

BRIDGEND COUNTY BOROUGH COUNCIL

REPORT TO CABINET

22 JUNE 2021

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

REVENUE BUDGET OUTTURN 2020-21

1. Purpose of report

- 1.1 The purpose of this report is to provide Cabinet with an update on the Council's revenue financial performance for the year ended 31st March 2021.

2. 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 to 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. 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. Current situation/proposal

4.1 Summary financial position at 31st March 2021

- 4.1.1 The 2020-21 financial year has been a unique and complex year in managing the financial position of the Council primarily as a result of the Covid-19 pandemic. Significant changes have occurred throughout the year as circumstances altered and services were supported in different ways to deliver outcomes in the best way possible.

A Covid-19 Hardship fund was set up at an early stage by the Welsh Government to the tune of £188.5 million which the Council was able to draw on for financial support. The process for drawing down the money was by the submission of complex claims, covering a wide range of costs and loss of income without knowing with any certainty whether those claims would be successful.

As a consequence, it would not have been prudent to expect all the claims to be successful, but as the year progressed the Council was extremely successful at securing support for many of the additional costs incurred along with loss of income claims.

Some of the results of this success have materialised in the last quarter of the financial year giving the Council a more favourable end of year position than anticipated. Our claims against the WG Hardship fund totalled £21.5 million of which only £882,000 were disallowed.

Additional to the assistance and support from the WG Hardship fund were specific grants received to help cushion the effects of COVID on the delivery of services. These included ICT for digitally excluded learners, concessionary fare reimbursement and local authority cyber security along with specific support for schools in for school counselling services, face masks and support for additional cleaning costs.

Furthermore, significant grants were received in the last quarter of the financial year (£3.5 million directorate and council wide grants and £5.4 million for schools) resulting in a change in the financial position between quarter 3 and quarter 4. These will be spent in accordance with the conditions applied to the grants and will be closely monitored to ensure their effective use.

The other significant change between quarter 3 and quarter 4 is the £1.261 million contribution from WG in February 2021 in recognition of the reduced council tax collection rates experienced by Councils in 2020-21 as a consequence of the Covid-19 pandemic.

Given the changes that have occurred which have resulted in a better financial position at the end of 2020-21, the Council is able to apply some of this funding to investments to help accelerate the recovery of the County Borough from COVID and to support its residents. The key areas of investment are outlined below, and more detail is provided in Appendix 1.

Category	Description
Wellbeing	Social Services & Well-being schemes for adult, children, young people and leisure services
	Initiatives to support the well-being of staff
	Investment in Social Care Premises
	Accessibility works – Leisure and Cultural Services
People & Jobs	Secondment scheme for Social Workers
	Apprentice and Graduate Schemes
Environment	Decarbonisation Strategy
	Highway Revenue Maintenance Schemes
Local Economy & Tourism	Active Travel Strategy
	Grants to support local businesses with improvements
	Wider regeneration investment
	Covid recovery/Brexit
Transformation	Digital Transformation Programme
	Replacement CCTV System
Future capital schemes	Feasibility is underway on a number of capital schemes. This allocation will support the delivery of new capital projects
Revenue Maintenance	Deliver projects delayed by the Covid-19 pandemic and meet projected maintenance pressures.

A report will be taken to Cabinet and Council on 22nd and 23rd June, respectively, to seek approval for a range of schemes to be funded from this year's under spend.

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

Table 1- Comparison of budget against actual outturn at 31st March 2021

Directorate/Budget Area	Original Budget 2020-21 £'000	Current Budget 2020-21 £'000	Final Outturn Q4 2020-21 £'000	Final Over / (Under) Spend 2020-21 £'000	Projected Over / (Under) Spend Qtr 3 2020-21 £'000
Directorate					
Education and Family Support	120,931	123,512	122,094	(1,418)	1,327
Social Services and Wellbeing	70,894	73,263	72,289	(974)	812
Communities	27,790	28,493	26,502	(1,991)	(752)
Chief Executive's	18,228	18,774	17,678	(1,096)	(200)
Total Directorate Budgets	237,843	244,042	238,563	(5,479)	1,187
Council Wide Budgets					
Capital Financing	7,329	7,329	6,632	(697)	(200)
Levies	7,459	7,460	7,472	12	12
Apprenticeship Levy	650	650	654	4	5
Council Tax Reduction Scheme	15,254	15,254	14,974	(280)	0
Insurance Premiums	1,438	1,438	124	(1,314)	(62)
Repairs & Maintenance	870	615	131	(484)	0
Pension Related Costs	430	430	430	0	5
Other Council Wide Budgets	15,612	9,167	200	(8,967)	(6,937)
Total Council Wide Budgets	49,042	42,343	30,617	(11,726)	(7,177)
Accrued Council Tax Income			(1,702)	(1,702)	0
Appropriation to Earmarked Reserves	0	500	18,975	18,475	5,299
Transfer to Council Fund			432	432	
Total	286,885	286,885	286,885	0	(691)

4.1.3 The overall outturn at 31st March 2021 is a net under spend of £432,000 which has been transferred to the Council Fund, bringing the total Fund balance to £9.771 million in line with Principle 9 of the Medium Term Financial Strategy (MTFS). Total Directorate budgets provided a net under spend of £5.479 million, and Council Wide budgets a net under spend of £11.726 million. As a result of effective financial management across the Council through the pandemic along with ensuring that eligible monies have been claimed from the WG Hardship and Loss of Income funds, the Council is in a position to utilise the related monies for 2020-21 to fund a range of initiatives to enable the Council to mitigate current and future risks and expenditure commitments to meet specific costs (see paragraph 4.1.1 and Appendix 1). The net position also takes into account a net under spend of £1.702 million on council tax income during the financial year (see paragraph 4.1.7 for detail).

4.1.4 Table 1 highlights the changes referred to above of £6.6 million since quarter 3 on total Directorate Budgets, and a change of £4.549 million on total Council Wide budgets. Table 2 below highlights the main reasons for the change and additional funding received by the Council since quarter 3 that support the changed outturn position. A combination of the uncertainty over available funding, along with the length of time and coverage of the support that has been made available by Welsh Government throughout 2020-21, has meant that the budgetary position has been prudently reported and only upon successful payment of claims from the WG Hardship and Loss of Income fund has been brought into the financial position. Since quarter 3, the authority has successfully claimed £2.144 million of Hardship funding along with £1.066 million to support loss of income experienced by the authority as a result of the Covid-19 pandemic.

Table 2 – Movements since quarter 3 2020-21

Directorate/ Budget Area	Rebates from Regional Service/ Reduction in Insurance Liability £'000	WG Hardship Claims £'000	WG Loss of income claims £'000	Reallocation of existing Grants £'000	Additional Grants £'000	TOTAL £'000
Education and Family Support	0	1,109	0	454	585	2,148
Social Services and Wellbeing	250	450	72	839	0	1,611
Communities	0	132	412	0	483	1,027
Chief Executive's	0	453	582	0	0	1,035
Total Directorate Budgets	250	2,144	1,066	1,293	1,068	5,821
Council Wide Budgets	1,237	0	0	0	2,393	3,630
Council Tax	0	0	0	0	1,261	1,261

4.1.5 The outturn position has also been impacted by unexpected grant funding and maximisation of grant funding streams since quarter 3 in Directorate budgets of over £2.361 million and £2.393 million in Council Wide Budgets - £4.754 million in total. It is important to note that the Authority would not have been aware of these funding streams when setting and approving its 2020-21 budget and the majority of the additional grants are one-off as a result of the Covid-19 pandemic.

4.1.6 Further detail is provided on the movements since quarter 3 at individual directorate level and on Council wide budgets in section 4.3.

- 4.1.7 The net position also takes into account the net under spend on council tax income of £1.702 million during the financial year. The end of year position on council tax comprises £441,000 of additional council tax income along with a contribution from the WG Hardship Fund of £1.261 million in February 2021 in recognition of the reduced collection rates experienced by Councils in 2020-21 as a consequence of the Covid-19 pandemic.
- 4.1.8 The under spend on the Council budget significantly masks the underlying budget pressures in some service budgets which were reported during the year and still persist. The main financial pressures are in the service areas of Home to School Transport and Adult Social Care. These two alone have an underlying pressure of £1.864 million. It should be noted that these budget areas can be volatile and small changes in demand can result in relatively high costs being incurred.
- 4.1.9 In addition, given the potential for significant funding being required to meet pay and price costs in 2021-22, along with any ongoing budget pressures arising as a result of the Covid-19 pandemic, uncertainties around the end of the Brexit transition period and inflationary levels for 2021-22 any uncommitted funding in 2020-21 will be required to meet these pressures in the new financial year. There are also potential pressures on council tax collection and an increase in eligibility for council tax support through the Council Tax Reduction Scheme (see paragraph 4.3.5). Therefore any uncommitted funding from other council wide budgets will be carried forward to meet those pressures in the new financial year.
- 4.1.10 There have been no budget virements since the quarter 3 forecast was reported to Cabinet in January 2021. However, as part of the closing of accounts process, there have been a number of technical adjustments in respect of outstanding pay and price inflation and allocations of corporately held funding for feasibility work and revenue minor works in line with spend.
- 4.1.11 The net budget for the financial year was 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. These are set out in paragraph 4.2.4.

Covid-19

4.1.12 During 2020-21 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 in 2020-21 have been funded by the WG Hardship Fund, e.g. PPE, social care voids etc with a 50% contribution towards additional ICT costs to support homeworking.
Lost income	Again, some have been one-off losses, and others could be permanent recurrent losses. Claims were submitted to WG covering loss of income in 2020-21 with main areas of support being car parking, school meals and a contribution to the Council's leisure service provider.
MTFS savings not met	Impact on deliverability of MTFS savings 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. WG provided support for Local Authorities to mitigate this impact in 2020-21 – the contribution for Bridgend was £1.121m.
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	WG provided £1.261 million in funding towards the impact on council tax collection and £325,469 towards the Council Tax Reduction Scheme (CTRS) in 2020-21 particularly due to the delay in starting recovery and an increase in council tax benefits.

4.1.13 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 was also established in 2020-21.

4.1.14 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 and a further £500,000 being ring-fenced from the Covid Earmarked Reserve to create a fund of £1 million. The recovery fund was utilised in 2020-21 to support the free car parking offer for town centres, a phased rental income increase for BCBC owned premises and Covid-19 awareness training for Town Centre businesses. The balance of £619,000 on the Covid-19 Recovery Fund

will be carried into 2021-22 with further proposals to boost recovery considered by CCMB.

Cost of the Council's response to the Covid-19 pandemic

4.1.15 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 provided specific eligibility criteria for each of its funding streams, and all directorates were made aware of them, and captured costs accordingly. Covid-19 costs which were not reimbursed by WG have been funded from the normal service budgets. WG Hardship Expenditure claims submitted to WG in 2020-21, and the outcome of these claims are shown in Table 3.

Table 3 – Covid-19 expenditure claims 2020-2021

Specific Hardship Fund	2019-20	2020-21			Movement since Qtr 3 – paid claims
	Claimed and Paid	Claimed	Paid	Disallowed	
	£'000	£'000	£'000	£'000	£'000
General	263	1,979	1,345	633	568
Homelessness	0	2,082	2,082	0	517
Free School Meals	0	2,832	2,720	112	1,676
Schools (including HUB costs)	0	2,433	2,418	15	1,473
Adult Social Services	9	5,694	5,675	18	2,737
Self Isolation Payments (SIP)/ Statutory Sick Pay Enhancements (SSP)	0	501	501	0	501
Total	271	15,520	14,742	778	7,472

4.1.16 The majority of the disallowed expenditure (£476,000) related 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. The majority of the £112,000 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.

4.1.17 The overall increase in claims paid since quarter 3 of £7.472 million does not all relate to reimbursement of expenditure incurred by the local authority, and therefore does not fully match the figures in Table 2. For example claims from schools will impact directly on the schools balances position (see section 4.3.1), and adult social services mostly represents claims made by independent and third sector providers to meet the additional costs of providing care and support for voids. In addition, unanticipated costs would also have been incurred and reimbursed in the final quarter of 2020-21, for example to cover the ongoing lock down of schools after Christmas.

4.1.18 The Council has also submitted claims for loss of income to Welsh Government in 2020-21 totalling £5.679 million as shown in Table 4. £2.016 million of the claims were paid in quarter 4.

Table 4 – Covid-19 loss of income claims 2020-21

Directorate	Claims 2020-21	Paid	Disallowed	Main areas funded
	£'000	£'000	£'000	
Education and Family Support	1,493	1,493	0	£1.445m - School meal income, £45k - Child and Adolescent Mental Health Services (CAMHS)
Schools	635	635	0	£239k - school meal income, £395k - loss of income from hire of school premises
Social Services & Wellbeing	1,429	1,429	0	£1.175m - contribution to Council's leisure service provider, £130k - Residential and non-residential client contribution income, £124k - dual use sites where facilities are managed for community use outside of school hours
Communities	1,476	1,371	104	£521k - Car Park Income, £264k - rental income from properties due to 3 month rent holiday, £81k – reduced occupancy of properties, £173k – civil enforcement income, £156k Green/Bulky/Trade waste income, £107k -Pitch and Pavilion hire, £65k - Fleet Services, £27k - Bus station
Chief Executives	646	646	0	£107k – legal, democratic and regulatory services, £136k - registration fees, £98k housing, £299K finance (includes £284k court income)
Total	5,679	5,574	104	

4.1.19 Of the £5.679 million claimed, only £104,000 was disallowed. This related to loss of rental income from properties in quarter 2 due to the continuing rental holiday agreed in quarter 1. WG disallowed this claim on the basis that this was a local authority and not a national decision. This was subsequently agreed by Cabinet to be funded from the Covid-19 Recovery Fund. (See paragraph 4.1.14).

Ongoing impact of Covid-19 pandemic in 2021-22

4.1.20 Going forward, the Welsh Government has allocated £206.6m in its budget to the Hardship Fund to support local government for the first six months of 2021-22. No commitment for support from WG beyond this period has been given at present.

4.1.21 A reduced collection rate for council tax and additional calls on the CTRS are both likely in 2021-22 reflecting the current economic circumstances surrounding the Covid-19 pandemic and the higher number of citizens facing economic hardship.

4.1.22 The Authority will continue to claim from the Hardship fund against the eligible criteria and directorates will continue to capture costs incurred as a result of the ongoing impact of the Covid-19 pandemic. Any Covid-19 costs which are not

identified and claimed will need to be funded from the normal service budgets or established earmarked reserves. Updates will continue to be provided to Cabinet through the quarterly revenue budget monitoring reports throughout 2021-22.

4.2 Monitoring of Budget Reduction Proposals

Prior Year Budget Reductions

4.2.1 As outlined in previous monitoring reports during the year there were still £2.501 million of outstanding prior year budget reduction proposals that had not been met in full. Directors have been working to realise these savings during the 2020-21 financial year. A summary of the latest position is attached as Appendix 2 with a summary per directorate provided in Table 5. Of the £2.501 million of prior year budget proposals outstanding, £1.792 million has been realised, leaving a balance of £709,000.

Table 5 – Outstanding Prior Year Budget Reductions

	Total Budget Reductions Required	Total Budget Reductions 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 Proposals still not 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. A Budget Pressure was approved by Council as part of the MTFS 2021-22 to 2024-25 in February 2021. This is a one-off pressure whilst a review of Home to School Transport is undertaken.
- Permitting Scheme for Road Works (£100,000). The Streetworks review is reaching completion and will then be submitted to Welsh Government for final consideration.
- Reductions to the budget for the MREC (£1.3 million). As reported to Cabinet on 21st July 2020 the shortfall has been funded from the Council's contingency budget in 2020-21. A recurrent Budget Pressure of £300,000 was approved by Council as part of the Medium Term Financial Strategy 2021-22 to 2024-25 in February 2021.

All outstanding proposals will continue to be monitored during 2021-22.

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. It has not been used in 2020-21 to mitigate on-going shortfalls as WG provided a Hardship Grant of £1.121 million to address the Covid impact on plans for service savings and changes when budgets for 2020-21 were originally set.

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 3 and summarised in Table 6 below. The end of year position is a shortfall on the savings target of £342,000, or 14.2% of the overall reduction target. This figure is an improvement of £148,000 on the shortfall reported at quarter 3.

Table 6 – Monitoring of Budget Reductions 2020-21

	Total Budget Reductions Required	Total Budget Reductions Achieved	Shortfall
DIRECTORATE /BUDGET REDUCTION AREA	£'000	£'000	£'000
Education and Family Support	239	164	75
Schools	0	0	0
Social Services and Wellbeing	820	635	185
Communities	646	564	82
Chief Executive's	508	508	0
Council Wide Budgets	200	200	0
TOTAL	2,413	2,071	342

4.2.4 The most significant budget reduction proposals not achieved in full, and the action required to achieve them in 2021-22 are outlined in Table 7 below. In the 2021-22 financial year these proposals must be realised or must be met through alternative budget reduction proposals in order to deliver a balanced budget position.

Table 7 – Outstanding Budget Reductions 2020-21

MTFS Ref	Budget Reduction Proposal	Shortfall £'000	Mitigating Action 2021-22
EFS 1	Phased Implementation of Learner Transport Policy	75	A Budget Pressure was approved by Council as part of the Medium Term Financial Strategy 2021-22 to 2024-25 in February 2021. This is a one-off pressure whilst a review is undertaken
SSW20	Further savings from leisure centres and swimming pools	70	Close monitoring of the Leisure Services budgets will be required in 2021-22 to determine the potential for the Covid-19 pandemic to continue to impact on income levels achieved. Under spends will be held across service areas to mitigate any shortfalls in the short term.
SSW27	Increase income generation from mobile response and telecare charging	75	Service area will continue to identify efficiencies to meet the shortfall in 2021-22.

4.3 Commentary on the Financial Position at 31st March 2021

A summary of the financial position for each main service area is attached as Appendix 4 to this report and comments on the most significant variances are provided below.

4.3.1 Education and Family Support Directorate

The net budget for the Directorate for 2020-21 was £123.512 million and the actual outturn was £122.094 million, following draw down of £475,000 from earmarked reserves resulting in an under spend of £1.418 million. The outturn has improved since the projected over spend at quarter 3 of £1.327 million due primarily to:-

- Successful WG Hardship Fund claims - (FSM - £1.109 million)
- New grant funding - £481,102
- Top-ups to established grant funding streams - £104,074
- Reallocation of existing grants – £454,066

The most significant variances were:

EDUCATION & FAMILY SUPPORT DIRECTORATE	Net Budget	Actual Outturn	Actual Variance Over/(under) budget	% Variance
	£'000	£'000	£'000	
Inclusion	1,949	2,338	389	20.0%
Pre School Provision	999	796	(203)	-20.3%
Youth Service	465	260	(205)	-44.1%
Emotional Health & Behaviour	2,281	2,111	(170)	-7.5%
Educational Psychology Service	374	297	(77)	-20.6%
Adult Learning	158	-16	(174)	-110.1%
Home to School Transport	5,856	6,021	165	2.8%
Pupil Support	253	180	(73)	-28.9%
Catering Services	1,033	854	(179)	-17.3%
Integrated Working	1,478	1,288	(190)	-12.9%
Youth Offending Service	346	274	(72)	-20.8%
Health & Safety	388	293	(95)	-24.5%

Schools' Delegated Budgets

Total funding allocated to schools in 2020-21 was £107.322 million (including post-16 funding).

The schools' delegated budget is reported as balanced in any one year as any under or over spend is automatically carried forward, in line with legislation, 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', as set out in the Financial Scheme for Schools.

The year-end position for 2020-21 was:-

- Net overall school balances totalled £108,000 at the start of the financial year. During 2020-21 school balances increased by £8.382 million to £8.490 million at the end of the financial year, representing 7.9% of the total funding allocated in 2020-21
- Out of a total of 59 schools, there are 4 primary schools with deficit budgets and 46 schools (35 primary, 9 secondary, 2 special) with balances in excess of the statutory limits (£50,000 primary, £100,000 secondary and special schools) in line with the School Funding (Wales) Regulations 2010. These balances will be analysed in line with the agreed 'Guidance and Procedures on Managing Surplus School Balances'.
- A summary of the position for each sector and overall is provided below:-

	Balance brought forward	Funding allocated in 2020-21	Total Funding available	Actual Spend	Balance at year end
	£'000	£'000	£'000	£'000	£'000
Primary	(543)	49,445	48,902	44,352	4,550
Secondary	92	47,981	48,073	45,095	2,978
Special	559	9,896	10,455	9,493	962
Total	108	107,322	107,430	98,940	8,490

It must be noted that there has been a significant improvement from the projected deficit position for schools of £82,945 at quarter 3. The main reason for this is additional schools revenue funding announced late in 2020-21 through the following grants:-

<u>Name of grant</u>	<u>Additional Value</u> <u>£'000</u>
Accelerated Learning Programme – recruit and deploy additional capacity to support learners in addressing their needs following the initial Covid-19 crisis and period of school closure and further support for learners in exam years	924
Recruit, Recover, Raise Standards – to further support learning recovery and progression in schools	1,390
School Revenue Maintenance Grant - purpose of this funding is to cover school revenue maintenance costs	2,151
WLGA grant – help ensure mitigations are in place to ensure the school learning environment remains as Covid-safe as possible	246
Transition support for learners in Year 11, and Learners in Years 12 and 13 studying AS /A2 level qualifications who are transitioning to the next steps in their educational journey	290
Allocation of funding to schools from the Central South Consortium (CSC) for claims paid in quarter 4 - e.g cluster funding and professional learning	416
Total	5,417

The year-end balances have also improved due to the following:-

<u>Other Movements</u>	<u>£'000</u>
Additional funding distributed to schools to cover costs of increased numbers of free school meals during 2020-21	228
Successful claims from Covid Loss of Income Fund since Qtr 3 (Table 4)	337
Successful claims from the Covid Hardship Expenditure Fund since Qtr 3 - staff costs (£487K), non-staffing costs (£232K) to ensure social distancing and support learning, and ICT costs (£256K) (Table 3)	975
Total	1,540

In March 2021 Welsh Government advised the Corporate Director of Education and Family Support that many schools were predicting an increase in school reserves at the end of 2020-21 as many of the resources and activities schools had planned into their budgets in 2020-21 had changed, or been put on hold. It is understood that many of these activities will need to be progressed or even increased in the year ahead and the Corporate Director of Education and Family Support will be working closely with the schools to manage their surplus balances in accordance with the 'Guidance and Procedures on Managing Surplus School Balances'.

Central Education and Family Support budgets

Inclusion

- The over spend of £389,000 is mainly due to the fact that there are currently only 14 out-of-county placements at Heronsbridge School and Ysgol Bryn Castell compared with 20 in the Summer Term 2020, impacting on the level of income received. It should be noted that some places can result in income in excess of £100,000. The position has improved from the £593,000 over spend projected at quarter 3 due to receipt of additional ALN Covid Grant of £379,612 and ALN Grant of £51,226. Without these, the underlying pressure on the Recoupment budget would have been £819,838. A Budget Pressure of £500,000 was approved by Council as part of the MTFS to address the underlying recoupment income shortfall therefore the budget will require close monitoring in 2021-22.

Pre-school provision

- The under spend of £203,000 relates primarily to reduced costs during the period when non-LA nurseries were closed during the first Covid-19 lockdown period in 2020-21. The position has improved since the £103,000 under spend projected at quarter 3 primarily due to additional Early Childhood Education and Care grant income - £40,321, and reduced staffing costs due to a secondment of a member of staff to WG - £25,615. It is anticipated that the budget will be fully allocated in 2021-22.

Youth Service

- The under spend of £205,000 relates primarily to maximisation of Families First grant funding - £231,138 and is therefore not a recurring under spend for 2021-22.

Emotional Health & Behaviour

- The under spend of £170,000 is primarily due to staff vacancy management (£92,000) and maximisation of grant funding - PDG £112,623, and ALN Covid £36,581. The position also improved from the projected £28,000 under spend at quarter 3 due to successful claims of £53,380 from the WG Hardship fund. The service area are looking to recruit and fill the vacancies in 2021-22 therefore this saving will not be recurring in 2021-22.

Educational Psychology Service

- The under spend of £77,000 is primarily due to maximisation of Flying Start grant funding - £110,305 and is therefore not a recurring under spend for 2021-22.

Adult Learning

- The £174,000 under spend against Adult Learning is primarily due to staff vacancies within the service (£121,000). The position has improved from the projected under spend at quarter 3 of £78,000 due to ongoing restrictions increasing the staff vacancy savings along with additional grant funding received – Adult Community Learning Grant (£35,598) and Legacy Funding (£16,321). Recruitment exercises are planned for 2021-22 in order to fill vacant posts, therefore the saving will not recur in 2021-22.

Home to School Transport (HTST)

- There is an over spend on Home to School Transport of £165,000 in 2020-21. The position has improved since the projected over spend of £548,000 at quarter 3. A further saving of £78,000 was achieved due to paying 75% of the contract value for school and other contracted local passenger services in order for them to remain viable as school closures continued in the final quarter of 2020-21. This was in addition to the £337,000 reported as being saved in the first quarter of 2020-21. £100,000 was also successfully claimed from the WG Hardship Fund to support costs of delivery of FSMs. In addition, as college learners continued to be taught remotely for the final quarter, the HTST budget saw a further reduction in costs of £234,000.
- 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. Whilst we await the outcome of the review 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 was funded from the Council's contingency budget.
- In addition, there is a significant additional costs 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 £415,000 in-year saving from paying 75% of the contract value, the one-off £234,000 saving on home to college transport, the £344,000 funding from the Council's contingency budget, with the final over spend of £165,000, the underlying budget pressure on the HTST budget amounts to £1.158 million. An MTFs Budget pressure of £1.210 million was approved by Council in February 2021 to support the increased costs of HTST and the increased provision of taxis and minibuses for those pupils with additional learning needs. This is a one-off pressure for 2021-22 while a review of HTST is undertaken.

Pupil Support

- The under spend of £73,000 is primarily due to staff vacancy management due to a delay in the implementation of a restructure. The restructure has now been undertaken hence the saving will not be recurring in 2021-22.

Catering Services

- The under spend of £179,000 in Catering Services has primarily arisen as a result of a £123,000 under spend on the Free Breakfast Club core budget due directly to Covid-19 restrictions and school lockdowns limiting the ability to provide the service at full capacity in 2020-21.
- The position has improved from the projected over spend of £777,000 at quarter 3 primarily due to successful WG Hardship Fund claims of £956,000. As noted in Table 3, whilst the authority received an additional £1.676 million from the WG Hardship Fund claims since quarter 3, the movement since quarter 3 has not improved to this level as additional FSM costs were incurred over and above that anticipated at quarter 3 due to continued lockdown of schools after Christmas.
- WG have confirmed that funding is available in the WG Hardship Fund to cover free school meal provision within school holidays up to Easter 2022.
- Close monitoring of the Catering Services budget will be required in 2021-22 to assess whether there is a continuing impact that the pandemic on the take up of school meals - a reduction was seen upon the return to school in September 2020.

Integrated Working and Family Support

- The £190,000 under spend within the Integrated Working and Family Support service is primarily due to maximisation of grant funding and is therefore not a recurring under spend for 2021-22.

Youth Offending Service

- The under spend of £72,000 within the Youth Offending Service is primarily due to staff vacancies experienced within the service. A planned re-structure this calendar year will result in the full budget being committed moving forward, therefore this saving will not be recurring in 2021-22.

Corporate Health & Safety

- The £95,000 under spend within the Corporate Health and Safety Unit is due to staff vacancy management. The vacant posts are expected to be filled in 2021-22 therefore this saving will not be recurring in 2021-22.

4.3.2 **Social Services and Wellbeing Directorate**

The net budget for the Directorate for 2020-21 was £73.263 million and the actual outturn was £72.289 million following draw down of £95,000 from earmarked reserves, resulting in an under spend of £974,000. The outturn has improved since the projected over spend at quarter 3 of £812,000 due primarily to:-

- Reallocation of existing grants - £839,000
- Additional contributions from Cwm Taf Morgannwg UHB towards placements - £38,000
- Successful WG Covid Loss of income claims - £72,000
- Successful WG Hardship claims - £450,000
- Rebate from the Regional Adoption Service - £249,000
- Reduced placement costs - £158,000

The most significant variances are:

SOCIAL SERVICES AND WELLBEING DIRECTORATE	Net Budget	Actual Outturn	Actual Variance Over/(under) budget	% Variance
	£'000	£'000	£'000	
Adult Social Care	48,838	48,190	(648)	-1.3%
Prevention and Wellbeing	5,200	5,038	(162)	-3.1%
Childrens Social Care	19,225	19,061	(164)	-0.9%

Adult Social Care

There is a net under spend of £648,000 on the Adult Social Care budget. The most significant variances contributing to this under spend were:-

- Older People Residential Care – the over spend of £458,000 is due to increased placement costs and a reduction in personal contributions. The position has improved by £412,000 since quarter 3 primarily due to successful Covid Hardship claims of £301,000, and Winter Pressure income of £140,000.
- Care at Home for Older People - this includes domiciliary care services, local authority homecare services and the provision of direct payments. The under spend of £1.021 million is a combination of an over spend on the Direct Payments budget (£204,000) 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 in implementing a restructure due to Covid-19. The restructure is progressing in 2021-22. The position improved since quarter 3 due to additional ICF funding of £53,000, COVID Hardship claims of £40,000, Winter Pressure funding of £119,000, Supporting People grant of £12,000, reduced placement costs of £121,000 and an overall reduction in staffing costs of £106,000.

- Assessment and Care Management – there is an under spend of £188,000 due to a challenging recruitment environment and maximisation of grant income to offset staffing costs. The position improved from quarter 3 due to additional ICF funding of £32,000, Winter Pressures funding of £156,000 and successful WG Hardship claims of £9,000.
- Physical Disability/Sensory Impairment – there is a net over spend of £68,000 within this service area. There is an under spend on the Residential Care budget due to reduction in placements (£122,000) and on Assessment & Care Management due to staff vacancy management (£114,000). Care at Home has over spent mainly due to an increase in demand in both Direct Payments (£33,000) and on equipment and adaptations (£222,000), despite ICF funding of £50,000 being secured in the final quarter of 2020-21. Covid-19 led to a marked and measurable increase in demand on the equipment and adaptations budget with more service users receiving care at home rather than in a hospital setting, individuals requiring support after having contracted Covid-19 and people expressing the wish to be more independent to reduce the number of carers visiting to minimise risking infection.
- Adult Learning Disabilities – there is an over spend of £65,000 which is mainly due to increased external homecare costs due to a high cost transition placement from Children’s Social Care. Maximisation of the Supporting People grant in quarter 4 offset this over spend by £17,000.
- Mental Health – there is an over spend of £34,000 which is mainly due to increased homecare costs due to additional placements relating to independent domiciliary care and high cost supported living placements. The position improved by £293,000 from quarter 3 due to additional grant funding of £109,000 (Supporting people - £42,000 and Winter Pressure - £67,000), along with additional contributions from Health (£38,000) with the balance from staff vacancy management.
- Management and Central Services – there is an under spend of £139,000 primarily due to staff vacancy management and under spends on training costs. This position improved from quarter 3 due to receipt of an additional DOLS grant - £45,000.

Prevention and Wellbeing

- The Council received WG funding of £1.175 million in 2020-21 to compensate for the loss of income to contribute to the net loss of running the leisure services due to Covid-19. Since 3rd May 2021, there has been a phased reopening for leisure centres and swimming pools across the authority. The financial impact of this will have to be closely monitored in the first quarter of 2021-22.

- There is an under spend of £162,000 in 2020-21 which has improved by £101,000 since quarter 3. This is primarily due to £72,000 being successfully claimed from the Covid loss of income fund since quarter 3 for dual use sites where facilities are managed for community use outside of school hours along with £43,000 from various grants (Discovery Days £21,000, Young Carers ID £12,000 and Big Lottery £10,000).

Childrens Social Care

There is a net under spend of £164,000 on Children's Social Care. The most significant variances contributing to this under spend were:-

- An over spend on the Care Experienced Children budget of £363,000. There is an under spend of £373,000 on the Out of County budget largely due to high cost packages of care ending or more cost effective alternatives being found. This was offset by an over spend of £525,000 on Independent fostering due to a combination of an increase in demand and complexity of cases. Average Care Experienced Children numbers were 376 in 2018-19, 384 in 2019-20 and 393 in 2020-21. A key piece of Bridgend's Care Experienced Children's strategy action plan is to increase the revocation of care orders for children placed with relatives/ friends or parents, increase the number of care order discharges, and increase the use of alternative orders such as Special Guardianship Orders. The service will continue with the initiatives and actions incorporated in the Care Experienced Children expectation plan in order to reduce the number of children placed in line with BCBC's corporate strategy during 2021-22. Successful claims of £100,000 from the WG Covid-19 Hardship fund have been made since quarter 3 along with additional Supporting People Grant of £62,000.
- Family Support Services – an over spend of £80,000 primarily due to Direct Payments. Whilst there were 114 Direct Payment clients at the end of both 2019-20 and 2020-21 the over spend is primarily because of increased costs due to complexity of cases.
- Other Child & Family Support Services – there is an under spend of £236,000 which is primarily due to a refund received in quarter 4 of £249,000 from the Regional Adoption service due to their overall budget being under spent and the number of children from Bridgend continuing to be proportionately lower than the previous years.
- Commissioning and Social Work – there is an under spend of £377,000 mainly due to staffing vacancies due to a challenging recruitment environment and maximisation of grant income to offset staffing costs. The Directorate is actively recruiting to vacancies, however challenges still remain, therefore an element of the under spend may continue short-term into 2021-22.
- An overall Budget Pressure of £479,000 was approved by Council as part of the MTFs to mitigate the increase in number of families accessing Direct Payments along with the complexity of cases across all areas, including Children's Services.

4.3.3 Communities Directorate

The net budget for the Directorate for 2020-21 was £28.493 million and the actual outturn was £26.502 million following draw down of £2.057 million from earmarked reserves, resulting in an under spend of £1.991 million. The outturn has improved since the projected under spend at quarter 3 of £752,000 due primarily to:-

- Successful WG Covid Loss of income claims - £412,000
- Successful WG Hardship claims - £132,000
- Additional WG - Local Government Roads Maintenance Revenue Grant in quarter 4 of £483K

The main variances are:

COMMUNITIES DIRECTORATE	Net Budget	Actual Outturn	Actual Variance Over/(under) budget	% Variance
	£'000	£'000	£'000	
Highways Maintenance	2,802	2,448	(354)	-12.6%
Highways Services (DSO)	2,786	2,542	(244)	-8.8%
Street Lighting	1,691	1,458	(233)	-13.8%
Fleet Services	14	252	238	1700.0%
Traffic & Transport	722	459	(263)	-36.4%
Engineering	84	-53	(137)	-163.1%
Bereavement Services	43	-111	(154)	-358.1%
Grounds Maintenance	1,683	1,266	(417)	-24.8%
Public Realm	2,000	1,759	(241)	-12.1%

Highways Maintenance

- The under spend in Highways Maintenance of £354,000 is primarily due to an additional Local Government Roads Maintenance Revenue Grant of £483,000 received from WG in quarter 4. An earmarked reserve has been created (see Appendix 1) to enable Highways Maintenance projects to be delivered in 2021-22.

Highways Services (DSO)

- The under spend of £244,000 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.

Street Lighting

- The LED replacement programme has generated an under spend on energy consumption of £233,000 in 2020-21. £48,000 of this is a one-off under spend due to the financial profiling of the annual loan repayments. £75,000 will be utilised towards the 2021-22 MTFS Budget Reduction Proposal – COM8 – ‘Reduction to energy budget for Street Lighting’.

Fleet Services

- There is a £238,000 over spend on Fleet services. Whilst the service underwent a review in 2019-20 which resulted in an increase to charge out rates to recover fixed costs, the pandemic impacted on productivity rates, primarily due to social distancing requirements in the workplace. Whilst the outturn for Fleet Services includes £65,000 claimed for Fleet Services from the WG Loss of Income fund due to loss of external income, internal re-charges impacted by Covid were not eligible to be claimed from the WG Hardship fund. Reduced spend will have been incurred on Hire and Servicing budgets across the service departments and included in the year end positions for service areas.

Traffic and Transport

- There is an under spend of £263,000 within Traffic and Transport Services. Parking Services is showing an under spend of £155,000. This is primarily due to better than forecast levels of income received in some car parks. This additional income is contributing to running parking services and pressures within the overall transport budget, e.g. Fleet services, shop mobility, and School Crossing Patrols.
- In addition, a successful claim was made in quarter 3 to the Covid Hardship fund of £24,332 for additional costs incurred for maintaining social distancing at Bridgend Bus Station.

Engineering Services

- The under spend of £137,000 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.

Bereavement Services

- The under spend of £154,000 within bereavement services is primarily due to an increase in income compared with both historic income levels and budgeted income levels. 2020-21 saw an increase in burials of 34%, largely driven by the pandemic. It is anticipated that income levels will return to normal levels in 2021-22.

Grounds Maintenance

- The under spend of £417,000 on the grounds maintenance budget is primarily due to a reduction in the use of seasonal staff due directly to Covid-19 along with a corresponding lower re-charge on non-staffing budgets – e.g hire of vehicles, equipment and machinery.

Public Realm Infrastructure

- Council approved a £2 million public realm budget as part of the MTFs in February 2020. CCMB agreed to use £500,000 of this in 2020-21 towards the Covid-19 Recovery Fund, leaving a balance of £1.5 million for public realm works. CCMB approved a list of schemes to be funded from this budget in 2020-21, with the majority of schemes being completed. A small number of schemes were impacted by the pandemic, either through an unanticipated delay to the commencement date or having to go to out to re-tender. These projects have been re-profiled to be completed in 2021-22.

4.3.4 Chief Executive's

The net budget for the Directorate for 2020-21 was £18.774 million and the actual outturn was £17.678 million following draw down of £950,000 from earmarked reserves, resulting in an under spend of £1.096 million. The projected under spend at quarter 3 was an under spend of £200,000, however as indicated in Table 2 the Directorate has been successful in claiming £582,000 from the WG Covid loss of income claim and £453,000 from the WG Hardship Fund since quarter 3, improving the year end position by £1.035 million.

The most significant variances are:

CHIEF EXECUTIVE'S	Net Budget	Actual Outturn	Actual Variance Over/(under) budget	% Variance
	£'000	£'000	£'000	
Housing & Homelessness	1,162	990	(172)	-14.8%
Finance	3,700	3,181	(519)	-14.0%
HR and Organisational Development	1,836	1,588	(248)	-13.5%
ICT	3,472	3,778	306	8.8%
Legal, Democratic & Regulatory	4,929	4,705	(224)	-4.5%
Customer Services & Engagement	1,625	1,457	(168)	-10.3%

Housing & Homelessness

- The under spend of £172,000 is primarily due to staffing vacancies in respect of the core funded housing team. The service are actively recruiting to fill the vacant posts therefore this saving will not be recurring in 2021-22.
- Successful claims to the WG Hardship fund of £2.082 million significantly supported these services throughout 2020-21. Budget growth of £2.192 million was approved by Council as part of the MTFs Budget setting process in February 2021 to continue the commitment to focus support for homeless individuals providing them with accommodation.

Finance

- The improvement from the quarter 3 projected year-end position of an under spend of £89,000 is due to a contribution from WG in March 2021 of £363,000 towards loss of court cost and debt recovery income in quarter 4. £240,000 of the under spend mainly relates to staffing vacancies across the service. Part of this under spend will be utilised towards the MTFs staffing budget saving proposal for finance of £65,000 in 2021-22 with other vacancies being populated further to the Finance restructure being implemented in 2021-22.
- In addition to the under spend on staffing, there was a rebate of £86,167 from the Regional Internal Audit Service (RIAS) in respect of a reduced number of audit days received in the 2020-21 financial year as a result of staff vacancies within the service. The proposed restructure is almost ready for consultation with Trade Unions and staff, so it is anticipated that this saving will not be recurring in 2021-22.

HR and Organisational Development

- The under spend of £248,000 mainly relates to staffing vacancies (£166,000) across the service. Part of this under spend will be utilised towards the MTFs staffing budget saving proposal for HR of £24,000 in 2021-22. HR are either actively recruiting to fill, or have already filled, the remaining vacancies therefore the remaining under spend will not be recurring in 2021-22. In addition, 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 impacted on the ability to appoint to the apprenticeship posts resulting in a £133,000 under spend. All apprenticeship posts are anticipated to be filled shortly.

ICT

- There is a net over spend of £306,000 across ICT budgets. 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 of £144,000 against the ICT print budget. Consequently, reduced spend will have been incurred on printing budgets across the service departments and included in the year end positions for service areas.
- In addition to the shortfall in the print budget, additional costs of £30,000 were incurred on postage budgets and £86,000 on software budgets, both of which are as a consequence of providing support for staff working from home during the pandemic (net of WG Hardship claim contributions).
- A budget pressure of £418,000 was approved by Council in February 2021 to mitigate further increased costs in relation to ICT Digital Strategy Licences, in particular migration to Cloud based delivery model to support faster and more secure ICT services.

Legal, Democratic & Regulatory

- The under spend of £224,000 has mainly arisen from staffing vacancies in legal, Member Services and procurement. These departments are looking to recruit and fill these vacancies in 2021-22 therefore this saving will not be recurring in 2021-22.
- The position has improved from the projected under spend of £93,000 at quarter 3 due to successful Covid-19 loss of income claims of £73,000 and a rebate of £72,000 relating to Shared Regulatory Services as anticipated service level delivery was impacted by the pandemic resulting in an under spend. This arose due to a refund of charges relating to the previous years which remained unspent.

Customer Services & Engagement

- The under spend of £168,000 mainly relates to staffing vacancies. Various recruitment activities were actioned throughout 2020-21 in order to fill vacant posts but appointments were delayed due to the impact of Covid-19. Recruitment is planned to continue in 2021-22 therefore this saving will not be recurring in 2021-22.

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 was £42.343 million and the actual outturn was £30.617 million, resulting in an under spend of £11.726 million. As explained in detail earlier in the report, the outturn has changed since the projected under spend at quarter 3 of £7.177 million due primarily to:-

- WG Hardship Grant of £1.121 million to address the Covid impact on plans for service savings and changes when budgets for 2020-21 were originally set
- WG Hardship Grant of £1.121 million to support costs in modern ways of working and digital transformation
- WG Hardship Grant of £151,178 in quarter 4 towards council tax support under the Council Tax Reduction Scheme
- A £1.252 million improvement on Insurance Premium costs

The most significant variances were:

COUNCIL WIDE BUDGETS	Net Budget	Actual Outturn	Actual Variance Over/(under) budget	% Variance
	£'000	£'000	£'000	
Capital Financing	7,329	6,632	(697)	-9.5%
Council Tax Reduction Scheme	15,254	14,975	(279)	-1.8%
Insurance Premiums	1,438	124	(1,314)	-91.4%
Repairs and Maintenance	615	131	(484)	-78.7%
Other Council Wide Budgets	9,167	200	(8,967)	-97.8%

Capital Financing

- The under spend of £697,000 arose on interest paid/received due to a combination of lower borrowing than anticipated as capital schemes have delayed and the Council uses its own internal resources to finance schemes, and additional interest from current investments.

Council Tax Reduction Scheme

- There is an under spend of £279,000 on the Council Tax Reduction Scheme. This is a demand led budget and take-up is difficult to predict. Support of £325,469 from WG was provided in 2020-21 towards the increased demand due to the impact of Covid-19 on personal financial circumstances. It is likely that there will be an additional call on the council tax reduction scheme in view of the inevitable economic impact of the pandemic as we see the impact of the cessation of the furlough scheme/newly unemployed and a likely increase in the number of benefits claimants.

Insurance Premiums

- There is an under spend of £1.314 million on the insurance premium budget. This primarily relates to a £1.039 million reduction in the overall fund liability following successful claims repudiated and settled at a lower amount or claims won. In addition, as part of the Maesteg School Partnership PFI, the annual Insurance Review has resulted in a one-off exceptional saving of £198,000 which has been refunded to the Council. The outturn for 2020-21 is considered to be a one-off under spend, however there is a £75,000 reduction to the Insurance budget in 2021-22 as part of the MTF5

approved by Council in February 2021. The budget will continue to be reviewed going forward to determine if there are any further permanent budget reduction opportunities.

Repairs and Maintenance

- There is an under spend of £484,000 is as a result of slippage on some minor works schemes and feasibility studies, which will now be completed in 2021-22. An earmarked reserve has been established to meet these costs.

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 net under spend of £8.967 million on other council wide 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%. Provision was made in the budget based on previous years' increases with an element of contingency built in. The agreed NJC pay award was 2.75%. 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 reducing to a low of 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). WG also provided additional funding during quarter 4 of £1.121 million to address the Covid impact on plans for service savings and changes when budgets for 2020-21 were originally set and £1.121 million to support costs in modern ways of working and digital transformation. Given the late notification of this additional funding, earmarked reserves have been established to meet one-off pressures that have been identified for the 2021-22 financial year along with an earmarked reserve to support the corporate and digital transformation programme.

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. During 2020-21 Directorates drew down funding from specific earmarked reserves and these were reported to Cabinet through the quarterly monitoring reports. The final draw down from reserves was £4.104 million and is summarised in Table 8 below. A more detailed review of draw-down of reserves is outlined in Appendix 5.

Table 8 – Draw Down from Earmarked Reserves during 2020-21

	Draw down from Earmarked Reserves 2020-21
	£'000
Education & Family Support	475
Social Services & Wellbeing	95
Communities	2,057
Chief Executives	950
Corporate/Equalisation	527
Total	4,104

4.4.2 The year end 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.

Table 9 below details the creation of new earmarked reserves, increases to existing earmarked reserves and amounts that have been unwound from reserves. The net additions to reserves for the whole of 2020-21 is £32 million which includes the £8.382 million increase to School Balances set out in paragraph 4.3.1, along with £8.7 million to fund new capital projects. The final column shows that there have been net additions of £25.632 million in the last quarter of the financial year. Appendix 1 outlines the main additions in the final quarter.

Table 9 – Net appropriation to/from Earmarked Reserves 2020-21

	Unwound 2020-21	New/ Additions to Reserves 2020-21	Total	Increase/ (Decrease) Qtr 4 Only
	£'000	£'000	£'000	£'000
Corporate Reserves:-				
Capital Programme Reserve	0	8,530	8,530	5,880
Digital Transformation, ICT & Finance Systems	0	675	675	674
Asset Management Reserve	-90	295	205	245
Building Maintenance Reserve	0	820	820	320
Central feasibility	0	224	224	224
Property Disposal Strategy	0	0	0	0
Capital Asset Management Fund	0	173	173	173
Major Claims Reserve	0	500	500	0
Change Management Fund	0	0	0	0
Total Corporate Reserves	-90	11,217	11,127	7,516
Directorate Reserves:-				
Directorate Issues	-462	6,069	5,607	4,403
City Deal Financing Reserve	0	2,899	2,899	1,899
Total Directorate Reserves	-462	8,968	8,506	6,301
Equalisation & Grant Reserves:-				
ED&FSS Grants	0	1,272	1,272	1,272
Civil Parking Enforcement	0	17	17	17
LDP	0	20	20	20
Building Control	0	3	3	3
Communities Grants	-14	753	739	753
SRF	0	169	169	169
Chief Execs Grant		680	680	680
SSWB Grants	0	519	519	519
Total Equalisation & Grant Reserves	-14	3,433	3,419	3,433
School Balances	0	8,382	8,382	8,382
TOTAL RESERVES	-566	32,000	31,434	25,632

4.4.3 A full breakdown of the total movement on earmarked reserves at 31st March 2021 is provided in Appendix 5. Table 10 below summarises the final position on all useable reserves for the year.

Table 10 – Summary of Movement on Earmarked Reserves 2020-21

Opening Balance 01-Apr-20 £'000	Reserve	Movement at Quarter 4		Closing Balance 31-Mar-21 £'000
		Additions/ Reclassification £'000	Drawdown £'000	
9,340	Council Fund Balance	432	0	9,772
43,488	Corporate Reserves	11,217	-2,085	52,620
7,930	Directorate Reserves	8,968	-1,475	15,423
3,696	Equalisation & Grant Reserves	3,433	-1,110	6,019
108	School Balances	8,382	0	8,490
55,222	Total Earmarked Reserve	32,000	-4,670	82,552
64,562	Total Useable Reserves	32,432	-4,670	92,324

4.4.4 In terms of financial reserves, the Council Fund balance represents 3.41% of the net revenue budget for 2020-21, or 5.27% of the net revenue budget, excluding schools. This aligns with MTFs Principle 9 which states that:-

The Council Fund balance should be set at a prudent but not excessive level. This will normally be maintained at a level of 5% of the Council's net budget, excluding schools.

5. 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. Equalities Impact Assessment

6.1 The protected characteristics identified within the Equality Act, Socio-economic Duty and the impact on the use of the Welsh Language have been considered in the preparation of this report. As a public body in Wales the Council must consider the impact of strategic decisions, such as the development or the review of policies, strategies, services and functions. This is an information report, therefore it is not necessary to carry out an Equality Impact assessment in the production of this report. It is considered that there will be no significant or unacceptable equality impacts as a result of this report.

7. 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 well-being goals/objectives as a result of this report.

8. Financial implications

8.1 These are reflected in the body of the report.

9. Recommendation

9.1 Cabinet is requested to:

- note the revenue outturn position for 2020-21

Gill Lewis

Interim Chief Officer – Finance, Performance and Change

June 2021

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Background documents: Individual Directorate Monitoring Reports
MTFS Report to Council – 24 February 2021