

BRIDGEND COUNTY BOROUGH COUNCIL

REPORT TO COUNCIL

15 JUNE 2022

REPORT OF THE CHIEF OFFICER – FINANCE, PERFORMANCE AND CHANGE

REVENUE BUDGET OUTTURN 2021-22

1. Purpose of report

- 1.1 The purpose of this report is to provide Council with an update on the Council's revenue financial performance for the year ended 31st March 2022, and to seek approval for budget virements between £100,000 and £500,000, as required by the Council's Financial Procedure Rules.

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 31st March 2022

- 4.1.1 The 2021-22 financial year has continued to be a 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.

The Welsh Government (WG) allocated £206.6 million in its budget to the Hardship Fund to support local government for the first six months of 2021-22. In addition, £23.3 million was allocated to support free school meals during the school holidays. WG subsequently confirmed a further allocation of £97.5 million for the remainder of the 2021-22 financial year with revised principles for claims and tapering of support for social care uplifts and void payments. Finally, three new allocations were added to the Hardship Fund in quarter 3 - £38 million for winter fuel support, £600,000 for community hubs and £2 million for homelessness support. The process for drawing down the money continued to be 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.

The outcome of these claims have been reported to Cabinet on a quarterly basis and have impacted favourably on the end of year position. Our claims against the WG Hardship fund totalled £16.510 million, of which only £66,000 were disallowed.

Furthermore, once again significant grants were received in the last quarter of the financial year, £3.341 million of directorate grants and £6.041 million for schools, resulting in a change in the financial position between quarter 3 and quarter 4. These will be spent in 2022-23 in accordance with the conditions applied to the grants and will be closely monitored to ensure their effective use.

The other significant changes between quarter 3 and quarter 4 were:

- the £1.151 million contribution from WG in March 2022 in recognition of the reduced council tax collection rates experienced by Councils in 2021-22, as a consequence of the Covid-19 pandemic, and;
- the one-off increase to the Revenue Support Grant of £2.703 million against the context of inflationary and service pressures, the ending of the WG Hardship Fund as well as continuation of decarbonising services and responding to the climate and nature emergency, increasing the Council's net budget from £298.956 million to £301.659 million for 2021-22 (Table 1).

Given the changes that have occurred which have resulted in a better financial position at the end of 2021-22, the Council is able to apply some of this funding to investments to support its residents. A more detailed review of Earmarked reserves is provided in section 4.4 of the report and **Appendix 4** and another report on this agenda and the Council agenda on 15th June to seek approval for a range of capital schemes to be funded from this year's under spend.

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

Table 1 - Comparison of budget against actual outturn at 31st March 2022

Directorate/Budget Area	Original Budget 2021-22 £'000	Current Budget 2021-22 £'000	Final Outturn Q4 2021-22 £'000	Final Over / (Under) Spend 2021-22 £'000	Projected Over / (Under) Spend Qtr 3 2021-22 £'000
Directorate					
Education and Family Support	127,055	128,292	128,119	(173)	1,019
Social Services and Wellbeing Communities	74,043	75,239	69,848	(5,391)	(1,093)
Chief Executive's	28,137	28,654	28,456	(198)	90
	21,304	21,801	18,731	(3,070)	(2,088)
Total Directorate Budgets	250,539	253,986	245,154	(8,832)	(2,072)
Council Wide Budgets					
Capital Financing	7,329	7,329	8,447	1,118	1,000
Levies	7,783	7,797	7,775	(22)	(22)
Apprenticeship Levy	650	650	682	32	23
Council Tax Reduction Scheme	15,654	15,654	15,239	(415)	(150)
Insurance Premiums	1,363	1,363	2,840	1,477	62
Repairs & Maintenance	670	506	37	(469)	(150)
Pension Related Costs	430	430	426	(4)	0
Other Council Wide Budgets	14,538	11,241	2,094	(9,147)	(8,220)
Total Council Wide Budgets	48,417	44,970	37,540	(7,430)	(7,457)
Accrued Council Tax Income			(2,463)	(2,463)	0
Appropriation to Earmarked Reserves	0	2,703	21,097	18,394	7,004
Transfer to Council Fund			331	331	
Total	298,956	301,659	301,659	0	(2,525)

4.1.3 The overall outturn at 31st March 2022 is a net under spend of £331,000 which has been transferred to the Council Fund, bringing the total Fund balance to £10.103 million in line with Principle 9 of the Medium Term Financial Strategy (MTFS). Total Directorate budgets provided a net under spend of £8.832 million, and Council Wide budgets a net under spend of £7.430 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, and additional one-off funding from WG to support pressures in Social Services and Wellbeing and Council Tax, the Council is in a position to invest in services and facilities for its residents and to mitigate future risks and expenditure commitments. The outturn position also takes into account a net under spend of £2.463 million on council tax income during the financial

year (see paragraph 4.1.7 for detail) and additional RSG income of £2.703 million (see paragraph 4.1.8 for detail).

4.1.4 Table 1 highlights a £6.760 million movement since quarter 3 on total Directorate Budgets. Table 2 below highlights the main reasons for the change, including additional funding received by the Council since quarter 3, that support the changed outturn position. Since quarter 3, the Authority has successfully claimed £1.095 million of Hardship funding to support additional expenditure and loss of income experienced by the Authority as a result of the Covid-19 pandemic.

Table 2 – Movements since quarter 3 2021-22

Directorate/Budget Area	Rebates from Regional Service	WG Hardship Claims	Reallocation of Existing Grants	Additional Grants
	£'000	£'000	£'000	£'000
Education and Family Support	0	26	418	400
Social Services & Wellbeing	0	411	1,824	3,031
Communities	0	240	0	0
Chief Executives	129	418	354	0
Total Directorate Budgets	129	1,095	2,596	3,431
Revenue Support Grant (see Earmarked Reserve line in Table 1)	0	0	0	2,703
Council Tax	0	0	0	1,151

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 £6.027 million and £2.703 million in Council Wide Budgets - £8.730 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 2021-22 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 outturn position also takes into account the net under spend on council tax income of £2.463 million during the financial year. The end of year position on council tax comprises £1.312 million of additional council tax income collected along with a contribution from WG of £1.151 million in March 2022 in recognition of the general reduced collection rates experienced by Councils in 2021-22 as a consequence of the Covid-19 pandemic.

- 4.1.8 The net position also takes into account a one-off increase to the Revenue Support Grant for 2021-22 from WG of £2.703 million, provided to give support to manage budgets more effectively over the period 2021-22 to 2024-25 against the context of inflationary and service pressures, and the ending of the Local Government Hardship Fund, as well as helping to continue work to decarbonise services and respond to the climate and nature emergency.
- 4.1.9 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 Social Services and Wellbeing, Homelessness, Waste and Home to School Transport (HtST). It should be noted that these budget areas can be volatile and small changes in demand can result in relatively high costs being incurred.
- 4.1.10 It is forecast that the long-term impact of Covid-19, alongside the already known pressures of an ageing population, increasing dementia rates and more complex and challenging needs is going to result in increasing demands on already pressurised services in the Social Services and Wellbeing Directorate. The underlying pressure on the budget is masked by one off grant funding of £5.581 million from WG, £770,000 contribution from the WG Hardship fund supporting BCBC social care core budgets, maximisation of Housing Support Grant (£717,000) along with under spends on staffing budgets due to difficulties in recruitment, which subsequently impacts on the ability to meet demands for packages of care.
- 4.1.11 Whilst budget growth of £2.192 million was approved by Council as part of the Medium Term Financial Strategy (MTFS) budget setting process in February 2021, to continue the commitment to focus support for homeless individuals, the Council has seen a significant increase in the provision of temporary accommodation. Welsh Government has confirmed support for the first six months of 2022-23 to support homeless individuals but given the increase in provision the budget growth might be insufficient to meet the increase in demand going into 2022-23 and will require close monitoring.
- 4.1.12 Waste tonnages increased in 2020-21, primarily due to lockdowns and more residents working from home in general, and this trend has continued into 2021-22. Support was received in 2020-21 and in the first half of 2021-22 from the WG Hardship Fund towards these increased costs. Support continued for the second half of 2021-22, albeit that funding was reduced to 50% of the increased costs. As the Hardship Fund will not be in place beyond the 31st March 2022, Council approved a budget pressure of £387,000 as part of the MTFS 2022-23 to 2025-26 to support the continuing increase in disposal costs of Kitchen Waste, Street Litter and Blue Bag waste.
- 4.1.13 There is an over spend on Home to School Transport (HtST) of £948,000 in 2021-22. This is on top of the underlying pressure on the HtST budget which has been supported in 2021-22 by a one-off MTFS Budget Pressure of £1.210 million that 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. An MTFS Budget pressure of £2.472 million was approved by Council in February 2022 to support the ongoing pressures on the HtST budget.

4.1.14 In addition, given the potential for significant funding being required to meet pay and price costs in 2022-23, along with any ongoing budget pressures arising as a result of the pandemic, uncertainties around the end of the Brexit transition period and soaring inflationary levels for 2022-23 any uncommitted funding in 2021-22 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) with no ongoing support from WG confirmed for 2022-23. Therefore, any uncommitted funding from other council wide budgets will be carried forward to meet those pressures in the new financial year.

Budget virements/technical adjustments

4.1.15 There have been a number of budget virements and technical adjustments between budgets since the quarter 3 Revenue Forecast was presented to Cabinet in January 2022. The outturn position is reported on the assumption that these virements will be approved. The main virements and technical adjustments in quarter 4 are outlined below:

Budget Virements

Service vired from / to	Amount
A centrally retained allocation for the provision of additional 1:1 support in special schools has been transferred from Schools to the Education and Family Support Directorate budget (Recoupment) in line with the responsibility for the provision of this specialised service.	£185,000

Technical Adjustments

Service vired from / to	Amount
Allocation of funding retained centrally in respect of NJC pay award 2021-22 - confirmed in March 2022	£1,826,134
Allocation of funding retained centrally in respect of JNC pay award 2021-22 for Chief Officers - confirmed in March 2022	£33,890
Allocation of funding retained centrally in respect of Soulbury pay award 2021-22 - confirmed in March 2022	£8,440
Allocation of corporately held funding for Feasibility works in line with spend	175,824
Allocation of corporately held funding for Revenue minor works in line with spend	64,152

4.1.16 The net budget for the financial year was set assuming full implementation of the approved 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. These are set out in paragraph 4.2.4.

Covid-19

- 4.1.17 When the UK was put into lockdown WG established a Covid Hardship Fund to give special financial assistance to local authorities to meet the additional costs incurred as a result of the pandemic 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. The WG allocations to the Hardship Fund in 2022-23 are set out in 4.1.1.
- 4.1.18 The Hardship Fund was established to meet the additional costs and loss of income arising from Covid 19 ended on the 31 March 2022. However local authorities continue to administer three elements that were paid through the Hardship fund on behalf of WG – Self Isolation Payments (to end of June 2022), Statutory Sick Pay enhancement scheme (to end of June 2022) and Free School Meal payments (to end of summer 2022 school holiday).
- 4.1.19 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 recovery fund was utilised in 2021-22 to support a phased return to historic rental income levels for Bridgend County Borough Council (BCBC) owned premises following the rental holiday periods supported during the pandemic. The balance of £443,865 on the Covid-19 Recovery Fund will be carried into 2022-23 with further proposals to boost recovery considered by CCMB.

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

- 4.1.20 Welsh Government has 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 or established earmarked reserves. WG Hardship Expenditure claims submitted to Welsh Government in 2021-22, and the outcome of these claims, are shown in Table 3.

Table 3 – Covid-19 expenditure claims 2021-22

Specific Hardship Fund	Claimed	Paid	Disallowed	Movement since Qtr 3 – excl disallowed
	£'000	£'000	£'000	£'000
General	752	687	65	186
Homelessness	2,794	2,794	0	178
Free School Meals	1,182	1,182	0	368
Schools	1,515	1,514	1	692
Adult Social Services	4,483	4,483	0	877
Visitor Economy	86	86	0	2
Winter Fuel	1,820	1,820	0	1,820
Self Isolation Payments (SIP)/ Statutory Sick Pay Enhancements (SSP)	2,116	2,116	0	1,258
Total	14,748	14,682	66	5,381

4.1.21 The majority of the disallowed expenditure (£55,334) related to the fact that WG only supported 50% of the increased costs associated with increased waste tonnages for the second half of 2021-22. £9,701 was also disallowed as it related to costs incurred by the Council in continuing to support 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. Again, a contribution of 50% was agreed to be funded by WG.

4.1.22 The overall increase in claims paid since quarter 3 of £5.381 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, 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 care homes and the Winter Fuel and Self Isolation Payments / Statutory Sick Payments (SIP/SSP) are administered by local authorities on behalf of WG.

4.1.23 The Council has also submitted claims for loss of income to Welsh Government in 2021-22 totalling £1.762 million as shown in Table 4. £608,000 of the claims were paid in quarter 4.

Table 4 – Covid-19 loss of income claims 2021-22

Directorate	Claims 2021-22	Paid	Main areas funded
	£'000	£'000	
Education and Family Support	74	74	£74k - School meal income
Schools	155	155	£97k - school meal income, £58k - loss of income from hire of school premises
Social Services & Wellbeing	1,034	1,034	£1.007m – contribution to Council's leisure service provider, £27k – dual use sites where facilities are managed for community use outside of school hours
Communities	344	344	£216k - Car Park Income, £45k pitch and pavilion hire, £67k – civil enforcement income
Chief Executive's	155	155	£85k – Legal, democratic and regulatory services £41k – Housing £14k - Finance
Total	1,762	1,762	

4.1.24 All of the loss of income claims in 2021-22 have been approved by WG.

Ongoing impact of Covid-19 pandemic in 2022-23

- 4.1.25 The Local Government Hardship fund, established to meet the additional costs and loss of income arising from Covid-19, ended on the 31 March 2022. However, as noted in 4.1.18 local authorities continue to administer three elements that were paid through the hardship fund on behalf of Welsh Government – Self Isolation Payments, SSP enhancement scheme and Free School Meal payments. No commitment for support from WG beyond this period has been given at present.
- 4.1.26 As part of the MTFs Budget setting process 2022-23 to 2025-26 in February 2022, Council approved a budget pressure of £1 million following the end of the WG Hardship Fund. This has been set aside to meet any ongoing pressures as a result of the Covid-19 pandemic, both in respect of additional cost pressures and ongoing loss of income. The budget pressure will be allocated out during the 2022-23 financial year in line with need and will be reviewed annually to determine whether or not it is still required.

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 £2.376 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 2021-22 financial year. A summary of the latest position is attached as **Appendix 1** with a summary per directorate provided in Table 5. Of the £2.376 million of prior year budget proposals outstanding, £2.276 million has been realised, leaving a balance of £100,000.

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	344	344	0
Social Services and Wellbeing	185	185	0
Communities	1,847	1,747	100
TOTAL	2,376	2,276	100

4.2.2 The proposal still not achieved is:

- COM19 – Streetworks review (£100,000) – the final business case was submitted to WG in quarter 3 of 2021-22. The service area has linked in on several occasions with WG who are required to provide approval for the scheme to progress before steps can be taken towards implementation. To date no official response has been received. Whilst the Highways network budget area is committed to stay within budget through the implementation phase it is recognised that having to underwrite this saving has put pressure on the service by having to cut back maintenance operations. If a response is not forthcoming from WG in the first quarter of 2022-23, the Communities Directorate will identify alternative budget reduction proposals.

Budget Reductions 2021-22

4.2.3 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 6 below. The end of year position is a shortfall on the savings target of £65,000, or 3.7% of the overall reduction target.

Table 6 – 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

4.2.4 The most significant budget reduction proposal not 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 anticipated to open in 2022-23, with both sites being maintained until the new site is fully operational, therefore the saving will not be achieved in full until 2023-24. The saving will therefore have to met through alternative one-off efficiencies in 2022-23 in order to deliver a balanced budget position.

4.2.5 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 2021-22 to mitigate on-going shortfalls as service areas committed to identify alternative one-off under spends in the service areas affected.

4.3 Commentary on the financial position at 31st March 2022

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.

4.3.1 Education and Family Support Directorate

The net budget for the Directorate for 2021-22 was £128.292 million and the actual outturn was £128.119 million, following draw down of £1.054 million from earmarked reserves, resulting in an under spend of £173,000. The outturn has improved since the projected over spend at quarter 3 of £1.019 million due primarily to:-

- New grant funding - £400,000 (Additional Learning Needs (ALN) grant - £329,000, Counselling Intervention grant - £71,000)
- Re-allocation of existing grants - £418,000 (Families First and Flying Start - £231,000, Children and Communities Grant - £187,000)
- Successful WG Loss of income claims in the Catering Service - £26,000

The most significant variances were:

EDUCATION & FAMILY SUPPORT DIRECTORATE	Net Budget	Actual Outturn	Actual Variance Over/(under) budget	% Variance
	£'000	£'000	£'000	
Learner Support	2,848	3,015	167	5.9%
Youth Development Service	469	328	(141)	-30.1%
Business Support	525	428	(97)	-18.5%
Home-to-School Transport	6,739	7,687	948	14.1%
Catering Service	1,117	963	(154)	-13.8%
Family Support	1,406	1,188	(218)	-15.5%
Early Help	40	(58)	(98)	-245.0%
Youth Justice Service	319	237	(82)	-25.7%
Historic pension and redundancy costs	983	813	(170)	-17.3%
Corporate Health & Safety Unit	387	216	(171)	-44.2%

Schools' Delegated Budgets

Total funding delegated to schools in 2021-22 was £110.980 million (including Post-16 grant funding of £6.705 million).

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 Welsh Government 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 2021-22 was:-

- Net overall school balances totalled £8.490 million at the start of the financial year. During 2021-22 school balances increased by £4.004 million to £12.494 million at the end of the financial year, representing 11.26% of the total funding allocated in 2021-22.
- Out of a total of 59 schools, there are no schools with a deficit balance and 53 schools (42 primary, 9 secondary, and 2 special school) have 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 2021-22	Total Funding available	Actual Spend	Balance at year end
	£'000	£'000	£'000	£'000	£'000
Primary	4,550	50,468	55,018	48,024	6,994
Secondary	2,978	50,384	53,362	48,572	4,790
Special	962	10,128	11,090	10,380	710
Total	8,490	110,980	119,470	106,976	12,494

It must be noted that there has been a significant improvement from the projected outturn position for schools of a £3.93 million surplus at quarter 3.

The main reason for this is additional schools' revenue funding announced late in 2021-22 through the following grants:-

<u>Name of grant</u>	<u>Additional Value</u> <u>£'000</u>
Supplementary Recruit, Recover, Raise Standards (RRRS) – to further support learning recovery and progression in schools	1,376
School Revenue Maintenance Grant - the purpose of this funding is to cover school revenue maintenance costs	2,153
Additional Regional Consortia School Improvement Grant (RCSIG) to support pupils in the Foundation Phase years	444
Additional Learning Needs (ALN) New Systems - this funding is intended to support maintained schools and special schools to prepare for the phased commencement and full implementation of the Additional Learning Needs and Education Tribunal (Wales) Act 2018.	268
Additional ALN - additional grant funding for special schools and schools with specialist ALN classes/units. The purpose of the funding is to reimburse schools for increased costs incurred in 2021-22 (due to the impacts of the pandemic) to provide high quality support for children and young people with ALN.	180
Additional Post-16 funding to support transition in Years 11, 12 and 13	197
'Winter of Wellbeing' - to support schools to provide additional opportunities for learners to play, and to engage in social, cultural and physical activities and experiences outside of formal learning.	252
Allocation of funding to schools from the Central South Consortium (CSC) for quarter 4 (for example, collaboration and curriculum reform, support for learners in examination years and the curriculum design programme)	1,171
Total	6,041

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 pupils entitled to free school meals during 2021-22	307
Successful claims from WG Hardship Additional Expenditure Fund since quarter 3 – staff costs (£609K), non-staffing costs (£83K) - Table 3	692
Successful claims from WG Hardship Loss of Income fund since quarter 3 – school meal income (£32K), Hire of school premises (£13K) - Table 4	45
Total	1,044

In addition, schools have seen delays in securing goods and services, including building materials, as a direct consequence of the pandemic and Brexit. This has resulted in delayed or unachievable planned projects which had been budgeted for in 2021-22. General and agency staff shortages have also meant that schools have been unable to fill vacant posts and therefore have experienced under spends on staffing budgets. These have all contributed to the significant and unpredicted increase in year-end school balances.

Central Education and Family Support budgets

Learner Support

- The over spend of £167,000 primarily relates to the shortfall in income from other local authority (LA) placements at Heronsbridge School and Ysgol Bryn Castell. A budget pressure of £500,000 was agreed by Council as part of the MTFS in February 2021, but there has been a further reduction in the number of other LA pupils in Bridgend schools. The position has improved since quarter 3 due to receipt of additional ALN Grant of £328,638 and Counselling Intervention Grant of £71,290. Without these, the underlying pressure would have been £566,928. A Budget Pressure of £200,000 was approved by Council in February 2022 as part of the MTFS 2022-23 to 2025-26 to address the underlying recoupment income shortfall. This budget pressure will address the over spend position only if grant funding levels are maintained for 2022-23.

Youth Development Service

- The under spend of £141,000 relates primarily to maximisation of Families First grant funding (£199,275) and is therefore not a recurring under spend for 2022-23.

Business Support

- The under spend of £97,000 relates primarily to staff vacancy management. The service area is looking to recruit and fill the vacancies therefore this saving will not be recurring in 2022-23.

Home-to-school transport (HtST)

- There is an over spend on the Home to School Transport of £948,000 in 2021-22. This is on top of the underlying pressure on the HtST budget which has been supported by a one-off MTFs Budget Pressure of £1.210 million, 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.
- In addition to the historic pressures, Cabinet and Corporate Management Board also determined in 2020-21 that in order to ensure the safety of nursery pupils on school transport vehicles, those previously transported on big buses should be transported in either dedicated minibuses or taxis or in existing taxis and minibuses. This is an additional requirement for the 2021-22 school year onwards and has increased costs annually by an estimated £170,000.
- School transport operators have been significantly impacted by the pandemic and have passed many of the risks associated with continuing to operate including, for example, driver retention, relatively low paid jobs and ongoing insecurity in the market, on to the local authority. For example, the cost of drivers and escorts has increased significantly.
- A retendering exercise has also been completed on home to school transport contracts, principally big buses and minibuses, with an annual increase of £752,000.
- A further procurement exercise has been undertaken for special taxis, taxis, and minibus contracts which will put further pressure on the HtST budget in 2022-23.
- By combining the final over spend of £948,000 with the one-off support of £1.210 million, the underlying budget pressure on the HtST budget amounts to £2.158 million. An MTFs Budget pressure of £2.472 million was approved by Council in February 2022 to support the increased costs of HtST. The budget will need close monitoring given that the outcome of the recent procurement exercise for special taxis, taxis, and minibus contracts will impact on the costs in 2022-23.

Catering Service

- The under spend of £154,000 in the Catering Service has primarily arisen as a result of a £201,000 under spend on the Free Breakfast Club core budget due directly to Covid-19 restrictions continuing to limit the ability to provide the service at full capacity in 2021-22.
- WG have confirmed that funding is available in the WG Hardship Fund to cover free school meal provision within school holidays up to the end of the summer 2022 school holiday.

Family Support

- The £218,000 under spend within the Family Support Group is primarily due to maximisation of Children and Communities grant funding and is therefore not a recurring under spend for 2022-23.

Early Help

- The £98,000 under spend within Early Help relates primarily to the maximisation of the Families First and Flying Start Grants.

Youth Justice Service

- The under spend of £82,000 within the Youth Justice Service is primarily due to staff vacancies experienced within the service. Following a re-structure of the service a strategic service manager has been appointed. This appointment, together with the vacant posts expected to be filled in 2022-23, should mean that there will not be an under spend in 2022-23.

Historic pension and redundancy costs

- The £170,000 under spend is due primarily to a reduction in redundancy costs requiring funding in 2021-22. Due to the reduction in schools in a deficit position since 2020-21, fewer staffing restructures have been required in 2021-22. There has also been a reduction in the costs of supporting historic employee pension costs - there will be an incremental reduction each year as members pass away. The budget will be monitored in 2022-23 to determine if any of these savings can be proposed for future MTFs savings.

Corporate Health & Safety Unit

- The £171,000 under spend within the Corporate Health and Safety Unit is due to staff vacancy management. The vacant posts are expected to be filled in 2022-23 therefore this saving should not be recurring in 2022-23.

4.3.2 **Social Services and Wellbeing Directorate**

The net budget for the Directorate for 2021-22 was £75.239 million and the actual outturn was £69.848 million following draw down of £48,000 from earmarked reserves, resulting in an under spend of £5.391 million. The outturn has significantly improved since the projected under spend at quarter 3 of £1.093 million. This is mainly due to notification in February 2022 of £2.221 million in Grant funding from the Welsh Government Social Care Pressures Grant. This grant was to support local authorities with social care pressures from over spends and winter pressures and is reflected in the individual budget areas in the narrative below. The improvement in the outturn position is also due to:-

- Maximising Social Care Recovery Grant - £725,000. As noted in the quarter 3 budget monitoring report, this grant had received a further allocation of £1.139 million increasing the overall 2021-22 Social Care Recovery Grant to £2.916 million. It was also noted at quarter 3 that whilst a significant amount of the grant was planned to be used on staffing to provide additional support in key areas throughout the directorate, due to difficulties in recruitment, the grant would continue to be, and was, maximised in the final quarter of 2021-22.
- Re-allocation of existing Housing Support Grant - £717,000
- New funding from WG to promote the independence of people with care and support needs or in an early intervention and prevention context to maintain people in their own homes - £444,000
- Successful WG Hardship claims for internal BCBC social care services - £411,000
- Maximisation of Winter Pressures Grant - £382,000
- Additional Integrated Care Fund (ICF) Funding - £271,000. (Multi Agency Permanence Support Service (MAPPS) - £162,000. A new residential 'Pop up' service that can be made operational at short notice to provide accommodation to a young person/young adult who, due to their complex needs, cannot be placed alongside others - £109,000).
- New funding within Prevention and Wellbeing services - £95,000

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	50,362	46,113	(4,249)	-8.4%
Prevention and Wellbeing	5,340	5,111	(229)	-4.3%
Children's Social Care	19,537	18,624	(913)	-4.7%

Adult Social Care

There is a net under spend of £4.249 million on the Adult Social Care budget. The most significant variances contributing to this under spend were:-

ADULT SOCIAL CARE	Actual Variance Over/(under) budget
	£'000
Residential Care for Older People	(321)
Homecare	(1,842)
Direct Payments	(385)
Residential Care – Physical Disability/Sensory Impairment	(111)
Equipment and Adaptions	(358)
Supported and Other Accommodation – Mental Health	(206)
Residential Care - Mental Health	(251)
Assessment and Care Management	(473)

- Residential Care for Older People – the under spend of £321,000 can be attributed to external care home provision (£150,000) and BCBC managed care home provision (£171,000). External care homes have seen an increase to the average resident's contribution received in 2021-22 and reduced residential/nursing placements. All contributions are financially assessed in accordance with the Social Services and Wellbeing (Wales) Act 2014 but the average income received each year will vary in total depending on the financial position of the persons needing care during the financial year – e.g. if there are a small number of people who have savings or assets, and are paying their contribution in full or have a high contribution then this will increase the overall average. Secondly, whilst residential/nursing are recovering from their lowest vacancy rate of around 19% earlier in the pandemic (currently around 7.4%), increases are still at a slow rate, but improving month on month. Nursing placements have limited capacity due to nursing staff shortages. The BCBC Managed Residential Care Homes under spend is mainly due to successful claims to the WG Covid Hardship Fund.
- Homecare – at quarter 3 a projected over spend of £168,000 was reported within the homecare service in Adult Social Care which was due to an increase in the number of people receiving domiciliary care within a home setting or supported accommodation within Learning Disabilities and an increasing number of placements requiring complex packages of support within Mental Health Services.

Since quarter 3, significant amounts of grant funding have been maximised to offset these pressures – Social Care Pressures Grant (£1.348 million) and Housing Support Grant (£648,000).

- There is an under spend on Direct Payments of £385,000. As reported in quarter 3 this is mainly due to the one-off reimbursement from the previous provider. The local authority undertook a procurement exercise during 2021-22 which resulted in a change of provider for payroll/managed accounts services and advisor support as part of the Direct Payments service. Managed direct payment accounts are constantly under review and reimbursements actioned periodically in line with contract requirements where accounts are under spent due, for example, to under-utilisation of hours or no cover arrangements being required. These circumstances have been more prevalent during the pandemic, due primarily to Welsh Government restrictions. During quarter 3 a one-off transfer of reimbursements was actioned upon the cessation of the contract with the previous provider.
- Residential Care – Physical Disability/Sensory Impairment – the under spend of £111,000 is mainly due to a reduction in the number of packages in line with the current practice outcome focussed model. This budget area will be closely monitored with a view to determining whether the under spend is recurring, with potential re-alignment to other budgets facing projected over spends within Physical Disability/Sensory Impairment service areas in 2022-23.
- Equipment and Adaptions – this service area has seen a significant increase in spend on equipment due to the need to support individuals in line with Welsh Government's rehabilitation and recovery model. However, grant funding has been maximised to offset these pressures - Independence of People with Care and Support Needs funding (£444,000), Winter Pressures Grant (£235,000) and Social Care Workforce Grant (£80,000). Without this additional funding there would have been a £401,000 over spend and recurrent budget pressure in this service area.
- Supported and Other Accommodation – Mental Health – the under spend of £206,000 is primarily due to maximisation of Innovation Grant funding received in 2021-22 of £262,000.
- Residential Care Mental Health – the under spend of £251,000 is primarily due to a reduction in placements – there were 45 placements as at 31 March 2022 compared with 51 as at 31 March 2021. This is primarily due to alternative service solutions being provided that were more suitable for people and adaptable to Covid-19 circumstances. Close monitoring of this budget will be required in 2022-23, with a view to potential budget virements within Mental Health if these alternative solutions continue to prove beneficial. Considerable pressure on the overall Mental Health Budget is anticipated as a result of the medium to long term impact of the pandemic on individuals.
- Assessment and Care Management – there is an under spend of £473,000 across all service areas due to a continuing challenging recruitment environment for qualified social workers and maximisation of grant income to offset staffing costs. The position reflects grant funding from Winter Pressures (£31,000), Integrated Care Fund (ICF) (£210,000) and Social Care Recovery Grant (£48,000). Various recruitment activities have been actioned in order to fill vacant posts.

Prevention and Wellbeing

- There is an under spend of £229,000 in 2021-22 which has improved by £116,000 since quarter 3. This is primarily due to £21,000 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 £95,000 from various grants - Local Authority Partnership Agreement (LAPA) £16,000, Play Sufficiency £34,000 and maximisation of grants from Sports Wales - £45,000.
- The Council received WG funding of £1.007 million in 2021-22 for the loss of income experienced by Halo in running the leisure services due to Covid-19. The financial impact of this will have to be closely monitored in the first half of 2022-23 as income is not projected to return to pre-pandemic levels for the first 2 quarters of 2022-23 as a minimum.

Children's Social Care

There is a net under spend of £913,000 on Children's Social Care which has improved from a projected over spend at quarter 3 of £505,000. Whilst there has been an increase in spend of £868,000 in targeted areas in quarter 4 to address service pressures (additional staff - £557,000, increased placement costs - £311,000), these have been offset by the Social Care Pressures grant. The underlying movement in quarter 3 is due to other new funding streams and maximisation of grant funding. The outturn includes re-allocation of Social Services Workforce Grant to Children's Services (£379,000), Residential Pop Up Grant (£109,000), ICF (£36,000), MAPPS (therapeutic behaviour funding) (£162,000), Housing Support Grant (£69,000), Covid Hardship (£46,000) and Social Care Recovery Funding (£669,000). Without the one-off grant funding streams, Children's Social care would have had an over spend of £848,000.

- The Care Experienced population at the end of 2020-21 was 390. Movements in year has resulted in 385 at quarter 1, 388 at quarter 2, 378 at quarter 3 and 374 at quarter 4.
- At the end of quarter 3 there were 11 children in independent residential placements (in and out of authority) and 3 in BCBC 39 week local authority education provision. At the end of quarter 4 the numbers have decreased in independent residential placements to 9 but stayed at 3 in BCBC local authority education provision. Going forward, it is hoped the Residential Pop Up Service will be utilised to prevent children going into high cost residential out of county placements. In addition, a high-cost one-to-one residential placement is due to cease in 2022-23, which will further reduce the pressure on this budget area.
- There is an under spend on Independent Fostering Agency placements of £310,000 and Fostering of £365,000. This is due to alternative placement options being utilised, including In-House residential provision and Special Guardianship Orders. These budgets will be monitored closely in 2022-23 and budgets vired as appropriate within Children's Services.
- 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. A key part of this strategy is the utilisation of Reunification Workers, funded via Regional Funding in 2021-22, which will continue into 2022-23. The service will continue with the initiatives and

actions in line with the services key aim to reduce the number of children placed within the Looked After system as required in the Children’s Social Care Strategic Plan 2022-25.

- Successful claims of £67,000 from the WG Covid-19 Hardship fund have been made since quarter 3 along with additional Housing Support Grant of £64,000.
- Commissioning and Social Work – there is an under spend of £133,000, however this includes Unaccompanied Asylum Seekers Grant funding of £103,000. This is a Home Office funded initiative which is confirmed on a year by year basis, and therefore may not be recurring in 2022-23.
- An overall Budget Pressure of £1.026 million was approved in February by Council as part of the MTFs 2022-23 to 2025-26 to mitigate the workforce pressure being experienced in Children’s Services.

4.3.3 Communities Directorate

The net budget for the Directorate for 2021-22 was £28.654 million and the actual outturn was £28.456 million following draw down of £1.884 million from earmarked reserves, resulting in an under spend of £198,000. The outturn has improved since the projected over spend at quarter 3 of £90,000 primarily due to successful claims from the WG Hardship fund of £240,000 in the final quarter.

The main variances are:

COMMUNITIES DIRECTORATE	Net Budget	Actual Outturn	Actual Variance Over/(under) budget	% Variance
	£'000	£'000	£'000	
Development Control	(223)	26	249	-111.7%
Policy and Development	(275)	(30)	245	-89.1%
Waste Disposal and Collection	9,004	9,197	193	2.1%
Highways	7,266	6,878	(388)	-5.3%
Fleet Services	16	381	365	2281.3%
Traffic and Transport	747	418	(329)	-44.0%
Engineering Services	90	(98)	(188)	-208.9%
Corporate Landlord	2,825	3,480	655	23.2%
Public Realm	1,036	370	(666)	-64.3%

Development Control

- The over spend in Development Control of £249,000 is primarily due to a downturn in planning application income. Fee income is subject to considerable fluctuations between years, depending on number and types of applications. For example in 2020-21 the service generated a surplus of £14,000.

Policy and Development

- The over spend of £245,000 within the Policy and Development Section is due to a shortfall in income linked directly to the amount of Section 38 fees received. These fees are charged to developers and relate to assessments and inspection of new street works. Due to the nature of Section 38 fees, income can be subject to considerable fluctuations between years depending on number and type of applications.

Waste Disposal and Collection

- There is an over spend of £193,000 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 in Pyle is anticipated to open in 2022-23, with both sites being maintained until the new site is fully operational, therefore the saving will not be achieved in full until 2023-24.
- 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 and this trend continued into 2021-22. The figures include successful claims of £267,161 from the WG Hardship fund, albeit funding was reduced to 50% of the increased costs for the second half of 2021-22. A budget pressure of £387,000 was approved by Council in February 2022 to mitigate the increased disposal costs due both to an increase in the number of households in the borough and lifestyle changes due to the pandemic – more people working from home and hence producing more domestic waste as a result.

Highways

- There is a net under spend on Highways of £388,000 which is made up of an under spend of £271,000 on Street lighting energy, an under spend of £364,000 on the Highways DSO budget, offset by expenditure on highways maintenance borne by the directorate.
- Street lighting energy - due to a change in energy providers in 2021-22, the kilowatt per hour charge decreased by 7% which, based specifically on the energy budget for street lighting, led to a reduction in costs of circa £63,000. In addition, there is an under spend of £73,000 due to financial profiling of the annual loan repayments to Salix - the LED replacement programme was funded through Salix Finance who provide interest-free government funding to the public sector to improve energy efficiency. The LED replacement programme has generated the balance of the saving due to reduced energy consumption. This budget area will be closely monitored throughout 2022-23 especially in light of the high inflationary uplifts currently being experienced in the energy market, to determine the element of under spend that is recurring, with potential re-alignment to other budgets facing projected over spends within the Communities Directorate in 2022-23. The project demonstrates a successful outcome of an invest to save programme within the Council.
- Highways Services DSO - 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. Whilst the scheme was anticipated to be completed in quarter 2 of 2021-22 it was extended by SALIX to the end of March 2022 to maximise the budget on LED/energy saving works. This is not a recurring saving as the SALIX Scheme has now been completed.

Fleet Services

- There is a £365,000 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 £24,000 claimed for Fleet Services from the WG Loss of Income fund due to loss of external income, internal recharges 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 £329,000 within Traffic and Transport Services. Parking Services is showing an under spend of £154,000. 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.
- There is an under spend within Traffic Management and Road Safety of £104,000. This budget area had an allocation from the Public Realm fund of £80,000 to progress junction traffic assessments. The work was delayed and is now planned to take place in 2022-23, with additional external funding confirmed to widen the assessment brief.
- The remainder of the under spend relates to staff vacancies and maximisation of grant funding streams.

Engineering Services

- The under spend of £188,000 within Engineering Services is primarily due to an increase in the level of fee earning jobs (grant funded/non grant funded projects) and the differing chargeable rates allowed on the schemes.

Corporate Landlord

- There is an over spend of £655,000 against Corporate Landlord for 2021-22. The outturn position includes £175,000 in support from the Covid-19 Recovery Fund towards a phased return to historic rental income levels for BCBC owned premises following the rental holiday periods supported during the pandemic.
- There are other shortfalls in income generated from properties run by the Council that are not necessarily Covid-19 related but relate to occupancy shortfall. These include:-

Property	Income Shortfall	Narrative
Science Park	£30,000	Shortfall anticipated to be one-off in 2021-22
Innovation Centre	£124,000	During the pandemic the Innovation Centre has been used to store PPE and relocate furniture from Ravens court to facilitate the vaccination centre being located there. The strategy for the asset is under review to reduce the income shortfall in the longer term.
Bridgend Market	£256,000	A new Bridgend Market strategy is being developed to reduce the income shortfall in the longer term.

- The Corporate Landlord service area has also incurred additional one-off Health and Safety demolition costs of £104,000 which are reflected in the outturn position.

Public Realm Infrastructure

- CCMB approved a list of schemes to be funded from this budget in 2021-22, 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 2022-23.

4.3.4 **Chief Executive's**

The net budget for the Directorate for 2021-22 was £21.801 million and the actual outturn was £18.731 million following draw down of £774,000 from earmarked reserves, resulting in an under spend of £3.070 million. The projected under spend at quarter 3 was an under spend of £2.088 million. However, the Directorate has been successful in claiming £418,000 from the WG Hardship Fund since quarter 3, has had a rebate of £129,329 from the Regional Internal Audit Service and has re-allocated existing grants of £354,000.

The most significant variances are:

CHIEF EXECUTIVE'S	Net Budget	Actual Outturn	Actual Variance Over/(under) budget	% Variance
	£'000	£'000	£'000	
Housing & Homelessness	3,375	821	(2,554)	-75.7%
Finance	3,761	2,957	(804)	-21.4%
ICT	3,964	4,133	169	4.3%
Legal, Democratic & Regulatory	4,960	5,530	570	11.5%
Partnerships	2,086	1,658	(428)	-20.5%

Housing & Homelessness

- 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, and later in the year, confirmed that it would be in place for the remainder of 2021-22. Successful claims to the WG Hardship fund of £2.794 million significantly supported these services throughout 2021-22 and make up the majority of the under spend. £178,000 was successfully claimed since quarter 3 and has improved the under spend from the £2.294 million projected at quarter 3.
- The Council has seen a significant increase in the provision of temporary accommodation. At quarter 4, the service is providing temporary accommodation for 309 individuals, compared with 269 individuals in temporary accommodation in March 2021.

Finance

- The improvement from the quarter 3 projected year-end position of an under spend of £118,000 is primarily due to successful claims from the WG Hardship Fund for the administration of the Winter Fuel and Self Isolation Payment Schemes (£240,000). There was also a £162,000 improvement in relation to court cost income as there was a one-off reimbursement of excess court costs charged by the courts over a period of years of £84,000 and a general recovery of court cost income due to additional court hearings taking place in 2021-22. Finally, there was a rebate of £129,329 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 restructure of the RIAS was completed in 2021-22 and the service are actively recruiting to fill, or have already filled, vacant posts therefore this saving will not be recurring in 2022-23.

ICT

- There is a net over spend of £169,000 across ICT budgets. This was largely due to the costs of implementing the Hwb infrastructure works (a centrally managed WIFI solution) at all the Primary, Secondary and Special Schools in Bridgend, which exceeded the grant allocation provided by WG by £278,000. This was mainly due to the fact that the grant assumed an average cost per school for infrastructure works which was insufficient to ensure infrastructure of equitable quality was provided across all schools in Bridgend. Unforeseen costs arose based on specific circumstances in schools – e.g installation across older school sites where there was no previous infrastructure, and this shortfall has been funded by a revenue contribution from ICT services. This has been offset by a £100,000 under spend on staff budgets due to vacancies. Most of these vacancies have now successfully been filled, so this under spend will not be recurring in 2022-23.
- Additional costs of £30,000 were also incurred on postage budgets as a consequence of providing support for staff working from home. A budget pressure of £30,000 was approved by Council in February 2022 to mitigate the increased costs incurred as a result of the Covid-19 pandemic and resulting change in work practices to accommodate this scenario.

Legal, Democratic & Regulatory

- There is over spend of £570,000 within Legal, Democratic and Regulatory services. This is primarily due to the over spend of £591,000 on childcare legal costs. There has been an unprecedented increase in public and private law childcare cases. The volume has increased considerably since the start of the pandemic, along with an increase in volume of complex cases that have required Senior Counsel.
- The over spend has been mitigated by a rebate of £102,000 relating to Shared Regulatory Services as service level delivery has been impacted by the pandemic resulting in an under spend.
- Included in the final figures are successful claims of £88,000 from the WG Loss of Income fund to support lower levels of income being experienced for licencing fees and public health fees.

Partnerships

- This service area includes Transformation, Partnerships and Customer Services and Engagement. The under spend of £428,000 relates primarily to maximisation of Housing Support Grant - £354,000 and is therefore not a recurring under spend for 2022-23. The balance is due to staff vacancies. Various recruitment activities have been actioned in order to fill vacant posts, but appointments have been affected by Covid-19 and challenging recruitment market conditions.

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 2021-22 was £44.970 million and the actual outturn was £37.540 million, resulting in an under spend of £7.430 million.

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	8,447	1,118	15.3%
Council Tax Reduction Scheme	15,654	15,239	(415)	-2.7%
Insurance Premiums	1,363	2,840	1,477	108.4%
Repairs and Maintenance	505	37	(469)	-92.7%
Other Council Wide Budgets	11,241	2,094	(9,147)	-81.4%

Capital Financing

- The over spend of £1.118 million on capital financing costs is due to utilising the budget in 2021-22 to pay off historic prudential borrowing costs, where feasible, which will have a long term revenue cost saving benefit for the Council.

Council Tax Reduction Scheme

- There is an under spend of £415,000 on the Council Tax Reduction Scheme. This is a demand led budget and take-up is difficult to predict with £400,000 vired from the central price inflation budget in anticipation of increased demand in 2022-23. The take up has remained similar to 2021-22 when the gross spend in this budget area was £15.299 million. The budget will be closely monitored in 2022-23 as it is likely that there will be an additional call on the council tax reduction scheme in view of the impact of the pandemic and the cost of living crisis on personal financial circumstances and a likely increase in the number of benefit claimants.

Insurance Premiums

- There is an over spend of £1.477 million on the insurance premium budget. The insurance budget has experienced an increase in the level of claims in 2021-22 of 56% compared with 2020-21. It is anticipated that this is a one-off pressure due to the first year of the Covid pandemic experiencing an unusually low claim value (2020-21 saw an under spend on the insurance budget of £1.314 million). The insurance budget will be monitored closely in 2022-23 and any early indication of

any ongoing significant changes will be reported to Cabinet through the quarterly budget monitoring reports.

Repairs and Maintenance

- There is an under spend of £469,000 which is as a result of slippage on some minor works schemes and feasibility studies, which will now be completed in 2022-23. An earmarked reserve has been established to meet these costs in the next financial year.

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 £9.147 million on other council wide budgets. The main areas contributing to this under spend are:-
 - When the MTFS was approved in February 2021, the pay increases for NJC, JNC employees, Soulbury and teachers had not been finalised. Provision was made in the budget based on previous years' increases with an element of contingency built in. The agreed pay awards were lower than anticipated. 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 0.7% in February 2021, had increased to 3.2% in August, 5.1% in November increasing further to 7% in the 12 months to March 2022. 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. Part of the under spend relates to projected reductions in requirements to allocate price budgets to service areas in-year as the Council has not seen the estimated increases in CPI impact on contractual arrangements to date in 2021-22. However, given the uncertainty around Brexit and Covid-19 and the possible economic fallout arising from these, along with the rising energy and supply costs it is likely that the provision set aside in the MTFS for 2022-23 will need to be supplemented by any funding not committed from the council wide budgets this financial year.
 - The Covid-19 pandemic has also impacted on projected spend on other Council wide budgets, for example, there has been reduced spend on feasibility as projects have been delayed and reduced corporate support required to enable restructures to be undertaken as these have also been delayed by the pandemic.

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 2021-22 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 £8.995 million and is summarised in Table 7 below. A more detailed review of draw-down of reserves is outlined in **Appendix 4**.

Table 7 – Draw Down from Earmarked Reserves during 2021-22

	Draw down from Earmarked Reserves 2021-22
	£'000
Education & Family Support	1,054
Social Services & Wellbeing	48
Communities	1,884
Chief Executives	774
Corporate/Equalisation	5,235
Total	8,995

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 8 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 2021-22 is £32.852 million which includes the £4.004 million increase to School Balances set out in paragraph 4.3.1, along with £11.122 million to fund new capital projects. The final column shows that there have been net additions of £17.240 million in the last quarter of the financial year.

Table 8 – Net appropriation to/from Earmarked Reserves 2021-22

	Unwound 2021-22 £'000	Net Additions to Reserves 2021-22 £'000	TOTAL £'000	Increase/ (Decrease) Qtr 4 only £'000
Corporate Reserves:				
Education & Family Support	(6)	1,309	1,303	1,029
Social Services & Wellbeing	-	-	-	(17)
Communities	(284)	(451)	(735)	(1,019)
Chief Executives	-	10,100	10,100	2,961
Non-Directorate	(1,413)	2,937	1,524	(2,559)
Total Corporate Reserves	(1,703)	13,895	12,192	395
Directorate Earmarked Reserves:				
Education & Family Support	(12)	406	394	369
Social Services & Wellbeing	(42)	5,563	5,521	5,655
Communities	(186)	2,050	1,864	1,410
Chief Executives	(1,000)	2,748	1,748	1,558
Total Directorate Reserves	(1,240)	10,767	9,527	8,992
Equalisation & Grant Earmarked Reserves:				
Education & Family Support	-	2,160	2,160	2,165
Social Services & Wellbeing	-	(243)	(243)	458
Communities	-	1,806	1,806	1,453
Chief Executives	-	(393)	(393)	62
Non-Directorate		856	856	(289)
Total Equalisation & Grant Reserves	-	4,186	4,186	3,849
School Balances	-	4,004	4,004	4,004
TOTAL RESERVES	(2,943)	32,852	29,909	17,240

4.4.3 A full breakdown of the total movement on earmarked reserves at 31st March 2022 is provided in **Appendix 4**. Table 9 below summarises the final position on all useable reserves for the year.

Table 9 – Summary of Movement on Earmarked Reserves 2021-22

Opening Balance 1 April 2021 £'000	Reserve	Movement at Quarter 4		Closing Balance 31 March 2022 £'000
		Additions/ Reclassification £'000	Drawdown £'000	
9,772	Council Fund Balance	331	-	10,103
52,620	Corporate Reserves	13,895	(7,321)	59,194
15,423	Directorate Reserves	10,767	(2,125)	24,065
6,315	Equalisation & Grant Reserves	4,186	(2,492)	8,009
8,490	School Balances	4,004	-	12,494
82,848	Total Earmarked Reserves	32,852	(11,938)	103,762
92,620	Total Reserves	33,183	(11,938)	113,865

4.4.4 In terms of financial reserves, the Council Fund balance represents 3.35% of the net revenue budget for 2021-22, or 5.12% 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.

4.4.5 The main addition in quarter 4 highlighted in Table 8 is a £5.655 million addition to the Social Services and Wellbeing Directorate. As noted in 4.1.10, the Directorate received a significant amount of one-off funding from WG with £2.221 million from the Welsh Government Social Care Pressures Grant notified in February 2022. The earmarked reserves will enable continuation of support with social care pressures from over spends and winter pressures in 2022-23.

4.4.6 As noted in 4.4.2 there have been additions to the Capital Programme Contribution earmarked reserves of £11.122 million in 2021-22. The Capital Programme Contribution reserve was established to avoid the Council needing to borrow, which would result in consequential borrowing costs on the revenue budget, and will be used to fund schemes within the capital programme, both current and future capital pressures. The reserve supplements the funding we receive from WG and via capital receipts to fund our capital programme. Currently we have a balance of £40.195 million of funding in this reserve which constitutes 38.65% of our overall earmarked reserves balance. This will be used to fund a wide range of schemes in the capital programme.

4.4.7 The School balances reserve increased significantly from £8.490 million at the end of 2020-21 to £12.494 million at the end of 2021-22 due primarily to additional school grant funding announced late in 2021-22.

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. Recommendations

- 9.1 Council is recommended to:
- note the revenue outturn position for 2021-22
 - approve the virements between £100,000 and £500,000 as outlined in paragraph 4.1.15

Carys Lord
Chief Officer – Finance, Performance and Change
June 2022

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Background documents: Individual Directorate Monitoring Reports