

Meeting of:	CABINET
Date of Meeting:	23 JULY 2024
Report Title:	BUDGET MONITORING 2024-25 – QUARTER 1 REVENUE FORECAST
Report Owner/ Corporate Director:	CHIEF OFFICER – FINANCE, HOUSING 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 2024-25 is £360.671 million. The overall projected year end position at 30th June 2024 is a net over spend of £9.212 million. • The projected over spend is primarily due to ongoing pressures within the Social Services and Wellbeing Directorate, the Home to School Transport budget and Housing and Homelessness. • The budget approved for 2024-25 included budget reduction proposals totalling £13.045 million. The current position is a projected shortfall on the savings target of £1.850 million, or 14.18% of the overall reduction target.

1. Purpose of Report

- 1.1 The purpose of this report is to provide Cabinet with an update on the Council's revenue financial position as at 30th June 2024.

2. Background

2.1 On 28th February 2024, Council approved a net revenue budget of £359.725 million for 2024-25 based on the provisional local government settlement received from Welsh Government in December 2023. The Welsh Government announced its final settlement on the 27th February 2024 which included an increase in the Revenue Support Grant (RSG) for the Council of £649,540 along with three grants transferring into the settlement totalling £296,723, increasing the net revenue budget for 2024-25 to £360.671 million. The reasons for this increase were outlined in a report to Council on 13th March, but were mainly in respect of an additional £14.4 million (across Wales) included in the Final Local Government Settlement to support pressures in both social care and education, including teachers' pay.

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 2024

3.1.1 The Council's net revenue budget and projected outturn for 2024-25 is shown in Table 1 below.

Table 1- Comparison of budget against projected outturn at 30th June 2024

Directorate/Budget Area	Original Budget 2024-25 £'000	Revised Budget 2024-25 £'000	Projected Outturn at Q1 2024-25 £'000	Projected Over / (Under) Spend 2024-25 £'000	Projected Over / (Under) Spend at Qtr 1 2023-24 £'000
Directorate					
Education, Early Years and Young People	143,485	143,485	145,446	1,961	1,699
Social Services and Wellbeing Communities	104,575	104,575	110,655	6,080	11,065
Chief Executive's	30,704	30,739	31,489	750	122
	22,425	22,425	24,775	2,350	(98)
Total Directorate Budgets	301,189	301,224	312,365	11,141	12,788
Council Wide Budgets					
Capital Financing	7,052	7,052	5,448	(1,604)	(2,125)
Levies	9,635	9,635	9,555	(80)	0
Apprenticeship Levy	750	750	840	90	0
Council Tax Reduction Scheme	16,054	16,054	16,915	861	(262)
Insurance Premiums	1,363	1,363	1,217	(146)	0
Repairs & Maintenance	670	670	670	0	0
Pension Related Costs	430	430	430	0	0
Other Corporate Budgets	23,528	23,493	22,443	(1,050)	(674)
Total Council Wide Budgets	59,482	59,447	57,518	(1,929)	(3,061)
Total	360,671	360,671	369,883	9,212	9,727

- 3.1.2 The overall projected position at 30th June 2024 is a net over spend of £9.212 million comprising £11.141 million net over spend on directorates and a net under spend of £1.929 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), Home to School Transport (HtST), and Housing and Homelessness.
- 3.1.4 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, £2.480 million of this was to address the implementation of the Real Living Wage for care workers. The SSWB Directorate continued to see an increase in demand and the budget growth was insufficient to meet that increase, with the outturn showing a £11.827 million over spend in 2023-24.
- 3.1.5 A 3 year sustainability plan to improve outcomes for Children and Family Services was approved by Council on 20th September 2023, with an immediate budget virement of £1 million approved for Children's services. Council also noted the additional use of up to £2.5 million of earmarked reserves in 2023-24 to support the service whilst a more permanent funding solution was sought. This was drawn down in full in 2023-24 and a recurrent budget of £2.5 million was approved by Council as part of the Medium Term Financial Strategy (MTFS) budget setting process in February 2024 to provide this as a permanent budget to Children's Services in 2024-25. Progress is being made with implementing the plan, particularly to progress the steady and safe reduction of agency workforce, through improved retention and recruitment of a permanent workforce, including successful from your own scheme and international recruits.
- 3.1.6 There continues to be pressures in learning disabilities and older people's services driven by the complexity of need. The Social Services Improvement Board is overseeing a number of actions to address the pressures in the adult services budget, including accelerating the work to transform learning disabilities. Council approved £1.970 million towards the increased costs of home care for adults with learning disabilities and £1 million towards additional residential/nursing placement costs due to new admissions for older people and older people with mental health needs as part of the Medium Term Financial Strategy 2024-25 to 2027-28.
- 3.1.7 There is a projected over spend on Home to School Transport (HtST) of £1.277 million. This is despite Council approving £1.2 million in the 2024-25 budget to address increased costs being experienced following re-tenders, mainly as a consequence of a shortage of drivers and increased fuel costs. In 2023-24, a further retendering exercise took place for Special School contracts, which resulted in an increase of £698,000 compared with 2022-23, the full year effect in 2024-25 being £1.197 million, and highlighting that market conditions are still predominantly unfavourable for HtST contracts.

- 3.1.8 The Council has seen a significant increase in the provision of temporary accommodation from 601 households and 965 individuals between April 2022 to March 2023, to 659 households and 1,034 individuals between April 2023 and March 2024. There is a projected net over spend of £860,000 in this service area. Budget reduction proposals of £645,000 have been approved by Council against Housing and Homelessness budgets in 2024-25, along with a reduction in Welsh Government funding based on grants confirmed to date of £332,000.
- 3.1.9 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 2024-25 financial year as more people have suffered financial hardship due to the current cost of living crisis. 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

- 3.1.10 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 2024. The budget position is reported on the assumption that these virements will be approved.
- 3.1.11 The main virements and technical adjustments are outlined below:

Budget Virements

Service vired from / to	Amount
Transfer of funding from Corporate Contingency to the Communities Directorate for a Compliance Technician to lead on and coordinate compliance with relevant Health and Safety legislation and best practice guidance, relevant to the activities of the Neighbourhood Services area.	£35,153

Technical Adjustments

Service vired from / to	Amount
<p>Technical adjustment to reflect the reconfiguration of the Adult Social Care social work operating model to transform the organisation, function and remit of social work teams. Technical adjustment reflects that new teams will be dealing with all Adults, and not just Older People Services.</p> <p><u>To:</u></p> <p>Other Adult Services</p>	£3,649,448
<p><u>From:</u></p> <p>Older People</p> <p>Adult Physical Disability/ Sensory Impairment</p> <p>Adult Learning Disabilities</p> <p>Adult Mental Health Needs</p>	<p>(£2,842,380)</p> <p>(£700,740)</p> <p>(£2,060)</p> <p>(£104,268)</p>
<p>Technical adjustment to re-align budgets to reflect the shift from use of Independent Fostering Agency placements to Special Guardianship Orders, as reported in the 2023-24 outturn revenue monitoring report:-</p> <p>Independent Fostering Agency</p> <p>Special Guardianship Orders</p>	<p>(£500,000)</p> <p>£500,000</p>

Pay/Price Inflation

- 3.1.12 Additional funding announced by Welsh Government on 7 February 2024 in respect of social care and education pressures, which amounted to £649,540 for BCBC, and included funding for teachers' pay, has been held centrally in the provisions for pay and prices to mitigate additional costs in these areas as they arise.
- 3.1.13 When the budget 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 has been retained centrally within Council wide budgets, to be allocated as further information is known about specific contractual price increases. Amounts released will be reported to Cabinet in future revenue budget monitoring reports in 2024-25.
- 3.1.14 There are ongoing discussions regarding pay claims for Teachers' pay from September 2024 onwards and National Joint Council (NJC) workers for 2024-25. 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.

3.1.15 With regard to the funding of changes to teachers' pensions, in the Final Settlement the Minister for Finance and Local Government re-stated that funding for this is expected to be provided by UK Government during 2024-25 and that she had written to the Chief Secretary to the Treasury to press for assurances on the level and timing of this funding. To date no further updates have been given on this funding.

3.1.16 Whilst inflation rates have decreased to 2% compared to 3.8% when the budget was set, there is a risk that there may not be sufficient funding available within these budgets for any unexpected major pay/price inflation increases. With this uncertainty the budget will need to be monitored closely during the remainder of the year.

Budget Reduction Proposals

3.1.17 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 £13.045 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.

3.1.18 In February 2024 Council approved the Medium Term Financial Strategy for 2024-25 to 2027-28. This identified the need to develop recurrent budget reduction proposals, based on the most likely scenario, amounting to £44.882 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.

3.1.19 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 2024-25. 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 is also being presented to Cabinet on 23rd July 2024 on the Revenue Budget Outturn 2023-24. In the report it was highlighted that there were £280,000 of prior year budget reduction proposals that were not met in full, with a total outstanding balance to be met of £165,000. In addition, of the 2023-24 budget reduction proposals of £2.608 million, it was reported that there was a total outstanding balance to be met of £246,000. Directors have been asked to identify if any of these proposals are still not likely to be achieved in full during the 2024-25 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
Education, Early Years and Young People	40	40	0
Communities	375	220	155
TOTAL	415	260	155

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 £415,000 outstanding reductions, £260,000 is likely to be achieved in 2024-25 leaving a shortfall of £155,000. Proposals still not likely to be achieved include:

- COM 2 2021-22 – Re-location of Community Recycling Centre from Tythegston to Pyle (£60,000). The new site in Pyle opened in quarter 4 of 2023-24. The majority of the saving will be made in 2024-25 once the exit terms of the lease in Tythegston have been finalised.
- COM5 2022-23 (£50,000) and COM3 2023-24 (£120,000) – Commercially let wings of Ravens Court to a partner organisation or business (£50,000). The service is hoping to achieve 50% of the saving in 2024-25 due to delays in implementing the proposal.
- COM2 2023-24 – Charging Blue Badge Holders for parking (£40,000). The delivery of this proposal is linked to staffing within the Traffic and Transport section which is currently depleted due to unplanned staff absences. It is currently envisaged that the project will advance in Autumn 2024.

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 2024-25

3.2.4 The budget approved for 2024-25 included budget reduction proposals totalling £13.045 million, which is broken down in **Appendix 2** and summarised in Table 3 below. The current position is that £7.807 million has been achieved to date with an additional £3.388 million likely to be achieved by year end, leading to an overall projected shortfall on the savings target by year end of £1.850 million, or 14.18% of the overall reduction target.

Table 3 – Monitoring of Budget Reductions 2024-25

	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, Early Years and Young People	1,560	762	1,221	339
Schools	3,441	3,441	3,441	0
Social Services and Wellbeing	2,248	671	1,827	421
Communities	2,460	1,635	2,278	182
Chief Executive's	3,246	1,208	2,338	908
TOTAL	13,045	7,807	11,195	1,850

3.2.5 The most significant (> £100,000 shortfall) budget reduction proposals unlikely to be achieved in full are:-

- EDFS2 – Directorate vacancy management factor (£342,000). Current projections indicate a shortfall of £148,000 against this proposal, however the Early Years budget is due to be transferred to SSWB in quarter 2 as part of the Children's Services Sustainability Plan, upon which part of this savings target will also be transferred to the SSWB directorate which will further mitigate this shortfall.
- EDFS9 – Cessation of Adult Community Learning provision (£149,000). The shortfall is due to the timing of the required restructure with further updates to be provided to Cabinet in the quarter 2 monitoring report.
- SCH1 – Efficiency saving against School Delegated Budgets – 3% in 2024-25 (£3.441 million). Whilst the saving is referenced as having been achieved due to the overall reduction in Individual Schools Budget (ISB), as referenced in 3.3.1, the reduced budgets have resulted in total projected deficit balances for schools at year end in excess of £5.1 million. Officers are working with schools to bring this overall deficit down.
- SSW13 – Council to reduce its investment into cultural services (£360,000). Current projections indicate a shortfall of £210,000. Cabinet approved on 14 May 2024 a £50,000 reduction to the book fund and removal of the £15,000 subsidy for the Youth Theatre. Cabinet also approved public engagement over how future savings can be achieved.
- SSW23 – reduction to the contribution towards the regional Western Bay adoption service (£250,000). There is currently a projected shortfall of £129,000 based on

the refund received in 2023-24 which was lower than in previous years due to an increase in the number of adoption placements. Further work is planned over the coming months with the regional service to identify further savings.

- COM23 – Reduce available property maintenance budgets in Corporate Landlord by up to 10% per asset (£100,000). Due to ongoing pressures on the property revenue maintenance budgets, this budget reduction proposal is unlikely to be achieved in 2024-25. The service continues to look at opportunities to effectively use the Council's minor works budget to support ongoing maintenance spend on corporate assets.
- CEX2 – Chief Executive's Directorate vacancy management factor (£510,000). The projected shortfall of £186,000 is based on known vacancies to date. Unplanned vacancies will be added to the projection as the financial year progresses which should further reduce the shortfall.
- CEX21 – Review options for providing accommodation to those who are homeless by reducing reliance on hotel and private provision (£397,000). There is a £205,000 shortfall against this budget reduction proposal. The service area is continuing to work to mitigate the temporary accommodation pressures for single bed units with the aim of reducing the use of the tourism sector to support the required demand.
- CEX22 – Review of ICT Services (£398,000). The projected shortfall of £234,000 is due to further work needed to be carried out the review of the telephony budget across the Council, with updates to be provided to Cabinet in future revenue monitoring reports.

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 2024

Financial position at 30th June 2024

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, Early Years and Young People Directorate

The net budget for the Education, Early Years and Young People Directorate, including school delegated budgets, for 2024-25 is £143.485 million. Current projections indicate an over spend of £1.961 million at year end. The main variances are:

EDUCATION, EARLY YEARS AND YOUNG PEOPLE DIRECTORATE	Net Budget	Projected Outturn	Projected Variance Over/(under) budget	% Variance
	£'000	£'000	£'000	
Learner Support	6,830	7,671	841	12.3%
Early Years and Young People	4,596	4,387	-209	-4.5%
Home to School Transport	9,819	11,096	1,277	13.01%

Schools' delegated budgets

Total funding delegated to schools in 2024-25 is £113.268 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 £4.493 million during 2023-24 to £2.405 million at year end. At the start of 2024-25, projections indicated an overall deficit balance for school delegated budgets of £5.161 million at year end. There are 37 primary schools, 5 secondary schools and 2 special schools (75% of all schools) projecting a deficit balance at year end. The Financial Scheme for Schools requires all deficit budgets to be approved by the Section 151 Officer and the Corporate Director – Education, Early Years and Young People. For deficit budgets in excess of 5% of the school's annual budget share or £10,000 (whichever is the higher), a deficit recovery plan must be submitted to the Corporate Director – Education, Early Years and Young People identifying how the deficit will be recovered. Schools with deficits of greater than £50,000 in a primary school or greater than £150,000 in a secondary or special school attend termly support and challenge meetings with senior Local Authority officers. The Section 151 Officer and the Corporate Director – Education, Early Years and Young People will be reviewing the deficit plans before the end of the Summer term, with challenge meetings commencing in September,

Central Education, Early Years and Young People (EEYYP) Directorate budgets

Learner Support

- There is a projected net over spend of £841,000 in Learner Support budgets. Whilst this is an improvement on the net over spend of £1.195 million in 2023-24, this is primarily due to Council approving £500,000 of additional funding as part of the MTFS 2024-25 for learning support to meet the costs of increased demand for Bridgend pupils in out of county placements and for increased demand for additional learning needs support at schools.
- There continues to be an increase in demand for additional learning needs (ALN) support at schools resulting in a projected over spend of £817,000, in particular in the areas of sensory support and communication, complex medical needs, and relationship support. The number of pupils supported in 2022-23 was 174, increasing to 277 in 2023-24, further increasing to 302 in the Summer term of 2024-25.
- The inter-authority recoupment budget over spent in 2023-24 by £627,000 due to an increase in demand for Bridgend pupils in out of county placements as there were insufficient spaces at Heronsbridge and Ysgol Bryn Castell. The budget has benefited from budget growth referred to above, and also out of county placements are expected to reduce from 21 (Spring 2024) to 19 in the Summer Term. The service area is also projecting a one-off refund of £137,000 from an out of authority placement, where a pupil's circumstances have changed. As a consequence, the inter-authority recoupment budget is currently projecting an under spend of £200,000 although the budget will require close monitoring for the remainder of the financial year.
- There is a projected £202,000 over spend on the Adult Community Learning budget which is primarily due to the shortfall on the Medium Term Financial Strategy saving of £149,000 against the service. The shortfall is due to the timing of the required restructure with further updates to be provided to Cabinet in the quarter 2 monitoring report.

Early Years and Young People

- The projected under spend of £209,000 primarily relates to early implementation of a MTFS saving originally scheduled for 2025-26 – EDF10 – Reduction in Education Welfare Service (£136,000). The balance is primarily due to staff vacancies being held across the youth service and vulnerable groups budgets which are contributing to the 2024-25 MTFS vacancy management factor of £342,000 for the EEYYP Directorate.

Home-to-school transport (HtST)

- The revenue outturn report for 2023-24 highlighted a £1.780 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 which subsequently resulted in higher costs across many contracts in line with shortage of drivers and escorts and increased fuel costs.
- Whilst Council approved a £1.2 million budget pressure for 2024-25 as part of the Medium Term Financial Strategy to contribute to the increased costs, further retendering exercises in September 2023 resulted in additional costs on Special School contracts of £698,000 in 2023-24. The full year effect of these contracts has placed an additional £500,000 pressure on HtST budgets in 2024-25.
- The service has also seen an increase in demand for transporting pupils individually due to challenging behaviour and an increase in Statutory ALN pupils requiring

transport provision based on the learner's ALN. Along with a number of contractors handing back contracts and having to re-tender at higher cost, these pressures have added a further projected increase in costs in 2024-25 of £416,000.

- The combination of increased costs for retendering exercises and additional demand has resulted in an overall projected over spend on the HtST budget of £1.277 million in 2024-25.
- Bridgend County Borough Council launched a full public consultation on proposed changes to the home-to-school and college transport arrangements in April 2024 which could make just over £1 million in budgetary savings for the local authority. The Medium Term Financial Strategy approved by Council in February 2024 includes an indicative £792,000 budget reduction proposal on the HtST budget in 2025-26.

3.3.2 **Social Services and Wellbeing Directorate**

The Directorate's net budget for 2024-25 is £104.575 million. Current projections indicate an over spend of £6.080 million at year end compared to the outturn for 2023-24 which saw an over spend of £11.827 million. Council approved budget pressures of £8.330 million for the SSWB Directorate February as part of the Medium Term Financial Strategy. The funded pressures include pay and price increases for commissioned services (£3.36 million), addressing recommended levels of resourcing for Children's Services (£2 million), increased costs of home care for adults with learning disabilities (£1.970 million) and £1 million towards additional residential/nursing placement costs due to new admissions for older people and older people with mental health needs. 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 and pressures in placements in children's social care and increased complexity of need in adult social care.

As noted in the revenue outturn report, there continue to be pressures in learning disabilities driven by the complexity of need. The Social Services Improvement Board is overseeing a number of actions to address the growth in the adult services budget. Further actions for 2024-25 are being developed into a 3 year service and sustainability strategic plan for adult services to be considered by Cabinet in Autumn 2024 following consultation and engagement over the summer period.

The most significant variances for the directorate are :

SOCIAL SERVICES AND WELLBEING DIRECTORATE	Net Budget	Projected Outturn	Projected Variance Over/(under) budget	% Variance
	£'000	£'000	£'000	
Adult Social Care	70,564	72,908	2,344	3.32%
Prevention and Wellbeing	5,819	6,071	252	4.33%
Childrens Social Care	28,192	31,676	3,484	12.36%

Adult Social Care

There is a net over spend of £2.344 million on the Adult Social Care budget.

The most significant variances contributing to the over spend are:

ADULT SOCIAL CARE	Projected Variance Over/(under) budget £'000
Learning Disabilities Day Opportunities	779
Older People Direct Payments	572
Mental Health Homecare	475
Learning Disabilities Direct Payments	352
Learning Disabilities Residential Care	339
Learning Disabilities Homecare	310
Homes for Older People	214
Physical Disability/Sensory Impairment Direct Payments	267
Physical Disability/Sensory Impairment Home Care	220
Assessment and Care Management	201
Mental Health Residential Care	(273)
Older People Home Care	(1,034)

- Learning Disabilities Day Opportunities - the projected over spend of £779,000 relates mainly to placement numbers exceeding the available budget for external day services (£518,000) in addition to increased transport costs (£257,000). The quarter one projection is comparable to the £760,000 over spend reported in the outturn report for 2023-24 with the underlying reason continuing to be that whilst the learning disabilities home care budget continues to over spend as people have not returned to internal day services, new people are taking up the vacant day services placements. The service cannot be reduced until alternative models of day time support and occupation have been developed following a review which is underway. As also reported in the revenue outturn report for 2023-24 the service continues to experience higher transport costs than normal due to the service 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. These are anticipated to be received over the Summer, but with no firm delivery date provided, the projected over spend has been maintained at a similar level to 2023-24. A new transport policy will be considered by Cabinet in July 2024 and consulted on over the summer months.
- Older People Direct Payments – there is a projected over spend of £572,000 across the Direct Payments budgets in this area. The main reason for the projected over spend is the increasing complexity of cases that impact on the average cost of direct payments support. The projected over spend reflects the current demand level of 99 packages of support and will be monitored closely going forward.

- Mental Health Homecare – this includes supported living, short breaks and domiciliary care. The projected over spend of £475,000 is mainly due to increased needs of people with supported living packages of care (£416,000). There has been a reduction in the projected over spend compared with the £591,000 reported in the outturn report as there are currently 46 placements - 33 in Supported Living and 14 in short breaks & domiciliary care - compared with 48 at 31 March 2024.
- Learning Disabilities Direct Payments – there is a projected over spend of £352,000 based on the current demand for 140 packages of support. In addition the increasing complexity of cases impact on the average cost of direct payments support. In comparison at quarter 1 2023-24 there was a projected £239,000 over spend based on 134 packages. Whilst the outturn for 2023-24 saw a final under spend of £154,000, this was due to the level of reimbursements achieved last year. There is a £250,000 MTFs proposal against the level of Direct Payments Reimbursements (SSW5) in 2024-25 which is anticipated to be achieved in full. Reimbursements over this value will further reduce the pressure on this service area, and updates will be provided to Cabinet in future revenue monitoring reports.
- Learning Disabilities Residential Care – there is a projected over spend of £339,000 which is primarily due to increased costs for existing placements within the residential and nursing service due to changing needs. The projected over spend has decreased from the £1.078 million over spend in 2023-24. This is primarily due to a decrease in placements from 41 in quarter 4 of 2023-24 to 36 currently, and allocation of £599,000 of the Social Care Workforce (SCW) grant in this financial year whereas none of the SCW grant was allocated to this service area in 2023-24.
- Learning Disabilities Homecare – there is a projected over spend of £310,000 which is as a result of the number of hours of care covered by home care services having increased along with an increase in the complexity of people's needs – e.g. the need for waking nights required rather than sleep-in. While the outturn for 2023-24 was a £2.288 million over spend, Council approved £1.970 million of budget growth for this service area in 2024-25 to cover the increased costs of home care for adults with learning disabilities (SSW3).
- Physical Disability/Sensory Impairment Direct Payments – The main reason for the projected over spend of £267,000 is the increasing complexity of cases that impact on the average cost of direct payments support. At quarter 1 there are 55 cases which is similar to quarter 1 2023-24 where there were 54 cases and a projected over spend of £247,000.
- Physical Disability/Sensory Impairment Home Care - there is a projected over spend of £220,000 which is based on the current demand on the service provision, which is 99 packages of support. The projected over spend has reduced from the £231,000 in 2023-24 as the number of placements have reduced from 119 at the end of quarter 4.
- Homes for Older People - In 2023-24 there was a net over spend of £1.792 million against the homes for older people budget mainly due to increasing placement costs. This has now reduced to a projected net over spend of £214,000 in 2024-25 primarily due to Council approving a £1 million budget pressure as part of the MTFs - SSW4 – additional residential/nursing placements costs due to new admissions for older people and an allocation of £110,000 Social Care Workforce grant.

- Assessment and Care Management – there is a projected over spend of £201,000 on directorate wide assessment and care management budgets, a reduction from the 2023-24 over spend of £812,000. The reduced over spend is partly due to a £132,000 allocation of the Social Care Workforce Grant and additional Regional Integrated Fund of £58,000. There continues to be a need for agency cover across this area due to demands in the system particularly linked to supporting the acute hospital and timely discharges and the complexity of court protection work in learning disabilities. A plan to permanently recruit and step down agency in a timely way is being implemented.
- Mental Health Residential Care - The projected under spend of £273,000 is based on 43 placements. 2023-24 saw an under spend of £118,000 in this service area and whilst current placement numbers remain at the same level to those at quarter 4 2023-24, higher overall numbers were seen for the first three quarters of 2023-24. This budget will be closely monitored, and if the under spend is recurring, budget realignment will take place into Mental Health Home Care budgets which are currently projecting an over spend.
- Older People Home Care - The projected under spend of £1.034 million primarily relates to staffing under spends (£764,000) as a result of the recruitment challenges in the home care service sector. Agency staff have been utilised to supplement the workforce where available, and there is positive working with employability to support people into careers in care. Whilst we are seeing an improving recruitment position, currently we have some challenges.

Prevention and Wellbeing

- There is a projected over spend of £252,000 which is mainly due to the following MTFS savings not anticipated to be fully achieved in 2024-25, partially offset by staff vacancies of £101,000:-
 - SSW7 – review opportunities to amend the current energy payment arrangements for the leisure contract - £45,000 shortfall.
 - SSW8 – review the full repairing lease aspect of the Healthy Living Partnership Programme - £20,000 shortfall.
 - SSW13 – Council to reduce its investment into cultural services - £210,000 shortfall.

Children’s Social Care

There is a projected net over spend of £3.484 million on the Children’s Social Care budget. The most significant variances contributing to this over spend are:-

CHILDREN’S SOCIAL CARE	Actual Variance Over/(under) 2023-24 outturn £'000	Projected Variance Over/(under) 2024-25 – qtr 1 £'000
Care Experienced Children	5,609	3,104
Commissioning & Social Work	55	355
Other Child & Family Support Services	(123)	160
Management and Admin	(34)	(178)

- The over spend of £3.104 million for Care Experienced Children has reduced from the £5.609 million reported in the outturn report for 2023-24. It is due to a combination of factors:-
 - The Independent Residential Care budget has a projected over spend of £3.577 million (2023-24 - £5.345 million). This is based on the number of care experienced children in out of authority placements which is currently 24 placements, compared with 26 at the end of 2023-24. The underlying over spend position is due to a number of factors and, whilst the overall number of care experienced children has reduced by 2 since the end of 2023-24, the number in independent residential placements (24) exceeds the budget which covers between 6-8 placements depending on the unit cost. In addition, there continues to be insufficient foster carer placements to meet needs 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 very high costs being incurred.
 - As reported in 3.1.11 there has been a £500,000 technical adjustment from the Independent Fostering Agency placements budget to the Special Guardianship Orders budget so that budgets correlate more closely with the 2023-24 outturn and with projected demand for 2024-25. There is still a projected under spend of £238,000 on the Independent Fostering Agency budget based on 37 placements. The budget for Special Guardianship Orders is anticipated to break even based on 129 placements.
- Commissioning and Social Work – There is a projected over spend of £355,000. This is partly due to having to continue to rely on agency staffing across all the children's social work teams. Whilst there is good progress in permanent recruitment, and progressive reduction of agency, the ongoing use of agency social workers where there are gaps is partly the reason for the over spend position. The service has benefited from successes in international recruitment, the conversion of agency to permanent, and the 'grow your own' social work scheme, but there are transition costs given the detailed induction requirements before international recruits can hold full caseloads. There is also a projected over spend in care and support and placements costs across the service area - the majority of which relate to Care Experienced Children/care support spend such as court ordered drug testing, assessments, reports, travel and therapy costs over which the service has no discretion but to secure against a very limited budget. The service area benefited from full draw down of a £2.316 million earmarked reserve (EMR) from the £2.5 million Children's Services sustainability EMR against workforce pressures in 2023-24 with the remaining £184,000 being drawn down against Management and Administration budgets. There has been a budget pressure of £2 million approved by Council for 2024-25 to address the recommended levels of resourcing for children's services outlined in the 3 year strategic plan for Children and Families approved by Council in September 2023 and recruitment to these posts has commenced.

- Other Child & Family Support Services – The projected over spend of £160,000 is mainly due to the current projected shortfall on the MTFS budget reduction proposal of £250,000 against the Bridgend County Borough Council contribution towards the regional Western Bay adoption service (see 3.2.5) which was based on the 2023-24 outturn position. Further work is planned over the coming months with the regional service to identify further savings and updates will be provided in future Cabinet reports.
- Management & Administration – there is a projected under spend of £178,000 which is primarily due to staff vacancies in this service area which are contributing to the 2024-25 MTFS vacancy management factor of £255,000 for the SSWB directorate.

3.3.3 Communities Directorate

The net budget for the Directorate for 2024-25 is £30.739 million. The current projection is an anticipated over spend of £750,000. The main variances are:

COMMUNITIES DIRECTORATE	Net Budget	Projected Outturn	Projected Variance Over/(under) budget	% Variance
	£'000	£'000	£'000	
Fleet Services	156	504	348	223.08%
Strategic Regeneration	933	757	(176)	-18.86%
Highways Services (DSO)	8,312	8,212	(100)	-1.20%
Corporate Landlord	2,718	3,318	600	22.1%

Fleet Services

- There is a projected over spend of £348,000 on Fleet services which is an improvement from the £483,000 over spend in 2023-24. 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. Productivity levels continue to be impacted by long term sickness and ongoing difficulties with recruitment and retention. A market supplement has been introduced for HGV technicians, in line with the corporate Market Supplement Policy, following comparisons with neighbouring authorities, which has seen some limited success in filling vacancies. A report outlining options for service operating models to mitigate the budget position of fleet services has been delayed due to officer availability but is now proceeding and is anticipated in the latter half of the 2024-25 financial year.

Strategic Regeneration

- There is a projected under spend of £176,000 on Strategic Regeneration budgets. This is primarily due to maximisation of the Shared Prosperity Fund (£120,000) with the remainder due to staff vacancies being held to contribute to the 2024-25 MTFS vacancy management factor of £500,000 for the Communities Directorate.

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.

Corporate Landlord

- There is a projected over spend of £600,000 against Corporate Landlord which has increased from the £547,000 over spend reported in 2023-24. There are shortfalls in income generated from properties run by the Council that relate to occupancy shortfalls which have continued into 2024-25 and strategies are being developed to reduce these shortfalls in the longer term.
- The shortfall against Bridgend Market of £260,000 is due to the identification of Reinforced Autoclaved Aerated Concrete (RAAC) and the subsequent closure of the market and loss of rental income. Whilst tenants in the new market hall are paying rent and service charges, this is not sufficient to cover full costs.
- There is also a shortfall in income of £120,000 for the Innovation Centre and a strategy is being developed to reduce this income shortfall in the longer term.
- Corporate Landlord continue to seek opportunities for the use of Ravens Court by a partner organisation or business. As noted in section 3.2.2 the £50,000 target for 2022-23 and the £120,000 target for 2023-24 in relation to MTFS proposals to seek to commercially let out wings of Ravens Court were not achieved. In addition, as noted in 3.2.5, there is a further £73,000 MTFS saving across the estate budgets for 2024-25 in relation to office rationalisation. Whilst it is anticipated that 50% of these savings will be met in 2024-25, the shortfall against the savings targets adds a further £121,500 pressure on the Corporate Landlord estates' budget.
- There is also a forecasted over spend of £201,000 on other council run buildings due mainly to increased maintenance costs resulting in COM23 – reduction to property maintenance budgets (£100,000) being unlikely to be achieved in 2024-25.
- Whilst the over spend in Corporate Landlord was partially mitigated in 2023-24 by staff vacancies of £246,000, ongoing vacancies in this service area are contributing to the 2024-25 MTFS vacancy management factor of £500,000 for the Communities Directorate.

3.3.4 Chief Executive's

The net budget for the Directorate for 2024-25 is £22.425 million. Current projections anticipate an over spend against this budget of £2.350 million. The main variances are:

CHIEF EXECUTIVE'S	Net Budget £'000	Projected outturn £'000	Actual Variance Over/(under) budget £'000	% Variance
Housing & Homelessness	3,488	4,348	860	24.66%
Legal, Democratic & Regulatory	5,705	6,343	638	11.18%
ICT	3,766	4,108	342	9.08%
Finance	3,783	3,986	203	5.37%
Human Resources/ Organisational Development	1,869	2,006	137	7.33%

Housing & Homelessness

- There is a projected net over spend of £860,000 on Housing & Homelessness which is an increase on the over spend in 2023-24 of £240,000.
- The overall budget for housing and homelessness has been reduced by £645,000 in 2024-25 due to MTFS budget reduction proposals. Appendix 3 highlights that it is anticipated that £440,000 of these are likely to be achieved in 2024-25. 3.2.5 sets out the reason for the shortfall of £205,000 against CEX21 - £397,000 – review of provision of Homelessness Service.
- For 2024-25, Welsh Government (WG) have confirmed grant funding of £915,000 for accommodation under the “No One Left Out” funding stream, £198,000 under a Discretionary Homelessness Prevention Grant and £60,000 Strategic Coordinator grant. The total grant funding confirmed for 2024-25 of £1.173 million is significantly lower than the total grant allocation of £1.505 million received in 2023-24. £986,000 of the grant funding covers homelessness accommodation costs and £127,000 is utilised towards Homeless Spend to Save support, e.g. funding bonds for rental properties.
- Projected spend on Homelessness accommodation in 2024-25 is £4.750 million which is a reduction in the spend in 2023-24 of £5.092 million. As well as the core budget (£2.174 million) and total WG accommodation grant funding (£986,000), the service has also seen an increase in rental income relating to Housing Benefits claimed by tenants who have been supported with homelessness accommodation (£450,000). The net impact is a projected over spend on accommodation of £1.140 million.
- The projected accommodation spend is based on a small increase in numbers of households and individuals supported, with 261 households and 475 individuals in June 2024 compared to 260 households and 469 individuals in June 2023. Measures to support the delivery of CEX21 – review of Homelessness Service, are in the early stages of implementation, e.g. longer term arrangements which are more cost effective, and an increase in the Alternative to Bed & Breakfast service, which again is more cost effective when compared to tourism style units. The

budget will require close monitoring throughout 2024-25 in line with any further changes in support required for homelessness accommodation.

- The projected over spend of £1.140 million on accommodation is offset by projected under spends on the Brynmenyn Homeless Centre (£125,000) due to an increase in Housing Benefit income levels, staff vacancies (£40,000) and maximisation of Supporting People grant (£120,000).

Legal

- There is a projected net over spend of £638,000 across Legal, Democratic and Regulatory services.
- There is a projected over spend on staffing budgets within Legal services of £174,000, which is partly due to the timing of the implementation of the MTFS proposal CEX13 – restructure of Legal Services (£60,000)..
- Regulatory Services (Licencing, Public Health, Pest Control) is projecting a net over spend of £195,000. This is primarily due to the projected under recoupment of income for taxi examination and licence fees (£111,000). Whilst a similar shortfall was experienced in 2023-24 it was offset by a £74,000 refund being received in relation to the Shared Regulatory Service. The balance is due to the projected shortfall on CEX 8 – Charging the public for Pest control Services (£36,000) based on income levels to date.
- The balance of the projected over spend is due to legal fees continuing to be a budget pressure. Whilst Council approved £300,000 to support the increase in legal fees being experienced, the complex cases requiring King’s Counsel have continued in 2024-25, and the service area is projecting an over spend of £204,000.

ICT

- There is a projected net over spend of £342,000 across ICT budgets. This is primarily due to the projected shortfall of £234,000 against the MTFS saving CEX 22 – Review of ICT services whilst planned work on a review of telephony budgets across the Council is undertaken. Further updates will be provided to Cabinet in future revenue monitoring reports as this review is implemented.
- As experienced in 2023-24 there continues to be increased expenditure as a result of rising postage costs (£58,000).

Finance

- There is a projected net over spend of £203,000 across Finance. This is primarily due to a projected shortfall on Department for Work and Pension (DWP) subsidy contributions towards housing benefit arrangements (£113,000) in Bridgend. Any Housing Benefit award paid over the subsidy level is borne by the Council as the DWP does not fully fund all Housing Benefit expenditure – for example there are a number of tenancy arrangements whereby the subsidy is limited to historic local housing allowance rates or restricted by rent officer determinations. The balance is mainly due to the shortfall against CEX 25 – staff savings from Finance senior management (£35,000).

Human Resources/Organisational Development

- There is a net projected over spend of £137,000 within Human Resources and Organisational Development. This is primarily due to the timing of the implementation of CEX16 – Restructure of HR Service (£78,000) along with a shortfall on the HR contribution to CEX2 – Directorate Vacancy Management Factor (£56,000).

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 2024-25 is £59.447 million. Current projections anticipate an under spend against this budget of £1.929 million. The main variances are:-

COUNCIL WIDE BUDGETS	Net Budget	Projected Outturn	Projected Variance Over/(under) budget	% Variance
	£'000	£'000	£'000	
Capital Financing	7,052	5,448	(1,604)	-22.75%
Council Tax Reduction Scheme	16,054	16,915	861	5.36%
Other Council Wide Budgets	23,493	22,443	(1,050)	-4.47%

Capital Financing

- The projected under spend of £1.604 million mainly relates to additional interest anticipated from current investments due to the increase in interest rates in 2023-24 currently being sustained in 2024-25 by the Bank of England. The current rate is 5.25%, which has been held since August 2023. Indications are that the rate may stay at this level until there is more certainty that inflation pressures have "subsided sustainably".
- 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 over spend of £861,000 on the Council Tax Reduction Scheme. This is a demand led budget and take-up is difficult to predict. The projected take-up for 2024-25 is higher than in 2023-24 when the gross spend in this budget area was £15.566 million, which is as a consequence of the 9.5% increase in council tax in 2024-25. The budget will be closely monitored in 2024-25 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 Council Wide Budgets

- As referred to in paragraph 3.1.13 and 3.1.14, due to the ongoing discussions regarding pay claims and the risk on 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. Close monitoring of these budgets will be required for the remainder of 2024-25.

3.3.6 **Earmarked Reserves**

Earmarked reserves will continue to be thoroughly reviewed by Corporate Management Board during 2024-25, included assessments of the draw down profile and re-profiling of existing earmarked reserves. Where earmarked reserves are identified to be unwound, these will be used to fund emerging risks for the Council as a whole during 2024-25. Further detail will be provided on the outcome of CMB reviews in future revenue monitoring reports.

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 Cabinet is recommended to:

- note the projected year end revenue position for 2024-25

Background documents: Individual Directorate Monitoring Reports