

Meeting of:	TOWN AND COMMUNITY COUNCIL FORUM
Date of Meeting:	13 NOVEMBER 2023
Report Title:	BUDGET UPDATE
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 September 2023 is a net over spend of £10.932 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.

1. Purpose of Report

- 1.1 The purpose of this report is to provide a briefing on the current budget position for Bridgend County Borough Council as at 30th September 2023.

2. Background

- 2.1 The net revenue budget for Bridgend County Borough Council in 2023-24 is £342.334 million. A report was presented to Cabinet on 17th October providing a detailed overview of the Council's financial position against that budget at 30th September.
- 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 September 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 September 2023

Directorate/Budget Area	Original Budget 2023-24 £'000	Revised Budget 2023-24 £'000	Projected Year end spend Q2 2023-24 £'000	Projected Over / (Under) Spend 2023-24 £'000	Projected Over / (Under) Spend Qtr 1 2023-24 £'000
Directorate					
Education and Family Support	137,488	139,032	140,778	1,746	1,699
Social Services and Wellbeing	92,791	96,630	109,320	12,690	11,065
Communities	30,545	32,832	33,432	600	122
Chief Executive's	24,003	24,200	24,448	248	(98)
Total Directorate Budgets	284,827	292,694	307,978	15,284	12,788
Council Wide Budgets					
Capital Financing	7,203	7,203	4,605	(2,598)	(2,125)
Levies	9,189	9,189	9,170	(19)	0
Apprenticeship Levy	650	750	769	19	0
Council Tax Reduction Scheme	16,054	16,054	15,841	(213)	(262)
Insurance Premiums	1,363	1,363	1,261	(102)	0
Repairs & Maintenance	670	670	630	(40)	0
Pension Related Costs	430	430	430	0	0
Other Council Wide Budgets	21,948	13,981	12,582	(1,399)	(674)
Total Council Wide Budgets	57,507	49,640	45,288	(4,352)	(3,061)
Total	342,334	342,334	353,266	10,932	9,727

- 3.1.2 The overall projected position at 30th September 2023 is a net over spend of £10.932 million comprising £15.284 million net over spend on directorates and a net under spend of £4.352 million on Council wide budgets. A detailed analysis of the more significant projected under and over spends was considered by Cabinet and that report is contained in Appendix A of this report.

- 3.1.3 The main financial pressures are in the service areas of Social Services and Wellbeing (SSWB) and Home to School Transport (HtST). Whilst budget growth of £8.174 million was approved for SSWB 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 £12.690 million over spend in 2023-24. A 3 year sustainability plan to improve outcomes for Children and Family Services in Bridgend was approved by Council on the 20th September 2023, with a permanent budget virement of £1 million from unallocated growth approved for Children's services and the additional use of up to £2.5 million of earmarked reserves whilst a more permanent funding solution is sought.
- 3.1.4 There is a projected over spend on Home to School Transport of £1.158 million which has reduced from the projected over spend at quarter 1 of £1.316 million, but is still significant.
- 3.1.5 Work is ongoing to determine a realistic projection for the likely amount of council tax income for 2023-24. It is difficult to currently project whether the Council is likely to see a reduction in council tax income due to changing personal circumstances of individuals and changes to those receiving council tax support.
- 3.1.6 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.
- 3.1.7 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. However, it has become evident in recent months that the position going forward is likely to be even more challenging than this, with recurrent in-year over spends needing to be mitigated, along with additional pay and price pressures due to ongoing high levels of inflation. Against that background it is essential that expenditure is kept within the overall approved budget as far as possible, 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. Likewise, any opportunities to reduce spend in-year will be taken to try and improve the year end position.

3.2 Review of Earmarked Reserves

- 3.2.1 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.
- 3.2.2 The review in quarter 1 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. On 20th September Council

approved the use of £2.5 million of the unwound reserves to support the deliverability of the 3 year sustainability plan, to improve outcomes for Children and Family Services in Bridgend, whilst a more permanent funding solution is sought.

3.2.3 The cumulative draw down by directorates in 2023-24 is £4.251 million as shown in Table 2 below.

Table 2 – Usable Earmarked Reserves (Excluding Council Fund) – Quarter 2

Opening Balance 01 Apr 23	Reserve	Net Additions/ Reclassification	Draw-down	Unwound	Closing Balance 30 Sept 23
£		£	£	£	£
	Corporate Reserves:				
(25,801)	Education & Family Support	-	3	-	(25,798)
(1,870)	Social Services & Wellbeing	-	-	290	(1,580)
(15,624)	Communities	(330)	175	74	(15,705)
(10,650)	Chief Executives	(167)	154	393	(10,270)
(7,380)	Non-Directorate	142	2,263	474	(4,501)
(61,325)	Total Corporate Reserves	(355)	2,595	1,231	(57,854)
	Directorate Earmarked Reserves:				
(693)	Education & Family Support	(78)	34	76	(661)
(6,076)	Social Services & Wellbeing	(2,500)	958	-	(7,618)
(9,310)	Communities	(130)	76	69	(9,295)
(3,102)	Chief Executives	(154)	538	166	(2,552)
(19,181)	Total Directorate Reserves	(2,862)	1,606	311	(20,126)
	Equalisation & Grant Earmarked Reserves:				
(2,074)	Education & Family Support	78	50	580	(1,366)
(436)	Social Services & Wellbeing	-	-	350	(86)
(2,847)	Communities	-	-	595	(2,252)
(346)	Chief Executives	154	-	-	(192)
	Non-Directorate	-	-	-	-
(5,703)	Total Equalisation Reserves	232	50	1,525	(3,896)
(6,898)	School Balances	-	-	-	(6,898)
(93,107)	Total Usable Reserves	(2,985)	4,251	3,067	(88,774)

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. Recommendation

9.1 Town and Community Council Forum is recommended to note the financial position of the Council.

Background documents

None