

BRIDGEND COUNTY BOROUGH COUNCIL

REPORT TO CABINET

1 SEPTEMBER 2021

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

BUDGET MONITORING 2021-22 – QUARTER 1 REVENUE FORECAST

1. 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 30th June 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 24th February 2021, Council approved a net revenue budget of £298.956 million for 2021-22. 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 30th June 2021

4.1.1 The Council's net revenue budget and projected outturn for 2021-22 is shown in Table 1 below.

Table 1- Comparison of budget against projected outturn at 30th June 2021

| Directorate/Budget Area | Original Budget 2021-22 £'000 | Revised Budget 2021-22 £'000 | Projected Outturn Q1 2021-22 £'000 | Projected Over / (Under) Spend 2021-22 £'000 | Projected Over / (Under) Spend Qtr 1 2020-21 £'000 |
|---|-------------------------------|------------------------------|------------------------------------|--|--|
| Directorate | | | | | |
| Education and Family Support | 127,055 | 127,092 | 127,863 | 771 | 1,992 |
| Social Services and Wellbeing Communities | 74,043 | 74,023 | 73,376 | (647) | 1,182 |
| Chief Executive's | 28,137 | 28,159 | 28,783 | 624 | (1,048) |
| | 21,304 | 21,364 | 21,520 | 156 | 677 |
| Total Directorate Budgets | 250,539 | 250,638 | 251,542 | 904 | 2,803 |
| Council Wide Budgets | | | | | |
| Capital Financing | 7,329 | 7,329 | 7,329 | 0 | 0 |
| Levies | 7,783 | 7,797 | 7,797 | 0 | 11 |
| Apprenticeship Levy | 650 | 650 | 650 | 0 | (14) |
| Council Tax Reduction Scheme | 15,654 | 15,654 | 15,654 | 0 | 317 |
| Insurance Premiums | 1,363 | 1,363 | 1,363 | 0 | (66) |
| Repairs & Maintenance | 670 | 670 | 670 | 0 | 0 |
| Pension Related Costs | 430 | 430 | 430 | 0 | 0 |
| Other Corporate Budgets | 14,538 | 14,425 | 14,425 | 0 | 0 |
| Total Council Wide Budgets | 48,417 | 48,318 | 48,318 | 0 | 248 |
| | | | | | |
| Total | 298,956 | 298,956 | 299,860 | 904 | 3,051 |

4.1.2 The overall projected position at 30th June 2021 is a net over spend of £904,000 comprising £904,000 net over spend on directorates and a break even projection on council wide budgets. The projected position is based on:-

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

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

Covid-19

- 4.1.3 The UK was put into lockdown on 23rd March 2020 in an unprecedented step to attempt to limit the spread of coronavirus. A Covid-19 Hardship fund was set up at an early stage by the Welsh Government to the value of £188.5 million which the Council was able to draw on for financial support. Bridgend successfully claimed over £15 million in expenditure claims and over £5.5 million in loss of income claims in 2020-21.
- 4.1.4 The Welsh Government has allocated £206.6 million in its budget to the Hardship fund to support local government for the first six months of 2021-22. In relation to support beyond this period, WG have recently confirmed the extension of Covid-cost related support for the adult social care sector up to the end of the current financial year.
- 4.1.5 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. Updates will continue to be provided to Cabinet through the quarterly revenue budget monitoring reports throughout 2021-22.
- 4.1.6 Cabinet and Corporate Management Board (CCMB) agreed to establish a £1 million Covid-19 Recovery Fund in 2020-21 to provide funding for conscious and proactive decisions aimed at boosting recovery that were unlikely to be paid for by WG. The balance on this fund has been carried into 2021-22 and CCMB have approved the use of this fund to support the free car parking offer for town centres to the end of May, a phased rental income increase for BCBC owned premises, waiver of sports fees for the remainder of the 2020-21 season and summer play projects. Further proposals will be considered by CCMB during 2021-22.

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

- 4.1.7 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 or established earmarked reserves. Claims submitted to date to Welsh Government, and the outcome of these claims, are shown in Table 2.

Table 2 – Covid-19 expenditure claims for Quarter 1 2021-22

| Specific Hardship Fund | Claimed £'000 | Paid £'000 | On hold/ pending review £'000 | Disallowed £'000 |
|--|--------------------------|-----------------------|--|-----------------------------|
| General | 121 | 100 | 20 | 1 |
| Homelessness | 1,236 | 9 | 1,227 | 0 |
| Free School Meals | 0 | 0 | 0 | 0 |
| Schools | 202 | 168 | 134 | 0 |
| Adult Social Services | 1,120 | 275 | 845 | 0 |
| Self Isolation Payments (SIP)/ Statutory Sick Pay Enhancements (SSP) | 56 | 56 | 0 | 0 |
| Total | 2,736 | 608 | 2,127 | 1 |

- 4.1.8 The disallowed expenditure relates to reimbursement of costs incurred by the Council in relation to ongoing home working arrangements. Whilst the WG hardship panel agreed that these costs may be additional and not within the council's financial plans, they also felt that having such assets in place provides longer term benefits to local authorities. A contribution of 50% has therefore been agreed across Wales toward these costs. The majority of the claims, £2.127 million, are on hold/pending review with more detailed information requested by WG to substantiate items on hold. As there is no certainty at the time of writing this report in relation to the outcome of the items placed on hold, the reimbursement of costs has not been assumed in the quarter 1 projections.
- 4.1.9 The Council has been requested to submit a claim for loss of income to the Welsh Government for the first quarter of 2021-22 on 23rd July 2021. Therefore the outcome of any loss of income claims at the time of writing this report is unknown therefore the projections have excluded any anticipated support for loss of income.
- 4.1.10 In addition to lost income from service provision, the Council is also likely to see a reduction in council tax income over the 2021-22 financial year as more people have suffered financial hardship through the pandemic and the furlough scheme comes to an end. Bridgend received £1.261 million from WG in 2020-21 in recognition of the reduced collection rates experienced by councils as a consequence of the Covid-19 pandemic. A 1% reduction in the council tax income collection rate could result in an additional pressure to the Council of around £1 million. It is too early to provide a realistic indication of projected council tax for this financial year, but it will be monitored continuously throughout the year and reported accordingly.
- 4.1.11 Alongside the impact on Council Tax, the ending of the furlough scheme could also manifest itself in an increase in eligibility for council tax reduction support. 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, however, no additional funding has yet been identified by Welsh Government for either reduced council tax income or increased council tax support.

Budget virements/technical adjustments

- 4.1.12 There have been a number of budget virements and technical adjustments between budgets since the MTFs was approved by Council in February 2021. The budget position is reported on the assumption that these virements will be approved. The main virements and technical adjustments are outlined below:

Budget Virements

| Service vired from / to | Amount |
|---|---------------|
| Transfer of funding from the Communities Directorate to Chief Executive's to provide financial project support on Regeneration schemes | £60,000 |
| Transfer of funding from the Education and Family Support and Social Services and Wellbeing Directorates to the Communities Directorate for Corporate Landlord to manage the Eastern Hub premises based at Brynteg School | £50,000 |

Technical Adjustments

| Service vired from / to | Amount |
|--|---------------|
| Transfer of Real Living Wage uplifts to Directorate Budgets and school based staff that were held centrally until evidence was provided. | £99,960 |
| Transfer of funding from Education and Family Support Directorate to the Individual Schools Budget in relation to the establishment of and ASD Class | £34,260 |
| Transfer of funding to Levies budget for uplift to Glamorgan Archives facility | £14,234 |

Pay/Price Inflation

4.1.13 When the budget for 2021-22 was set, directorates were provided with funding for known pay and price inflation. The remaining provision was retained centrally within Council wide budgets, to be allocated as further information was known about specific contractual price increases e.g. for energy. We are currently in the process of gathering information about increased energy prices for 2021-22, and will amend budgets accordingly during the year.

4.1.14 Inflationary pressures include those arising from specific contractual commitments and significant increases in staffing costs arising not only from the above inflation increases in the national living wage, but also the ongoing discussions regarding the pay claim for National Joint Council (NJC) workers, and the consultation on Teachers' pay (current proposal is an increase of 1.75%). There is a risk that there may not be sufficient funding available within these budgets for any unexpected major price inflation increases. Inflation rates have also fluctuated since the budget was set (CPI was 0.7% in February 2021 and had increased to 2.1% by May 2021). With the uncertainty around Brexit and Covid-19, and the possible economic fallout arising from these, the budget will need to be monitored closely during the remainder of the year.

Budget Reduction Proposals

4.1.15 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 £1.760 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.

4.1.16 In February 2021 Council approved the Medium Term Financial Strategy for 2021-22 to 2024-25. This identified 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.

4.1.17 At year end consideration will be given to requests from directors to carry forward any planned directorate under spends for specific purposes into the following year, in line with the Council's Reserves and Balances Protocol, as long as these can be

met from within the Council's cash limited budget for 2021-22. This is in line with the reports to Cabinet and Council on the MTFs, and the Council's Financial Procedure Rules. Similarly, consideration will be given to any budget over spends to determine whether these should be carried forward as a first call on the directorate budget for the following year. Finally, outstanding prudential borrowing will be repaid, where possible, to reduce future capital financing charges. However, a decision will not be made until towards the end of the financial year when the overall outturn position is more definite.

4.2 Monitoring of Budget Reduction Proposals

Prior Year Budget Reductions

4.2.1 A report was presented to Cabinet on 22nd June 2021 on the Revenue Budget Outturn 2020-21. In the report it was highlighted that, for 2017-18 to 2019-20, there were £2.501 million of budget reduction proposals that were not met in full, with a total outstanding balance to be met of £709,000. In addition, of the 2020-21 budget reduction proposals of £2.413 million, it was reported that there was a total outstanding balance to be met of £342,000. Directors have been 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. All remaining outstanding prior year budget reductions are summarised in Appendix 1 with a summary per directorate provided in Table 3.

Table 3 – Outstanding Prior Year Budget Reductions

| | Total Budget Reductions Required | Total Budget Reductions Likely to be Achieved | Shortfall |
|---|---|--|------------------|
| DIRECTORATE /BUDGET REDUCTION AREA | £'000 | £'000 | £'000 |
| Education and Family Support | 344 | 344 | 0 |
| Social Services and Wellbeing | 185 | 0 | 185 |
| Communities | 1,847 | 1,772 | 125 |
| TOTAL | 2,376 | 2,066 | 310 |

4.2.2 Table 3 shows that of the £2.376 million outstanding reductions, £2.066 million is likely to be achieved in 2021-22 leaving a shortfall of £310,000. Proposals still not likely to be achieved include:

- SSW19 – further review of HALO partnership contract in relation to taking over the management and payment of utility bills (£40,000). Alternative savings are being developed as advice from VAT consultants resulted in this budget reduction proposal being unable to be progressed.
- SSW20 – savings from library and cultural facilities (£70,000). Covid-19 has impacted on the delivery of this saving and there is an ongoing impact on

these budgets in relation to income levels achieved. Under spends are being held across the service area to mitigate any shortfall in the short term.

- SSW27 – income generation from mobile response and telecare charging (£75,000). Income levels have not increased to the level required to meet the budget reduction therefore the service area continues to seek to identify efficiencies to meet the shortfall in 2021-22.
- COM19 – Streetworks review (£100,000) due to delays in approval process with Welsh Government. The Highways network budget area is committed to stay within budget through the implementation phase.

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

Budget Reductions 2021-22

4.2.4 The budget approved for 2021-22 included budget reduction proposals totalling £1.760 million, which is broken down in Appendix 2 and summarised in Table 4 below. The current position is a projected shortfall on the savings target of £65,000, or 3.7% of the overall reduction target.

Table 4 – Monitoring of Budget Reductions 2021-22

| | Total Budget Reductions Required | Total Budget Reductions Likely to be Achieved | Shortfall |
|---|---|--|------------------|
| DIRECTORATE /BUDGET REDUCTION AREA | £'000 | £'000 | £'000 |
| Education and Family Support | 116 | 116 | 0 |
| Schools | 0 | 0 | 0 |
| Social Services and Wellbeing | 315 | 315 | 0 |
| Communities | 823 | 758 | 65 |
| Chief Executive's | 130 | 130 | 0 |
| Council Wide Budgets | 376 | 376 | 0 |
| TOTAL | 1,760 | 1,695 | 65 |

4.2.5 The most significant budget reduction proposal unlikely to be achieved in full is COM 2 – Re-location of Community Recycling Centre from Tythegston to Pyle resulting in cessation of lease payments at existing site (£60,000). The new site in Pyle is not opening until October 2021 and both sites will be maintained until the new site is fully operational, therefore the saving will not be achieved in full until 2022-23.

- 4.2.6 Appendix 2 identifies the projected amount of saving against these proposals in detail and action to be taken by the directorate to mitigate the shortfall. Directors continue to work with their staff to deliver their proposals or alternatives and this is reflected in the forecast outturn for the year. During the financial year the Section 151 Officer will also consider applications from directorates to the MTFS Budget Reduction Contingency reserve to mitigate some of the shortfalls.
- 4.2.7 In the longer term, these proposals must be realised or must be met through alternative budget reduction proposals in order to deliver a balanced budget position. These will continue to be closely monitored and draw down from the MTFS Budget Reduction Contingency reserve will be made as part of the overall review of earmarked reserves during quarter 2.

4.3 Commentary on the financial position at 30th June 2021

Financial position at 30th June 2021

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.

4.3.5 Education and Family Support Directorate

The net budget for the Directorate for 2021-22 is £127.092 million. Current projections indicate an over spend of £771,000 at year end. The main variances are:

| EDUCATION & FAMILY SUPPORT DIRECTORATE | Net Budget | Projected Outturn | Projected Variance Over/(under) budget | % Variance |
|---|-----------------------|------------------------------|---|-----------------------|
| | £'000 | £'000 | £'000 | |
| Inclusion | 2,574 | 3,357 | 783 | 30.4% |
| Adult Learning | 145 | 8 | (137) | -94.5% |
| Corporate Health and Safety | 388 | 319 | (69) | -17.8% |

Schools' Delegated Budgets

Total funding delegated to schools in 2021-22 is £103.561 million.

The schools' delegated budget is reported as balanced as any under or over spend is automatically carried forward into the new financial year before being considered by the Corporate Director - Education and Family Support in line with the 'Guidance and Procedures on Managing Surplus School Balances'.

Total school balances increased by £8.382 million during 2020-21, to £8.490 million at year end. The main reason for the significant increase was additional schools revenue grant funding of £5.417 million announced late in 2020-21 and successful claims to the WG Hardship fund of £1.312 million in the final quarter of 2020-21. At the start of 2021-22, projections indicated an overall surplus balance for school

delegated budgets of £5.241 million at year end. There are 8 primary schools (13.5% of all schools) projecting a deficit balance at year end.

Central Education and Family Support Budgets

Inclusion

- There is a projected over spend of £783,000 for Inclusion which primarily relates to the shortfall in recoupment income for other LA placements at Heronsbridge School and Ysgol Bryn Castell. Whilst a budget pressure of £500,000 was agreed by Council as part of the MTFs in February 2021, there has been a further reduction in the number of other LA pupils in Bridgend schools. Whilst there were 20 at the end of 2020-21 this has reduced to 16 with an expectation this will reduce further to 12 from the Autumn Term due to increased demand from BCBC pupils.

Adult Learning

- The projected under spend of £137,000 is primarily due to staff vacancies. In addition there has been an increase of £63,500 to the Adult Community Learning Grant compared with 2020-21.

Corporate Health and Safety

- There is a projected under spend of £69,000 within Corporate Health and Safety which is due to staff vacancy management. The service are actively recruiting to fill the vacant posts.

4.3.6 **Social Services and Wellbeing Directorate**

The Directorate's net budget for 2021-22 is £74.023 million. Current projections indicate an under spend of 647,000 at year end. The main variances are:

| SOCIAL SERVICES AND WELLBEING DIRECTORATE | Net Budget | Projected Outturn | Projected Variance Over/(under) budget | % Variance |
|--|-------------------|--------------------------|---|-------------------|
| | £'000 | £'000 | £'000 | |
| Adult Social Care | 46,452 | 49,157 | (295) | -0.6% |
| Prevention and Wellbeing | 5,200 | 5,149 | (51) | -1.0% |
| Childrens Social Care | 19,371 | 19,070 | (301) | -1.6% |

Adult Social Care

There is projected net under spend of £295,000 on the Adult Social Care budget. The most significant variances contributing to this projected over spend are:-

| ADULT SOCIAL CARE | Projected Variance Over/(under) budget |
|--|---|
| | £'000 |
| Older People Residential Care | 324 |
| Care at Home for Older People | (762) |
| Assessment and Care Management | (202) |
| Physical Disability/Sensory Impairment | 237 |

- Older People Residential Care – the projected over spend of 324,000 is due to increased placement costs and a reduction in personal contributions. The position would improve if claims to the Covid Hardship Fund are successful (£301,000 successfully claimed in 2020-21).
- 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 £762,000 is primarily on the homecare budget due to staffing vacancies and delays in implementing a restructure due to Covid-19. The restructure is progressing in 2021-22.
- Assessment and Care Management – there is a projected under spend of £202,000 across all service areas due to a continuing challenging recruitment environment. Various recruitment activities have been actioned in order to fill vacant posts but appointments have been affected by Covid-19.
- Physical Disability/Sensory Impairment – there is a projected net over spend of £237,000 within this service area. There is a projected under spend on the Residential Care budget due to a reduction in placements (£155,000). This is offset by the projected over spend of £272,000 on the equipment and adaptations budget as a result of increased demand due to Covid-19 with a view to keeping individuals in their home setting. There is also a projected £195,000 over spend on the Home Care budget due primarily to increases in demand within Independent Domiciliary Care (£137,000) – an additional 8 placements to date in 2021-22 has placed an additional pressure of £85,000.

Prevention and Wellbeing

- The projected under spend of £51,000 is primarily due maximisation of grant funding opportunities. The projection does not include any estimate for a contribution to the Council's leisure provider for the gross net loss of running the leisure services in 2021-22 due to Covid-19. Claims will be made to the WG Hardship loss of income fund for the first six months of 2021-22. Close monitoring of the impact of Covid-19 on leisure services beyond this point will be required and updates provided to Cabinet in future monitoring reports.

Childrens Social Care

- There is projected net under spend of £301,000 on the Childrens Social Care budget. This primarily relates to a projected under spend on the Care Experienced Children budget of £310,000.
- At the end of quarter 1 there are 6 children in independent residential placements (in and out of authority) and 2 in BCBC 39 week local authority education provision. Two placements ceased during quarter 1, however it should be noted that this budget area can be volatile and small changes in demand can result in relatively high costs being incurred. Additional placements have already been made since 30 June 2021 and searches are underway due to high risk/complex cases with requirements for specialist provision. The budget is being closely monitored to ensure that the current projected under spend is effectively managed.

4.3.7 Communities Directorate

The net budget for the Directorate for 2021-22 is £28.159 million. The current projection is an anticipated over spend of £624,000. The main variances are:

| COMMUNITIES DIRECTORATE | Net Budget | Projected Outturn | Projected Variance Over/(under) budget | % Variance |
|--------------------------------|-------------------|--------------------------|---|-------------------|
| | £'000 | £'000 | £'000 | |
| Waste Disposal & Collection | 8,828 | 9,247 | 419 | 4.7% |
| Fleet Services | 15 | 215 | 200 | 1333.3% |
| Highways Services | 2,854 | 2,754 | (100) | -3.5% |
| Parking Services | -283 | -66 | 217 | -76.7% |

Waste Disposal and Collection

- There is a projected over spend of £419,000 on the Waste Disposal and Collection budget. £60,000 of this is due to the delay in the achievement of COM 2 - Re-location of Community Recycling Centre from Tythegston to Pyle resulting in cessation of lease payments at the existing site. The new site is opening in October 2021 and both sites are being kept open until the new site is fully operational. The balance of the over spend is due to continued increased tonnages of residual waste being experienced by the service. Tonnages increased in 2020-21, primarily due to lockdowns and more residents working from home in general. £232,000 was successfully claimed from the Hardship Fund in 2020-21 and claims will continue to be submitted in 2021-22, therefore this projection could improve.

Fleet Services

- There is a projected over spend of £200,000 on Fleet services. The pandemic continues to impact on productivity rates, primarily due to social distancing requirements in the workplace. Reduced spend will be projected on Hire and Servicing budgets across the service departments, and consideration will be given to re-aligning budgets on a temporary basis if this projection is maintained at quarter 2.

Highways Services

- The projected under spend of £100,000 within Highways Services is primarily due to members of staff working on, and hence charging their time to, the SALIX capital scheme to enable the replacement of street lighting with new energy efficient LED units. This is not a recurring saving and is a reduced projection from the 2020-21 outturn of £244,000 as the SALIX Scheme will be ending in quarter 2 of 2021-22.

Parking Services

- There is a projected over spend on the parking services budget of £217,000. This is after taking into account a £35,000 contribution from the Covid Recovery fund – (see 4.1.6) to support the free car parking offer for town centres to the

end of May. The underlying shortfall is against the staff car park income budget (£180,000) with the ongoing working from home principle to be maintained in the majority of service areas for the full financial year.

4.3.8 Chief Executive's

The net budget for the Directorate for 2021-22 is £21.364 million. Current projections anticipate an over spend against this budget of £156,000. The main variances are:

| CHIEF EXECUTIVE'S | Net Budget £'000 | Projected Outturn £'000 | Projected Variance Over/(under) budget £'000 | % Variance |
|-----------------------------------|---------------------|----------------------------|---|------------|
| Finance | 3,695 | 3,578 | (117) | -3.2% |
| HR and Organisational Development | 1,912 | 1,801 | (111) | -5.8% |
| Partnerships | 2,034 | 1,814 | (220) | -10.8% |
| Legal, Democratic & Regulatory | 4,929 | 5,199 | 270 | 5.5% |
| ICT | 3,752 | 4,092 | 340 | 9.1% |
| Housing & Homelessness | 3,354 | 3,256 | (98) | -2.9% |

Finance

- There is a projected under spend of £117,000 which is primarily due to staffing vacancies as the service is currently going through a restructure. The structure is anticipated to have been populated by the second half of the 2021-22 financial year.

HR and Organisational Development

- There is a projected under spend of £111,000. This primarily relates to staffing and apprenticeship vacancies, however HR are actively recruiting to fill, or have already filled these vacancies.

Partnerships

- This service areas includes Transformation, Partnerships and Customer Services & Engagement. The projected under spend of £220,000 is primarily due to staff vacancies. Various recruitment activities have been actioned in order to fill vacant posts but appointments have been affected by Covid-19.

Legal, Democratic & Regulatory

- There is a projected over spend of £270,000. This is primarily due to lower than forecast levels of income received for registrars, land charges, licencing fees and public health fees. Claims will be made to the Hardship Fund for the first six months of 2021-22 so this projection could improve in future budget monitoring reports if the claims prove to be successful.

ICT

- There is a projected net over spend of £340,000 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. Consequently, reduced spend will have been incurred on printing budgets

across the service departments and included in the projections for individual service areas. Given the ongoing working from home principle for the remainder of the 2021-22 financial year, an exercise will be undertaken to re-align budgets before the end of quarter 2.

Housing & Homelessness

- There is a projected under spend of £98,000 on Housing & Homelessness which is primarily due to staffing vacancies. The service are actively recruiting to fill the vacant posts.
- 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. The budget was approved prior to confirmation from WG that the Covid Hardship Fund was to be extended for the first six months of 2021-22. Table 2 sets out that claims of £1.236 million have been submitted to the Hardship Fund to date in 2021-22 and of these £1.227 are pending review. If these claims are successful, this will significantly improve the projections for Housing in this financial year.

4.3.9 Council Wide budgets

This section includes budgets, provisions and services which are council wide, and not managed by an individual directorate. The budget for 2021-22 is £48.318 million. The current projections show a break-even position on Council wide budgets.

As referred to in paragraph 4.1.14, the ongoing discussions regarding the pay claim for National Joint Council (NJC) workers and the consultation on Teachers' pay (current proposal is an increase of 1.75%), the risk of unexpected major price inflation increases along with the uncertainty of Brexit and Covid-19 at this point in the financial year, it is prudent to assume that all Council wide budgets will be fully spent by the year end.

5. Effect upon policy framework and 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. Equality Act 2010 implications

- 6.1 The protected characteristics identified within the Equality Act 2010, 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. 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 That the Committee is requested to:

- note the projected revenue position for 2021-22.

Gill Lewis
Interim Chief Officer – Finance, Performance and Change
July 2021

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