

Meeting of:	CORPORATE OVERVIEW AND SCRUTINY COMMITTEE
Date of Meeting:	24 JULY 2023
Report Title:	BUDGET MONITORING 2023-24 – QUARTER 1 REVENUE FORECAST
Report Owner/ Corporate Director:	CHIEF OFFICER – FINANCE, PERFORMANCE AND CHANGE
Responsible Officer:	JOANNE NORMAN GROUP MANAGER – BUDGET MANAGEMENT
Policy Framework and Procedure Rules:	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.
Executive Summary:	<ul style="list-style-type: none"> • The net revenue budget for 2023-24 is £342.334 million. The overall projected position at 30th June 2023 is a net over spend of £9.727 million. • The projected over spend is primarily due to ongoing pressures within the Social Services and Wellbeing Directorate and on the Home to School Transport budget. • The budget approved for 2023-24 included budget reduction proposals totalling £2.608 million. The current position is a projected shortfall on the savings target of £200,000, or 7.67% of the overall reduction target. • A thorough review of earmarked reserves was undertaken by Corporate Management Board during quarter 1 of 2023-24 which has identified £3.067 million of reserves that can be unwound to contribute towards emerging risks for the Council as a whole during 2023-24. A further £733,000 of earmarked reserves was to be repurposed against similar schemes.

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 2023.

2. Background

- 2.1 On 1st March 2023, Council approved a net revenue budget of £342.047 million for 2023-24 based on the provisional local government settlement received from Welsh Government in December 2022. The Welsh Government announced its final settlement on the 28th February 2023 which included an increase in the Revenue Support Grant (RSG) for the Council of £287,106, increasing the net revenue budget for 2022-23 to £342.334 million. The reasons for this increase were outlined in a report to Council on 15th March, but were mainly in respect of the transfer into the final local government settlement of the Fire and Rescue Authority (FRA) Scape grant. As a result, £281,997 of this will be paid to the FRA.
- 2.2 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.

3. Current situation / proposal

3.1 Summary financial position at 30th June 2023

- 3.1.1 The Council's net revenue budget and projected outturn for 2023-24 is shown in Table 1 below.

Table 1- Comparison of budget against projected outturn at 30th June 2023

Directorate/Budget Area	Original Budget 2023-24 £'000	Revised Budget 2023-24 £'000	Projected Outturn Q1 2023-24 £'000	Projected Over / (Under) Spend 2023-24 £'000	Projected Over / (Under) Spend Qtr 1 2022-23 £'000
Directorate					
Education and Family Support	137,488	139,053	140,752	1,699	407
Social Services and Wellbeing	92,791	94,595	105,660	11,065	1,548
Communities	30,545	31,474	31,596	122	(459)
Chief Executive's	24,003	24,079	23,981	(98)	(607)
Total Directorate Budgets	284,827	289,201	301,989	12,788	889
Council Wide Budgets					
Capital Financing	7,203	7,203	5,078	(2,125)	0
Levies	9,189	9,189	9,189	0	0
Apprenticeship Levy	650	750	750	0	0
Council Tax Reduction Scheme	16,054	16,054	15,792	(262)	(754)
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	21,948	17,474	16,800	(674)	(880)
Total Council Wide Budgets	57,507	53,133	50,072	(3,061)	(1,634)
Total	342,334	342,334	352,061	9,727	(745)

- 3.1.2 The overall projected position at 30th June 2023 is a net over spend of £9.727 million comprising £12.788 million net over spend on directorates and a net under spend of £3.061 million on Council wide budgets. A detailed analysis of the more significant projected under and over spends is set out in section 3.3.
- 3.1.3 The main financial pressures are in the service areas of Social Services and Wellbeing (SSWB) and Home to School Transport (HtST). In 2022-23, the SSWB Directorate experienced pressures of work to meet statutory duties against a backdrop of an exponential increase in demand in children's social care, and an increase in the number of independent residential placements in Children's Services, along with pressures in learning disabilities and older persons' residential placements. Whilst budget growth of £8.174 million was approved by Council as part of the Medium Term Financial Strategy (MTFS) for 2023-24, the Directorate continues to see an increase in demand and the budget growth confirmed is currently insufficient to meet the increase in demand with current projections showing a £11.065 million over spend in 2023-24. Further consideration will be needed to be given by Council to the sustainable resource required specifically in Children's Services to improve the quality of outcomes for children and families in Bridgend.
- 3.1.4 There is a projected over spend on Home to School Transport of £1.3 million. Several retendering exercises on HtST took place in 2022-23 with market conditions not being favourable, due to high levels of inflation and shortage of drives and escorts, with procurement exercises resulting in generally higher costs across many contracts.
- 3.1.5 It is too early in the financial year to provide a realistic indication of projected council tax income for this financial year, and whether the Council is likely to see a reduction in council tax income over the 2023-24 financial year as more people have suffered financial hardship due to the current cost of living crisis, or whether additional income will be collected from the introduction of council tax premiums on empty properties. 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.

Budget virements/technical adjustments

- 3.1.6 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 March 2023. The budget position is reported on the assumption that these virements will be approved.
- 3.1.7 The main virements and technical adjustments are outlined below:

Budget Virements

Service vired from / to	Amount
Transfer of part of budget pressure approved by Council in February 2022 (CEX 2 - Phase 2 Business Support Review) from Chief Executive Directorate to Education and Family Support Directorate- School counsellor and family support worker staffing budgets	£168,071

Technical Adjustments

Service vired from / to	Amount
Allocation of funding retained centrally in respect of increase to the Apprenticeship Levy	£100,000
Allocation of funding retained centrally in respect of Joint Negotiating Committee (JNC) pay award 2023-24 for Chief Officers	£72,865
Transfer of inflationary uplifts not confirmed when the Medium Term Financial Strategy was agreed that are held centrally until evidence of the uplift is provided by the service areas (detailed in paragraph 3.1.8)	£4,241,289
Allocation of funding retained centrally in respect of the financial implications of the Independent Remuneration Panel for Wales Annual Report	£60,581

Pay/Price Inflation

- 3.1.8 When the budget for 2023-24 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. Amounts released during quarter 1 are shown in 3.1.7 and include £1.275 million energy uplift for schools, £0.907 million uplift for energy on street lighting budgets, £0.792 million allocation for inflationary increases for Social Services and Wellbeing commissioned services and £0.535 million allocation of funding to the Direct Payment budget for increases to Personal Assistant and Agency rates due to the increase in the Real Living Wage.
- 3.1.9 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 from September 2023 onwards and National Joint Council (NJC) workers for 2023-24. 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.
- 3.1.10 In addition, the Council has experienced additional costs as a result of increases in inflation not seen for over a decade, and the impact of the war in the Ukraine.

3.1.11 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 continued to remain high since the budget was set with CPI at 8.7% in May 2023. With these uncertainties the budget will need to be monitored closely during the remainder of the year.

Budget Reduction Proposals

3.1.12 The net budget for the financial year has been set assuming full implementation of the current year budget reduction requirements across the Council's budget, which amount to £2.608 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.

3.1.13 In March 2023 Council approved the Medium Term Financial Strategy for 2023-24 to 2026-27. This identified the need to develop recurrent budget reduction proposals, based on the most likely scenario, amounting to £17.165 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.

3.1.14 At year end 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. Similarly, 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 2023-24. This is in line with the reports to Cabinet and Council on the MTFs, and the Council's Financial Procedure Rules.

3.2 Monitoring of Budget Reduction Proposals

Prior Year Budget Reductions

3.2.1 A report was presented to Cabinet on 20th June 2023 on the Revenue Budget Outturn 2022-23. In the report it was highlighted that, for 2017-18 to 2021-22, there were £179,000 of budget reduction proposals that were not met in full, with a total outstanding balance to be met of £60,000. In addition, of the 2022-23 budget reduction proposals of £631,000, it was reported that there was a total outstanding balance to be met of £176,000. Directors have been asked to identify if any of these proposals are still not likely to be achieved in full during the 2023-24 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 2.

Table 2 – Outstanding Prior Year Budget Reductions

	Total Budget Reductions Required	Total Budget Reductions Likely to be Achieved	Shortfall
DIRECTORATE /BUDGET REDUCTION AREA	£'000	£'000	£'000
Social Services and Wellbeing	115	85	30
Communities	165	35	130
TOTAL	280	120	160

Note: The total budget reductions required in Table 2 represents the full original budget reduction targets.

3.2.2 Table 2 shows that of the £280,000 outstanding reductions, £120,000 is likely to be achieved in 2023-24 leaving a shortfall of £160,000. Proposals still not likely to be achieved include:

- SSWB 2 – remodelling of day service provision for older people and learning disability services (£30,000 shortfall). Efficiencies were identified and implemented in 2022-23 however external factors are preventing the achievement of the full savings target. The Directorate are developing an alternative plan to provide the required savings.
- COM 2 – Re-location of Community Recycling Centre from Tythegston to Pyle (£60,000). The new site in Pyle is anticipated to open later in 2023-24, with both sites being maintained until the new site is fully operational, therefore the saving will not be achieved in full until 2024-25. The saving will therefore have to be met through alternative one-off efficiencies in 2023-24 in order to deliver a balanced budget position.
- 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. The saving will be met through alternative one-off efficiencies in 2023-24 to deliver a balanced budget position.

3.2.3 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 2023-24

3.2.4 The budget approved for 2023-24 included budget reduction proposals totalling £2.608 million, which is broken down in **Appendix 2** and summarised in Table 3 below. The current position is that £2.358 million has been achieved to date with an additional £50,000 achieved by year end, leading to an overall projected shortfall on the savings target by year end of £200,000, or 7.67% of the overall reduction target.

Table 3 – Monitoring of Budget Reductions 2023-24

	Total Budget Reductions Required	Total Budget Reductions Achieved to date	Total Budget Reductions Likely to be Achieved	Shortfall
DIRECTORATE /BUDGET REDUCTION AREA	£'000	£'000	£'000	£'000
Education and Family Support	40	0	0	40
Schools	2,118	2,118	2,118	0
Social Services and Wellbeing	0	0	0	0
Communities	375	165	215	160
Chief Executive's	75	75	75	0
TOTAL	2,608	2,358	2,408	200

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

- EDFS1 – Delegation of school transport responsibilities to The Bridge Pupil Referral Unit (£40,000 shortfall). Officers are continuing to investigate the practicalities and implications of this bespoke transport arrangement.
- COM1 – closure of each of the Community Recycling Centre sites for one weekday per week (£50,000 shortfall). Public Consultation has commenced, the outcome of which will be reported back to Cabinet in due course.
- COM 2 – Charging Blue Badge Holders for parking (£40,000 shortfall). The traffic management team are currently engaged in the introduction of the national speed limit in built up areas, and therefore the saving proposal is unlikely to be achieved in 2023-24 due to the resource required to introduce this change first.
- 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.

3.2.6 **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.

3.2.7 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.

3.3 Commentary on the financial position at 30th June 2023

Financial position at 30th June 2023

A summary of the financial position for each main service area is attached in **Appendix 3** to this report and comments on the most significant variances are provided below.

3.3.1 **Education and Family Support Directorate**

The net budget for the Education and Family Support Directorate, including school delegated budgets, for 2023-24 is £139.053 million. Current projections indicate an over spend of £1.699 million 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	6,717	7,161	444	6.6%
Family Support	3,354	3,146	(208)	-6.2%
Home to School Transport	8,008	9,308	1,300	16.2%
Catering Services	1,546	1,892	346	22.4%
Corporate health and safety	401	270	(131)	-32.7%

Schools' delegated budgets

Total funding delegated to schools in 2023-24 is £111.063 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 decreased by £7.330 million during 2022-23, to £6.898 million at year end. At the start of 2023-24, projections indicated an overall surplus balance for school delegated budgets of £221,890 at year end. There are 20 primary schools, 4 secondary schools and 2 special schools (44.1% of all schools) projecting a deficit balance at year end.

Central Education and Family Support Directorate budgets

Learner Support

- There is a projected net over spend of £444,000 in Learner Support budgets. This primarily relates to a projected over spend on the inter authority recoupment budget due to an increase in demand for Bridgend pupils in out of county placements from 16 in Summer 2022 up to 21 for Summer 2023 (£293,000) as there are insufficient spaces at Heronsbridge and Ysgol Bryn Castell. There is also a projected increase in demand for additional learning needs support at schools (£97,000).

Family Support

- The projected under spend of £208,000 primarily relates to staff vacancies and receipt of additional grant funding. The service area are actively recruiting to the vacant posts in 2023-24. The two additional grants are the Youth Endowment Fund (£262,000 – 18 months from September 2023 to March 2025) and the Turnaround grant (£59,000 – two years, ending March 2025),

Home-to-school transport (HtST)

- The revenue outturn report for 2022-23 highlighted a £1.316 million over spend on the HtST budget. This was primarily as a result of retendering exercises that had taken place, which had been impacted by unfavourable market conditions. This had subsequently resulted in higher costs across many contracts in line with difficulties associated with the aftermath of the pandemic, namely the shortage of drivers and escorts and increased fuel costs internationally.
- The HtST budget is projecting a similar projected over spend for 2023-24 of £1.3 million and, whilst fuel prices have started to decrease, close monitoring of this budget will be required to determine whether the projections will improve.

Catering Services

- There is a projected over spend of £346,000 in Catering Services. The price of school meals to paying pupils has again not been increased in 2023-24 and therefore the projected over spend is mainly due to the service being unable to achieve full cost recovery due to the impact of high inflation on food purchases. Price inflation on food has been particularly volatile, with a recent reduction in food inflationary levels seen, therefore the cost of food purchases will be closely monitored in 2023-24 to determine whether the inflationary pressures in this area continue to impact on cost recovery in this service area.

Corporate Health and Safety Unit

- The projected under spend of £131,000 within the Corporate Health and Safety Unit primarily relates to staff vacancies. The vacant posts are expected to be filled in 2023-24 therefore this saving should not be recurring in 2024-25.

3.3.2 Social Services and Wellbeing Directorate

The Directorate's net budget for 2023-24 is £94.595 million. Current projections indicate an over spend of £11.065 million at year end. The outturn for 2022-23 was an over spend of £10.868 million. Council approved budget pressures of £8.74 million in March as part of the Medium Term Financial Strategy. £2.5 million of the uplift was for Real Living Wage for care workers which was included in the settlement by Welsh Government specifically for this purpose. The funded pressures also included inflationary uplifts on commissioned contracts, demographic pressures, Children's Residential and Independent Residential Care, Learning Disabilities, some strengthening of leadership and workforce pressures and increased demand and increased costs of commissioned services. Despite this growth the Directorate continues to experience the pressures of work to meet statutory duties against a backdrop of an exponential increase in demand in children's social care and an increase in the number of independent residential placements in Children's services along with pressures in learning disabilities and older people's services driven by the complexity of need.

As noted in the revenue outturn report, to keep children safe and for the Council to meet statutory duties in respect of safeguarding children, there has been significant

engagement of agency workforce to fill vacant posts and to provide additional capacity – in particular, this has placed pressure on the Multi Agency Safeguarding Hub and Information, Advice and Assistance Services, safeguarding localities and the Care Experienced Children’s Team. A 3 year sustainability plan to improve the way that children and families are supported in Bridgend was considered by Scrutiny Committee on the 10th July and consultation will take place over the summer with the proposals to be considered by Cabinet in September.

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	63,927	68,270	4,343	6.8%
Prevention and Wellbeing	6,390	6,191	(199)	-3.1%
Childrens Social Care	24,279	31,199	6,920	28.5%

Adult Social Care

There is projected net over spend of £4.343 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
Learning Disabilities Home Care	2,098
Assessment and Care Management	664
Learning Disabilities Day Opportunities	624
Older People Home Care	466
Learning Disabilities Residential Care	352
Mental Health Homecare	345
Physical Disability/Sensory Impairment Direct Payments	247
Learning Disabilities Direct Payments	239
Older People Direct Payments	201
Equipment & Adaptions	162
Adult Services Management	(122)
Mental Health Supported Accommodation	(196)
Mental Health Residential Care	(322)
Administrative and Central Services	(327)

- Learning Disabilities Home Care – the overall projected over spend of £2.098 million is due to a combination of factors, which are an ongoing pressure from 2022-23. Firstly, the number of hours of care covered by home care services has increased as people have either opted to not return, or are having a reduced service, to internal day services provision following a review of their assessed need. Secondly, there has been an increase in the complexity of people’s needs – e.g.

waking nights required rather than sleep-in nights which increases the cost of service delivery considerably. Whilst the outturn for 2022-23 was a £1.826 million over spend, maximisation of grant funding mitigated this on a one-off basis by £562,000. Secondly, whilst £1.254 million of budget growth was allocated to this service area in 2023-24 almost £500,000 of this has funded Real Living Wage uplifts.

- Assessment and Care Management – there is a projected over spend of £664,000 due to the forecast assuming agency costs will continue throughout the year, however, the service have recently been able to recruit to core staffing posts in social work so anticipate a reduction in this projected over spend which will be confirmed in quarter 2.
- Learning Disabilities Day Opportunities – the over spend of £624,000 mainly relates to placement numbers exceeding the available budget for External Day Services (£392,000). Firstly, whilst the learning disabilities home care budget also has an over spend as people have not returned to internal day services, new people are taking up the vacant day services placements. Secondly, as reported in the outturn revenue report for 2022-23 the service are experiencing higher transport costs than normal (£140,000) due to having to hire vehicles on a short term basis as a result of delays in the delivery of new vehicles due to chassis parts being difficult to obtain. There is an issue with suppliers across the public sector. Finally, whilst efficiencies were identified and implemented in 2022-23 in relation to the £115,000 MTFS saving relating to re-modelling of Day Services, external factors are preventing the achievement of the full savings target. The Directorate is developing an alternative plan to provide the required £115,000 savings in full.
- Older People Home Care – the projected over spend of £466,000 mainly relates to over spends on Independent Domiciliary Care and Short breaks. Whilst the service area was allocated budget growth of £646,000 in 2023-24, £448,000 related to covering the Real Living Wage uplifts. The projected over spend is primarily due to an increase in the weekly average hours which have increased from 7,530 in 2022-23 to 7,617 in 2023-24, but is still less than pre pandemic levels.
- Learning Disabilities Residential Care – there is a projected over spend of £352,000 which is primarily due to increased costs for existing placements within the residential and nursing service due to changing needs (£472,000) which is partially offset by under spends on the Breakaway Respite Service due to staff vacancies as a result of the general recruitment challenges being faced by the Directorate.
- Mental Health Home Care – this includes supported living, short breaks and domiciliary care. The projected over spend of £345,000 is mainly due to increases of need of people with supported living packages of care whose needs are greater than the core budget for these services. Whilst placement numbers have remained similar to 2022-23 in the first quarter, there has been an overall reduction in the projected over spend of £71,000
- Physical Disability/Sensory Impairment Direct Payments - there is a projected over spend of £247,000. The number of people using services remains stable at 54 in quarter 1 for 2023-24 compared with 55 in quarter 1 2022-23. The projected over spend relates to an increasing complexity of cases that impacts on the average cost of direct payments support.

- Learning Disabilities Direct Payments – there is projected over spend of £239,000. The number of people using services remains relatively stable at 113 in quarter 1 for 2023-24 compared with 115 in quarter 1 2022-23. The projected over spend relates to an increasing complexity of cases that impacts on the average cost of direct payments support.
- Older People Direct Payments – there is a projected over spend of £201,000 across the Direct Payments budgets in this area. The main reason for this is an increase in demand for direct payments (61 cases in quarter 1 2022-23 compared with 67 in quarter 1 2023-24), along with increasing complexity of cases that impacts on the average cost of direct payments support.
- Equipment & Adaptions – the projected over spend of £162,000 is due to continuing demand for equipment arising from the need to support individuals in line with Welsh Government’s rehabilitation and recovery model. The outturn for 2022-23 saw an underlying pressure in this service area of £460,000. A budget pressure of £298,000 was approved by Council as part of the MTFs budget setting process in March 2023 which has helped alleviate a significant amount of pressure, however the projected over spend reflects the demand level and this budget will be monitored closely going forward.
- Adult services management – there is a projected under spend of £122,000 which is primarily due to staff vacancies. The service area has successfully recruited to some of the vacant posts and is actively looking to recruit and fill the remaining vacancies.
- Mental Health Supported Accommodation – the projected £196,000 under spend primarily relates to utilisation of Innovation Grant Funding to support staffing budgets in this service area (£262,000).
- Mental Health Residential Care – the projected under spend of £322,000 is primarily due to a reduction in placements with current placements of 46 compared to the 51 historically seen in this service area. This is primarily due to alternative service solutions continuing to be provided that were more suitable to meet people’s needs. As these alternative solutions continue to prove beneficial the Directorate will review budget during quarter 2 and budgets vired within Mental Health to areas that are experiencing pressures as a result of the medium to long term impact of the pandemic and needs of individuals.
- Administrative and Central Services – the projected under spend of £327,000 is mainly due staffing vacancies. The service areas are actively recruiting to these roles during 2023-24.

Prevention and Wellbeing

- The projected under spend of £199,000 is primarily due to the utilisation of grant funding opportunities offsetting salary costs (£122,000 in Prevention and Wellbeing, and £25,000 in Playworks), along with £51,000 relating to staff vacancies. The service area is actively recruiting to these vacancies.

Childrens Social Care

There is projected net over spend of £6.920 million on the Children's 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	3,746
Commissioning & Social Work	2,841
Management & Administration	213

- The projected over spend of £3.746 million for Care Experienced Children is due to a combination of factors:-
 - The Independent Residential Care budget has a projected over spend of £3.658 million. This is despite a budget growth being approved by Council for 2023-24 of £650,000 as part of the MTFS. There are currently 25 care experienced children in out of authority placements. Whilst this is only an increase of 1 placement since 31st March 2023 it is a significant increase compared to the 9 placements at quarter 4 in 2021-22 and the 16 placements at quarter 1 in 2022-23. This is due to a number of factors, including high numbers of care experienced children, insufficient numbers of quality placements to meet needs including foster carers (in-house and independent) and children requiring specialist provision sometimes with high staffing ratios to keep them safe and protected. 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 current average cost per week of a placement is £4,700 however this can vary depending on the individual cases.
 - Children's Residential Services are projecting an under spend of £434,000. The service area was allocated £684,000 of budget pressures in 2023-24 due to additional staff being required in BCBC residential settings. There is a projected under spend relating to this growth as the posts are being recruited to in 2023-24, along with a delay in opening a new build children's home. The opening of the new children's home should have a positive impact on the projected over spend noted above on the Independent Residential Care budget. The service area has also benefited from Myst grant funding of £310,000 which the projected under spend mostly relates to.
 - There is an under spend on Independent Fostering Agency placements (£329,000). This is due to alternative placement options being utilised, including Special Guardianship Orders which are projecting an over spend of £304,000. These budgets will be monitored closely in 2023-24 and budgets vired as appropriate.
- Commissioning & Social Work – the projected over spend of £2.841 million is mainly due to having to continue to rely on agency staffing across all the children's social work teams due to the ongoing recruitment challenges, acute lack of availability of staff and increasing demands across the care sector. The projection reflects the ongoing permanent staff recruitment issues and reliance on agency staff for the foreseeable future. Agency staff are being utilised where possible to limit the impact on service delivery and ensure that statutory duties are met. The projections

present the worse case scenario in having to continue to rely on agency members of staff for the remainder of 2023-24, and every opportunity is taken to convert agency arrangements into permanent employment where possible.

- Management & Administration – the projected over spend of £213,000 relates primarily to a continued increase in staffing costs, including agency costs, who are supporting key roles in Children’s Services. There has been a significant increase in children and young people referred for care and support and/or due to safeguarding concerns. In addition to the impact this has on the social work teams being required to discharge their statutory duties, there is also the impact on business support due to the pivotal role they play in ensuring statutory timescales and recording requirements are met. The projected over spend has improved since the reported outturn position of an over spend of £333,000 due to allocation of budget growth of £69,000 approved by Council for 2023-24.

3.3.3 **Communities Directorate**

The net budget for the Directorate for 2023-24 is £31.474 million. The current projection is an anticipated over spend of £122,000. The main variances are:

COMMUNITIES DIRECTORATE	Net Budget	Projected Outturn	Projected Variance Over/(under) budget	% Variance
	£'000	£'000	£'000	
Fleet Services	135	335	200	148.1%
Highways Services (DSO)	8,926	8,826	(100)	-1.1%
Engineering Services	101	51	(50)	-49.5%
Corporate Landlord	2,900	2,972	72	2.5%

Fleet Services

- There is a projected over spend of £200,000 on Fleet services. The fleet services team operate on a break-even basis with re-charges for work undertaken on directorates’, South Wales Police (SWP) and the general public’s vehicles, generating income to support staffing and overhead costs. As reported in the revenue outturn report for 2022-23, productivity levels continue to be impacted by long term sickness as well as recruitment and retention difficulties. A report outlining options in respect of the operational model and charging mechanisms is in the final stages of development in mitigating the budget position of fleet services, and it is anticipated that this will be available in quarter 2 of 2023-24.

Highways Services

- The projected under spend of £100,000 within Highways Services is primarily due to core funded staff being utilised to support work on capital schemes. In these cases, the salary costs can be capitalised, thus generating one-off income for the service area.

Engineering Services

- There is a projected under spend on Engineering Services of £50,000. This 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 a projected over spend of £72,000 against Corporate Landlord. As reported in the 2022-23 outturn report, there are shortfalls in income generated from properties run by the Council that relate to occupancy shortfalls. These have continued into 2023-24 and strategies are being developed to reduce the income shortfalls in the longer term – Bridgend Market (£100,000) and the Innovation Centre (£120,000). These have been offset by staffing vacancies of £148,000 which the service area are actively seeking to recruit to, therefore this under spend is not recurring.

3.3.4 Chief Executive's

The net budget for the Directorate for 2023-24 is £24.079 million. Current projections anticipate an under spend against this budget of £98,000. The main variances are:

CHIEF EXECUTIVE'S	Net Budget £'000	Projected outturn £'000	Actual Variance Over/(under) budget £'000	% Variance
Housing & Homelessness	4,122	3,521	-601	-14.6%
ICT	4,001	4,186	185	4.6%
Legal, Democratic & Regulatory	5,878	6,028	330	5.6%

Housing & Homelessness

- There is a projected under spend of £601,000 on 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. An additional budget pressure of £700,000 was approved by Council in March 2023 based on increased numbers of households and individuals supported with accommodation. The core accommodation budget for 2023-24 is £2.722 million.
- For 2023-24, Welsh Government (WG) have confirmed grant funding of £898,694 for accommodation under the "No One Left Out" funding stream and £137,000 under a Discretionary Homelessness Prevention Grant. The total grant funding confirmed for 2023-24 of £1.036 million is significantly lower than the total grant allocation of £2.128 million which was received in 2022-23. In addition, WG also provided other grant funding of £1.479 million to cover homelessness costs for the first six months of 2022-23 bringing total funding from WG in 2022-23 of £3.607 million.
- Projected spend on Homelessness accommodation in 2023-24 is £3.9 million. As well as the core budget (£2.722 million) and total WG accommodation grant funding (£1.036 million), the service has also seen an increase in rental income relating to Housing Benefits claimed by tenants who have been supported with homelessness accommodation (£462,000). The net impact is a projected under spend on accommodation of £320,000.

- The projected accommodation spend is based on increased numbers of households and individuals supported, from 213 households and 371 individuals in June 2022 to 260 households and 469 individuals in June 2023. The budget will require close monitoring throughout 2023-24 in line with any further changes in support required for homelessness accommodation.
- The remainder of the projected under spend primarily relates to staff vacancies (£157,000). The service areas are actively looking to recruit to and fill these vacancies during 2023-24.

ICT

- There is a projected net over spend of £185,000 across ICT budgets. As highlighted in the 2022-23 Revenue Budget Outturn report, 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. A review will be undertaken during quarter 2 to realign print budgets.

Legal, Democratic & Regulatory

- There is a net over spend of £330,000 across Legal, Democratic and Regulatory services which is primarily due to legal fees continuing to be a budget pressure as reported in the revenue budget monitoring reports in 2022-23. The pressures experienced in 2022-23 on public and private law childcare cases, along with an increase in volume of complex cases that have required Senior Counsel, are continuing into 2023-24. The budget will be closely monitored through the remainder of the financial year to establish whether this pressure is long term or that the pressure will start to reduce during 2023-24.

3.3.5 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 2023-24 is £53.133 million. Current projections anticipate an under spend against this budget of £3.061 million. The main variances are:-

COUNCIL WIDE BUDGETS	Net Budget	Projected Outturn	Projected Variance Over/(under) budget	% Variance
	£'000	£'000	£'000	
Capital Financing	7,203	5,078	(2,125)	-29.5%
Council Tax Reduction Scheme	16,054	15,792	(262)	-1.63%
Other Corporate Budgets	17,474	16,800	(674)	-3.86%

Capital Financing

- The projected under spend of £2.125 million mainly relates to additional interest from current investments due to the continuing increase in interest rates by the Bank of England. It was noted in the revenue outturn report that the increase to 4.5% in May 2023 was the highest it has been since 2008, and there has been a further increase to 5% in June 2023.

- The under spend is predicated on interest rates being sustained throughout 2023-24. It should also be noted that this will not be a recurring under spend as the Council approved new Highways and Children’s Playground refurbishments in the Capital Programme in March 2023 to be funded from a combination of unallocated capital funding and prudential borrowing.

Council Tax Reduction Scheme

- There is currently a projected under spend of £262,000 on the Council Tax Reduction Scheme. This is a demand led budget and take-up is difficult to predict. The projected take-up for 2023-24 is higher than in 2022-23 when the gross spend in this budget area was £14.885 million. The budget will be closely monitored in 2023-24 as there could be an additional call on the scheme in view of the impact of 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 3.1.9 and 3.1.10, due to the ongoing discussions regarding pay claims and the risk of unexpected major price inflation increases, 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 2023-24, fewer budget reduction proposals had to be made.

3.3.6 Earmarked Reserves

As noted in the outturn report, a thorough review of earmarked reserves was undertaken by Corporate Management Board during quarter 1 of 2023-24, which included an assessment of the draw down profile and re-profiling of existing earmarked reserves.

The initial review identified £3.067 million of reserves to be unwound in order to fund emerging risks for the Council as a whole during 2023-24 and a further £733,000 to be repurposed for similar schemes. Further detail will be provided on this in the quarter 2 revenue monitoring report.

4. Equality implications (including Socio-economic Duty and Welsh Language)

- 4.1 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.

5. Well-being of Future Generations implications and connection to Corporate Well-being Objectives

- 5.1 The Act provides the basis for driving a different kind of public service in Wales, with 5 ways of working to guide how public services should work to deliver for people. The well-being objectives are designed to complement each other and are part of an integrated way of working to improve well-being for the people of Bridgend. The

allocation of budget determines the extent to which the Council's well-being objectives can be delivered. It is considered that there will be no significant or unacceptable impacts upon the achievement of the well-being goals or objectives as a result of this report.

6. Climate Change Implications

6.1 There are no direct implications arising from this report.

7. Safeguarding and Corporate Parent Implications

7.1 There are no direct implications arising from this report.

8. Financial Implications

8.1 These are reflected in the body of the report.

9. Recommendations

9.1 The Committee is recommended to consider the report upon the projected revenue position for 2023-24.

Background documents: Individual Directorate Monitoring Reports