based on spend to date, funding from WG for quarter 1 of £133,000 and comparison against 2019-20 outturn. This is a demand led budget and take-up is difficult to predict. As noted in paragraph 4.1.18, 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 is difficult to predict as we continue to see the full impact of the ongoing furlough scheme/newly unemployed and a likely increase in the benefits claimants.

### **4.4 Review of Earmarked Reserves**

4.4.1 The Council is required to maintain adequate financial reserves to meet the needs of the organisation. The MTFS includes the Council's Reserves and Balances Protocol which sets out how the Council will determine and review the level of its Council Fund balance and earmarked reserves. At quarter 3 a review of the particular pressures that were to be covered by earmarked reserves was undertaken and Directorates have drawn down funding. The review also examined:-

- Commitments against existing reserves and whether these were still valid;
- Earmarked reserve requests from directorates as a result of emerging issues, and;
- Emerging risks for the Council as a whole.

4.4.2 Table 7 below details the creation of new earmarked reserves, increases to existing earmarked reserves and amounts that have been unwound from reserves since the beginning of the financial year. There have been net additions of £6.315 million, the cumulative draw down by directorates is £973,000 and £516,000 has been unwound.

**Table 7 – Earmarked Reserves (Excluding Council Fund) – Quarter 3**

Opening Balance 01-Apr-20	Reserve	Net Additions/Re classification	Draw-down	Unwound	Closing Balance 31-Dec-20
£'000		£'000	£'000	£'000	£'000
	<b>Corporate Reserves:</b>				
(9,555)	Education & Family Support	(661)	50	-	(10,166)
(410)	Social Services & Wellbeing	(42)	54	-	(398)
(11,289)	Communities	(689)	55	40	(11,883)
(8,031)	Chief Executives	(2,200)	350	-	(9,881)
(14,004)	Non-Directorate	(258)	-	-	(14,262)
<b>(43,289)</b>	<b>Total Corporate Reserves</b>	<b>(3,850)</b>	<b>509</b>	<b>40</b>	<b>(46,590)</b>
	<b>Directorate Earmarked Reserves:</b>				
(289)	Education & Family Support	-	-	50	(239)
(2,027)	Social Services & Wellbeing	(291)	122	350	(1,846)
(4,991)	Communities	(1,291)	-	62	(6,220)
(824)	Chief Executives	(883)	167	-	(1,540)
<b>(8,131)</b>	<b>Total Directorate Reserves</b>	<b>(2,465)</b>	<b>289</b>	<b>462</b>	<b>(9,845)</b>
	<b>Equalisation &amp; Grant Earmarked Reserves:</b>				
(961)	Education & Family Support	-	143	-	(818)
(65)	Social Services & Wellbeing	-	5	-	(60)
(1,902)	Communities	-	-	14	(1,888)
(767)	Chief Executives	-	27	-	(740)
<b>(3,695)</b>	<b>Total Equalisation Reserves</b>	<b>-</b>	<b>175</b>	<b>14</b>	<b>(3,506)</b>
<b>(108)</b>	<b>School Balances</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(108)</b>
<b>(55,223)</b>	<b>Total Reserves</b>	<b>(6,315)</b>	<b>973</b>	<b>516</b>	<b>(60,049)</b>

4.4.3 The net appropriation to earmarked reserves as at quarter 3 is £5.799 million (£6.315 million additions offset by £516,000 that have been unwound). This net addition has been funded from the projected under spend on non-Directorate budgets at the end of quarter 3 as shown in Table 1.

4.4.4 The main additions in quarter 3 are a £2.5 million addition to the unallocated capital reserve to be utilised against projected capital pressures, a £1 million addition to the City Deal reserve which, whilst not resulting in an increase to the overall contribution the Council will make to the programme, will reduce the likelihood of the need to borrow to meet Bridgend's share of the scheme and therefore enable longer term revenue savings to be achieved much earlier than anticipated, a £800,000 increase to the Brexit reserve given the uncertainty of the financial impact at this point in time, and a £500,000 increase to the revenue maintenance reserve to be utilised against projected maintenance pressures.

## **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 That the Corporate Overview and Scrutiny Committee is requested to:

- note the projected revenue position for 2020-21
- note the virements between £100,000 and £500,000 as outlined in paragraph 4.1.19.

**Gill Lewis**

**Interim Chief Officer – Finance, Performance and Change  
January 2021**

**Contact Officer:** Joanne Norman  
Interim Group Manager – Financial Planning and Budget Management

**Telephone:** 01656 643645

**Email:** [joanne.norman@bridgend.gov.uk](mailto:joanne.norman@bridgend.gov.uk)

**Postal Address :** Raven's Court  
Brewery Lane  
Bridgend  
CF31 4AP

**Background documents:** Individual Directorate Monitoring Reports