

BRIDGEND COUNTY BOROUGH COUNCIL

REPORT TO CORPORATE OVERVIEW AND SCRUTINY COMMITTEE

21 JULY 2022

REPORT OF THE CHIEF OFFICER – FINANCE, PERFORMANCE AND CHANGE

BUDGET MONITORING 2022-23 – 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 2022.

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 23rd February 2022, Council approved a net revenue budget of £319.510 million for 2022-23 based on the provisional local government settlement received from Welsh Government on 21st December 2021. The Welsh Government announced its final settlement on the 1st March 2022 and as a result of a technical adjustment, there was an increase in the Revenue Support Grant (RSG) for the Council of £4,336, increasing the net revenue budget for 2022-23 to £319.514 million. 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 2022

4.1.1 The Council's net revenue budget and projected outturn for 2022-23 is shown in Table 1 below.

Table 1- Comparison of budget against projected outturn at 30th June 2022

Directorate/Budget Area	Original Budget 2022-23 £'000	Revised Budget 2022-23 £'000	Projected Outturn Q1 2022-23 £'000	Projected Over / (Under) Spend 2022-23 £'000	Projected Over / (Under) Spend Qtr 1 2021-22 £'000
Directorate					
Education and Family Support	131,430	132,318	132,725	407	771
Social Services and Wellbeing	78,434	82,022	83,570	1,548	(647)
Communities	28,995	29,307	28,848	(459)	624
Chief Executive's	21,895	22,389	21,782	(607)	156
Total Directorate Budgets	260,754	266,036	266,925	889	904
Council Wide Budgets					
Capital Financing	7,329	7,292	7,292	0	0
Levies	8,177	8,210	8,210	0	0
Apprenticeship Levy	650	650	650	0	0
Council Tax Reduction Scheme	16,054	16,054	15,300	(754)	0
Insurance Premiums	1,363	1,363	1,363	0	0
Repairs & Maintenance	670	670	670	0	0
Pension Related Costs	430	430	430	0	0
Other Corporate Budgets	24,087	18,809	17,929	(880)	0
Total Council Wide Budgets	58,760	53,478	51,844	(1,634)	0
Total	319,514	319,514	318,769	(745)	904

4.1.2 The overall projected position at 30th June 2022 is a net under spend of £745,000 comprising £889,000 net over spend on directorates and a net under spend of £1.634 million on Council wide budgets. A detailed analysis of the more significant projected under and over spends is set out in section 4.3.

4.1.3 It is too early in the financial year to provide a realistic indication of projected council tax for this financial year, and whether the Council is likely to see a reduction in council tax income over the 2022-23 financial year as more people have suffered financial hardship through the pandemic, alongside the current cost of living crisis. Bridgend received £1.151 million from Welsh Government in 2021-22 in recognition of the reduced collection rates experienced by councils as a consequence of the Covid-19 pandemic but there is no indication yet of any support for 2022-23. A 1% reduction in the council tax income collection rate could result in an additional pressure to the Council of around £1 million. Council tax collection rates will be monitored continuously throughout the year and reported accordingly.

Covid-19

- 4.1.4 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 which the Council was able to draw on for financial support. Bridgend successfully claimed over £14.682 million in expenditure claims and over £1.762 million in loss of income claims in 2021-22. In addition, WG recognised the need for homelessness accommodation to be secured in advance to continue the commitment to focus on support for homeless individuals, providing them with accommodation, and approved £1.479 million to cover these costs for the first six months of 2022-23.
- 4.1.5 Covid-19 restrictions were removed in Wales from 18th April 2022 and the WG Hardship Fund ended on 31 March 2022. In recognition of this a budget pressure of £1 million was approved by Council for 2022-23 as part of the Medium Term Financial Strategy to meet ongoing budget pressures, both in respect of additional cost pressures and ongoing loss of income. This budget will require close monitoring during 2022-23, especially given the rise in Covid infections across the UK recently reported by the Office for National Statistics. Updates will continue to be provided to Cabinet through the quarterly revenue budget monitoring reports throughout 2022-23.
- 4.1.6 Cabinet and Corporate Management Board (CCMB) agreed to establish a one-off £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 through the Hardship Fund. The balance on this fund has been carried into 2022-23 and CCMB have approved the use of this fund to support the free car parking offer for town centres to the end of September. Further proposals will be considered by CCMB during 2022-23.
- 4.1.7 Whilst the WG Hardship Fund ended on the 31st March 2022, 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 (recently extended to end of August 2022) and Free School Meal payments (to end of school summer holiday 2022). Table 2 summarises the amounts claimed to date in 2022-23.

Table 2 – Covid related claims to Welsh Government for Quarter 1 2022-23

Specific Hardship fund	Claimed and Approved £'000
Self Isolation Payments (SIP)	403
Statutory Sick Pay Enhancements (SSP)	55
Free School Meals	290
TOTAL	748

Budget virements/technical adjustments

4.1.8 There have been a number of budget virements and technical adjustments between budgets since the Medium Term Financial Strategy (MTFS) was approved by Council in February 2022. The budget position is reported on the assumption that these virements will be approved.

4.1.9 The MTFS approved by Council in February included a £500,000 budget pressure to mitigate emerging pressures, to be allocated in line with need and reported through quarterly monitoring reports. Table 3 sets out how the budget pressure has been allocated.

Table 3 – Allocation of £500,000 Budget Pressure

Directorate	Service Area	Purpose Of Funding	£
Education & Family Support	MIS System	Management Information System (MIS) Co-ordinator to provide support for implementation of the system and to lead on data integration, aggregation and reporting as well as the development of queries/coding.	46,468
Education & Family Support	Emotional well-being	Education Engagement Team Co-ordinator - supporting learners' emotional well-being	41,852
Education & Family Support	Home to School Transport	Home To School Transport Contract Monitoring Officer - monitoring and compliance	38,450
Education & Family Support	Performance	Performance Lead - co-ordinating the directorate's operational self-evaluation and business planning function.	38,450
Social Services & Wellbeing	External care home pressures	Additional budget pressure to further mitigate cost increases being experienced across the care home sector	75,000
Social Services & Wellbeing	Workforce development	Social Care Assessor – to support an induction programme for new recruits from different sectors to address the recruitment of people from different sectors into social care roles	30,000
Social Services & Wellbeing	Multi-Agency Safeguarding Hub/Information, Advice and Assistance and safeguarding	Additional managerial and supervision resources	60,000
Chief Executives	Human Resources	Learning and Organisational Development Advisor to support the ongoing well-being support of BCBC staff and to support the Service Delivery model going forward	42,000
Chief Executives	Democratic Services	Technical support officer – the move to hybrid meetings has increased the number of clerks to be at the meeting	34,000
Chief Executives	Land charges	Land charges – transfer to Land Registry resulting in shortfall in income previously generated.	66,780
Chief Executives	ICT	Officer to focus on national and strategic priorities of Welsh Community Care Information System (WCCIS)	27,000

4.1.10 The other main virements and technical adjustments are outlined below:

Budget Virements

Service vired from / to	Amount
Transfer of funding from the Social Services Wellbeing Directorate to Chief Executive's to fund the increase in Direct Payments Team as a result of procurement exercise to develop an in-house Advisor service	£43,946
Additional Learning Needs (ALN) budget held in schools delegated budget transferred to central Education and Family Support budget for coordinated 1:1 support	£185,000
Transfer of funding from Capital Financing budget to Communities Directorate to cover the cost of prudential borrowing for highways maintenance schemes	£37,476
Transfer of funding from Covid Pressures budget to Social Services and Wellbeing Directorate to fund regional Personal Protective Equipment (PPE) contract (See 4.1.5)	£120,000
Transfer of funding from the Chief Executive Directorate to the Social Services and Wellbeing Directorates to manage the annual service level agreement with BAVO	£52,079
Transfer of part of budget pressure approved by Council in February 2022 (CEX 2 - Phase 2 Business Support Review) from Chief Executive Directorate to Social Services and Wellbeing Directorate	£106,000

Technical Adjustments

Service vired from / to	Amount
Allocation of funding retained centrally in respect of National Joint Council (NJC) pay award 2021-22**	£1,756,470
Allocation of funding retained centrally in respect of NJC pay award 2021-22 (punched hours)**	£88,985
Allocation of funding retained centrally in respect of Joint Negotiating Committee (JNC) pay award 2021-22 for Chief Officers**	£33,890
Allocation of funding retained centrally in respect of Soulbury pay award September 2021 to August 2022	£14,520
Transfer of funding to Levies budget for 2022-23 agreed uplifts	£32,385
Allocation of funding to Direct Payments budget for increase to Personal Assistant and Agency rates due to increase in Real Living Wage	£600,564
Allocation of funding retained centrally in respect of the financial implications of the Independent Remuneration Panel for Wales Annual Report	£150,103
Allocation of funding retained centrally in respect of National Insurance increases for Social Services and Wellbeing (SSWB) Directorate SWB Commissioned Services	£135,783
Allocation of funding retained centrally in respect of Real Living Wage increases for SSWB Commissioned Services	£1,040,480
Allocation of funding retained centrally in respect of other inflationary increases for SSWB Commissioned Services	£804,365

** Budget virements for 2021-22 related pay awards actioned in 2022-23 due to timing of agreement being reached after the MTFS budget was presented to Council in February 2022

Pay/Price Inflation

- 4.1.11 When the budget for 2022-23 was set, very little funding was allocated to directorates for pay and price inflation, as most had not been determined for the forthcoming year. The majority of the provision was retained centrally within Council wide budgets, to be allocated as further information was known about specific contractual price increases.
- 4.1.12 Inflationary pressures include increases in staffing costs arising from the above inflation increases in the national living wage and the implementation of the real living wage. In addition, there are ongoing discussions regarding pay claims for Teachers' pay, National Joint Council (NJC) workers and for Joint Negotiation Committee (JNC) for Chief Officers. Even a variance of 1% on the pay settlement of NJC staff alone can result in a swing of required funding of over £1 million per annum.
- 4.1.13 In addition, in recent months the Council has experienced additional costs not only as a result of the pandemic, but also rising costs resulting from Brexit, increases in inflation not seen for over a decade, and more recently the impact of the war in the Ukraine.
- 4.1.14 There is a risk that there may not be sufficient funding available within these budgets for any unexpected major pay/price inflation increases. Inflation rates have also fluctuated since the budget was set - CPI was 6.2% in February 2022 and had increased to 9.1% in May 2022. In comparison it was 2.1% in May 2021. With these uncertainties 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 £631,000. 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 2022 Council approved the Medium Term Financial Strategy for 2022-23 to 2025-26. This identified the need to develop recurrent budget reduction proposals, based on the most likely scenario, amounting to £21.029 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 2022-23. 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 14th June 2022 on the Revenue Budget Outturn 2021-22. In the report it was highlighted that, for 2017-18 to 2020-21, there were £2.376 million of budget reduction proposals that were not met in full, with a total outstanding balance to be met of £100,000. In addition, of the 2021-22 budget reduction proposals of £1.760 million, it was reported that there was a total outstanding balance to be met of £65,000. Directors have been asked to identify if any of these proposals are still not likely to be achieved in full during the 2022-23 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 4.

Table 4 – Outstanding Prior Year Budget Reductions

	Total Budget Reductions Required	Total Budget Reductions Likely to be Achieved	Shortfall
DIRECTORATE /BUDGET REDUCTION AREA	£'000	£'000	£'000
Communities	179	19	160

Note: The total budget reductions required in Table 4 represents the original budget reduction target of £179,000 - £14,000 of the proposal was achieved in 2021-22 leaving £165,000 to be achieved in 2022-23.

4.2.2 Table 4 shows that of the £179,000 outstanding reductions, £19,000 is likely to be achieved in 2022-23 leaving a shortfall of £160,000. Proposals still not likely to be achieved include:

- COM19 – Permitting Scheme (£100,000) due to delays in approval process with Welsh Government. An allowance has been made within the Highway Network Management budget to cover the shortfall in 2022-23. A review of the budgets within the Communities Directorate is ongoing to identify a replacement saving for this budget reduction alongside attempts continuing to be made to make contact with the appropriate officers in WG to gain a formal response on the submission.
- COM 2 – Re-location of Community Recycling Centre from Tythegston to Pyle (£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 be met through alternative one-off efficiencies in 2022-23 in order to deliver a balanced budget position

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 2022-23

4.2.4 The budget approved for 2022-23 included budget reduction proposals totalling £631,000, which is broken down in **Appendix 2** and summarised in Table 5 below. The current position is a projected shortfall on the savings target of £273,000, or 43.2% of the overall reduction target.

Table 5 – Monitoring of Budget Reductions 2022-23

	Total Budget Reductions Required	Total Budget Reductions Likely to be Achieved	Shortfall
DIRECTORATE /BUDGET REDUCTION AREA	£'000	£'000	£'000
Education and Family Support	68	0	68
Schools	0	0	0
Social Services and Wellbeing	365	255	110
Communities	150	55	95
Chief Executive's	48	48	0
TOTAL	631	358	273

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

- EFS1 – Rationalisation of Adult Community Learning Service (£68,000 shortfall). WG have changed the terms and conditions of the grant for this service area which has impacted on the core budget and deliverability of this proposal. The Education and Family Support Directorate are working on alternative budget reduction proposals to replace this saving which will be reported to Cabinet in the quarter 2 Revenue Monitoring report.
- SSWB 2/3 – remodelling of day service provision and supported living services (£110,000 shortfall). Efficiencies have been identified, however work is ongoing to further develop the remodelling to meet the savings target in full.
- COM 3 – change the composition of household food waste bags (£35,000 shortfall). Budget reduction proposal has been delayed due to ongoing national research and debate surrounding composition of household food waste bags, to ensure any potential changes in legislation do not impact on the proposal.
- COM5 – commercially let a wing of Ravens Court to a partner organisation or business (£50,000 shortfall) – delay in progressing budget reduction proposal whilst the Future Service Delivery model is being developed.

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 2022

Financial position at 30th June 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 Education and Family Support Directorate, including school delegated budgets, for 2022-23 is £132.318 million. Current projections indicate an over spend of £407,000 at year end. The main variances are:

EDUCATION & FAMILY SUPPORT DIRECTORATE	Net Budget	Projected Outturn	Projected Variance Over/(under) budget	% Variance
	£'000	£'000	£'000	
Learner Support	6,345	6,609	264	4.2%
Family Support	2,902	2,810	(92)	-3.2%
Home-to-school transport	8,040	8,294	254	3.2%
Catering Services	1,145	1,298	153	13.4%
Corporate health and safety	385	249	(136)	-35.3%

Schools' delegated budgets

Total funding delegated to schools in 2022-23 is £105.897 million.

The schools' delegated budget is reported as balanced as any under spend 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 £4.004 million during 2021-22, to £12.494 million at year end. The main reason for the significant increase was additional schools' revenue grant funding of £6.041 million announced late in 2021-22 and successful claims to the WG Hardship fund of £737,000 in the final quarter of 2021-22. At the start of 2022-23, projections indicated an overall surplus balance for school delegated budgets of £3.473 million at year end. There are 5 primary schools and 1 secondary school (10.2% of all schools) projecting a deficit balance at year end.

Central Education and Family Support Directorate budgets

Learner Support

- There is a net projected over spend of £264,000 in Learner Support budgets.
- £220,000 of this relates to the projected over spend due to the additional one-to-one support being provided to BCBC pupils in their home schools as they await placements in Heronsbridge or Ysgol Bryn Castell special schools. 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 which has improved the budgetary position compared with 2021-22.
- The Adult Community Learning budget has a £68,000 MTFS budget reduction proposal for 2022-23 which related to the removal of the council subsidised support to adult learners. Subsequent to this proposal, Welsh Government has changed the terms and conditions of the grant for this service area which has impacted on the core budget and deliverability of this proposal. The Education and Family Support Directorate is working on alternative budget reduction proposals to replace this saving which will be reported to Cabinet in the quarter 2 budget monitoring report.

Family Support

- The projected under spend of £92,000 primarily relates to staff vacancy management and maximisation of grant funding. The service area are looking to recruit to the vacant posts in 2022-23, therefore the saving will not be recurring in 2023-24.

Home-to-school transport (HtST)

- A MTFS budget pressure of £2.472 million was approved by Council in February 2022 to support the increased costs of HtST reported in 2021-22. These included the increased provision of taxis and minibuses for pupils with additional learning needs, transportation of nursery pupils in either dedicated minibuses or taxis, and a retendering exercise on home to school transport contracts, principally big buses and minibuses. A further procurement exercise was also undertaken at the end of 2021-22 for special taxis, taxis and minibus contracts which was anticipated to put further pressure on the HtST budget in 2022-23.
- The HtST budget is currently projecting a £253,000 over spend primarily relating to increased costs for those pupils with additional learning needs.
- It should also be noted that school transport providers are being significantly impacted by the fuel inflationary increases and are in discussion with the local authority with regard to the sharing of the risks associated with continuing to operate.
- The HtST will require close monitoring for the remainder of 2022-23 given the pressures continuing to be faced by the service area.

Catering Services

- The projected over spend of £154,000 in Catering Services has arisen from a combination of an increase in the cost of food purchases due to inflationary pressures along with a slight increase in staffing costs. This budget area will be closely monitored in 2022-23 with the potential for further support from the central price inflation budget as inflation continues to increase.

Corporate Health and Safety Unit

- The projected under spend of £136,000 within the Corporate Health and Safety Unit primarily relates to staff vacancy management. The vacant posts are expected to be filled in 2022-23 therefore this saving should not be recurring in 2023-24.

4.3.2 Social Services and Wellbeing Directorate

The Directorate's net budget for 2022-23 is £82.022 million. Current projections indicate an over spend of £1.548 million at year end. Whilst this appears a significant shift from the 2021-22 outturn position of a £5.931 million under spend, it is important to note that the Directorate received a significant amount of one-off grant income in 2021-22, including the Social Care Recovery Fund (£2.916 million) and the Social Care Pressures Grant (£2.221 million).

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	55,739	56,902	1,163	2.1%
Prevention and Wellbeing	5,299	5,152	(147)	-2.8%
Childrens Social Care	20,984	21,516	532	2.5%

Adult Social Care

There is projected net over spend of £1.163 million 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	(178)
Equipment & Adaptions	185
Mental Health Residential Care	(216)
Mental Health Home Care	335
Mental Health Supported Accommodation	(229)
Learning Disabilities Direct Payments	413
Learning Disabilities Home Care	785
Learning Disabilities Day Opportunities	510
Assessment and Care Management	(200)
Administrative and Central Services	(124)

- Older People Residential Care – the projected under spend of £178,000 is primarily due to an increase to the average resident's contribution. All contributions are financially assessed in accordance with the Social Services and Well-being (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.

- Equipment & Adaptions – the projected over spend of £185,000 is because of continuing demand for equipment due to the need to support individuals in line with Welsh Government's rehabilitation and recovery model. The outturn for 2021-22 saw an underlying pressure in this service area of £401,000.
- Mental Health Residential Care – the projected under spend of £216,000 is primarily due to a reduction in placements. Placement numbers are similar to those reported in the outturn report (45) 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. If these alternative solutions continue to prove beneficial then budgets could be vired within Mental Health to areas that are experiencing pressures as a result of the medium to long term impact of the pandemic on individuals.
- Mental Health Home Care – this includes Supported Living, Short Breaks and Domiciliary Care. The projected £335,000 over spend is primarily due to Supported Living packages of care exceeding the available budget. Whilst Supported Living packages of care have decreased slightly (34 compared with 40 in 2021-22) the Social Care Pressures Grant funding was utilised to offset a considerable element of the prior year over spend of £454,000.
- Mental Health Supported Accommodation – the projected £229,000 under spend primarily relates to maximisation of Innovation Grant Funding.
- Learning Disabilities Direct Payments – there is projected over spend of £413,000 as the service area has seen a shift to clients choosing to opt for Direct Payments rather than utilising traditional methods of care and support. This shift does not necessarily result in under spends in other service area budgets as there is currently significant demand for Social Services support across the directorate. In addition, there has also been a notable change in the complexity of cases, with a small number of high cost, high complexity placements.
- Learning Disabilities Home Care – the overall over spend of £785,000 is due to a combination of factors. Firstly, the number of hours of care covered by home care services has increased as clients have not yet returned to in-house Day Services Provision. Secondly, there has been an increase in the complexity of cases resulting in more support required along with additional hours of care.
- Learning Disabilities Day Opportunities – the over spend of £510,000 mainly relates to placement numbers exceeding the available budget for externally commissioned Day Services (£390,000). Placements numbers are similar to those in 2021-22, however the pressure was offset in the prior year by grant income of £302,000. Secondly, whilst the learning disabilities home care budget is projecting an over spend as clients have not returned to Internal Day Services new clients are taking up the vacant day services placements. Finally, whilst efficiencies have been identified in relation to the £115,000 MTFS saving relating to re-modelling of Day Services, work is ongoing to further develop the remodelling to meet the savings target and therefore it will not be met in full in 2022-23.
- Assessment and Care Management – there is a projected under spend of £200,000 due to a continuing challenging recruitment environment. Various recruitment activities and initiatives have been actioned in order to fill vacant posts but appointments have been affected by the acute lack of availability of staff and increasing demand across the Care sector.
- Administrative & Central Services – there is a projected under spend of £124,000 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 final quarter of 2022-23.

Prevention and Wellbeing

- The projected under spend of £147,000 is primarily due to the maximisation of grant funding opportunities (Summer of Fun, LAPA, Disability Sports). The projection does not include any estimate for a contribution to the Council's leisure provider for any residual financial impact of running the leisure services in 2022-23 due to Covid-19. 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 over spend of £532,000 on the Childrens Social Care budget. The most significant variances contributing to this projected over spend are:-

CHILDRENS SOCIAL CARE	Projected Variance Over/(under) budget £'000
Care Experienced Children	475
Family Support Services	116
Commissioning & Social Work	-194

- The projected over spend of £475,000 for Care Experienced Children is due to a combination of factors:-
 - Childrens Residential Services are projecting an over spend of £326,000 mainly due to additional staffing requirements for complex behaviours and increased agency costs as a result of the challenging recruitment market.
 - The Out of County Residential Care budget has a projected over spend of £613,000. There are currently 16 children in out of authority placements, an increase from 13 placements since 31st March 2022. It should be noted that this budget area can be volatile and small changes in demand can result in relatively high costs being incurred. The budget is being closely monitored to ensure that the projected spend is effectively managed.
 - There is an under spend on Independent Fostering Agency placements (£704,000) and Fostering (£293,000). This is due to alternative placement options being utilised, including in-house residential provision and Special Guardianship Orders which are projecting an over spend of £326,000 and £293,000 respectively. These budgets will be monitored closely in 2022-23 and budgets vired as appropriate.
- The projected over spend of £116,000 within Family Support Services is primarily due to the projected over spend in Direct Payments. In 2021-22, the service was successful in claiming £50,000 from the Covid-19 Hardship fund to cover additional support required due to the pandemic, however the Hardship Fund is not in place in 2022-23. If this pressure continues, then consideration will be given to a contribution from the Covid Budget Pressure and will be reported to Cabinet in future budget monitoring reports. The remaining projected over spend is due to an increase in complexity in existing cases.

- Commissioning & Social Work – the projected under spend of £194,000 is mainly due to staffing vacancies due to the ongoing recruitment challenges. Agency staff are being utilised where possible to limit the impact on service delivery.

4.3.3 Communities Directorate

The net budget for the Directorate for 2022-23 is £29.307 million. The current projection is an anticipated under spend of £459,000. The main variances are:

COMMUNITIES DIRECTORATE	Net Budget	Projected Outturn	Projected Variance Over/(under) budget	% Variance
	£'000	£'000	£'000	
Waste Disposal & Collection	9,356	9,119	(237)	-2.5%
Fleet Services	98	363	265	270.4%
Highways Services (DSO)	2,969	2,794	(175)	-5.9%
Street Lighting	1,622	1,397	(225)	-13.9%
Engineering Services	101	1	(100)	-99.0%
Corporate Landlord	2,825	3,001	176	6.2%

Waste Disposal and Collection

- There is a projected under spend of £237,000 on the Waste Disposal and Collection budget. This is primarily due to a 3.9% reduction in the disposal fee of residual waste at the Material Recovery and Energy Centre (MREC) and a slight reduction in the tonnage figures in April and May as people started to shift away from home-working. Close monitoring of this budget will be required in 2022-23 however, as June saw an increase to the monthly tonnage collected.

Fleet Services

- There is a projected over spend of £265,000 on Fleet services as productivity levels have still not returned to a break-even position. A review of the service will be required in the current financial year as the over spend position has continued into 2022-23.

Highways Services

- The projected under spend of £175,000 within Highways Services is primarily due to members of staff working on, and hence charging their time to, large capital schemes. This is not a recurring saving and is a reduced projection from the 2021-22 outturn of £364,000.

Street Lighting

- There is a projected under spend on the street lighting energy budget, which is comparable to the 2021-22 outturn under spend of £271,000. The LED replacement programme has generated savings due to reduced energy consumption. However, 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.

Engineering Services

- There is a projected under spend on Engineering Services of £100,000. This is primarily 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 a projected over spend of £176,000 against Corporate Landlord for 2022-23. As reported in the outturn report, there are shortfalls in income generated from properties run by the Council that are not necessarily Covid-19 related but relate to occupancy shortfalls. These have continued into 2022-23 and strategies are being developed to reduce the income shortfalls in the longer term – Bridgend Market (£179,000), Science Park (£31,000) and the Innovation Centre (£230,000). These have been offset by staffing vacancies of £157,000 – the service area are actively seeking to recruit to the vacancies, therefore this under spend is not recurring.

4.3.4 Chief Executive's

The net budget for the Directorate for 2022-23 is £22.389 million. Current projections anticipate an under spend against this budget of £607,000. The main variances are:

CHIEF EXECUTIVE'S	Net Budget	Projected Outturn	Projected Variance Over/(under) budget	% Variance
	£'000	£'000	£'000	
Legal, Democratic & Regulatory	5,359	5,485	126	2.4%
ICT	3,880	4,037	157	4.0%
Housing & Homelessness	3,375	2,534	(841)	-24.9%

Legal, Democratic & Regulatory

- The projected over spend of £126,000 mainly relates to projected shortfalls in Licensing fee income levels within Regulatory services. For the last two financial years, loss of income has been supported by the WG Hardship Fund, however this finished at the end of March 2022. The income budgets will be closely monitored through the remainder of the financial year to establish whether income levels start to recover and increase. Legal fees continue to be a budget pressure as reported in the Revenue Outturn report to Cabinet on 14 June. The current projected over spend for 2022-23 is £107,000 however this will be supported by draw down from an earmarked reserve created at the end of 2021-22 to cover the continuing pressure in this service area.

ICT

- There is a projected net over spend of £157,000 across ICT budgets. As highlighted in 2021-22, due to reduced printing activity ICT have been unable to cover the fixed costs of printers and photocopiers through the re-charge 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. In quarter 2 of 2021-22 a one-off budget virement of £150,000 was undertaken to align budgets. The implementation of the Future

Service Delivery Model will continue to be monitored as to whether another one-off budget virement will be actioned in 2022-23.

Housing & Homelessness

- There is a projected under spend of £841,000 on Housing & Homelessness.
- Budget growth of £2.192 million was approved by Council as part of the MTF5 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 through 2021-22.
- Despite the Hardship fund not being in place for 2022-23, WG recognised the need for homelessness accommodation to be secured in advance to continue the commitment to focus on support for homeless individuals and approved £1.479 million to cover these costs for the first six months of 2022-23. In addition, the accommodation element of the Hardship Fund was replaced in 2022-23 by a WG 'Homelessness – No One Left Out' grant funding of £1.046 million.
- Spend on Homelessness accommodation in 2022-23 is projected to be in the region of £3.738 million, against the combined WG funding of £2.525 million referred to above. The shortfall of £1.258 million is covered by the budget growth of £2.192 million, and the under spend against the core budget has enabled the service to propose to fund a revenue contribution to capital of £530,000 for a potential refurbishment programme working with Valleys to Coast (V2C) in order to bring properties back into use for nomination rights and homelessness cases – this is pending approval of the revised Capital Programme by Council on 20 June 2022.
- The projected accommodation spend is based on increased numbers of households and individuals supported, from 188 households and 308 individuals in June 2021 to 213 households and 371 individuals in June 2022. The remaining projected under spend on accommodation of £404,000 will be closely monitored in line with any further changes in support required for homelessness accommodation.
- The remainder of the under spend in Housing and Homelessness primarily relates to staffing vacancies (£136,000) due to the challenging recruitment environment – the Housing department are actively trying to recruit to these vacancies. There are also projected efficiencies on non-pay budgets of £62,000.

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 net budget for 2022-23 is £53.478 million. Current projections anticipate an under spend against this budget of £1.634 million. The main variances are:-

COUNCIL WIDE BUDGETS	Net Budget	Projected Outturn	Projected Variance Over/(under) budget	% Variance
	£'000	£'000	£'000	
Council Tax Reduction Scheme	16,054	15,300	(754)	-4.7%
Other Corporate Budgets	18,809	17,929	(880)	-4.7%

Council Tax Reduction Scheme

- There is a projected under spend of £754,000 on the Council Tax Reduction Scheme. This is a demand led budget and take-up is difficult to predict with an increase of £400,000 included within the budget for 2022-23 in anticipation of increased demand. Take up has remained similar, at present, to 2021-22 when the gross spend in this budget area was £15.239 million. The budget will be closely monitored in 2022-23 as there could be an additional call on the scheme in view of the impact of the pandemic and the cost of living crisis on personal financial circumstances with the potential for an increase in the number of benefit claimants.

Other Corporate Budgets

- As referred to in paragraph 4.1.11 to 4.1.14, due to the ongoing discussions regarding pay claims, the risk of unexpected major price inflation increases along with rising costs resulting from Brexit and the impact of the war in Ukraine, at this point in the financial year, it is prudent to assume that the majority of Council wide budgets will be fully spent by the year end. However it is anticipated that there will be a reduction in corporate support required to fund potential redundancy costs as, following the better than anticipated WG settlement for 2022-23, fewer budget reduction proposals had to be made. In addition, there is currently a lower than anticipated requirement against the £1m MTFs Covid-19 pressure approved by Council in February 2022. Close monitoring will be required of this budget especially against the backdrop of the recent rise in covid infection rates.

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 The Committee is recommended to consider the report upon the projected revenue position for 2022-23.

Carys Lord
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July 2022

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Background documents: Individual Directorate Monitoring Reports
MTFS Report to Council – 23 February 2022